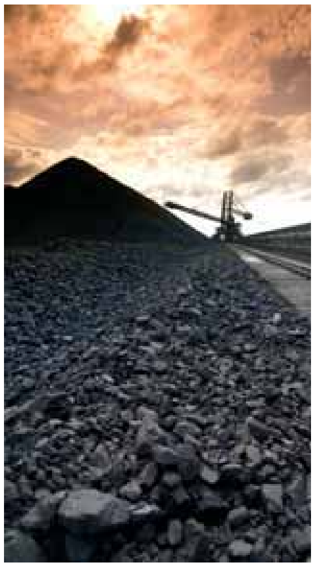
ARM
African Rainbow Minerals

Annual Report 2009







We do it better

CONTENTS

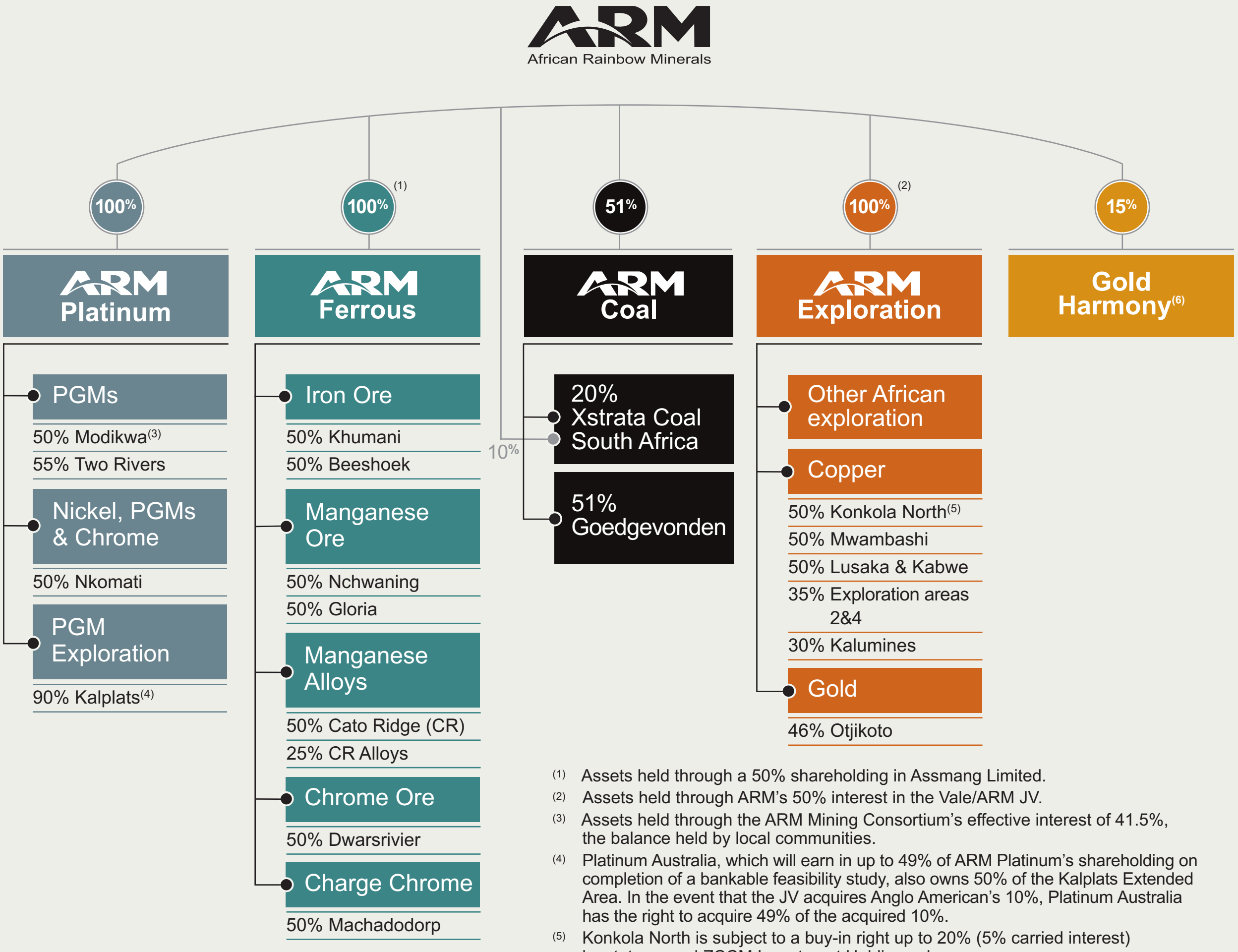
The Board and management of ARM appreciate the importance of communicating clearly and transparently to all our stakeholders. Our Annual Report for F2009 reflects this commitment and features several new and expanded sections containing pertinent information on ARM, its operations and activities. New sections are indicated below with an asterisk (*).

For important information on forward looking statements please refer to inside back cover.

CORPORATE SUMMARY

African Rainbow Minerals is a leading South African diversified mining and minerals company with excellent long-life, low-cost assets in key commodities. An integral part of ARM's business is the forging of partnerships with major players in the resource sector.

ARM in its current form was created in May 2004 to operate, develop, explore and hold significant interests in the South African and African mining industry. Despite the market challenges, ARM continues to be profitable and grow its assets, while maintaining a strong balance sheet.



(1) Assets held through a 50% shareholding in Assmang Limited.
(2) Assets held through ARM's 50% interest in the Vale/ARM JV.
(3) Assets held through the ARM Mining Consortium's effective interest of 41.5%, the balance held by local communities.
(4) Platinum Australia, which will earn in up to 49% of ARM Platinum's shareholding on completion of a bankable feasibility study, also owns 50% of the Kalplats Extended Area. In the event that the JV acquires Anglo American's 10%, Platinum Australia has the right to acquire 49% of the acquired 10%.
(5) Konkola North is subject to a buy-in right up to 20% (5% carried interest) by state-owned ZCCM Investment Holdings plc.
(6) Primary listing on JSE.

ARM recently won the Investment Analyst Society of South Africa Award for Section II: Resources – Mining Finance & Other Mineral, Extractors & Mines as one of the top mining companies in terms of long-term reporting.

Share information

Issued share capital as at 30 June 2009	212 068 223 shares
Market capitalisation as at 30 June 2009	R28 billion
Share price as at 30 June 2009	R129.90
Daily average volume traded	415 075 shares
Primary listing	JSE Limited
Ticker symbol	'ARI'

SALIENT FEATURES

"ARM is financially robust and continues to invest significant funds to grow the Company despite the massive global economic crisis."

Patrice Motsepe, ARM Executive Chairman

Financial

- Headline earnings decrease by 42% from R4.0 billion to R2.3 billion, impacted by the global economic recession.
- Headline earnings per share of 1 094 (F2008: 1 906) cents.
- Ferrous Division raises contribution to basic earnings by 14% to R3 160 million, paying ARM dividends of R2 151 million.
- Profit from operations before exceptional items decrease 44% from R6.7 billion to R3.7 billion.
- Capital expenditure (capex) of R3.3 billion – ARM forecast capex to be more than R8 billion over the next three years.
- TEAL's shareholding restructured as ARM forms 50:50 joint venture with Vale.
- ARM corporate loan of R967 million refinanced; new facility increased to R1.75 billion and extended for three years.
- The declaration of a dividend of 175 cps (F2008: 400 cps).

Operational

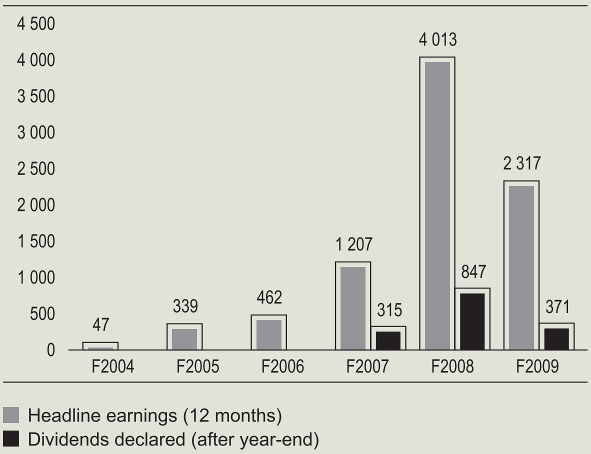
- All operations remain cash flow positive despite the global recession.
- Record sales for PGMs and iron ore.
- Production volumes decrease for other commodities due to fall in demand.
- Khumani 10 mtpa mine completed on time and within budget; a further 6 mtpa expansion approved.
- Goedgevonden and Nkomati expansion projects start commissioning.
- Restructuring at all operations completed, stockpiles rebuilt and retrenchments minimised.

Sustainability

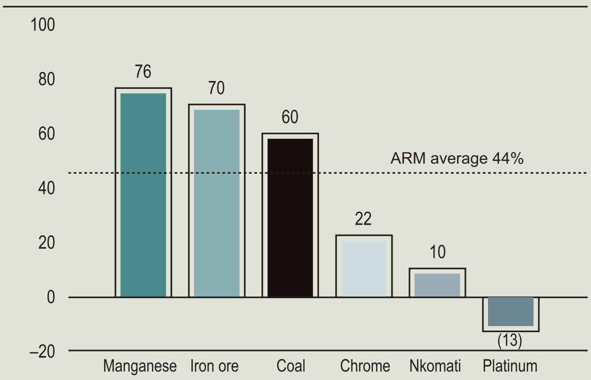
- Modikwa achieves 5 million fatality-free shifts (second South African mining industry operation to have reached this achievement).
- Improvement in overall safety performance; LTIFR decreases from 6.08 in F2008 to 3.68 in F2009.
- Steady progress made in employment equity and gender diversity, with Mining Charter targets exceeded.
- Local Economic Development spend increases significantly to R28 million.
- Good progress in implementation of HIV & AIDS and TB management policy.
- ARM joins the International Council of Mining and Metals.

For more information see ARM Operational Overview p4, KPIs on p14, Financial Review p16, and Sustainable Development Report p89

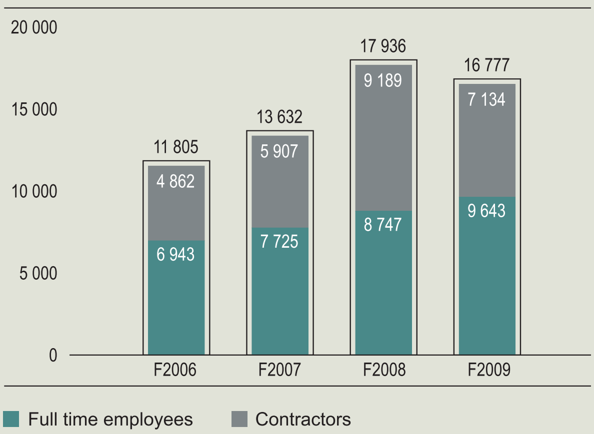
Headline earnings and dividends
(R million)



ARM F2009 total average EBITDA margin
Divisional margins (%)



Total labour*
(number of full time employees and contractors) (100% basis)



Excludes ARM Coal.

Loaded train wagons destined for Saldanha Bay

ARM OPERATIONAL OVERVIEW

ARM's "We do it better" management style brings entrepreneurial flair to the businesses it manages and is invested in. ARM's partners provide access to markets, skills and value-generating growth opportunities.

ARM Total

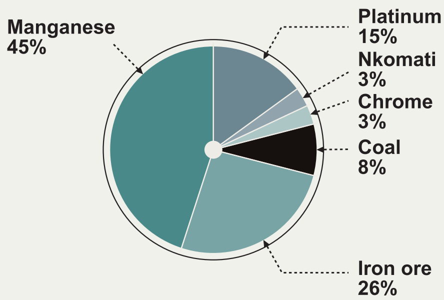
		F2009	F2008	% change
Headline earnings	Rm	**2 317**	4 013	(42)
EBITDA margin	%	**44**	57	
EBITDA	Rm	**4 484**	7 229	(38)

Total capex:
R3.3bn

Total labour*
16 777

* *Excludes ARM Coal.*

F2009 Cash generated from operating activities



ARM Platinum

ARM Partners
Anglo Platinum | Norilsk Nickel | Impala Platinum

		F2009	F2008	% change
Headline earnings contribution	Rm	**(319)**	1 347	(124)
EBITDA margin	%	**(8)**	61	
EBITDA	Rm	**(180)**	2 996	(106)

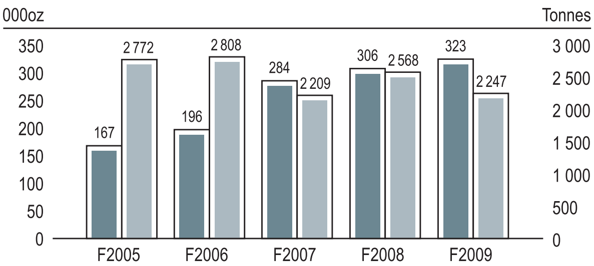
Attributable capital expenditure:
R1.4bn

Key investments during the year:

- Nkomati
- Two Rivers

Total labour in F2009
10 187

Key attributable operational production volumes



PGMs (000oz) Nickel (Tonnes)

ARM Ferrous

ARM Partner
Assore Limited

		F2009	F2008	% change
Headline earnings contribution	Rm	**3 150**	2 775	14
EBITDA margin	%	**67**	56	
EBITDA	Rm	**5 146**	4 366	18

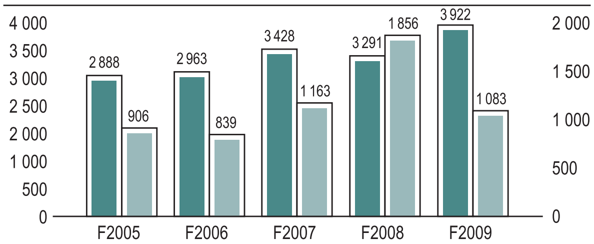
Attributable capital expenditure:
R1.3bn

Key investments during the year:

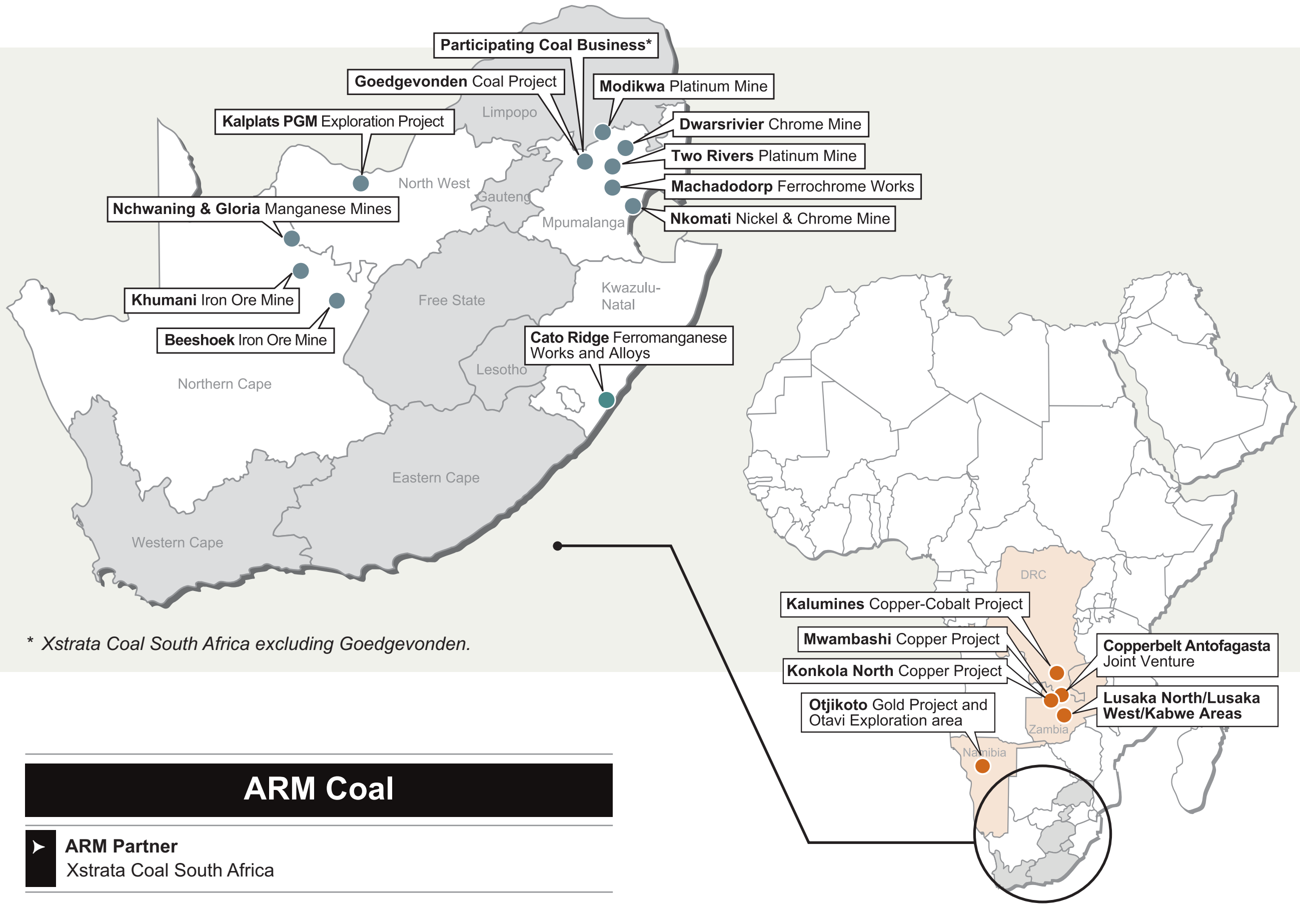
- Khumani Iron Ore
- Nchwaning Plant

Total labour in F2009
6 417

Key attributable operational sales volumes
(000t)



Iron ore Manganese ore



* *Xstrata Coal South Africa excluding Goedgevonden.*

ARM Coal

ARM Partner
Xstrata Coal South Africa

		F2009	F2008	% change
Headline earnings contribution	Rm	**135**	175	(23)
EBITDA margin	%	**60**	53	
EBITDA	Rm	**73**	51	(43)

Attributable capital expenditure:

R0.6bn

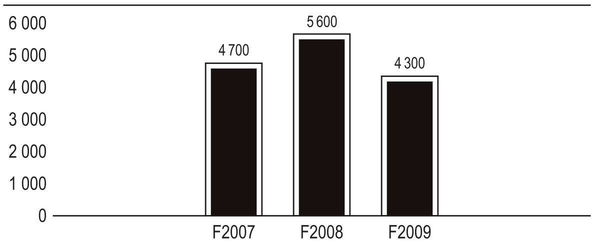
Key investments during the year:

- Goedgevonden

Total labour in F2009

5 657

Attributable operational sales volumes
(000t)



■ Thermal coal

ARM Exploration

ARM Partner
Vale

2005 – 2006

TEAL listed to raise funding to further African exploration

- ARM creates TEAL to develop African prospecting rights.
- ARM dilutes ownership to 65% to facilitate TSX listing and fund raising.

2006 – 2008

TEAL invests US$130 million to further exploration in Africa and moves assets up the value curve; debt funding supported by ARM.

Dec 2008 – Feb 2009

ARM announces proposed JV with Vale

- **15 December 2008:** TEAL minorities offered a 123% premium based on 120-day volume-weighted average price.
- **13 Feb 2009:** TEAL shareholders vote in favour of transaction – TEAL delisted.
- ARM effectively sells 15% to Vale.
- Future funding shared by 50% JV partner, Vale.

1 March 2009 – current

Transaction concluded

- ARM receives R137 million for 15% sale.
- Debt repaid by partners of US$85 million.
- Konkola North project is JV's near-term focus.

EXECUTIVE CHAIRMAN'S LETTER TO SHAREHOLDERS

Patrice Motsepe Executive Chairman

Growing during challenging times

During the past financial year ARM displayed exceptional resilience despite the prevailing global economic crisis.

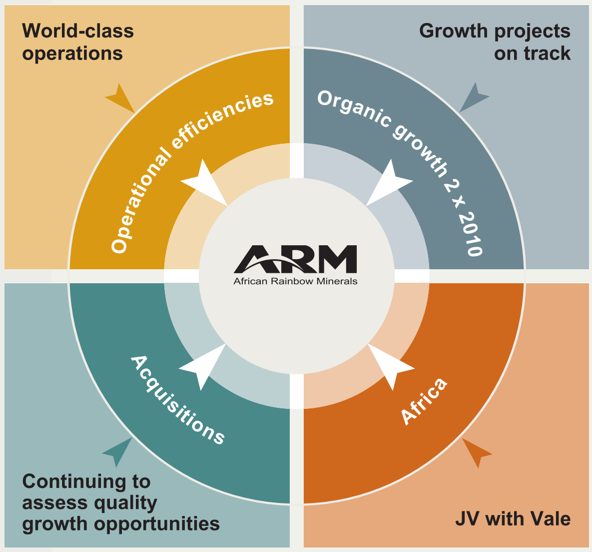
Our world class management teams and long-life quality assets, as well as the proven skills and expertise of our partners were the primary contributors to our satisfactory performance in F2009.

While the global economic crisis had a negative impact on demand and profitability, the swift and effective measures that were taken by our management to;

- preserve cash;
- cut costs; and
- reduce or reschedule some of our capital expenditure without compromising our commitment to our growth projects

enabled us to continue to be profitable and well positioned for long-term growth.

ARM strategy: firing on all cylinders

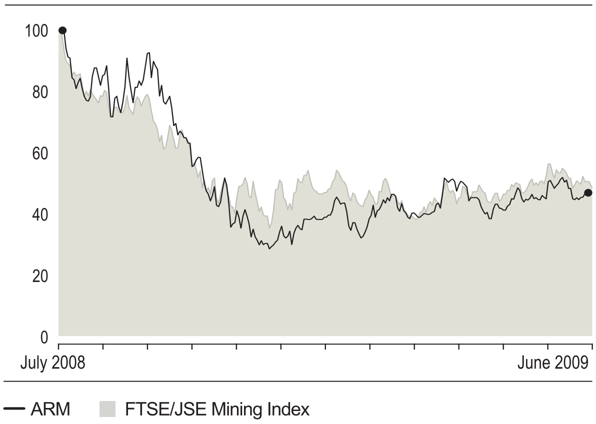


We have reassessed and reconfirmed our commitment to our 2 x 2010 growth strategy which was initiated in 2005. In terms of this strategy we undertook to double our production by 2010. We are not only on track to fulfil this objective but have significantly surpassed the target set in 2005 in respect of certain key commodities.

The major contributor to ARM's results for F2009 was the Ferrous Division where the contribution increased relative to other divisions. This was the only division to reflect an increase in earnings compared to F2008. The results in F2009 were driven by a strong contribution from iron ore while manganese ore performed well up to October 2008. However the increased costs that were incurred at ARM Exploration and the negative contribution from ARM Platinum reduced our headline earnings.

In 2008, ARM declared a record dividend of 400 cents per share. We are pleased to declare a dividend in respect of F2009, albeit a more modest one, of 175 cents. This was made possible by the overall satisfactory performance of ARM and the strength of our balance sheet, which we enhanced despite the difficulties of the past year.

ARM share price performance relative to the FTSE/JSE Mining Index (rebased at 1 July 2008)



A safer workplace

The safety of our employees and those who work at our mines is a crucial priority for ARM. As such, it is with profound regret that we report five fatalities during the year under review. I extend my deepest condolences to the families, friends and colleagues of the deceased.

These tragic deaths undermined a safety performance that was, in other respects, most encouraging. Since F2006, the number of full-time ARM employees increased by some 60%, and this continued to rise over the year with the addition of 896 people in F2009. Even with the increased headcount, the Lost Time Injury Frequency Rate declined from 6.08 per million man hours worked in the previous year to 3.68 in F2009. In particular, the management and staff at Modikwa made us proud by achieving 5 million fatality free shifts in March 2009 being the second South African mining industry operation to have achieved this recognition. The team at Two Rivers also passed the 1 million mark in fatality free shifts in the same month.

ARM became a member of the International Council on Mining and Metals (ICMM) during F2009. This will further expose and enhance our adherence to global best practices.

ARM has made significant progress on our sustainable development initiatives. This is reflected in our abridged Sustainable Development Report on pages 89 to 114.

Commitment to transformation and upliftment

Our broad-based black economic empowerment (BBBEE) and employment equity initiatives, demonstrates our commitment to contribute to the transformation and inclusivity of the mining industry. We are working with many of our stakeholders to make the mining industry truly reflective of all South Africans and to give all our people a stake in the country's mineral wealth.

Many of the geographic areas in which ARM operates are rural and historically poor regions. Apart from job creation, we are committed to improving the living conditions of the communities neighbouring our mines. During F2009, in excess of R90 million was spent (on a 100% basis) under ARM's Social and Labour Plans and Local Economic Development and Corporate Social Investment Strategies.

The above amount includes the R24.5 million which we paid in dividends to our various provincial upliftment trusts, communities, church groups, trade union companies, women's group and other beneficiaries of the ARM BBEE Trust. These funds are being used to build schools, clinics and to assist with the provision of water and to fund other community upliftment projects.

As we continue to weather the current global economic crisis we are committed to ensuring that ARM is well positioned to exploit the expected upturn in demand. It is also critical that we continue to retain and develop the skills of our workforce. We are also proud of our record of creating jobs in South Africa as ARM has created two full time jobs every day since 2006.

Achieving and surpassing our targets

In 2005 we set out to:

- double our production volumes in key commodities by 2010;
- focus on cost control;
- grow the Company through targeted acquisitions and partnerships; and
- expand into Africa.

We are well on track to successfully deliver on these objectives despite deferring some 30% of our total planned capital expenditure in certain businesses because of the global economic crises.

Most of these growth projects are approaching a steady state of production. A chart showing the various stages of development of our respective investments, and details of our key growth projects and project pipeline, is provided on page 9. Our continuing investment in ARM's strategic growth projects is discussed further in the Chief Executive Officer's report.

ARM has been able to fund organic growth from internal funding although external funding has also been employed.

It is important to note that ARM has avoided paying exorbitant prices or inflated premiums for acquisitions and takeovers.

Partnering with the best

We remain committed to being a partner of choice for mining in Africa. A highlight of F2009 was the creation of the Vale/ARM joint venture, which has enabled us to reduce the negative impact on earnings and cash flow of our significant and strategic investments into Africa. The new joint venture brings with it specialised mining skills and a financially strong partner that will mitigate our risk exposure on these greenfields copper projects.

Other corporate highlights for the year included the renegotiation of the Modikwa off-take contract which entails higher margins for our Platinum Group Metals (PGMs), as well as returning R132 million to ARM for community funding support which we previously provided.

At Two Rivers, we have entered into an agreement with our partner, Impala Platinum to incorporate adjacent prospecting properties that will extend the life-of-mine by six years. ARM's management control of Two Rivers will be maintained while its shareholding will reduce to 51% at the closing of this transaction.

Board and management changes

The ARM Board reflects the diversity of our Company and our country. Further detail on the composition and functioning of the Board is available in the Corporate Governance Report on page 115.

I am pleased to welcome Michael Arnold to the Board; he replaces Frank Abbott as Financial Director. Frank will stay on as a Non-executive Director of ARM. He has served ARM with great distinction for five years. During the last two years he was under secondment to Harmony where he successfully assisted with building a strong balance sheet. I thank him for his dedication to ARM and Harmony and wish him well in his future endeavours.

I would also like to thank Max Sisulu who resigned from the Board in August 2009 after he was appointed, Speaker of the South African Parliament. Rick Menell retired in November 2008 and we are grateful for the dedication and commitment which he and his family displayed to ARM and its predecessor (Anglovaal) over many years. I am also pleased to welcome Anton Botha who will serve as an Independent Non-executive Director on our Board.

Alyson D'Oyley has joined us as our new Company Secretary. Dan Simelane has been appointed as Chief Executive of ARM Exploration and assumes responsibility for driving our African growth strategy, including the Vale/ARM JV growth projects.

Looking ahead

The year under review, as envisaged, has proven to be extremely challenging and F2010 promises to be equally demanding.

While there are early indications of an economic recovery, ARM will retain its critical focus on cash preservation and cutting cost while continuing with our growth projects. We will also continue to develop our unique management and entrepreneurial culture which has stood us in great stead since ARM's inception.

The diversified nature of our portfolio has cushioned and assisted us to weather the global downturn. Our interest in Harmony seems poised to grow as Harmony is now debt-free, and has paid its first dividend in five years.

ARM Exploration's joint venture with Vale is important to our long term growth strategy in Africa. During the next financial year we expect the joint venture to make positive progress, especially at Konkola North in Zambia.

We have learned from the challenges of F2009 and are better prepared to deal with the challenges of the new financial year.

Facing the future with optimism

My sincere thanks go to my fellow Board members, the management and employees of ARM for the commitment and enterprise with which they have all addressed the challenges of the past year.

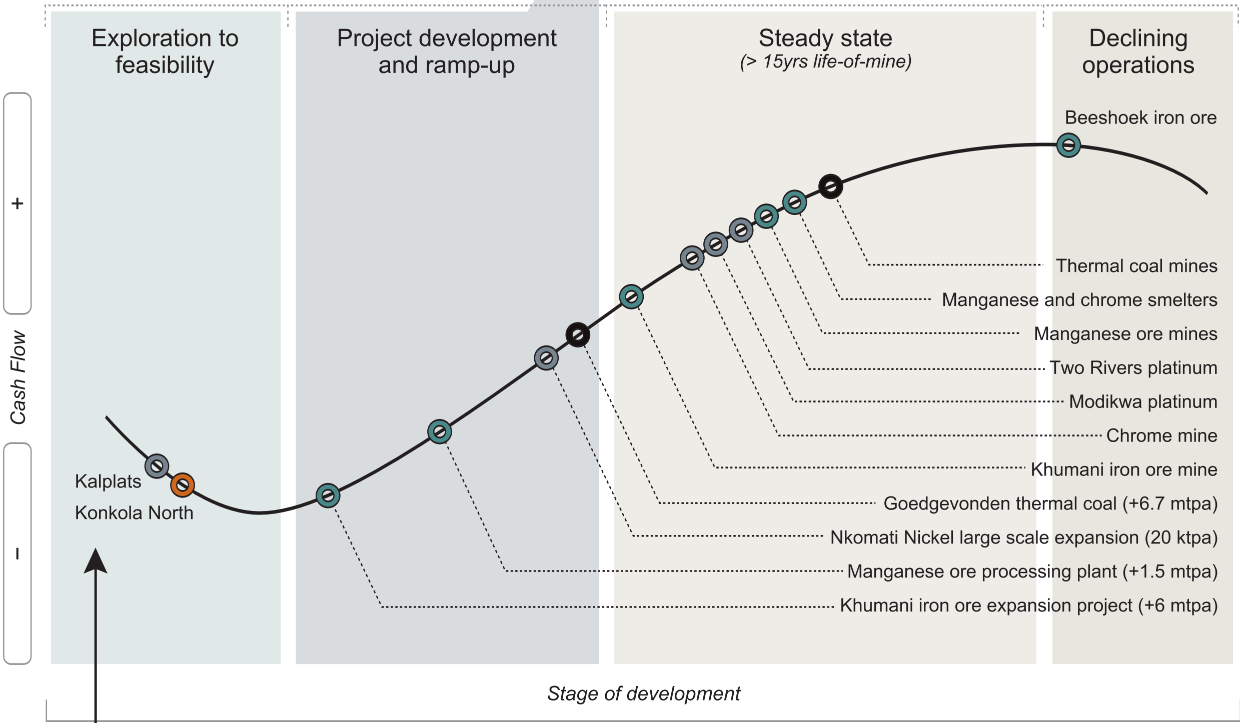
It is thanks to their sacrifices and diligence that we can state with confidence that while we have endured exceptionally testing times, we have preserved shareholder value and positioned ARM favourably to grow and continue to be profitable.

Patrice Motsepe
Executive Chairman
7 October 2009

Key growth projects

	Khumani Iron Ore (10 – 16 mtpa)	Goedgevonden Thermal Coal	Nkomati Nickel Large Scale Expansion
Steady state	10 mtpa (+6 mtpa)	3.5 mt local; 3.2 mt export	20 000 t nickel
Capex committed	95% (20%)	90%	75%
Stage	Ramp-up (building)	Commissioning	375 000 tpm plant commissioning
Position on cost curve	40th percentile	25th percentile	40th percentile
Commissioning (calendar year)	2008 (2012)	2009	2009
Full production (financial year)	2010 (2013)	2012	2012
Comment	More efficient, low unit cost	Dragline opencast operation	C1 cash cost net of by-products of US$3.50/lb

Project pipeline and operations



A balanced, growing portfolio

- Konkola North copper – feasibility under review
- Kalplats platinum – feasibility underway
- Furnace expansion feasibilities completed – on hold pending more favourable market and regulatory environment
- Modikwa platinum expansion – pre-feasibility underway
- Thermal coal – various coal properties under consideration with our partners
- Zambia copper – drilling continues at Konkola North Area A and Area A extension
- DRC copper – drilling continues at Kalumines; Kasonta and Lupoto
- Nkomati nickel – Doornhoek exploration

CHIEF EXECUTIVE'S REPORT

André Wilkens Chief Executive Officer

Our world-class team proves its mettle

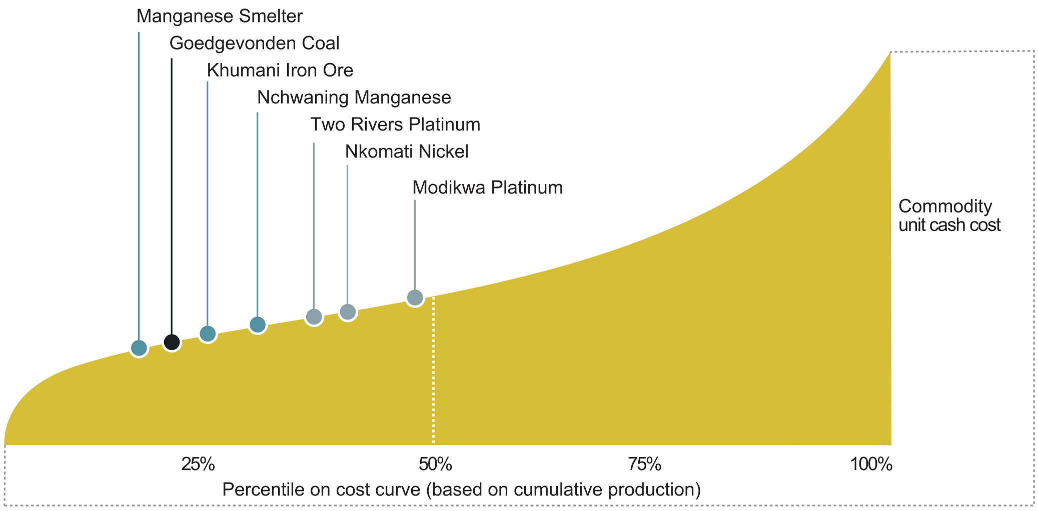
We will all look back on this past year with a sense of great achievement. Before the start of F2009 there were clear signs that this would be an extremely challenging year; demand for commodities was sharply weaker, resulting in severe declines in prices realised, and it was inevitable that our year's earnings would be negatively affected.

It is however pleasing to report that ARM has met the challenges head-on. None of our businesses generated a negative cash flow from operating activities, which I believe is testimony to the extent to which our team has embraced the entrepreneurial credo of "We do it better" management style.

Our collective response to the economic warning signs was effective with individual operations making far-reaching decisions appropriate to their particular circumstances. We achieved record sales volumes for iron ore and PGMs, manganese continued to be a mainstay contributor, and our cash balance for the year increased by nearly R1 billion to R3.5 billion. However, the volatility that we had to navigate during the year is illustrated by the variance in the contribution to headline earnings of our business sectors for F2009 versus F2008:

- The Ferrous Division's contribution rose from R2 775 million in F2008 to R3 150 million in F2009;
- Our platinum operations made an attributable loss of R348 million, against a R915 million profit contribution the previous year. However, we had a positive cash flow of R820 million for the financial year;
- Nkomati Nickel's attributable earnings fell from R432 million to R29 million and the mine is growing to a large scale, high volume operation; and
- Coal declined from an earnings contribution of R175 million to R135 million due to lower volumes.

ARM target for operations on the respective global cost curve by 2012
(ARM estimate, benchmarked at steady-state/normalised production volumes)



These fluctuations occurred while some operations achieved excellent production levels. The Ferrous Division dominated earnings, with iron ore achieving record sales volumes.

The Platinum Division achieved pleasing PGM sales, but reported a negative contribution to EBIT as a result of a significant fall in PGM prices during the year.

ARM's joint venture agreement with Vale was one of the year's highlights. Together with our new partner we are expecting further progress in proving the feasibility of several high-quality African resources, particularly the Konkola North Copper Project in Zambia, currently the subject of a feasibility study. The addition of copper to our portfolio represents an exciting value contribution to ARM.

As a growth company with a diverse portfolio, ARM is able to continue delivering cost benefits and a satisfactory return on assets, coupled with continuous quality improvements.

Decisive response to economic slowdown

While ARM's various production growth initiatives are continuing, supplemented by low-cost projects either recently completed or close to completion, we responded positively to weaker demand by:

- implementing production volume decreases once optimal stockpile levels were reached, driven by the respective commodity demand factors;
- containing costs at all operations, including the reduction of ARM's employees and contractors by some 30%;
- continuing capital expenditure on key development projects while delaying around 30% of capital expenditure over the next three years; and
- enhancing cash preservation at all operations.

We consulted extensively with employees through their representatives and kept job losses to a minimum by moving most of our employees to growing operations. We also successfully reallocated shifts at Modikwa to an 11-day fortnightly cycle from continuous mining operations. This restructuring at all our operations is completed.

ARM is increasingly moving towards owner-operator from contractor management as seen at the Dwarsrivier Chrome Mine. This trend will result in greater operational efficiencies. Secondly, some of our projects are ramping up to steady-state production which will improve our production and efficiency.

In F2009 ARM spent some R57 million on the training and development of human resources. Excellent progress was made this year in implementing and co-ordinating HIV & AIDS and TB programmes at all operations. A renewed drive to minimise waste at a number of operations, notably those at Machadodorp, Nkomati and Black Rock, is starting to deliver the desired results.

Coal washing and processing plant at Goedgevonden Coal Mine under construction

Growth investment continues

Expenditure on some of our long-term projects and pre-stripping operations has been delayed or reduced. The reduction at the pre-stripping operations was due mainly to the decline in the chrome market. Our strong net cash position allows us to continue with key growth projects:

- Our Goedgevonden Coal Expansion Project, started commissioning in Q1 of F2010;
- The completion of the Khumani Iron Ore Mine on time and within budget, and currently ramping up to 10 mtpa;
- The continuation of the 6 mtpa Khumani Iron Ore expansion; and
- The commissioning of Phase 2a involving a 375 000 tpm concentrator at Nkomati Nickel mine and ramping up to 20 000 tonnes nickel per annum over the next two years.

ARM's volume growth in key commodities, coupled with the strength of our balance sheet, places the Company in an advantageous and competitive position.

We are also fortunate in that this incremental growth has been in markets where it is unlikely to negatively affect the global demand/supply balance. As a growth company with a diverse portfolio, ARM is able to continue delivering cost benefits and a satisfactory return on assets, coupled with continuous quality improvements.

Maintaining strong margins

In F2009, EBITDA decreased by R2.7 billion to R4.5 billion. The average EBITDA margin, although lower at 44% compared to 57% the previous year, is satisfactory and was achieved as a result of a firm focus on cost containment.

It is gratifying that all of our operations are expected to be in the bottom half of the global cost curves for the commodities produced, by 2012. ARM is expected to reach this target because:

- We have large, high-grade ore deposits;
- Our operations are relatively shallow or open-pit;
- Much of our infrastructure is modern with new technology;
- We are an integrated alloy producer;
- Large scale operations allow for economies of scale; and
- Experienced management employed at all divisions.

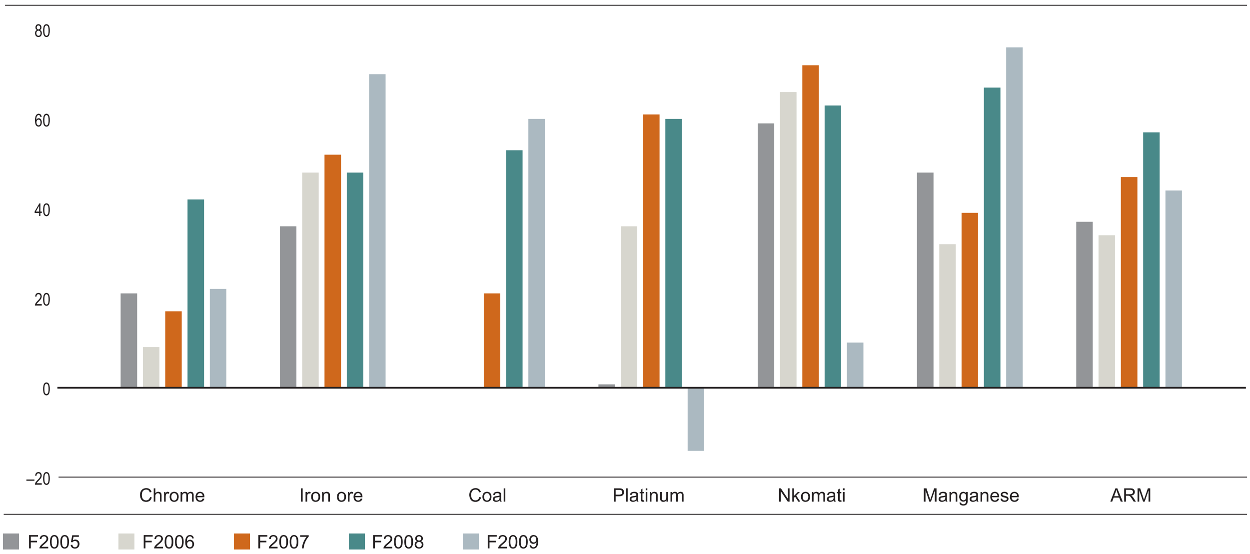
Managing inflationary pressures

While the outlook for the global economy and commodity sales is uncertain, pressure on costs such as wage expectations and electricity increases remain high.

ARM's proportion of labour and electricity costs is relatively low due to the high level of mechanisation and low cost mining methods.

ARM remains well positioned to benefit from any recovery in the global commodity demand. Where stockpiles have previously

Divisional EBITDA margin trend
(%)



been reduced these have been rebuilt. Maintenance has improved on major equipment in an effort to reduce operating costs, and the benefits of the sometimes painful restructuring process will become apparent in F2010.

We have long-life quality assets, with a typical life of mine of some 25 years, and our investment decisions are made accordingly. China remains a strong driver of resource demand, benefitting particularly our ferrous business, while the continuing growth in this and other emerging markets such as India continues to underpin the thermal coal market. As economic recovery materialises further there is bound to be an even greater focus on environmental legislation in the more established economies, which will increase PGM demand.

Working with enthusiasm, dedication and skill

The restructuring initiatives implemented in F2009 will be of tremendous benefit to the Company in the new financial year, which promises to be every bit as challenging as the last. With the commitment of the people of ARM, our superb partners, our resilient mix of resources and assets, and a strong balance sheet, we certainly look to 2010 with good confidence.

André Wilkens
Chief Executive Officer
7 October 2009

KEY PERFORMANCE INDICATORS

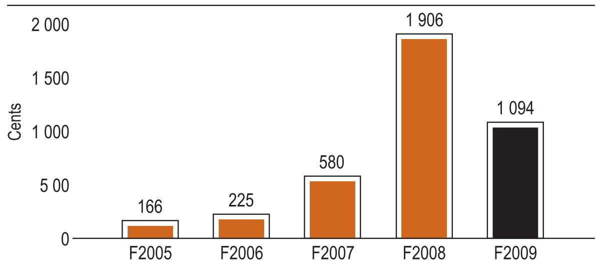
Overview of ARM's Key Performance Indicators, covering financial and sustainability performance for F2009 with comparable indicators for preceding years. Definitions of indicators are included where appropriate.

Financial

Headline earnings per share (HEPS)

In F2009, HEPS declined to 1 094 cents from 1 906 cents a year earlier as international demand for commodities, and their prices, fell sharply. The performance was also affected by increased costs at TEAL and losses in the platinum segment.

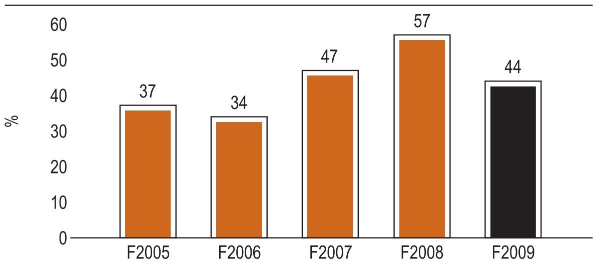
Headline earnings comprise earnings adjusted for items of a capital nature. This is then divided by the weighted average number of shares in issue to arrive at headline EPS.



EBITDA margin

The EBITDA margin declined from 57% in the previous year to 44% in F2009 as world commodity demand and prices fell.

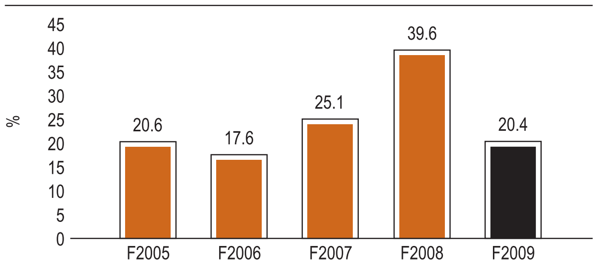
The EBITDA margin is earnings before interest, taxation, depreciation and amortisation, excluding exceptional items and income from ARM's associates, divided by sales.



Return on operational assets

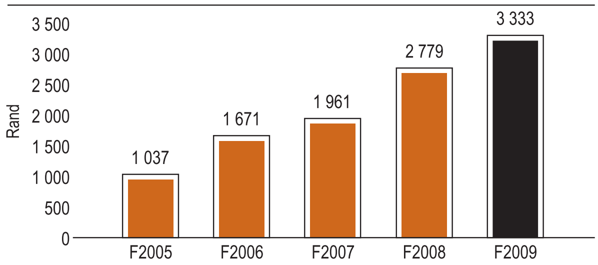
Return on operational assets was 20.4% in the year from 39.6% a year earlier.

Return on operational assets is the profit from operations divided by tangible assets, excluding capital work in progress.



Capital expenditure (capex)

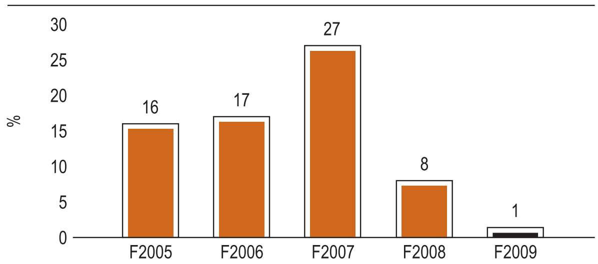
Capex attributable to ARM increased to R3.3 billion in F2009 from R2.8 billion in F2008. The largest expenditure was at ARM Ferrous, where ARM's share was R1.3 billion. As a result of the focus on cash conservation and debt reduction, a strong balance sheet with low gearing ensures that ARM can proceed with funding key growth projects.



Net debt to equity

ARM's net debt to equity ratio decreased to 1% from 8% in 2008 as operations focused on preserving cash, particularly in the latter half of the year.

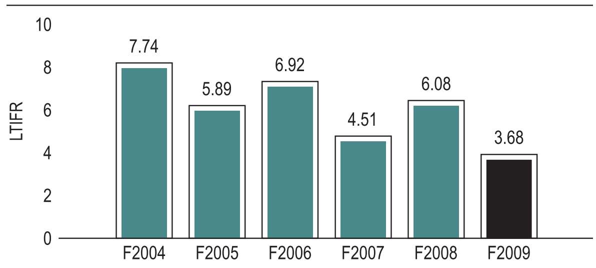
The net debt to equity ratio is total debt, less cash and cash equivalents, divided by total equity.



Non-financial

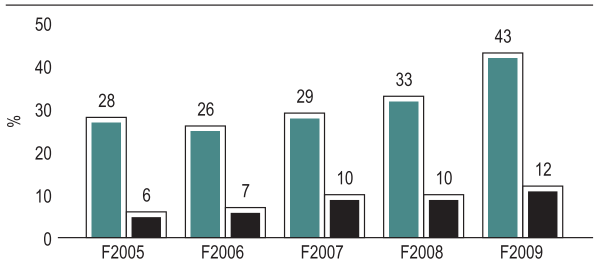
Lost Time Injury Frequency Rate (LTIFR)

While ARM deeply regrets five fatalities in the year under review, reportables and lost time injuries (LTIs) reduced and the LTIFR decreased from 6.08 in F2008 to 3.68 in F2009.



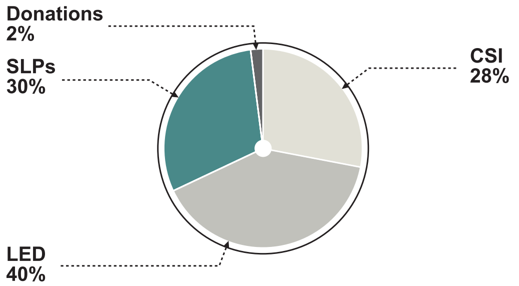
Employment Equity (EE)

Steady progress has been made in terms of employment equity including gender diversity. EE in management has increased to 43% in F2009. With a total number of female employees at 12%, ARM has exceeded the Mining Charter's targets of 10% female representation by 2009.



Community upliftment and social investment

During F2009, approximately R60 million was spent (on a 100% basis) in terms of our strategies under ARM's Social and Labour Plans (SLPs), Local Economic Development (LED) and Corporate Social Investment (CSI).



Voluntary counselling and testing for HIV & AIDS

ARM has used the HIV & AIDS Resource Document compiled by the GRI in 2002 as a framework for establishing policy and process, and to monitor progress according to 16 GRI performance indicators. Each operation is expected to exceed a minimum standard relating to these performance indicators. Prevalence studies indicate an overall HIV & AIDS prevalence rate within ARM to be 18.2%, compared with statistics published by the Department of Health in 2007 which indicate a national average of 22.4%.

Energy efficiency

All operations are signatories to the National Energy Efficiency Campaign which recognises that improvements in energy efficiency are fundamental to South Africa's sustained economic growth and development, and international competitiveness. Operations are focusing on the use of alternative sources of energy and co-generation opportunities are being explored, including the utilisation of surplus carbon dioxide (CO_2).

Total water use*

At the smelting operations, water is sourced from municipalities while at the mining operations, it is sourced from rivers and boreholes in line with integrated water use licences (WUL) obtained through the lead authority, the Department of Water and Environmental Affairs (DWEA). Of the total water used, 61% is recycled.

CO_2 emission intensity

Emissions inventories, which include emission quantification and a point source inventory for the smelting operations, are compiled annually in keeping with legislation.

* *Total water withdrawn in F2009 amounted to 12 776 414 cubic metres, total water recycled amounted to 7 802 293 cubic metres (these figures exclude Nkomati – consumption at Nkomati was 490 000 cubic metres, but recycling rates are not measured. The mine is in the process of installing flow meters on water pipelines).*

FINANCIAL REVIEW

Mike Arnold Financial Director

Overview

ARM achieved headline earnings of R2 317 million (headline earnings per share of 1 094 cents) in a most challenging year, which included a massive global crash in commodity prices and demand, as compared to the R4 013 million recorded for the year ended 30 June 2008 (headline earnings per share of 1 906 cents). The year's results were, in addition, negatively impacted by significantly increased costs at TEAL and a negative contribution from the platinum segment. Notwithstanding the decline, the cumulative annual growth rate in headline earnings since June 2004 was 118%.

The average Rand/US Dollar exchange rate at R9.03/US$ for the year to June 2009 reflects a 24% weakening over the 2008 average of R7.30/US$, which has to some extent compensated for lower US Dollar commodity prices.

Basic earnings for the year were R2 868 million (basic earnings per share of 1 355 cents); R551 million more than headline earnings, largely as a result of a R557 million exceptional gain accounted for on the sell down of ARM's stake in TEAL to 50% and the introduction of Vale as a 50:50 partner. The basic earnings for the year to June 2008 were R4 487 million (2 131 cents per share).

The major contributor to ARM's headline earnings for F2009 was the Ferrous Division where the contribution increased by 14% to R3 150 million (F2008: R2 775 million). This was the only division to reflect an increase, which was mainly driven by a strong result from iron ore while manganese ore performed very well until October 2008.

The Platinum Division's contribution (inclusive of Nkomati) to headline earnings reflected a decrease of R1.6 billion from the F2008 profit of R1.3 billion to a F2009 loss of R0.3 billion. Average PGM basket prices fell by more than 32% during the year. The Nkomati Nickel Mine's contribution fell to R29 million as compared to R432 million for F2008, mainly due to chrome sales virtually ceasing for the period October 2008 to April 2009. Average US Dollar nickel prices fell by 53% for the year. Included in the loss for the year was a R547 million realised loss on the 30 June 2008 debtors as the provisional prices used to value debtors, at 30 June 2008 realised at significantly lower prices in the first half of F2009.

The contribution from Coal decreased to R135 million (F2008: R175 million) as a result of lower prices and a number of operational issues which affected results in the second half of the financial year. ARM corporate and other contributed R40 million (F2008: loss R73 million).

The consolidated loss for the ARM Exploration division (TEAL) increased to R689 million from a loss of R211 million in F2008, largely due to the following increases in expenses and restructuring costs:

- stock write downs: R103 million;
- cancellation of mining contracts at Kalumines in the Democratic Republic of Congo (DRC): R87 million;
- fluctuation of the Rand/US Dollar exchange rate, TEAL's functional currency being US Dollars: R87 million;
- interest paid: R30 million; and
- increased mining losses at Kalumines: R112 million.

The benefit of needing to account for only 50% of TEAL, after the closing of the transaction with Vale, in terms of accounting conventions, only commenced in March 2009.

The unaudited profit variance analysis below clearly indicates how ARM's results were impacted by various factors during the year.

Cash and borrowings

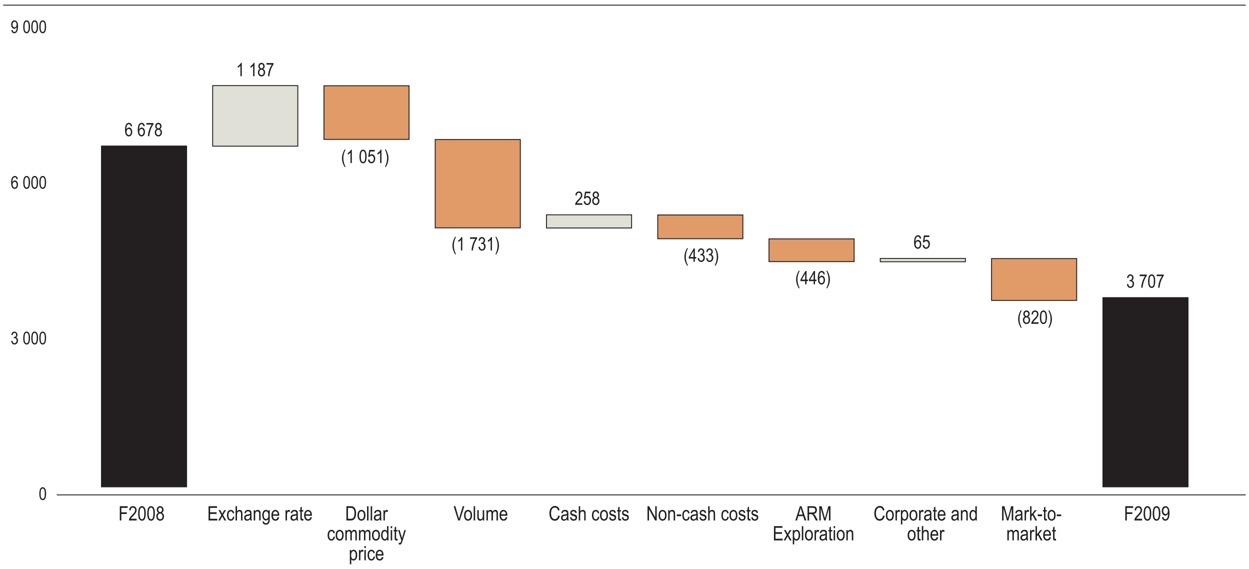
ARM responded promptly to the global economic downturn by focusing on conserving cash and reducing debt at all operations. This was achieved by the immediate deferment of certain non-essential capital expenditure at all operations, operational cost reduction initiatives, significant production cuts at the ferromanganese and ferrochrome units and the application of surplus cash to eliminate bank debt at ARM Mining Consortium (Modikwa) and reducing the balance outstanding on the ARM corporate loan. In addition, at a Company level, ARM received dividend payments of R2.1 billion from ARM Ferrous (this division reflected an attributable cash balance at year end of R1.6 billion).

There was an improvement of R1.1 billion in the ARM net debt position at 30 June 2009 to R231 million from the position at 30 June 2008 of R1 318 million. This significant improvement

Contribution to headline earnings by segment

Commodity group	12 months ended 30 June		
R million	**F2009**	**F2008**	**% change**
Platinum Group Metals	**(348)**	915	>(100)
Nkomati nickel and chrome	**29**	432	(93)
Ferrous metals	**3 150**	2 775	14
Coal	**135**	175	(23)
Sub-total	**2 966**	4 297	(31)
Exploration: TEAL	**(689)**	(211)	>(100)
Corporate and other	**40**	(73)	>100
ARM headline earnings	**2 317**	4 013	(42)

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



Summarised income statement

R million	F2009	F2008	% change
	12 months ended 30 June		
Sales	**10 094**	12 590	(20)
Profit from operations (before exceptional items)	**3 707**	6 678	(44)
Income from investments	**414**	168	146
Finance costs	**(385)**	(438)	12
Income from associate*	**147**	461	(68)
Exceptional items	**514**	162	217
Taxation	**(1 727)**	(2 084)	17
Minority interest	**198**	(460)	143
Profit after tax and minorities	**2 868**	4 487	(36)
Headline earnings	**2 317**	4 013	(42)
Headline earnings per share (cents)	**1 094**	1 906	(43)
Dividends per share declared after year end	**175**	400	(56)
EBITDA	**4 484**	7 229	(38)

* *Exceptional profit of R317 million included in F2008; F2009 includes R27 million.*

Summarised balance sheet

R million	F2009	F2008
	At 30 June	
Non-current assets	**18 566**	16 802
Property, plant, equipment and other	**12 138**	9 449
Investments	**6 428**	7 353
Current assets	**6 933**	8 076
Other	**3 420**	5 416
Cash and equivalents	**3 513**	2 660
Total assets	**25 499**	24 878
Shareholders' interest	**16 751**	15 676
Non-current liabilities:		
Long-term borrowings	**1 364**	2 254
Other	**2 678**	2 478
Current liabilities:		
Short-term borrowings	**2 380**	1 724
Other	**2 326**	2 746
Total shareholders' interest and liabilities	**25 499**	24 878

was achieved while still continuing with expansion capital expenditure at the Nkomati Nickel Mine, Goedgevonden Coal Project, ARM Ferrous and at Two Rivers. The debt on the balance sheet includes an amount of R1.8 billion advanced by our partners (Implats: R539 million; Angloplats: R132 million; Xstrata: R1 135 million).

Since the year end the ARM corporate loan of R967 million has been refinanced and the new facility increased to R1.75 billion with a maturity in August 2012. ARM and its partner at Nkomati, Norilsk Nickel, have decided to fund the completion of the Phase 2 expansion project utilising their respective corporate balance sheets, given the current restrictive lending environment.

Consolidated income statement

Sales revenue decreased by R2.5 billion to R10.1 billion (a decrease of 20% over F2008). The decline in sales was primarily in the Platinum Division where PGM and nickel prices fell substantially during the year, while the Ferrous Division's sales actually reflected an increase of 3% to an attributable R7.7 billion from the R7.4 billion recorded in F2008. Sales volumes were lower in all commodities other than iron ore and PGMs.

Cost of sales increased by 10% in absolute terms. The main factors behind this increase were:

- Cost rationalisation programmes only made a positive contribution to costs from Q4;
- Amortisation increased by 45% or R246 million largely as a result of production ramp-ups at Khumani and Two Rivers;
- Various costs increased well ahead of CPIX during the year. These included electricity, fuel, consumables such as coke, as well as steel;
- Production increases at Khumani; and
- Mining cost inflation, albeit down from F2008, is still currently between 10% and 15% as a result of these cost increases.

With the fall in sales revenue and cost increases during the year, the average gross profit margin decreased to 40%, compared to 56% in the previous year.

Other operating income increased to R916 million from R460 million in F2008. This increase was mainly due to the inclusion of R100 million from proceeds on the partial settlement of the Cato Ridge insurance claim as well as increased foreign exchange gains following the weakening of the Rand against the US Dollar during the year.

Other expenses mainly comprised non-operational costs at ARM Company, Assmang and TEAL. Other operating expenses increased by R399 million to R1 255 million, largely due to much higher costs at TEAL and increased shortworkings costs in ARM Ferrous resulting from smelter shutdowns.

Due mainly to the decline in sales and the increase in costs attributable to TEAL, profit from operations before exceptional items decreased 44% to R3.7 billion in F2009 from R6.7 billion in F2008.

Investment income, which comprises interest received on favourable bank and cash balances, increased by R246 million in the year to R414 million, which resulted from increased cash and bank balances principally at ARM and ARM Ferrous. This was achieved notwithstanding the approximately 4% fall in interest rates during the year. Total cash and bank balances increased by R853 million during the year to R3.5 billion.

Finance costs decreased slightly, by R53 million, largely due to the fall in interest rates during the year. Gross borrowings remained flat at between R3.8 billion and R4.0 billion for the year.

The effective taxation charge for the year increased to 39.2% from 29.6% for F2008. The increase was largely attributable to (i) increased secondary tax on companies arising from the dividends paid by ARM Ferrous during the year, and (ii) significantly increased ARM Exploration costs which were non-deductible. This charge is reduced by the non-taxable exceptional items included in the results. In addition, associate income which is shown net of tax influences the tax charge. A full tax charge reconciliation is provided under note 28 to the financial statements.

Earnings before interest, tax, depreciation and amortisation, excluding exceptional items and income from associate (EBITDA) decreased by R2.7 billion to R4.5 billion in F2009. The EBITDA margin for F2009 was lower at 44%, compared to 57% in F2008. Project investment continues as ARM's balance sheet remains strong with low gearing, even after R3.3 billion capital expenditure in F2009. The corporate action undertaken during the year has further enhanced the value of ARM's operations.

Consolidated balance sheet

The ARM balance sheet remained robust despite the fall in commodity demand as operations focused on preserving cash during the second half of the financial year. The net debt to equity ratio decreased to 1% (at 30 June 2008: 8%).

Included in borrowings are loans from partners amounting to R1.8 billion which, if disregarded, would result in ARM having a net cash position of R1.6 billion at 30 June 2009, as compared to a net cash position on the same basis at 30 June 2008 of R174 million.

Additional key features of the balance sheet include:

- Property, plant and equipment increased by R2.5 billion, mainly due to attributable capital expenditure of R3.3 billion with the largest expenditure being at ARM Ferrous where ARM's share was R1.3 billion. This expenditure mainly related to the completion of the plant at the Khumani Mine. Expansion capital was also expended at Two Rivers on plant upgrades, at Nkomati on the Phase 2 expansion project and on the completion of the Goedgevonden Coal Mine.
- Other investments mainly comprised ARM's 14.9% stake in Harmony. This investment was marked-to-market at R80 per share on the balance sheet at 30 June 2009. Changes in the value of the investment are accounted for net of deferred capital gains tax through the statement of changes in equity. At 25 September 2009, the applicable share price was R78.01 per share.
- Current assets excluding cash and cash equivalents decreased by R2.0 billion largely owing to the decreased level of accounts receivable at the year end. A significant realised adjustment to the platinum and nickel divisional debtors at 30 June 2008 of R547 million was made in F2009 as a result of the realised value being less than the provisionally recognised value at 30 June 2008.
- Gross interest-bearing borrowings decreased marginally to R3.8 billion at 30 June 2009. The major changes during the year were (i) the increased attributable borrowings at ARM Coal to fund the development of the Goedgevonden Coal Project, (ii) the ARM Mining Consortium bank loan which was repaid in December 2008, and (iii) TEAL borrowings which are now proportionately consolidated whereas previously these were included at 100% when TEAL was a subsidiary of ARM.
- Trade and other payables increased by R120 million to R1.6 billion.

Cash flow statement

Cash flow from operating activities decreased marginally by R119 million to R4.1 billion for the year as compared to R4.2 billion for F2008. This represents a decrease of 3% over F2008. There has been a reduction of approximately R2 billion in working capital offset by higher tax and dividend payments.

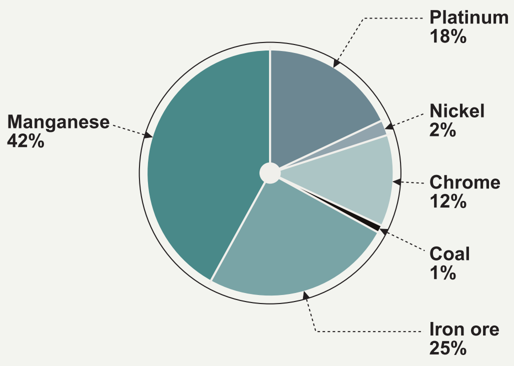
Cash flow related to investing activities remained high, with capital expenditure being the main component. Capital expenditure to maintain operational production amounted to R0.9 billion while expansion capital was R2.3 billion. There was no material change to the cashflow from financing activities as the overall level of borrowings was maintained during the year. Since the year end the bank debt in TEAL was repaid by the partners.

The closing cash position of R3.5 billion (at 30 June 2008: R2.7 billion) was held primarily at ARM Ferrous (R1.6 billion, at 30 June 2008: R1.4 billion) and at ARM Company (R1.2 billion, at 30 June 2008: R0.3 billion).

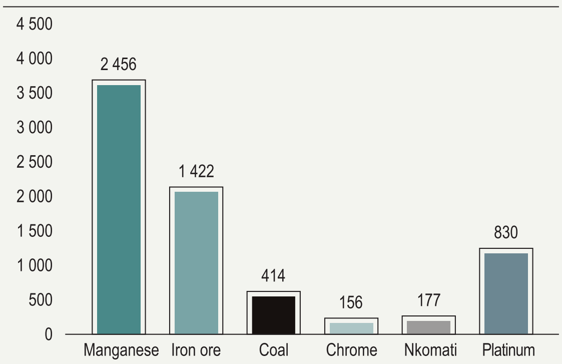
Segmental analysis

The graphs and charts on pages 148 to 149 indicate certain key elements of the segmental contributions to the ARM results. In addition, detailed segmental results are provided on pages 162 to 168 of the financial statements.

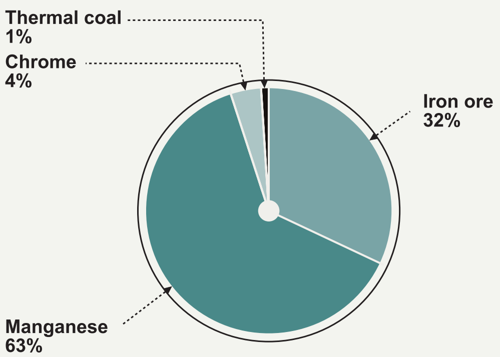
F2009 revenue contribution per commodity



F2009 cash flow from operating activities
(R million)



F2009 attributable EBIT (excluding ARM Platinum, ARM Exploration and Corporate and other)



Capital expenditure

ARM continued to invest in capital projects in the year and has spent an attributable R3.3 billion in F2009 as compared to R2.8 billion in F2008.

Looking forward, ARM is forecasting to spend more than R8 billion over the next three years on three main projects:

- Khumani Iron Ore Mine expansion to 16 mtpa; with attributable capital expenditure of R3.3 billion. The project will be financed out of internally generated cash flows and existing cash and borrowing facilities in ARM Ferrous.
- Completion of the Nkomati Phase 2 expansion. The required funding is to be provided by the partners.
- Completion of the Goedgevonden Coal Mine. Funding for this mine is being provided by Xstrata.

The development of copper assets at Konkola North in Zambia in the Vale/ARM joint venture is under consideration.

Accounting policies

ARM presents its financial information in compliance with International Financial Reporting Standards (IFRS). The financial information for the year ended 30 June 2009 has been prepared adopting the same accounting policies used in the most recent Annual Financial Statements, except for the adoption of various new and revised IFRS standards where applicable.

Financial risks

In the course of its business operations ARM is exposed to currency, commodity price, interest, counterparty, credit and acquisition risk.

A detailed analysis of ARM's approach to these risks is provided on pages 189 to 194 of the financial statements. A sensitivity analysis is provided on pages 191 to 192 of the Annual Financial Statements.

Significant accounting matters

A portion of the insurance claim relating to the furnace explosion at the Cato Ridge Works, claimable against the overseas reinsurers, was settled during the year. This represents 60% of the claim. ARM Ferrous received a payment of R240 million in April 2008 and accounted for this amount as follows: R200 million related to business interruption cover was accounted for in other income and the balance was treated as an exceptional recovery on the refurbishment of the furnace.

In February 2009, the toll treatment agreement for Modikwa was renegotiated with an effective date of 1 December 2008. The new agreement improves recoveries for Modikwa and is included in its results from that time. At the same time an agreement was reached whereby Anglo Platinum contributes to the funding which was required of the communities in the development of the mine. This funding has previously been provided by ARM. Anglo Platinum has accordingly lent R132 million to ARM Mining Consortium, enabling it to repay a portion of the loan owing to ARM.

The ARM transaction with Vale has resulted in TEAL becoming a proportionately consolidated incorporated joint venture.

Dividend

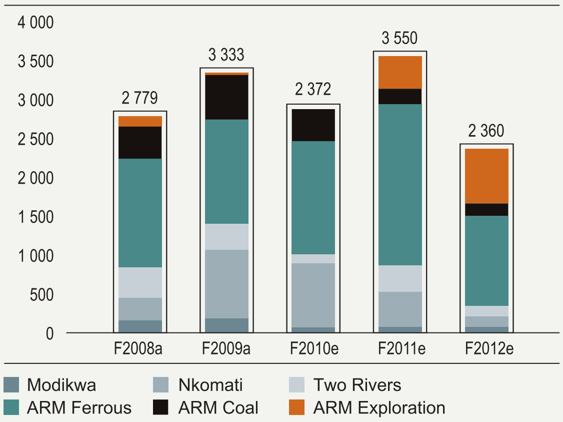
Dividends are declared after consideration of the solvency and liquidity of the Company and with due regard to the current funding status of the Company, future funding requirements and attributable cash flows.

The continued growth in ARM's net cash position, excluding partner loans, has been achieved by prudent cash management despite the economic downturn. The recovery of market demand and prices is expected to be gradual and as a result the current cash position provides a solid base going forward. ARM had minimal gearing at 30 June 2009 and has sufficient cash and borrowing resources to fund continuing capital expenditure for both the maintenance and expansion of operations. Despite early signs of improvement in markets it is not yet clear as to the exact pace of recovery going forward. As such, ARM will continue to review Company plans and forecasts every quarter.

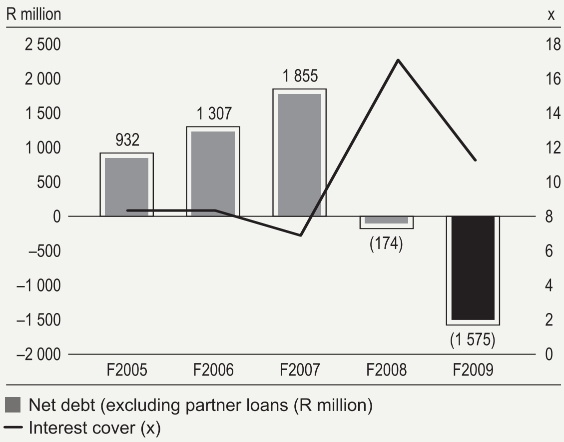
Accordingly, the Board of Directors declared its third dividend of 175 cents per share on 31 August, payable on 28 September 2009. The amount paid was approximately R371 million. This declaration of a dividend reflects the strength of the ARM cash position while the Board maintains its prudent approach in the current economic environment.

Mike Arnold
Financial Director
7 October 2009

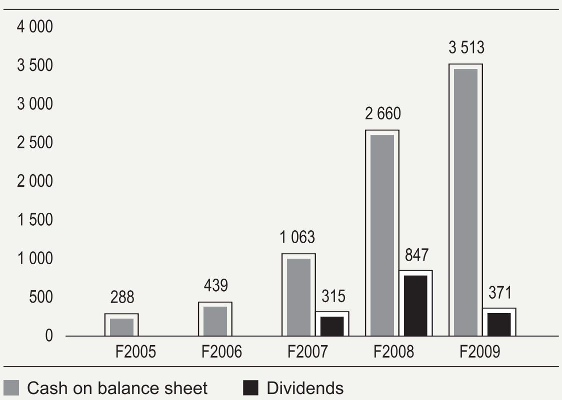
Capital expenditure
(R million)



Net debt/(cash) – excluding partner loans and interest cover



Cash on balance sheet and dividends
(R million)



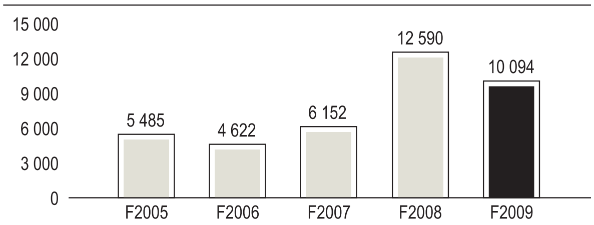
FINANCIAL SUMMARY AND STATISTICS

For the year ended 30 June

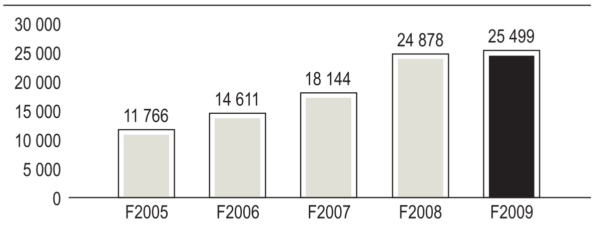
R million (unless otherwise stated)	Compound annual growth rate %	F2009	F2008	F2007	F2006	F2005	F2004
Income statement							
Sales	21	**10 094**	12 590	6 152	4 622	5 485	3 885
Headline earnings	118	**2 317**	4 013	1 207	462	339	47
Basic earnings per share (cents)	9	**1 355**	2 131	586	293	225	865
Headline earnings per share (cents)	97	**1 094**	1 906	580	225	166	37
Dividend declared after year end per share (cents)		**175**	400	150	n/a	n/a	n/a
Balance sheet							
Total assets	17	**25 499**	24 878	18 144	14 611	11 766	11 460
Cash and cash equivalents	58	**3 513**	2 660	1 063	439	288	357
Total interest bearing borrowings	15	**3 744**	3 978	4 044	2 252	1 574	1 831
Shareholders' equity	16	**16 751**	15 676	11 218	10 393	7 972	7 954
Cash flow							
Cash generated from operations	62	**6 678**	5 175	2 537	1 243	1 661	603
Net cash outflow from investing activities	35	**3 135**	2 427	2 691	1 444	826	691
Net cash (outflow)/inflow from financing activities	(9)	**(171)**	(175)	1 562	893	(549)	280
Number of employees		**9 643**	8 747	7 725	6 943	6 107	5 162
Exchange rates							
Average rate US$1 = R		**9.03**	7.30	7.20	6.40	6.21	6.90
Closing rate US$1 = R		**7.72**	7.83	7.07	7.16	6.65	6.26
JSE Limited performance							
Ordinary shares (Rands)							
– high		**291**	307	138	52	38	48
– low		**76**	103	53	32	25	32
– year end		**130**	280	123	48	34	34
Volume of shares traded (thousands)		**113 690**	84 678	40 203	39 711	51 382	26 547
Number of ordinary shares in issue (thousands)		**212 068**	211 556	209 730	206 367	204 437	204 208
Financial statistics	**Definition number**						
Liquidity ratios (x)							
Current ratio	1	**1.5**	1.8	1.5	1.4	1.6	1.5
Quick ratio	2	**1.1**	1.5	1.1	1.0	1.0	0.9
Cash ratio	3	**1.6**	**1.6**	0.8	0.8	0.8	0.4
Profitability (%)							
Return on operational assets	4	**20.4**	39.6	25.1	17.6	20.6	7.5
Return on capital employed	5	**18.2**	36.3	16.4	9.2	8.2	8.2
Return on equity	6	**14.3**	27.0	11.1	4.5	5.2	0.7
Gross margin	7	**40.1**	56.2	45.7	28.5	31.8	21.1
Operating margin	8	**36.7**	53.0	40.3	24.1	29.0	13.6
Debt leverage							
Interest cover (x)	9	**11.1**	16.7	6.9	8.5	8.5	5.4
Debt to equity ratio (%)	10	**22**	25	36	22	20	23
Net debt to equity ratio (%)	11	**1**	8	27	17	16	19
Other							
Net asset value per share (R/share)	12	**76**	70	52	50	32	32
Market capitalisation	13	**27 548**	59 236	25 900	9 957	6 949	6 943
Dividend cover (x)	14	**6.25**	4.76	3.87	n/a	n/a	n/a
EBITDA	15	**4 484**	7 229	2 887	1 552	2 025	725
EBITDA margin (%)	16	**44**	57	47	34	37	19
Effective average tax rate	17	**39**	30	36	33	37	19

The financial information above is in accordance with International Financial Reporting Standards. The comparison above is given from 2004 which is when the current ARM was formed. Various corporate transactions were entered into during the past six years therefore direct comparison is not always meaningful.

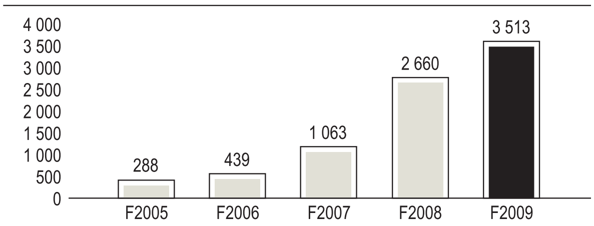
Sales (R million)



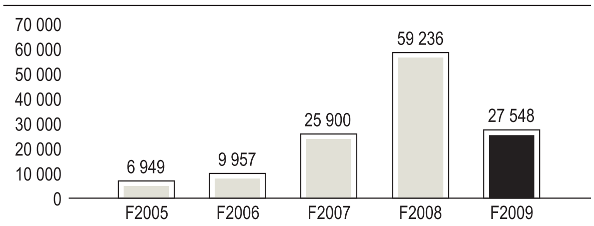
Total assets (R million)



Cash and cash equivalents (R million)



Market capitalisation (R million)



Definitions

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

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

Financial summary (US Dollar)

For the year ended 30 June

US$ million	F2009	F2008	F2007	F2006	F2005	F2004
Income statement						
Sales	**1 118**	1 725	855	722	883	563
Headline earnings	**257**	550	168	72	55	7
Basic earnings per share (cents)	**150**	292	81	46	36	125
Headline earnings per share (cents)	**121**	261	81	35	27	5
Dividend declared after year end per share (cents)	**23**	51	21	n/a	n/a	n/a
Balance sheet						
Total assets	**3 304**	3 178	2 576	2 041	1 769	1 831
Cash and cash equivalents	**455**	340	150	61	43	57
Total interest bearing borrowings	**485**	508	572	315	237	292
Shareholders equity	**2 171**	2 002	1 587	1 452	1 199	1 271
Cash flow						
Cash generated from operations	**739**	709	352	194	267	87
Net cash outflow from investing activities	**348**	334	374	226	133	100
Net cash (outflow)/inflow from financing activities	**(19)**	(24)	217	140	(88)	41
JSE Limited performance						
Ordinary shares (cents)						
– high	**3 217**	4 205	1 917	816	612	696
– low	**842**	1 414	739	500	411	471
– year end	**1 683**	3 576	1 747	674	511	543

PRINCIPAL RISKS AND UNCERTAINTIES

The risks (and opportunities) set out below represent selected uncertainties and trends that may impact on ARM's execution of its strategy in the future.

For a detailed analysis of financial instruments and risk management issues refer note 34 to the financial statements, and for risk management procedures and processes refer page 123 of the corporate governance section.

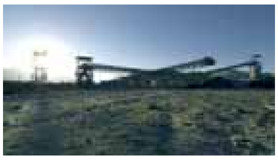
Risk	Mitigation
Commodity price volatility	
ARM's revenue, earnings and cash flows are dependent on the prevailing commodity prices which are determined by the supply of and demand for raw materials, and are linked to global economic conditions. The recent dramatic and rapid deterioration in the global economy, resulting in prices of the majority of commodities trading at dramatically lower levels, has highlighted the significance of this risk factor (Refer to the profit variance analysis in the Financial Review, page 17).	ARM manages the risk of commodity price fluctuations through maintaining a diversified portfolio of commodities. The general policy is not to engage in commodity price hedging. ARM, in close association with its partners, constantly monitors the commodity markets and matches production with market demand and commodity prices. Focus and emphasis on containing and reducing operating expenses also assists in mitigating this risk. The target of having ARM operations in the lower half of the applicable cost curves provides a significant competitive advantage to ARM given the lower level of commodity prices.
Fluctuations in currency exchange rates	
ARM's products are mostly sold in US Dollars. Fluctuations in the exchange rate of the South African Rand against the US Dollar can have a material impact on ARM's financial results. (Refer note 34 in the Financial Statements.)	ARM's foreign exchange hedging is limited to specific items of capital expenditure on major projects only. Movement in the Rand provides both an opportunity and a risk, and ARM's philosophy is thus to consider currency hedges only on specific purchase transactions but the general policy is that ARM does not hedge. This exposure is to some extent offset by the inverse relationship which exists between the Rand/US Dollar exchange rate and most US Dollar commodity prices.
Event risks	
ARM's operations are potentially subject to events, many of which are outside management's control. These operating risks include: unusual or unexpected geological features, ground conditions or seismic activity, climatic conditions (including those resulting from climate change) such as flooding and drought, congestion at ports, industrial action or disputes, environmental hazards, technical failures, fires, explosions and other incidents at mines, smelters, etc.	ARM has an effective and well developed risk management process which has been in place for a number of years. Commitment to comprehensive and effective risk management is an imperative at all levels within ARM. ARM has introduced an integrated approach to risk management, which includes an Enterprise Risk Management process and a Balanced Scorecard approach. This integrated approach to risk management not only helps to ensure appropriate corporate governance compliance, but also provides a practical and effective tool for the management of risk within ARM.
Inflation/increased cost	
As ARM is unable to directly set the prices it receives for the commodities it produces its ability to contain costs in an inflationary environment and maintain low-cost efficient operations can have a significant impact on its profitability. ARM's ability to contain or reduce costs and achieve operational efficiency is a measure of the quality of its operational management and stewardship of its assets.	Cost efficiency and cost reduction remain important ongoing performance measurements within ARM. Operational efficiency is identified as one of its four key strategies. ARM ensures that investment is made in high quality and low cost assets. Volume growth which allows for economies of scale, ensures appropriate cost control.
Reserves and resources	
ARM's mineral resources and ore reserves, as set out later in this report, are based on numerous technical and economic assumptions which are subject to change. Mine reserves decline as commodities are extracted and thus successful ongoing exploration and development activities are important. Various governmental permits are required to utilise these reserves.	Annual updates and revisions are undertaken in the context of changing markets and strategic objectives. ARM continues to invest in exploration and development/maintenance capital to ensure optimal long-term extraction of ore reserves. ARM closely monitors regulatory compliance in terms of new order mining rights in South Africa.

Risk	Mitigation
Safety, health and environment (SHE)	
Although not extensively exposed to deep-level mining operations, mining remains a hazardous industry and is subject to extensive and increasingly more stringent SHE regulations and legislation. Risks which could potentially harm ARM's financial position and reputation include: ➤ Lost time due to impact of illness e.g HIV & AIDS; ➤ Accidents which occur, despite extensive training and safety procedures; ➤ Increased rehabilitation costs due to changing variables; and ➤ Costs associated with changing compliance requirements.	Ensuring the safety, health and wellbeing of all employees at work is of paramount importance to ARM. This, together with care for the environment in which ARM operates, are fundamental to ARM's sustainable development strategy and initiatives. To ensure ongoing improvement, risk preparedness and compliance, ARM's officials constantly monitor and review procedures, initiate awareness campaigns and regularly engage with government and regulators, and monitor legislative requirements. External independent specialist audits of the SHE performance of all operations are undertaken to determine current status of legal compliance, compile risk profiles of each operation as well as identify opportunities for improvement. Action plans to address findings, risk improvement recommendations and gaps identified during the audits are compiled and addressed by each operation and are presented at a Group SHE Forum. The Group SHE Manager, reporting directly to the Chief Executive Officer and oversight by the Sustainable Development Committee, ensures oversight over the process and provides impetus and guidance to operations in the achievement of corporate goals.
Off-mine infrastructure	
ARM does not control major logistics infrastructure related to bulk export materials, where a significant portion of revenue is sourced. Electricity and water supply is also supplied and controlled by governmental institutions.	ARM has long-term contracts in place, negotiated at economically viable tariffs. Senior management task teams meet regularly with relevant authorities to ensure minimal risk.
Project development	
A mining company needs a significant pipeline of growth projects to ensure its sustainability into the future. Ineffective management of projects can result in cost overruns and costly delays in going into production that could prevent it from benefiting from favourable market developments.	ARM currently has three major projects in progress: ➤ Nkomati Nickel Mine expansion; ➤ Khumani Iron Ore Mine expansion; and ➤ Goedgevonden Thermal Coal Project. The development of the Vale/ARM joint venture's copper assets is under consideration. ARM has a proven track record of project delivery on time and within or below budget. ARM engages in rigorous feasibility studies before initiating capital investments in projects and ensures best practices are adopted across the various divisional operations.
Production curtailment	
The current global recession has resulted in a dramatic reduction in demand for commodities, which negatively impacted on commodity prices. As a result many mining companies have curtailed production. While this curtailment allows mining companies to remain cash positive, reduce average operating costs and avoid over supply of markets or inventory build-up, it may also result in them incurring costs in the form of redundancy payments, the cost of resuming production, indirect costs in the form of foregone revenue, the deterioration of assets or increased unit costs. Closure of operations can impact negatively on employees and the local communities.	The Machadodorp Works has been operating at minimal levels due to the global recession, while Cato Ridge Works has considerably reduced production and shut down certain of its furnaces. The mines feeding these smelters have commensurately cut back production. A thorough review of the likely impacts and risks is undertaken prior to suspending operations and mitigating actions implemented to reduce associated costs and offset the socio-economic impact of closures, where possible. Suspended operations are maintained under care and maintenance programmes to ensure a rapid restart and preserve asset quality and operational integrity. Restocking at all operations has occurred to ensure a rapid response to any market opportunities. Most operations have commenced increasing production.

OPERATIONAL SUMMARY

		F2009	F2008	% change

ARM Platinum



Modikwa	(100% basis)	F2009	F2008	% change
PGMs in concentrate (6E)	Ounces	**348 866**	343 062	2
Cash cost	R/kg	**160 507**	123 995	29
EBITDA margin	%	**(18)**	56	

Two Rivers	(100% basis)	F2009	F2008	% change
PGMs in concentrate	Ounces	**246 295**	206 491	19
Cash cost	R/kg	**136 288**	125 319	9
EBITDA margin	%	**(10)**	56	

Nkomati	(100% basis)	F2009	F2008	% change
Contained nickel	Tonnes	**4 495**	5 136	(12)
Chrome ore sold	000t	**661**	1 146	(42)
C1 cash cost net of by-products	US$/lb	**2.48**	(4.45)	(156)
EBITDA margin	%	**10**	63	

ARM Ferrous

Iron Ore	(100% basis)	F2009	F2008	% change
Sales tonnes	Mt	**7.4**	6.6	13
Change in costs compared to previous year	%	**(7)**	65	
EBITDA margin	%	**70**	48	

Manganese Ore	(100% basis)	F2009	F2008	% change
Sales tonnes (excluding intra-group sales)	Mt	**2.2**	3.7	(42)
Change in costs compared to previous year	%	**19**	19	
EBITDA margin	%	**81**	73	

Manganese Alloys	(100% basis)	F2009	F2008	% change
Sales tonnes (excluding intra-group sales)	Mt	**117**	247	(53)
Change in costs compared to previous year	%	**38**	20	
EBITDA margin	%	**62**	54	

Charge Chrome	(100% basis)	F2009	F2008	% change
Sales tonnes	Mt	**144**	275	(48)
Change in costs compared to previous year	%	**37**	18	
EBITDA margin	%	**21**	42	

ARM Coal

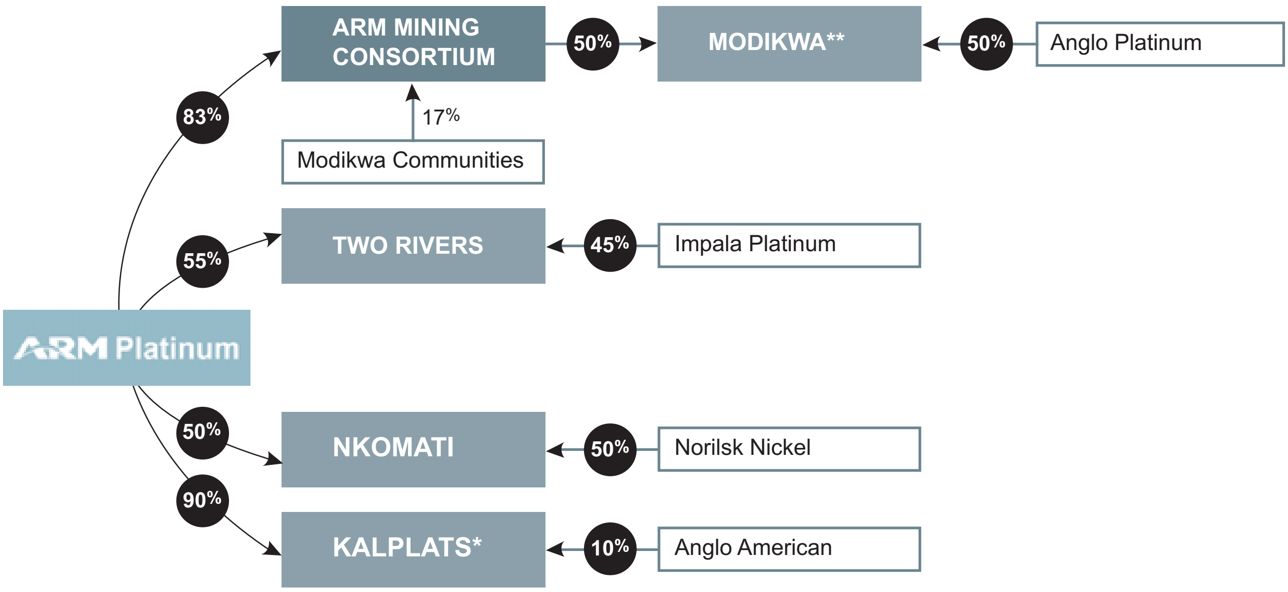
Thermal Coal	(Attributable)	F2009	F2008	% change
Total sales	Mt	**4.3**	5.6	(23)
On-mine saleable cost	R/tonne	**228**	168	35
Operating margin	%	**38**	37	

ARM Platinum

Despite a good operational performance, ARM Platinum's results were significantly affected by the decrease in PGM prices and a slowing world economy.

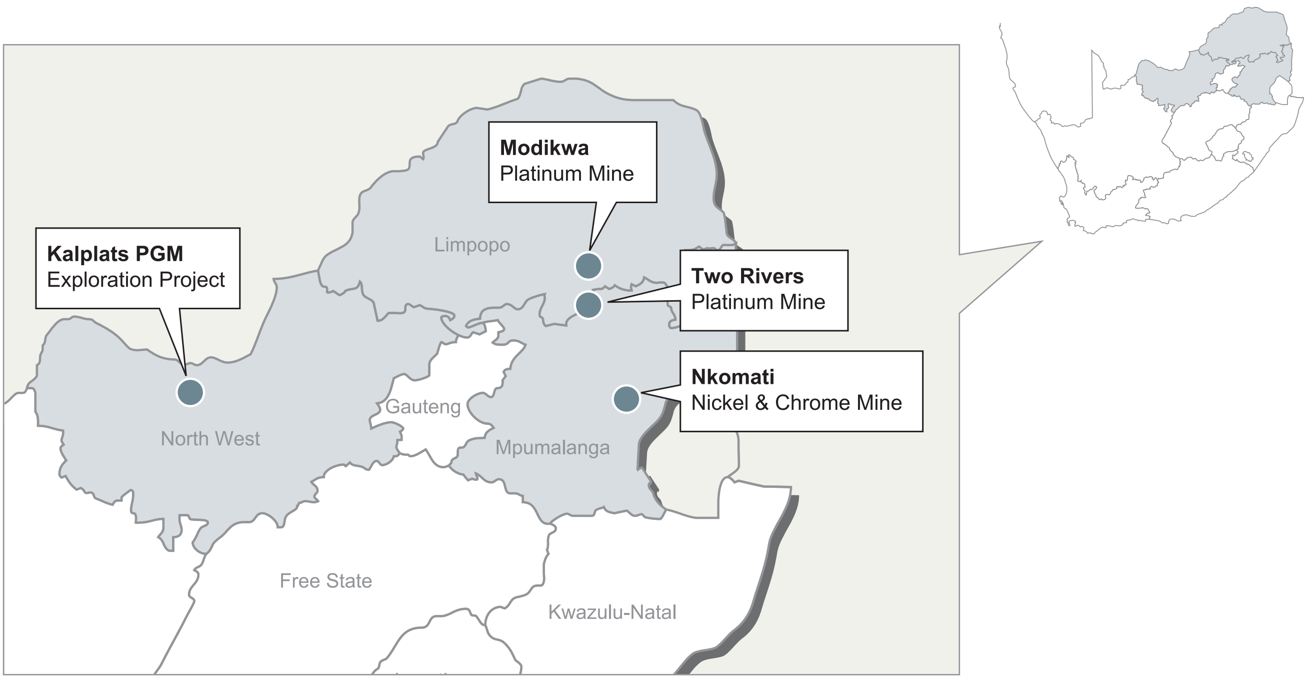
ARM Platinum

Divisional structure



* *Platinum Australia will earn in up to 49% of ARM Platinum's shareholding on completion of a bankable feasibility study, and owns 50% of the Kalplats Extended Area. In the event that the JV acquires Anglo American's 10%, Platinum Australia has the right to acquire 49% of the acquired 10%.*

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



Steve Mashalane
Chief Executive: ARM Platinum

Scorecard

F2009 objectives	F2009 performance	F2010 objectives
Modikwa		
Achieve full year of steady-state production at 330 000 4E PGM oz (6E: 380 000).	Achieved 300 000 4E PGM oz (6E: 349 000) after 10% cutback due to market conditions.	Achieve 350 000 6E PGM oz (4E: 310 000 oz). Focus on moving down on the global PGM cost curve.
Convert conceptual study to pre-feasibility study for the modular and incremental increase of production.	Advanced study on a number of scenarios continuing.	Initiate pre-feasibility study on appropriate scenario.
Two Rivers		
Achieve full year of steady-state production at 220 000 6E PGM oz.	Achieved 246 000 6E PGM oz.	Improve concentrator plant recoveries, increase 6E PGM production to 260 000 oz. Focus on moving down on the global PGM cost curve.
Nkomati		
Achieve targeted production from 100 000 tpm plant.	Mill throughput exceeded 100 000 tpm design capacity.	Improve recoveries on the 100 000 tpm plant.
Commission the 375 000 tpm MMZ plant in Q4 2009.	Plant commissioned on time in September 2009.	Operate at steady state by end of F2010.
Evaluate alternative smelting and refining arrangements.	A new off-take agreement has been negotiated with both Xstrata and Norilsk Nickel.	Complete full off-take agreement.
Sell more than 1 million tonnes of chrome ore for F2009.	Achieved 661 336 sales tonnes due to sudden downturn in market, with a fines stockpile of 2.3 million tonnes.	Sales of 550 000 tonnes of chrome for F2010 (includes 230 000 tonnes of concentrate) depending on grade and volume requirement from market.
Kalplats		
Complete a feasibility study by the end of the 2009 calendar year.	Feasibility study on track for completion by the end of the 2009 calendar year.	Assessment of feasibility study.

Operational overview – attributable to ARM

		F2009	F2008	F09/08 % change	Operational target F2010
Modikwa – PGM production*	Ounces 6E	**174 433**	171 531	2	→
Two Rivers – PGM production	Ounces 6E	**135 462**	113 570	19	↗
Nkomati Nickel Mine					
Nickel	Tonnes	**2 247**	2 568	(12)	↗
PGMs	Ounces	**13 374**	20 406	(35)	↗
Copper	Tonnes	**1 134**	1 303	(13)	↗
Chrome tonnes sold	000t	**331**	573	(42)	→
ARM Platinum PGM production (incl. Nkomati)	Ounces	**323 259**	305 508	6	↗
ARM Platinum cash operating margin	%	**(5)**	61		
Headline (loss)/earnings contribution to ARM	R million	**(319)**	1 347	–	

* *Modikwa production figures have been converted to 6E due to the new off-take agreement in place since 1 December 2008.*

Review of the year

In spite of a good operational performance, ARM Platinum's results were significantly affected by the decrease in global platinum demand and a slowing world economy.

Cash operating losses were recorded by both Modikwa and Two Rivers, while Nkomati generated a cash operating profit. ARM Platinum's attributable PGM production (including Nkomati) for F2009 increased by 6% to 323 259 ounces (F2008: 305 508 ounces) of PGMs in concentrate, resulting from grade improvements, increased production and enhanced efficiencies. Nkomati chrome ore sales decreased by 42% due to a sudden downturn in the chrome market. ARM Platinum's attributable headline loss amounted to R319 million.

The earnings of Two Rivers were negatively affected by interest charged on the shareholders' loans from ARM and Impala Platinum. Interest is charged on the shareholders' loans to Two Rivers at a rate of 11.5% per annum as at 30 June 2009 (F2008:12.0%).

The PGM basket price for both Modikwa and Two Rivers reduced by about 32% when compared to the previous financial year. Weaker average metal prices for the year under review, combined with R547 million of realised losses on the 30 June 2008 debtors' balances, resulted in the recorded losses for this period.

Modikwa Platinum Mine

Modikwa's tonnes milled remained constant at F2008 levels, despite stopping mining at the Merensky Reef. An improvement in grade resulted in a 2% increase in PGM ounces in concentrate. Even though average unit costs for the year increased by 32% to R708 per tonne, cost-containment strategies reduced monthly unit cost in the latter part of F2009, closing at R570 per tonne milled for June 2009. As part of its cost-containment initiative, Modikwa changed from continuous operations (conops) to 11-day fortnightly working shifts in April 2009 and the new strike mining layout is being implemented.

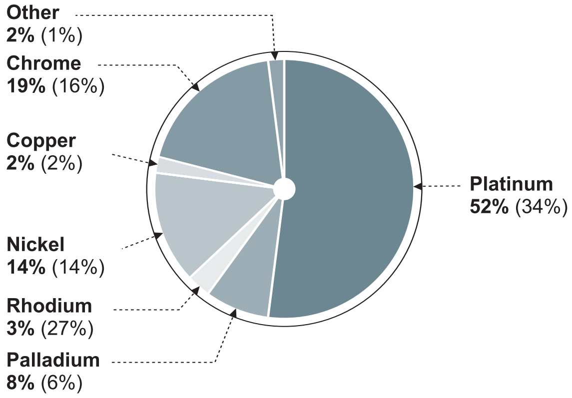
On 31 December 2008, ARM Mining Consortium's project debt for the development of Modikwa was settled in full, 18 months ahead of schedule. ARM Mining Consortium negotiated a revised off-take agreement with Anglo Platinum, effective from 1 December 2008, resulting in Modikwa now earning revenue on contained metals for all six PGMs, including ruthenium and iridium. In line with the agreement, all reported production figures have been converted to 6E.

Two Rivers Platinum Mine

Two Rivers completed its first financial year at full production capacity. Tonnes milled increased by 11%. This, together with a head grade improvement, resulted in a 19% increase in PGM ounces in concentrate. At year-end the surface ore stockpile was 207 122 tonnes. As part of the plant optimisation, the secondary crusher and additional cleaning circuit were

F2009 ARM Platinum revenue contribution per commodity (100% basis)

(F2008 comparable in brackets)



commissioned during August 2009. Cost-containment initiatives and the postponement of capital expansion projects were implemented as part of a cash-preservation strategy.

The Impala Platinum and ARM Boards have approved a transaction in terms of which Impala Platinum will exchange portions 4, 5 and 6 of Kalkfontein, as well as all Tweefontein prospecting rights, for an additional 4% shareholding in Two Rivers, thereby increasing its stake to 49%. The transaction will become effective pending Section 11 approval from the DMR.

Nkomati Mine

At Nkomati the average US Dollar nickel price for the year dropped by 53%, negatively impacting profits. As the conversion to a low-grade, high-volume mine continues, milled tonnes increased by 18% and contained nickel declined by 12% to 4 495 tonnes. Recovery improvements on the 100 000 tpm plant is an ongoing process. During the last few months of F2009, chrome ore and concentrate sales volumes showed a steady improvement.

Mining rights status

The new order mining right application for Two Rivers was submitted to the Department of Mineral Resources (DMR) on 2 July 2007. Two Rivers has since interacted with the DMR on its proposed social and labour plan, which it is now implementing.

The new order mining right application for Nkomati has been approved. Nkomati is in the process of finalising the documents required for the execution of the mining right.

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

Safety

ARM Platinum's commitment to a safe working environment resulted in good safety achievements at all its operations.

On 10 March 2009, Modikwa Platinum Mine joined the ranks of a select few mines in South Africa when it achieved five million fatality free shifts. This marks a period of nearly three years without a fatal accident occurring on the mine. Modikwa reported a lost time injury frequency rate (LTIFR) of 5.3 per million man hours worked, 33% lower than the 8.1 reported in F2008.

Two Rivers Platinum Mine completed 1 million fatality free working shifts on 5 March 2009. Two Rivers reported a LTIFR of 2.8, an 11% improvement on F2008.

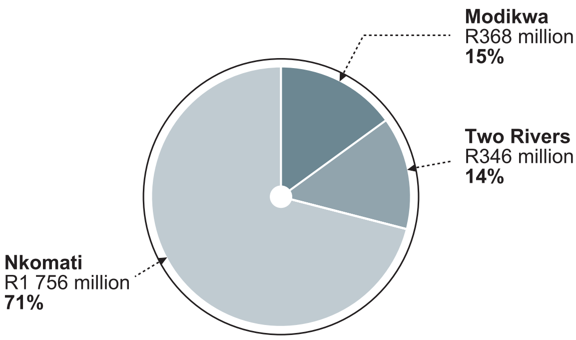
Nkomati reported an excellent LTIFR of 0.95 (F2008: 5.8). Regrettably, on 23 September 2008, a contract employee, Mr Wessel Borotho, was fatally injured when a stockpile collapsed on his vehicle (a two-tonne diesel refuelling truck).

Capital expenditure

Total capital expenditure for the division amounted to R2.47 billion (R1.4 billion attributable), of which 71% was spent on the Nkomati expansion project. Modikwa's planned capital expenditure was reduced as a result of the decision to postpone work to deepen the declines and other expansionary capital projects. Two Rivers spent R159 million on the plant optimisation programme and R42 million on the replacement of the underground mining fleet.

Other than the Nkomati expansion project, all expansionary capital programmes were put on hold for the next 12 months, and the situation will be assessed continually. Ongoing capital spending, to maintain production, will continue.

F2009 ARM Platinum capital expenditure
(100% basis)

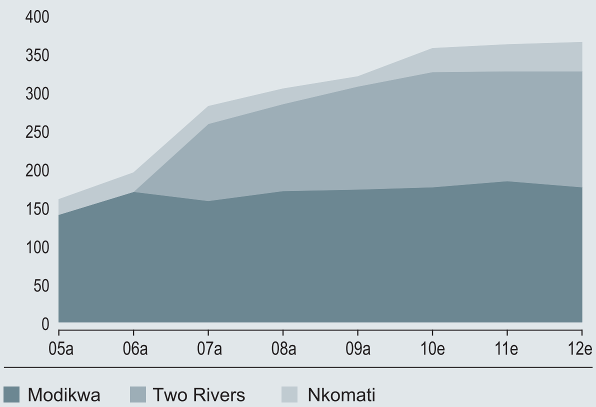


Prospects

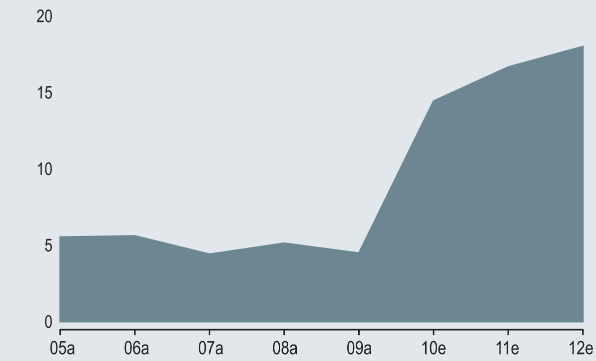
In F2010 Modikwa will maintain production at F2009 levels, while at Two Rivers recovered PGMs in concentrate will increase as a result of plant optimisation. Nickel production at Nkomati will rise steadily as the 375 000 tpm plant ramps up to full production in March 2010 and as recoveries are improved on the 100 000 tpm plant. Any improvement in the global economic situation will have a positive effect on ARM Platinum's performance.

ARM Platinum volumes from 2005 to 2012

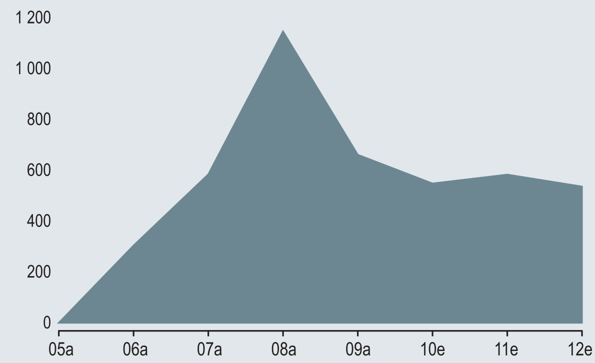
ARM attributable PGM production
(000oz)



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



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



Market review

Platinum

Demand for platinum in F2009 dropped in response to the economic slowdown and resulted in volatile platinum prices. The reduction in demand was caused mainly by the slowdown in global vehicle sales, as well as the decrease in demand for industrial, chemical and electrical applications. ARM Platinum achieved an average platinum price in F2009 of US$1 148/oz (F2008: US$1 661/oz), with the lowest price occuring in November 2008 at US$841/oz. It is anticipated that the automotive sector will remain depressed during F2010 and demand for platinum will remain constant.

Palladium

Palladium demand fluctuated in F2009 due to declining vehicle production, rising demand from the electronic and dental sectors, as well as an improvement in off-take from jewellery manufacturing. In spite of the increase in demand from certain sectors, the frail world economy forced the price down to US$175/oz in December 2008. New emissions legislation will provide some support for demand in the European automotive sector. Worldwide palladium auto catalyst demand is likely to decrease, except in China, where a rise is anticipated. The average palladium price achieved by ARM Platinum for F2009 was US$239/oz (F2008: US$399/oz).

Rhodium

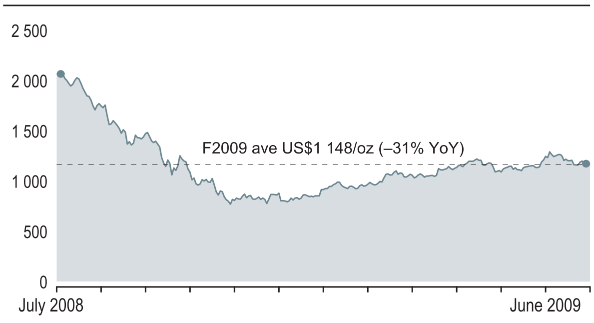
The high price of rhodium has prompted extensive development activity by car manufacturers and auto catalyst producers to reduce consumption of this metal. In F2009, demand from the automotive market and the glass sector declined. South African output of rhodium is set to grow, resulting in a surplus for F2010. ARM Platinum sold its rhodium at an average price of US$2 620/oz in F2009 (F2008: US$7 389/oz).

Nickel

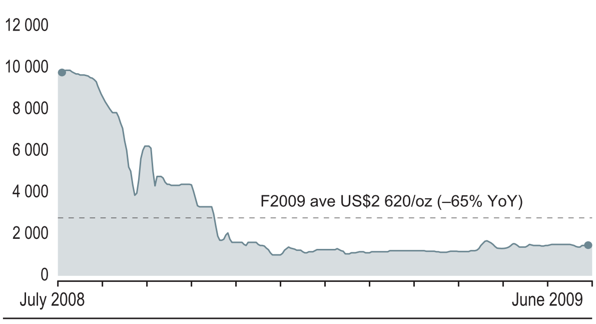
Nickel demand was severely impacted by the global commodity slump. During F2009, the average nickel price achieved by ARM Platinum decreased by 53% to US$13 312/t (F2008: US$28 507/t). The year was characterised by slowing demand for and output of stainless steel, coupled with stock building in China. Market commentators indicate a recovery to be imminent, albeit at a slow pace, with lower stock levels occurring. The outlook for nickel is closely tied to the state of the global economy and will follow its recovery.

Pricing trends for F2009

Platinum
(US$/oz)

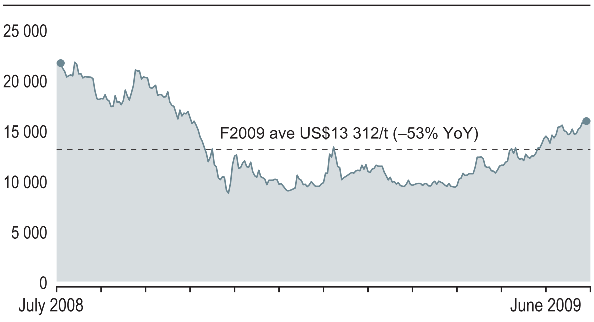


Rhodium
(US$/oz)



Palladium
(US$/oz)

Nickel
(US$/t)



ARM Platinum Operational Statistics

Modikwa Platinum Mine

Management	The mine is jointly managed, via a joint management committee, by ARM Platinum and Anglo Platinum.						
Reserves and Resources (100% basis)		**Measured and Indicated Resources**			**Proved and Probable Reserves**		
		PGM+Au			**PGM+Au**		
		Mt	**(4E) g/t**	**Moz**	**Mt**	**(4E) g/t**	**Moz**
	UG2	145.7	5.86	27.44	56.01	4.71	8.49
	Merensky	72.0	2.78	6.44	–	–	–
	4E = Platinum + Palladium + Rhodium + Gold						
Refining	All metal produced is smelted and refined by Anglo Platinum.						
Total labour	4 715 (including 835 contractors)						

The approximate conversion factor at Modikwa mine from 4E to 6E in concentrate is 20%.

Refer to pages 165 and 166 for Modikwa segmental information.

100% basis		**F2006**	**F2007**	**F2008**	**F2009**	**F09/08 % change**
Concentrate production						
Platinum	Ounces	131 845	124 121	133 890	**136 083**	2
Palladium	Ounces	130 368	121 245	129 872	**132 110**	2
Rhodium	Ounces	27 575	25 238	27 089	**27 518**	2
Gold	Ounces	3 527	3 570	3 870	**3 836**	(1)
Ruthenium	Ounces	39 670	35 845	38 899	**39 664**	2
Iridium	Ounces	9 544	8 674	9 443	**9 654**	2
PGMs*	**Ounces 6E**	**342 528**	**318 692**	**343 062**	**348 866**	**2**
Nickel	Tonnes	675	674	768	**753**	(2)
Copper	Tonnes	424	413	478	**460**	(4)
Operational statistics						
Tonnes milled	Mt	2.51	2.32	2.46	**2.46**	0
Head grade*	g/t 6E	5.04	5.11	5.22	**5.25**	1
Average number of own employees	Number	3 265	3 837	4 186	**3 880**	(7)
Average number of contractors	Number	1 492	1 710	2 236	**835**	(63)
Financial indicators						
Cash cost	R/tonne	398	476	538	**708**	32
Cash cost	R/Pt oz	7 551	8 917	9 882	**12 798**	30
Cash cost*	R/PGM oz 6E	2 906	3 389	3 857	**4 992**	29
Cash cost*	R/kg 6E	93 445	108 943	123 995	**160 507**	29
Basket price*	R/kg 6E	161 642	251 476	341 356	**227 006**	(33)
Net sales revenue	R million	1 535	2 029	3 161	**1 456**	(54)
Cash operating cost	R million	996	1 080	1 323	**1 742**	32
Cash operating (loss)/profit	R million	360	923	1 837	**(286)**	(116)
Cash operating margin	%	35	47	58	**(20)**	
Capital expenditure	R million	128	204	379	**368**	(3)

* *All production figures have been converted to 6E due to the new off-take agreement in place since 1 December 2008.*

Two Rivers Platinum Mine

Management	The mine is managed by ARM.						
Reserves and Resources (100% basis)* * Excludes Kalkfontein resource of 3.01 Moz of inferred resources.		**Measured and Indicated Resources**			**Proved and Probable Reserves**		
		PGM+Au			**PGM+Au**		
		Mt	**(6E) g/t**	**Moz**	**Mt**	**(6E) g/t**	**Moz**
	UG2	54.09	4.71	8.19	37.29	3.98	4.8
	Merensky	18.7	3.55	2.13	–	–	–
	6E = Platinum + Palladium + Rhodium + Ruthenium + Iridium + Gold						
Refining	All metal produced is smelted and refined by Implats subsidiary Impala Refining Services Limited (IRS).						
Total labour	2 852 (including 2 078 contractors)						

Refer to pages 165 and 166 for Two Rivers segmental information.

100% basis		**F2006**	**F2007**	**F2008**	**F2009**	**F09/08 % change**
Concentrate production						
Platinum	Ounces	–	87 934	98 621	**118 023**	20
Palladium	Ounces	–	50 479	56 411	**67 390**	19
Rhodium	Ounces	–	14 501	16 130	**19 136**	19
Gold	Ounces	–	1 190	1 301	**1 627**	25
Ruthenium	Ounces	–	24 342	27 683	**32 577**	18
Iridium	Ounces	–	5 651	6 345	**7 541**	19
PGMs	**Ounces 6E**	**–**	**184 099**	**206 491**	246 295	**19**
Nickel	Tonnes	–	250	298	**365**	23
Copper	Tonnes	–	118	143	**190**	33
Operational statistics						
Tonnes milled	Mt	–	2.04	2.37	**2.62**	11
Head grade	g/t 6E	–	4.24	4.00	**4.10**	3
Average number of own employees	Number	–	479	583	**774**	33
Average number of contractors	Number	–	1 445	1 612	**2 078**	29
Financial indicators						
Cash cost	R/tonne	–	246	340	**399**	17
Cash cost	R/Pt oz	–	5 724	8 161	**8 846**	8
Cash cost	R/PGM oz 6E	–	2 734	3 898	**4 239**	9
Cash cost	R/kg 6E	–	87 906	125 319	**136 288**	9
Basket price	R/kg 6E	–	268 928	362 935	**246 680**	(32)
Net sales revenue	R million	–	1 408	2 362	**1 022**	(57)
Cash operating cost	R million	–	425	805	**1 044**	30
Cash operating (loss)/profit	R million	–	945	1 485	**(83)**	(106)
Cash operating margin	%	–	69	63	**(8)**	
Capital expenditure	R million	957	464	357	**346**	(3)

Nkomati Mine

Management	The mine is managed as a 50:50 unincorporated joint venture with Norilsk Nickel Africa (Pty) Ltd.					
Reserves and Resources (100% basis)		**Measured and Indicated Resources**		**Proved and Probable Reserves**		
		Mt	**Ni%**	**Mt**	**Ni%**	
	Nickel	234.0	0.38	159.7	0.32	
		Mt	**Cr_2O_3%**	**Mt**	**Cr_2O_3%**	
	Chrome	1.8	33.6	2.9	31.0	
		Mt	**PGM+Au (4E)**	**Mt**	**PGM+Au (4E)**	**Moz**
	PGMs	234.0	0.93	159.7	0.82	4.26
	4E = Platinum + Palladium + Rhodium + Gold					
Refining	Refining takes place through various tolling contracts.					
Total labour	2 620 (including 2 060 contractors)					

Refer to pages 163 and 164 for Nkomati (nickel) segmental information.

100% basis		**F2006**	**F2007**	**F2008**	**F2009**	**F09/08 % change**
Concentrate/ore production						
Nickel	Tonnes	5 616	4 418	5 136	**4 495**	(12)
PGMs	Ounces	49 437	46 101	40 813	**26 727**	(35)
Copper	Tonnes	3 398	2 788	2 605	**2 268**	(13)
Cobalt	Tonnes	257	208	276	**244**	(12)
Chrome ore produced	000t	392	631	1 177	**528**	(55)
Chrome ore sold	000t	304	584	1 146	**661**	(42)
Operational statistics						
Tonnes milled	Thousand	373	318	1 070	**1 259**	18
Head grade	% nickel	1.89	1.57	0.70	**0.54**	(22)
Average number of own employees	Number	199	254	306	**560**	83
Average number of contractors	Number	257	1 362	1 190	**2 060**	73
Financial indicators						
Nickel on-mine cash cost per tonne treated	R/tonne	392	503	339	**389**	15
Cash cost net of by-products	US$/lb	(0.36)	(1.10)	(4.45)	**2.48**	(156)
Net sales revenue	R million	895	1 404	1 996	**1 086**	(46)
Cash operating cost	R million	146	180	363	**490**	35
Cash operating (loss)/profit – total	R million	547	1 011	1 192	**181**	(85)
Cash operating (loss)/profit – Nickel mine	R million	527	934	518	**(253)**	(149)
Cash operating (loss)/profit – Chrome mine	R million	20	77	674	**433**	(36)
Cash operating margin	%	70	71	60	**17**	
Average nickel price	US$/t	15 481	37 929	28 507	**13 312**	(53)
Capital expenditure	R million	78	398	584	**1 756**	201

Nkomati Nickel Large Scale Project update

To date, all project milestones have been met, resulting in the overall project progress being on schedule and within budget. Total funds committed on this project amount to R2.5 billion or 75% of the R3.34 billion approved capital budget as at 30 June 2009. The Phase 2a project (375 000 tpm plant and associated infrastructure) is on schedule to be commissioned during September 2009. The Phase 2b project (upgrade of the current 100 000 tpm plant to 250 000 tpm PCMZ plant) was released for implementation and construction, which started during August 2009.

The chrome concentrator plant, treating chrome chips and fines, was commissioned on schedule during September 2008. The plant ramp-up was delayed by the lack of demand for chrome concentrates from October 2008, and currently the plant ramp-up to full production is in line to match market demand.

Eskom power supply is on schedule to provide the required electricity for the Phase 2a project. The upgrade of the 132 kV overhead distribution lines has to be completed to provide sufficient power for the Phase 2b project by November 2010.

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

- PCMZ nickel in concentrate: 5 000 tpa
  Average grade: 0.25% Ni
  PCMZ plant: 250 000 tpm
- MMZ nickel in concentrate: 15 000 tpa
  Average grade 0.45% Ni
  MMZ plant: 375 000 tpm

Chrome: a significant value contributor

- ±500 000 tpa chrome (market dependent)

Other by-products include:

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

Project released September 2007 → Open cast mine expected to produce at a steady state C1 cash cost of c.$3.50/lb → Ramp-up: 2009 Full production: 2011

Capital cost of R3.2 billion (in 2007 terms) 75% committed, shareholders to contribute balance of funding requirement

Kalplats

Definition drilling by Platinum Australia (PLA) on the Kalplats Project was completed in November 2008. A total of 17 300 m was drilled during the year, bringing PLA's total to 93 100 m. The geological modelling and resource estimation by Coffey Mining have been finalised on four of Kalplats' seven main deposits. Results to date have significantly increased the mineral resource at Kalplats and have upgraded some of the resource to a measured category. PLA is preparing a definitive feasibility study on an open-pit mining operation.

PLA is also carrying out a soil geochemical survey on the Kalplats Extended Area Project. An initial drilling programme has been completed and target grade mineralisation has been intersected over a strike length of approximately 2 km.

Kalplats PGM Exploration Project

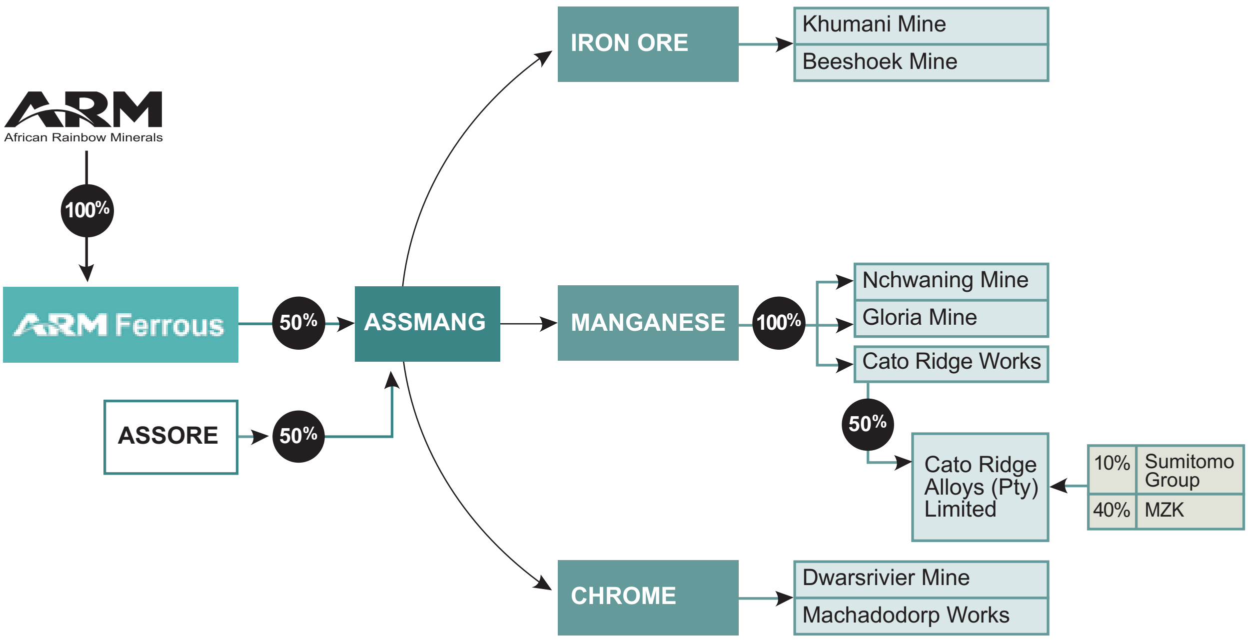
Management	Both projects are currently managed by PLA.		
Reserves and Resources (100% basis)		**Measured and Indicated Resources**	
		Mt	**3E**
	UG2	56.6	1.49
	3E = Platinum + Palladium + Gold		

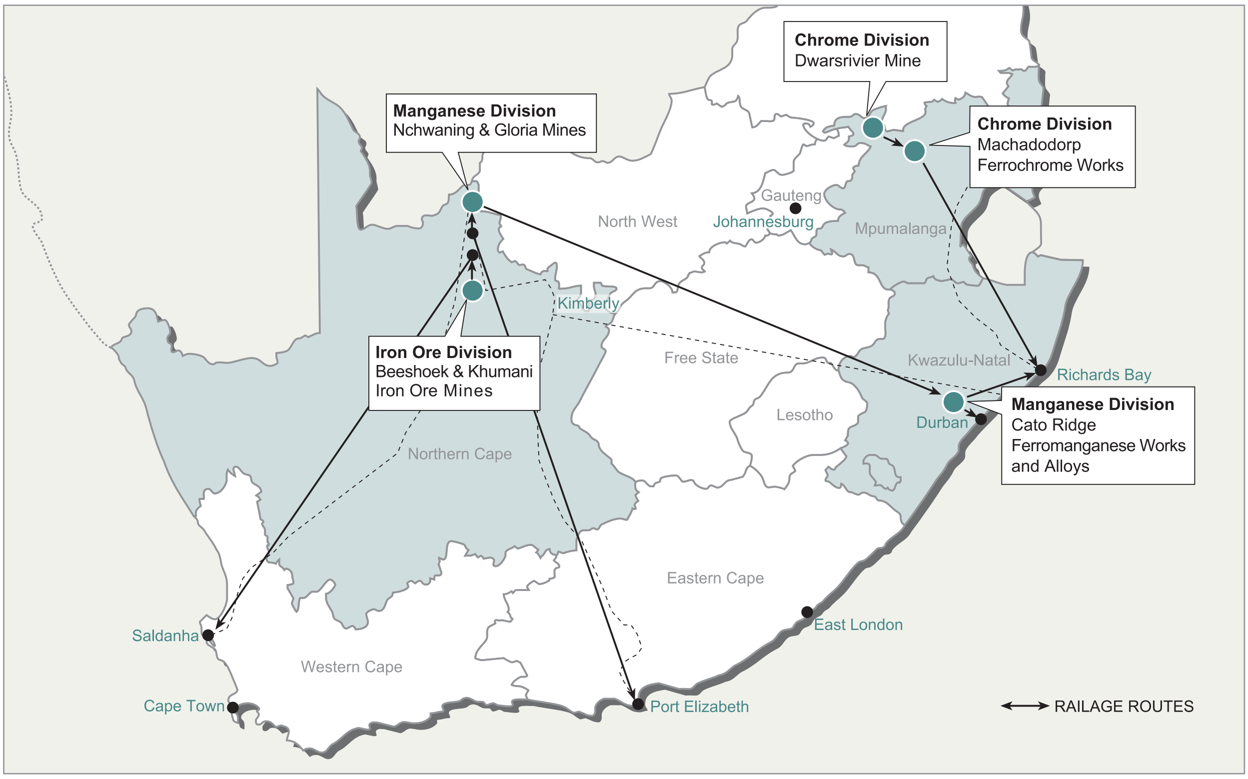

ARM Ferrous

The Ferrous Division performed well in the year, despite extremely volatile market conditions. Higher prices in the first half were followed by an unprecedented reduction in manganese and chrome volumes sold in the second half.

ARM Ferrous

Divisional structure





Jan Steenkamp
Chief Executive: ARM Ferrous

Scorecard

F2009 objectives	F2009 performance	F2010 objectives
Iron ore		
Complete commissioning of the second phase of the 10 mtpa Khumani Mine.	The 10 mtpa Khumani Mine was commissioned on time, within budget.	Achieve 10 mtpa production on an ongoing basis.
Complete feasibility study for Khumani Mine expansion, to 16 mtpa.	Feasibility study completed and project approval received from all boards.	Continue expanding Khumani Mine, ensuring project remains on time and within budget.
Finalise additional 4 mtpa iron ore export contract with Transnet.	4 mtpa export contract with Transnet not finalised; changes to type of locomotives necessitated a review of parameters.	Finalise the Transnet contract for the additional 4 mtpa export allocation.
Finalise life-of-mine plan for Beeshoek Iron Ore Mine, for local contract sales.	Life-of-mine plan not finalised due to uncertainty of local market requirements.	Explore options for Beeshoek Mine in terms of local market opportunities.
Manganese		
Finalise manganese export contract beyond 2009 with Transnet.	Manganese export contract not finalised. Transnet commenced a new process of allocating capacity via Port Elizabeth harbour.	Finalise manganese export contract with Transnet to commence in November 2009.
Complete Nchwaning Plant feasibility study (+ 1.5 mtpa).	Feasibility study completed. Board approval received and construction commenced.	Complete construction of new processing plant to take total manganese ore production capacity to 5 mtpa.
Cato Ridge Works to commence environmental impact assessment process for the construction of an additional furnace (No 7).	Environmental impact assessment process delayed due to reassessment of economic viability of furnace and an accident at the operations.	Re-evaluation of economic viability of additional furnace (No 7), and finalisation of EIA process.
Chrome		
Commence process of converting Dwarsrivier Chrome Mine from contractor-operator to owner-operator.	Conversion successfully completed.	Establish ARM/Assmang culture with new workforce and improve operational efficiencies.

Operational overview – attributable to ARM

Sales volumes		F2009	F2008	% change	Operational target F2010
Manganese ore	000t	**1 076**	1 856	(42)	
Nchwaning*	000t	**794**	1 641	(52)	→
Gloria*	000t	**282**	215	32	
Ferromanganese*	000t	**59**	124	(52)	→
Iron ore	000t	**3 704**	3 291	12	
Khumani	000t	**2 908**	557	422	↗
Beeshoek	000t	**796**	2 734	(71)	
Chrome					
Dwarsrivier chrome ore*	000t	**128**	152	(16)	↘
Machadodorp charge chrome	000t	**72**	138	(48)	
ARM Ferrous operating margin	%	**63**	55		
ARM Ferrous cash operating margin	%	**68**	61		
Headline earnings attributable to ARM	R million	**3 150**	2 775	14	

* *Excludes intra-company sales.*

Review of the year

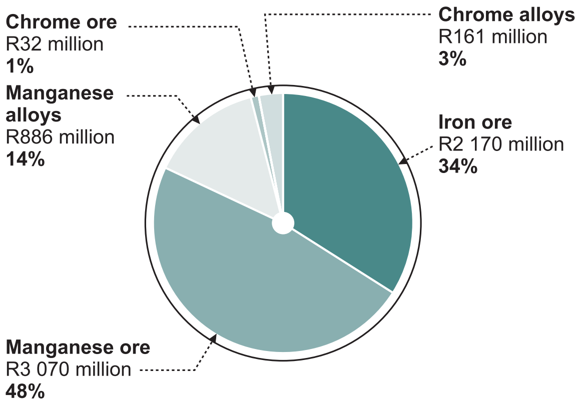
The Ferrous Division performed well in the year, increasing headline earnings attributable to ARM by 14% to R3 150 million, despite extremely volatile market conditions. In the first six months of the year, a commodity bull run supported prices of the division's products, with an unprecedented reduction in volumes sold during the second six-month period. Under these very difficult conditions, the Ferrous Division succeeded in widening cash operating margins from 61% to 68%.

With the exception of iron ore, volumes sold in all the division's commodities decreased compared to the previous financial year. However, revenue rose to R15.26 billion from R14.83 billion for F2008 because of higher US Dollar prices and a weaker Rand. Iron ore sales increased from 6.58 mtpa to 7.41 mtpa mainly due to an increase in iron ore volumes sold from the new Khumani Mine.

The operating costs of all operations, except iron ore, increased at rates in excess of inflation as a result of the rapid downturn in the economy which led to a significant reduction in sales volumes. The costs of the iron ore business decreased by 7%, due mostly to an increase in volumes sold.

The construction and commissioning of the 10 mtpa Khumani Mine was completed in February 2009, 7% below budget and ahead of schedule.

F2009 ARM Ferrous earnings per commodity
(100% basis)

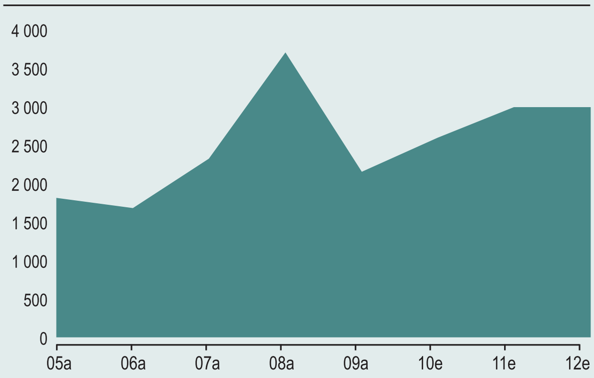


Assmang cost and EBITDA margin performance

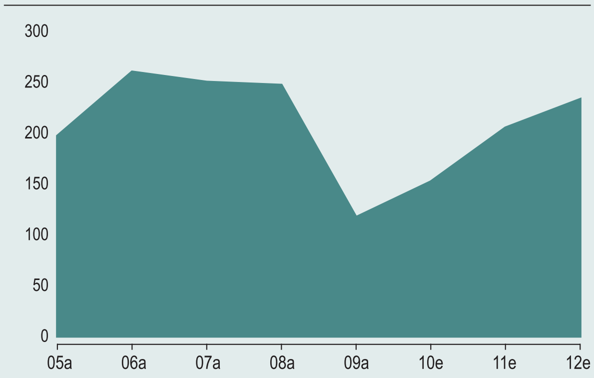
Commodity group	F2009 cost increases R/tonne	F2009 EBITDA margin (%)
Iron ore	**(7)**	**70**
Manganese ore	**19**	**81**
Manganese alloys	**38**	**62**
Charge chrome	**37**	**22**

ARM Ferrous sales volumes from 2005 to 2012 (100% basis)

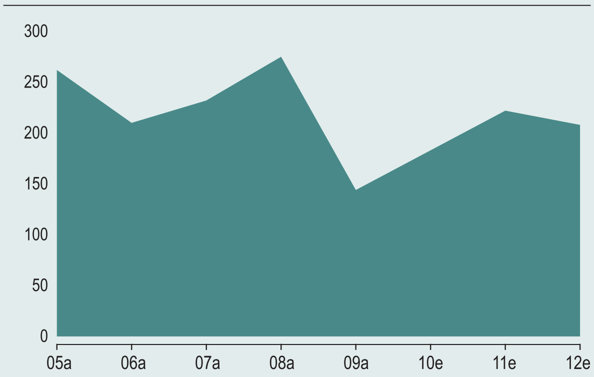
Manganese ore*
(000t)



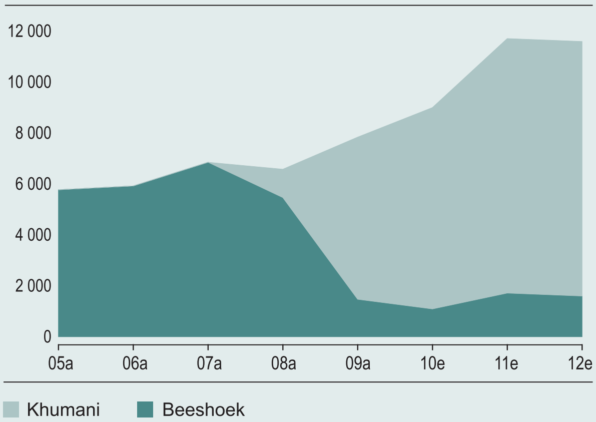
Ferromanganese*
(000t)



Charge chrome
(000t)



Iron ore
(000t)



* *Excluding intra-group sales.*

Iron ore

The iron ore division achieved contractual sales of 7.41 mpta due mainly to robust Chinese demand. The Khumani Mine has commenced the ramp-up to production of 10 mtpa by July 2011, which is aligned with the Transnet capacity expansion programme.

The Beeshoek Iron Ore Mine reduced production in line with total contracted sales and export capacity allocation. Most of the workforce employed at the Beeshoek operation has been successfully trained and redeployed to the Khumani Iron Ore Mine. Most mining activities at Beeshoek Mine ceased and production was achieved from previous stockpiles and dumps established during the mining life of Beeshoek.

Manganese

In line with demand, sales of manganese ore decreased from 3.7 mtpa in F2008 to 2.2 mtpa in F2009. Production volumes were largely steady at 3.13 mtpa (F2009) from the previous year's 3.15 mtpa. The strategy to maintain production was to restock, due to the high volumes sold during F2008. After achieving critical stockpile levels, production was cut back in line with demand in the last quarter of F2009. Management of the manganese mines engaged with the workforce to commence a process of redeploying employees to the iron ore division which required additional people for the increased production as part of the ramp-up of the Khumani Mine.

Khumani plant at night

Operating costs at the manganese mines increased by 19% year-on-year. This was due to higher electricity prices and an increase in production tonnage from the more expensive Nchwaning 2 mine to ensure availability of high quality product for an over-supplied market. Excessive labour costs also contributed to the increased costs due to the recruitment of additional labour for the introduction of continuous operations which was halted when the demand slowed.

Profit margins in the steel industry came under pressure in the year, prompting a shift towards lower-grade, less costly manganese. As a result, sales tonnes from the low-grade Gloria Manganese Mine increased by 31%, with a similar increase in production volumes. This facilitated below inflation cost increases at Gloria.

At the Cato Ridge Works production volumes were reduced in line with the significant drop in demand and some furnaces were shut down, equating to approximately 40% of capacity shut down since October 2008. Tonnages sold decreased by 52% from 247 000 in F2008 to 117 000 in F2009. However, the cost of production increased by 38% due to sharp electricity cost increases and the reduction in volumes produced. A decision was made to accelerate capital expenditure related to improving furnace efficiencies and environmental legislation compliance while some furnaces were shut down. As part of the group-wide cost-optimisation exercise, management at Cato Ridge Works have identified a number of areas where operating costs could be reduced, such as reducing the number of full-time employees and contracting labour as well as improving the efficiencies of the furnaces.

Chrome

The performance of the chrome division was materially affected by the decrease in demand for chrome ore and charge chrome, which are used in the production of stainless steel.

Dwarsrivier Chrome Mine was successfully converted from a contractor-operated to an owner-operated mine. During the last quarter of the financial year both the Machadodorp Works and the Dwarsrivier Mine engaged with the workforce in a process to reduce the total number of employees as part of a major cost-reduction exercise in an attempt, in the short-term, to minimise operating losses.

At Machadodorp Works production capacity was reduced in line with lower demand for charge chrome. This resulted in furnaces being shut down, which also led to a reduction in production levels at the Dwarsrivier Chrome Mine.

Mining rights status

The 10 mtpa Khumani Iron Ore Mine, operating under a new order mining licence, is in the process of updating its licence to operate a 16 mtpa mine. All conversion applications for the Ferrous Division's operating mines – Dwarsrivier Chrome Mine, Nchwaning Manganese Mine, Gloria Manganese Mine and Beeshoek Mine – were submitted prior to the 1 May 2009 deadline.

Safety and health

The Ferrous Division achieved its safety targets at most of its operations during F2009. These included achieving 1.3 million fatality free shifts at Machadodorp Works and 2.8 million fatality free production shifts at Black Rock Mine. The division achieved an overall lost time injury frequency rate (LTIFR) of 3.29 in F2009 compared to 4.9 in F2008. Beeshoek Iron Ore Mine and Machadodorp Works had an excellent year in terms of safety, with the last fatalities at these operations in March 2003 and January 2004 respectively. Both achieved in excess of one million fatality free shifts. Beeshoek Iron Ore Mine and Machadodorp Works were placed second and third respectively in the 'Excellence in Safety' competition in the ARM Group. Cato Ridge Works' safety record improved significantly in the year and was placed second in the competition.

Regrettably, four fatalities occurred during the year: two at Khumani Mine, one at Black Rock Mine and one at Dwarsrivier Mine. A contract security guard at Khumani died from smoke inhalation from a fire he made in a mobile guard room. A driver was fataly injured when his dump truck collided with a similar vehicle on the Bruce haulroad at Khumani Mine. Two employees were fataly injured in separate fall of ground incidents at Black Rock and Dwarsrivier Mines.

All operations conduct medical surveillance of employees in accordance with the requirements of relevant legislation. An inquiry into possible causes of manganism has been completed and a report from the chairman of the inquiry is expected in the near future.

Logistics

The contractual agreement with Transnet to increase iron ore exports to 14 mtpa through the port of Saldanha Bay is being finalised. Along with other producers and Transnet, ARM Ferrous is investigating the possible expansion of the iron ore corridor to handle in excess of 60 mtpa.

ARM Ferrous is also participating with Transnet in a capacity allocation process to finalise future manganese export tonnages. It is anticipated that the short-term allocation process will be completed towards the end of the 2009 calendar year, while the long-term allocation process will be finalised during 2010.

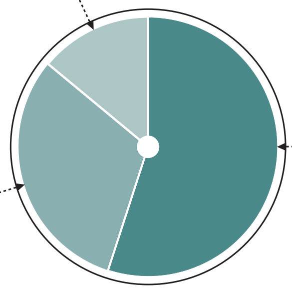
Capital expenditure

Assmang's total capital expenditure was R2.8 billion of which R1.4 billion was attributable to ARM (F2008: R2.9 billion). The main expenditure items include the completion of the new Khumani Mine (R924 million) and construction of the Nchwaning benefication plant (R161 million), which is expected to be commissioned in March 2010. At Cato Ridge, R296 million was spent on rebuilding furnaces and on control of fume emissions at the Cato Ridge and Machadodorp Works, R383 million on mining fleet enhancements, R191 million on housing and R165 million on various capital replacement items.

Prospects

The downturn in the world economy, with the resultant reduction in demand for steel, has had a significant impact on the earnings

F2009 ARM Ferrous capital expenditure per division
(100% basis)



generated by the Ferrous Division. This is likely to continue to be the case. However, there are early signs of increased demand and production will be ramped up accordingly.

Iron ore sales volumes for the new financial year are expected to reach 9.8 million tonnes, with all export volumes coming from Khumani and local sales being sourced from Beeshoek.

The Ferrous Division will continue with its growth strategy, albeit at lower margins in the short-term, helped by steps taken in the past seven years to make the business more efficient. These include capital spent on more cost-effective infrastructure development (such as Nchwaning 3, Dwarsrivier Mine, Khumani Mine, and the upgrade of furnaces) as well as prudent investment in human resources and equipment. These capital investments have significantly improved operating efficiencies, resulting in the operations being well benchmarked on the cost curve for comparable global producers.

The Ferrous Division is also working to become an employer of choice over the next two years. To achieve this, a number of criteria need to be further enhanced through defined actions which cover areas such as community investment and involvement, remuneration and housing.

A key objective remains the further expansion of the Khumani Iron Ore Mine to 16 mtpa, within budget and on schedule.

The future earnings of the manganese division are dependent on the export capacity allocation it receives from Transnet and the short-term allocation (2009 – 2013) will only be decided towards the end of the 2009 calendar year. Demand from potential new manganese producers is unclear and so it is uncertain how much capacity will be allocated to the Ferrous Division through Port Elizabeth. Assmang, Transnet and other producers are currently evaluating various options to increase manganese export capacity from South Africa.

Market review

The past financial year was a tale of two halves. Until October 2008, when the extent of the global financial and economic crisis first became apparent, sales volumes were strong and prices for our commodities were at high levels. Thereafter, production of both carbon and stainless steel dropped sharply, affecting demand for the products from all three divisions. Two of our main markets, the USA and Europe, have recently started to show signs of stabilisation after months of decline. China – after several months of reduced production – successfully stimulated its economy and by June 2009 production of steel was again running at record levels.

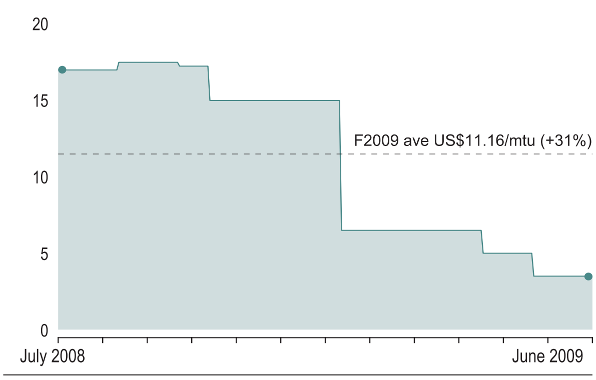
Iron ore

Spot prices for iron ore in China fell dramatically after the start of the financial crisis which meant that much high-cost domestic Chinese iron ore capacity could no longer compete and was mothballed. This then pushed up demand for imported ore.

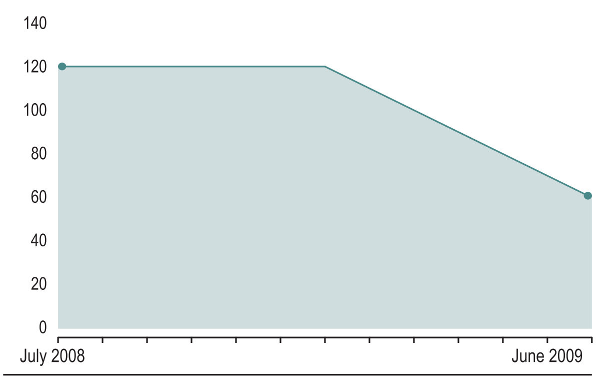
Pricing in the iron ore market is in a state of transition. The traditional annual benchmark pricing system is under threat, particularly in China. Settlements over the last two years have included quarterly and index pricing in addition to spot sales. Major iron ore producers are split on their views as to whether an indexing pricing method should replace the benchmark. For the last quarter of the year under review, provisional prices were agreed at levels 45% and 33% lower than the previous year for lump and fines respectively. Although negotiations are still continuing we expect that these levels – especially in China – will prevail for contractual tonnages for the first three quarters of the new financial year.

Ferrous pricing trends for F2009

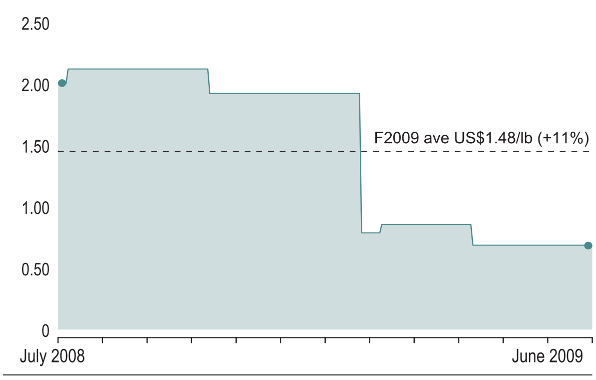
Manganese ore 48%/50%
(CIF) (US$/mtu)



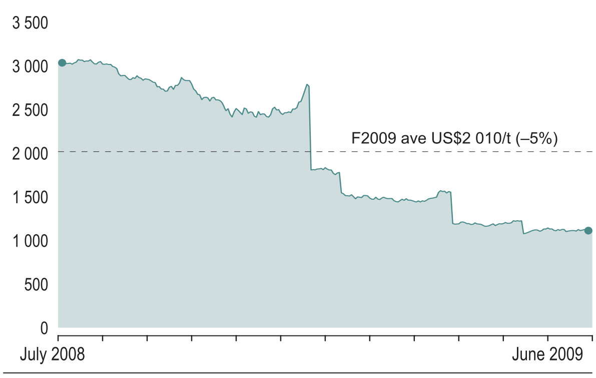
Iron ore lump price benchmark
(FOB) (Usc/ltu)



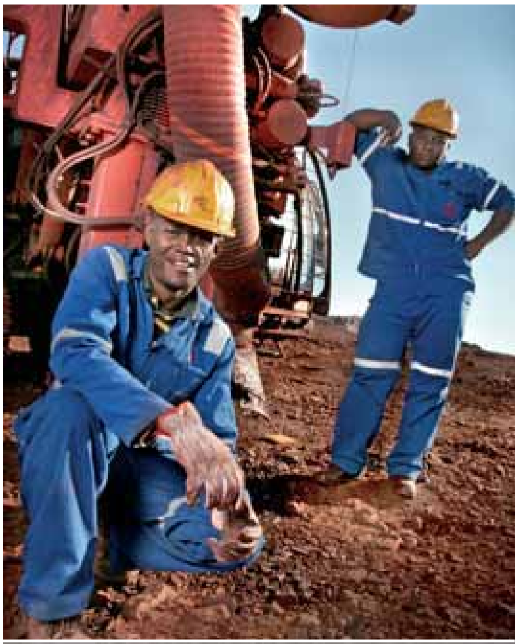
Ferrochrome benchmark spot
(CIF) (US$/lb)



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




Stockpiling of iron ore prior to railing at Khumani Iron Ore Mine


Drill-rig and crew at Khumani Iron Ore Mine

Manganese

The change in the fortunes of the manganese division was dramatic. Requirements for ore and alloy virtually disappeared for a period while our customers reduced their production levels as demand evaporated. There was also a period of de-stocking when apparent demand was even lower than actual demand and our customers tried to reduce their stocks of high-cost raw materials. Demand for manganese ore then picked up in the last quarter of the financial year, with substantial exports into China and the rest of Asia. This trend appears sustainable as purchasers in the rest of the world are now also indicating that they need to replenish stocks. During the year, manganese ore prices plunged to less than 25% of the record levels that were reached in mid 2008. However, recently there have been signs of a slow price recovery as high-cost, marginal producers have exited the market.

Manganese alloys were also badly affected by the credit crisis, and production and sales volumes, as well as prices, fell steeply. The alloy industry responded quickly and decisively as producers closed or cut production. Towards the end of the final quarter we saw increased demand and some minor price recovery. The outlook for our manganese alloys in the new year is dependent on both a recovery of steel production outside China and continued production restraint from major Western alloy producers. However, the low prices have meant that China has sharply reduced alloy exports to the West.

Ferrochrome

Like manganese, the chrome division was badly affected. Stainless steel production for the second half of calendar 2008 was down over 26% and was even lower in the first half of calendar 2009. Production now seems to have bottomed out, but only China and some of the other Asian economies are producing strongly.

This significant reduction in stainless steel production had a catastrophic effect on the ferrochrome market, with demand by late 2008/early 2009 dropping to almost zero for a period, and prices falling by well over 60%. As a result, ferrochrome production – particularly in South Africa – was slashed to balance the market. The earlier-than-expected upturn in the stainless steel market, particularly in China, then coincided with the South African winter electricity tariff increase. This has meant that a significant number of furnaces were out of operation for maintenance and the ferrochrome market has tightened, with stocks low. However, there are concerns that an expected rapid ramp-up of production after the winter period may coincide with Chinese stainless steel production being moderated to reflect real consumption.

ARM Ferrous Operational Statistics

Iron Ore Division

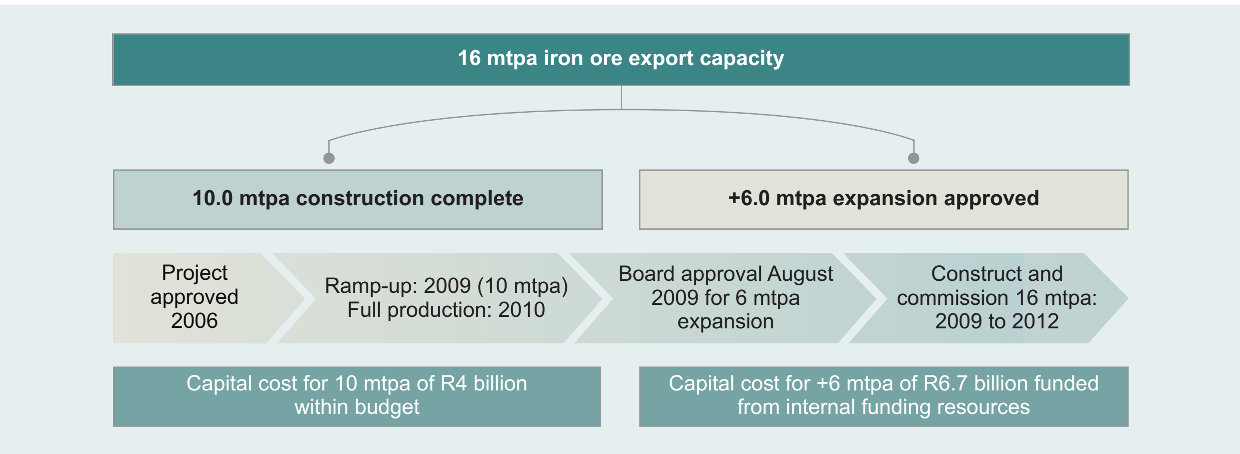
Beeshoek and Khumani Iron Ore Mines

Management	Jointly managed by ARM and Assore, through Assmang. ARM provides management, administration and technical services, while Assore performs the sales and marketing function as well as technical consulting services.	
Reserves and Resources – Measured and Indicated	Beeshoek	109.7 million tonnes at 63.71% iron
	Khumani	632.9 million tonnes at 64.56% iron
Reserves and Resources – Proved and Probable	Beeshoek	45.2 million tonnes at 64.95% iron
	Khumani	565.8 million tonnes at 64.49% iron
Total labour	2 003 (including 1 012 contractors)	

Refer to page 167 for Iron Ore segmental information.

		F2006	F2007	F2008	F2009	F09/08 % change
Attributable headline earnings	R million	199	340	390	**1 080**	177
Operating margin	%	39	44	39	**60**	
Total iron ore sales	000t	5 926	6 855	6 582	**7 409**	13
Beeshoek Iron Ore Mine						
Iron ore produced	000t	5 536	6 675	4 493	**2 658**	(41)
Iron ore sold	000t	5 926	6 855	5 466	**1 593**	(71)
Sales revenue	R million	1 411	2 164	2 282	**1 284**	(44)
Total costs	R million	857	1 197	1 218	**361**	(70)
Operating profit	R million	554	967	1 064	**923**	(13)
Capex	R million	346	94	100	**160**	60
Khumani Iron Ore Mine						
Iron ore produced	000t	–	–	1 848	**6 646**	260
Iron ore sold	000t	–	–	1 115	**5 817**	422
Sales revenue	R million	–	–	493	**3 733**	657
Total costs	R million	–	–	478	**1 576**	230
Operating profit	R million	–	(6)	15	**2 157**	14 280
Capex	R million	–	1 641	2 131	**1 369**	(36)

Khumani expansion project



Manganese Division

Nchwaning and Gloria Manganese Mines and Cato Ridge Ferromanganese Works

Management	Jointly managed by ARM and Assore, through Assmang. ARM provides management, administration and technical services, while Assore performs the sales and marketing function as well as technical consulting services.							
		Tonnes	**Mn%**	**Fe%**		**Tonnes**	**Mn%**	**Fe%**
	Nchwaning				**Gloria**			
Reserves and Resources – Measured and Indicated	Seam 1	130.6	45.1%	9.04%	Seam 1	53.3	38.2%	5.5%
	Seam 2	180.5	42.4%	15.50%	Seam 2	29.4	29.9%	10.1%
Reserves and Resources – Proved and Probable	Nchwaning	109.4	45.1%	9.04%				
	Gloria	41.0	38.2%	5.50%				
Total labour	2 943 (including 834 contractors)							

Refer to page 167 for Manganese segmental information.

		F2006	F2007	F2008	F2009	F09/08 % change
Attributable contribution to headline earnings	R million	163	288	2 043	**1 963**	(3)
Operating profit margin	%	25	33	64	**78**	
Manganese ore						
Manganese ore produced	000t	2 572	2 847	3 154	**3 138**	(1)
Manganese ore sales*	000t	1 678	2 327	3 711	**2 152**	(42)
Revenues*	R million	994	1 310	6 796	**6 308**	(7)
Total costs	R million	586	858	2 060	**1 355**	(34)
Operating profit	R million	408	452	4 736	**4 943**	5
Capex	R million	156	174	218	**567**	160
Manganese alloys						
Manganese alloys produced	000t	309	347	261	**216**	(17)
Manganese alloys sold	000t	260	251	247	**117**	(53)
Sales revenues	R million	1 015	1 380	2 756	**2 128**	(23)
Total costs	R million	915	931	1 332	**883**	(34)
Operating profit	R million	100	449	1 424	**1 246**	(13)
Capex	R million	83	123	293	**286**	(2)

* *Excluding intra-group sales.*

Khumani Iron Ore Mine

Chrome Division

Dwarsrivier Chrome Mine and Machadodorp Ferrochrome Works

Management	Jointly managed by ARM and Assore, through Assmang. ARM provides management, administration and technical services, while Assore performs the sales and marketing function as well as technical consutling services.
Reserves and Resources – Measured and Indicated	53.2 million tonnes at 39.56% Cr2O3%
Reserves and Resources – Proved and Probable	39.6 million tonnes at 39.5% Cr203%
Total labour	1 471 (including 269 contractors)

Refer to page 167 for Chrome segmental information.

		F2006	F2007	F2008	F2009	F09/08 % change
Attributable headline earnings	R million	(32)	38	342	**107**	(69)
Operating profit margin	%	(3)	9	38	**15**	
Dwarsrivier chrome ore						
Chrome ore produced	000t	526	710	849	**684**	(19)
Chrome ore sold*	000t	178	172	304	**256**	(16)
Sales revenues*	R million	68	79	177	**337**	90
Operating profit	R million	(6)	(12)	(3)	**45**	1 600
Capex	R million	59	122	68	**127**	87
Machadodorp charge chrome						
Charge chrome produced	000t	230	242	270	**169**	(37)
Charge chrome sold	000t	210	232	275	**144**	(48)
Sales revenues	R million	870	1 195	2 331	**1 473**	(37)
Total costs	R million	893	1 069	1 382	**1 242**	(10)
Operating profit	R million	(23)	126	949	**231**	(76)
Capex	R million	61	77	90	**270**	200

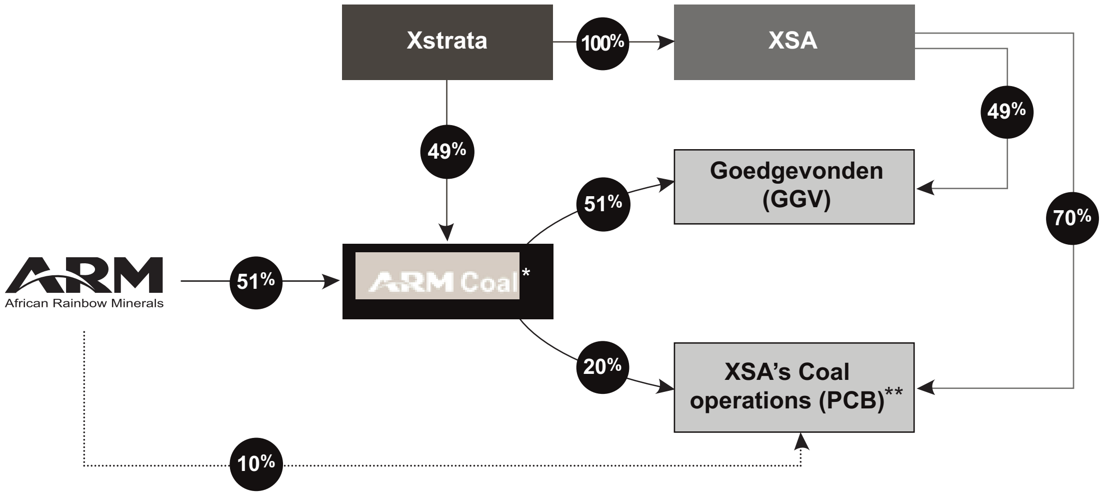
** Excluding intra-group sales.*

ARM Coal

ARM Coal experienced a challenging year, with the weak pricing environment compounded by operational issues and a marked reduction in demand and prices in the second half.

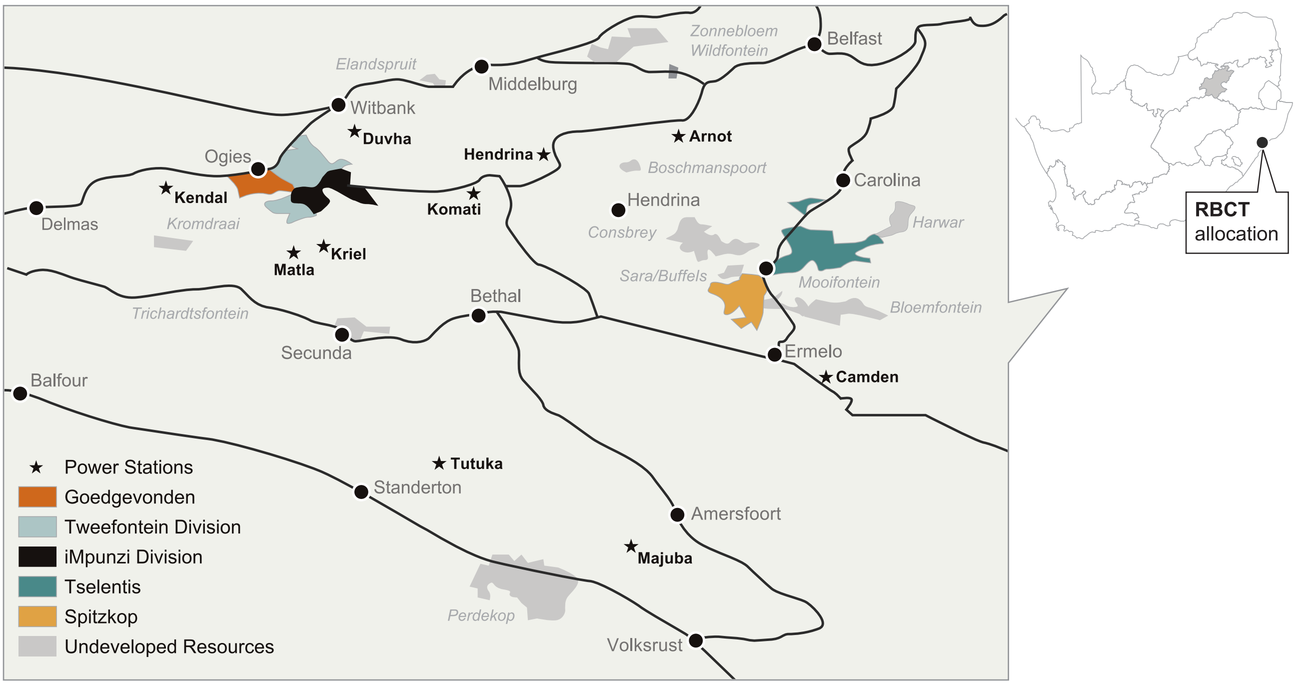
ARM Coal

Divisional structure



* *ARM Coal holds the following:*
- *access to Xstrata's 20.9% interest and entitlement in the Richards Bay Coal Terminal (RBCT);*
- *an export entitlement of 3.2 mtpa in the Phase V expansion at the RBCT which is expected to be commissioned during the second half of the 2009 calendar year.*

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



Mangisi Gule
Chief Executive: ARM Coal

Scorecard

F2009 objectives	F2009 performance	F2010 objectives
Participating Coal Business (PCB)		
Maintain export sales volumes.	Export volumes decreased by 18% due to lower demand and transport logistics problems.	Continue with the transition from high-cost underground mining to low-cost open cast mining.
Maintain domestic sales but at increased prices per energy unit of sales.	Domestic sales volumes decreased by 30% due to lower demand but prices increased by 33%.	Improve domestic sales and prices received through Eskom contract.
Increase underground production at Southstock 5 Seam.	Production at Southstock 5 Seam on target.	Improve train loading time.
Synergy with plant, machinery and infrastructure (DTJV with BECSA).	ATCOM East project delayed due to problems experienced with pit formation. Coal buy-in arrangement extended.	Start implementation of ATCOM/ATCOM East consolidation.
Goedgevonden (GGV)		
Conclude price negotiations for Eskom volume off-take contract.	Long-term coal supply agreement concluded in F2009.	Implementation of coal supply agreement.
Increase export sales.	Export sales increased by 11%.	
Maintain domestic sales but at increased prices per energy unit of coal sales increase.	Long-term coal supply agreement with favorable prices concluded in F2009.	
Start Coal handling processing plant and ramp-up in second half of 2009. Ensure GGV project remains on schedule and within budget.	Commissioning of plant delayed to second half of C2009 as a result of poor weather conditions and problems with steel construction.	Successfully ramp-up production at GGV to achieve full production by 2012.

Operational overview – attributable to ARM

		F2009	F2008	% change	Operational target F2010
Attributable sales					
PCB	Mt	**3.8**	4.9	(22)	
Export	Mt	**2.2**	2.7	(18)	→
Domestic	Mt	**1.6**	2.2	(27)	
GGV	Mt	**0.5**	0.7	(28)	
Export	Mt	**0.1**	0.1	0	↗
Domestic	Mt	**0.4**	0.6	(33)	
ARM total	Mt	**4.3**	5.6	(17)	
Export	Mt	**2.3**	2.8	(18)	↗
Domestic	Mt	**2.0**	2.8	(28)	
ARM Coal operating margin	%	**38**	37		
Headline earnings attributable to ARM	R million	**135**	175	(23)	

ARM Coal operational statistics – PCB & GGV combined

100% basis		F2009	F2008	% change
Total production sales (PCB & GGV)				
Saleable production	Mt	**23.7**	25.3	(12)
Export thermal coal sales	Mt	**11.2**	13.7	(18)
Domestic thermal coal sales	Mt	**9.3**	13.2	(30)
Average received coal price				
Export (FOB)	US$/t	**69.2**	58.5	18
Domestic (FOR)	R/t	**139.0**	104.3	33
On-mine saleable cost*	R/t	**228.4**	168.0	(35)

* *The F2008 on-mine saleable cost reported was R148/t, which included 1.8 mt of stockpile coal sold to Eskom.*

Loading of coal at Goedgevonden Coal Mine

Review of the year

ARM Coal experienced a challenging six months to June 2009, with the weak pricing environment being compounded by a range of operational challenges. Attributable cash operating profit in the current year increased by 18% compared to the previous financial year but attributable headline earnings declined by 23%. There was a substantial increase in the normal depreciation mainly due to depreciation of the capitalised value of the Douglas Tavistock JV off-take agreement.

Saleable production for the year was 12% lower than the previous financial year, mainly due to a fire at the Tweefontein plant in November 2008, and abnormally high rainfall in the first quarter of the 2009 calendar year. This decrease was to some extent offset by an increase in saleable production from 1.6 mtpa to 2.5 mtpa at the Goedgevonden (GGV) open cast mine during the current financial year.

Total on-mine costs per tonne increased by 35% in F2009, mainly as a result of an increase in contractor and consumable costs and the reduction of 12% in saleable production.

Commissioning of the GGV plant has been delayed from the first quarter to the third quarter of calendar 2009. This was mostly attributable to the abnormally high rainfall referred to above, as well as re-work on steel fabricated for use in the coal processing plant.

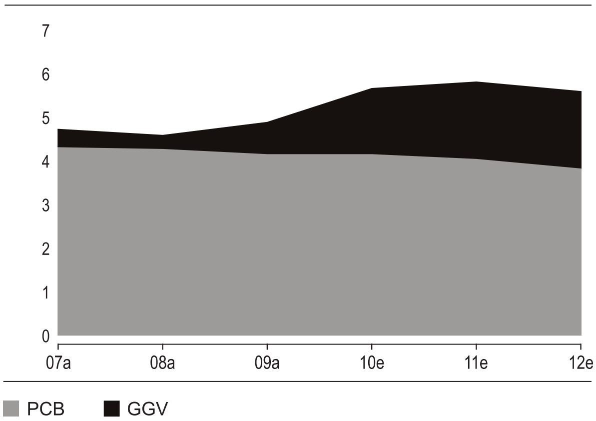
From January 2009 there was a marked reduction in demand for inland- and Eskom-quality coal. Although average prices achieved during the financial year were higher than the previous financial year, the last six months of F2009 experienced a decline of 30% for Eskom sale prices compared to the first six months of F2009.

The benefit that GGV enjoyed in the previous financial year, of a significant increase in sales volumes to Eskom, did not continue during F2009. Eskom's purchases of coal on short-term contracts decreased as the shortage of coal experienced by the utility was largely resolved in the second half of the 2008 calendar year. A long-term coal supply agreement with a one-year ramp-up and a six-year supply was concluded with Eskom.

Export volumes were lower during F2009 due to a delay in the commissioning of the RBCT coal processing plant and logistical problems experienced with transporting coal to the port.

At GGV cash costs per sales tonne increased by 11% year-on-year to R89.66 as the long-term cost per saleable tonne (which is used to determine the amount of working costs to be capitalised) was recalculated. This first-time capitalisation of working costs was occasioned by large volumes of in-pit inventory being exposed during the development stage, which will benefit the operation in the future.

ARM attributable thermal coal sales
(Mt)



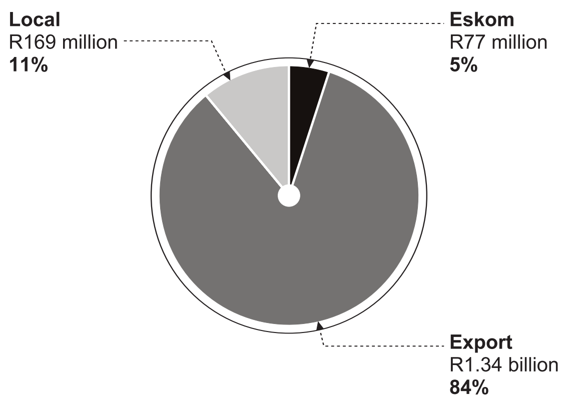
Reconciliation of headline earnings to operating profit

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

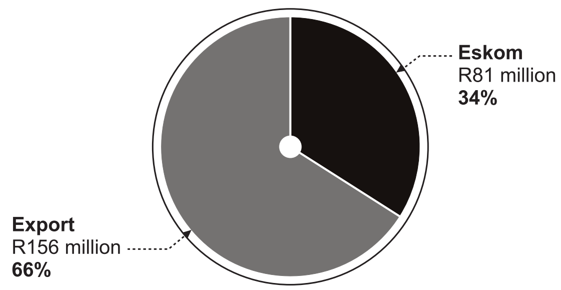
- The IFRS accounting requirement related to imputed interest on the Xstrata debt facilitation; and
- Additional amortisation at the ARM level provided as a result of the IFRS purchase price allocation rules.

	F2009	F2008
ARM attibutable headline earnings reported	**135**	175
Add: Additional amortisation	**12**	21
Imputed interest on Xstrata R4 billion debt faciliation	**32**	30
Less: Taxation	**(13)**	(14)
ARM attributable headline earnings excluding IFRS adjustment	**166**	211
Add: Normal interest	**69**	82
Normal amortisation	**333**	190
Taxation	**66**	57
ARM's attributable operating profit	**635**	540

F2009 PCB revenue (attributable to ARM)



F2009 GGV revenue (attributable to ARM)



Construction of coal valve at stacker at Goedgevonden

Logistics

RBCT will commission the Phase V expansion project in the fourth quarter of 2009. Transnet Freight Rail (TFR) is currently unable to supply RBCT its existing coal export capacity of 76 mtpa and it appears that, as a result of a mismatch between TFR rail capacity and the RBCT terminal capacity, the additional capacity (15 mtpa) that was to be created by the Phase V expansion will not be utilised for some time.

ARM Coal is optimistic, however, that a solution will be found to satisfy all shareholders. The proposed ramp-up profile for GGV export coal over the next three years is expected to be achieved as GGV will be a very low-cost producer and has a modern rapid load-out terminal.

Mining rights status

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

There are 20 prospecting rights that have been granted. Of these, XCSA has applied for mining rights for some, and will be applying for the renewal of the remaining prospecting rights.

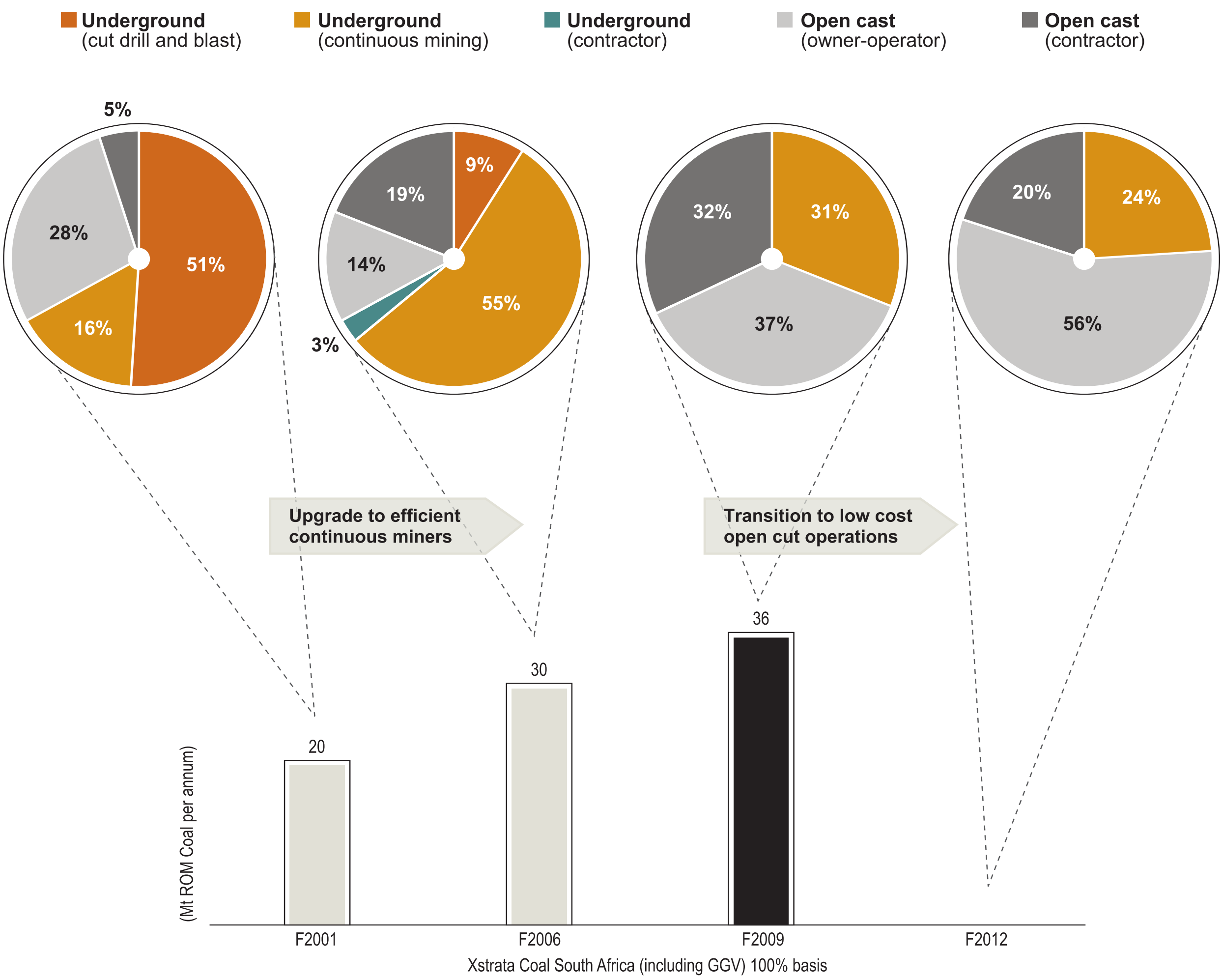
During F2008, the old order mining right over the GGV property was converted and notarially executed. The new order mining right in respect of the Zaaiwater property was also granted and notarially executed during this period. ARM Coal and XCSA will apply for a Section 11 transfer to incorporate both these licences into one licence in their respective names as partners in the GGV joint venture.

Capital expenditure

Capital expenditure during the year increased by 81% compared to the previous year, reaching R5.8 billion. Capital expenditure at GGV is progressing to plan for the commissioning of the Coal handling processing plant (CHPP) in the third quarter of 2009. At year end over 91% of the capital cost to build and equip the mine had been committed. Abnormally high rainfall during January and February 2009 resulted in a delay in the completion of the project. Current indications are that the project will be completed during the second half of the 2009 calendar year. The main capex items were:

- GGV: R1.96 billion.
- PCB:
  - Southstock Phase 2 underground development – R43 million;
  - Butterfly project – R117 million;

Transitioning to low cost operations



Source: Xstrata Coal South Africa presentation 13 August 2009.

- ATCOM East Project – R48 million;
- ATCOM East-mineral rights – R1 831 million;
- CHPP project at Tweefontein – R12 million; and
- Two Seam Project at Tweefontein – R49 million.

Prospects

The GGV long-term supply agreement concluded with Eskom during the year will improve the stability of cash flows from ARM Coal amid the current market volatility.

In the export market, coal's competitiveness relative to alternative fuels will continue to underpin its position as a base load fuel for power generation as economic growth recovers.

China's net import position, the commissioning of further generating units and higher demand from power generators in Korea, as well as India's growing requirement for imported coal to meet its domestic electricity needs, contribute to a positive outlook for seaborne thermal coal demand in the Pacific market. Despite high stocks in both the Pacific and Atlantic markets, the thermal coal market remains in contango, suggesting stronger pricing in 2010.

GGV is expected to be a lower-quartile cost producer on the global thermal coal cost curve. This will improve the overall structure of ARM Coal's mining from more expensive underground mining to cost competitive open cast mining.

We are continually evaluating our prospecting rights in the Witbank area for future opportunities. However, the future development of potential mining operations will be constrained by rail and road infrastructure.

Market review

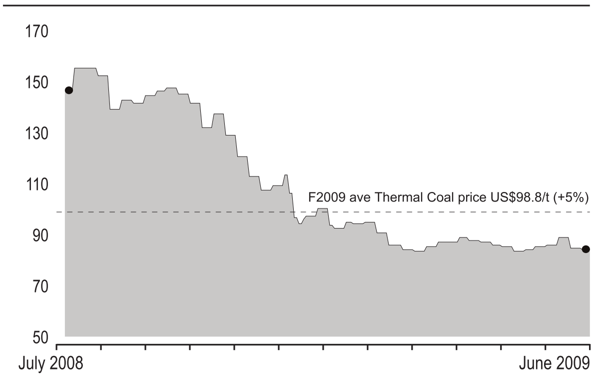
Export market

Lower coal demand from most traditional importers, in response to the economic downturn, has been offset to some extent by a surge in demand from China and India, along with slower supply growth from exporters including Indonesia and Colombia. For the year to date, the market remains broadly balanced.

Xstrata Coal South Africa (XCSA) has secured contract price settlements with Japanese power utilities for the year commencing 1 April 2009, in the range of US$70 to US$72 per tonne FOB basis 6 322 GAR, and US$75 per tonne for the year commencing 1 July 2009. These settlements are generally used as benchmark prices for contracts with other customers in the Pacific markets, whereas term and annual contracts represented 65% of XCSA's thermal coal sales in the first half of 2009.

Approximately 60% of export sales from South Africa for the first half of 2009 were priced on a spot or indexed basis, with the balance priced under term or annual contracts. FOB prices, as indicated by the API4 index, have declined from US$80 per tonne in January to trade within a range of approximately US$55 to US$65 per tonne from March. Under an off-take agreement with Glencore, coal from Prodeco operations is sold at US$75 per tonne basis 11 300 Btu/lb.

Export thermal coal market pricing trends for F2009
RBCT FOB (US$/t) spot prices



5 Seam coal floor at GGV

Domestic (Eskom) market

The Coal Supply Agreement (CSA) with Eskom for the 3.5 mtpa thermal local production has been agreed, on favourable dynamic pricing terms with compensation for superior quality. Salient details of the contract including the following:

- The CSA has a term of 17 years (one year ramp-up and four periods of four years each).
- Prices are determined based on a number of factors:
  - base price is linked to a base coal value of 21.5 MJ/kg on an air dried basis over the life of the CSA;
  - a penalty/reward scheme is set up around the base price;
  - the base price is adjusted according to an agreed annual escalation clause; and
  - each tranche has a different base price from the effective date.
- The CSA has two tranches.

Tranche 1:

- based on a fixed Rand price per tonne of saleable product;
- total sales volumes of 48 mt over the 17-year term;
- one-year ramp-up – sales volume range of 2.4 mt to 3.2 mt;
- four periods of four years each – sales volumes of 2.6 mtpa; and
- the base price is reviewed three months before expiration of each four-year period.

Tranche 2:

- initial base price fixed, but at a higher level than Tranche 1;
- based on variable volumes over the 17-year term;
- total sales volumes of 3.3 mt or 0.7 mtpa for the first four years from June 2010 to June 2014; and
- renegotiable before the commencement of the following four-year period.

ARM Coal Operational Statistics

Participating Coal Business (PCB)

ARM's economic interest	20.2 %
Management	Governed by a supervisory committee with five Xstrata representatives and three ARM representatives.
Total labour	5 390
Life-of-mine	Economic life-of-mines range from six to 26 years.

Refer to pages 163 and 164 for ARM Coal segmental information.

PCB

		F2009	F2008	F09/08 % change
Cash operating profits	Rm	**2 785**	2 425	15
Cash operating margin	%	**35**	35	
Capex	Rm	**3 831**	1 805	112
Average price received				
Export FOB	US$/t	**69.2**	58.6	18
Inland FOR	R/t	**160.2**	117.0	37
Cash cost per saleable tonne	R/t	**217.1**	183.8	(18)
Total saleable production	Mt	**21.2**	23.7	(11)
Impunzi	Mt	**5.0**	6.2	(19)
Mpumalanga	Mt	**2.3**	2.6	(11)
South Stock	Mt	**4.9**	5.5	(11)
Tweefontein	Mt	**5.5**	6.2	(11)
DTJV*	Mt	**3.5**	3.2	(9)
Total sales	Mt	**18.5**	24.0	(23)
Export 27.3 MJ/kg	Mt	**10.7**	13.2	(19)
Domestic 15 – 20 MJ/kg	Mt	**7.7**	10.8	(29)

* *Included in saleable production for comparison purposes.*

Goedgevonden (GGV)

ARM's economic interest	26.01%
Management	Governed by a management committee, controlled by ARM Coal, with four ARM representatives and three Xstrata representatives.
Reserves and Resources (total)	197.9 mt (Saleable Reserves)
Reserves and Resources (attributable)	99 mt (Saleable Reserves)
Total labour	263
Life-of-mine	32 years

Refer to pages 163 and 164 for ARM Coal segmental information.

GGV

		F2009	F2008	F09/08 % change
Cash operating profits	Rm	**278**	195	42
Cash operating margin	%	**60**	53	
Average price received	R/t			
Export FOB	US$/t	**68.49**	55.42	24
Eskom FOR	R/t	**99.35**	81.30	22
Cash cost per saleable tonne	R/t	**89.7**	81	(11)
Capex*	Rm	**1 960**	1 389	41
Total saleable production	Mt	**2.5**	1.6	56
Total sales		**2.1**	2.9	(25)
Export 27.3 MJ/kg	Mt	**0.5**	0.5	–
Domestic 20 – 22 MJ/kg	Mt	**1.6**	2.4	(33)

* *Excludes capitalised interest.*

Goedgevonden project update

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

6.7 mtpa saleable thermal coal

3.2 mtpa export sales
(27 MJ/kg)

- ARM Coal has secured 3.2 mtpa additional capacity at Richard's Bay Coal Terminal (RBCT)

3.5 mtpa domestic sales
(21.5 MJ/kg)

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

Project released 2007

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

Ramp-up: 2009
Full production: 2011

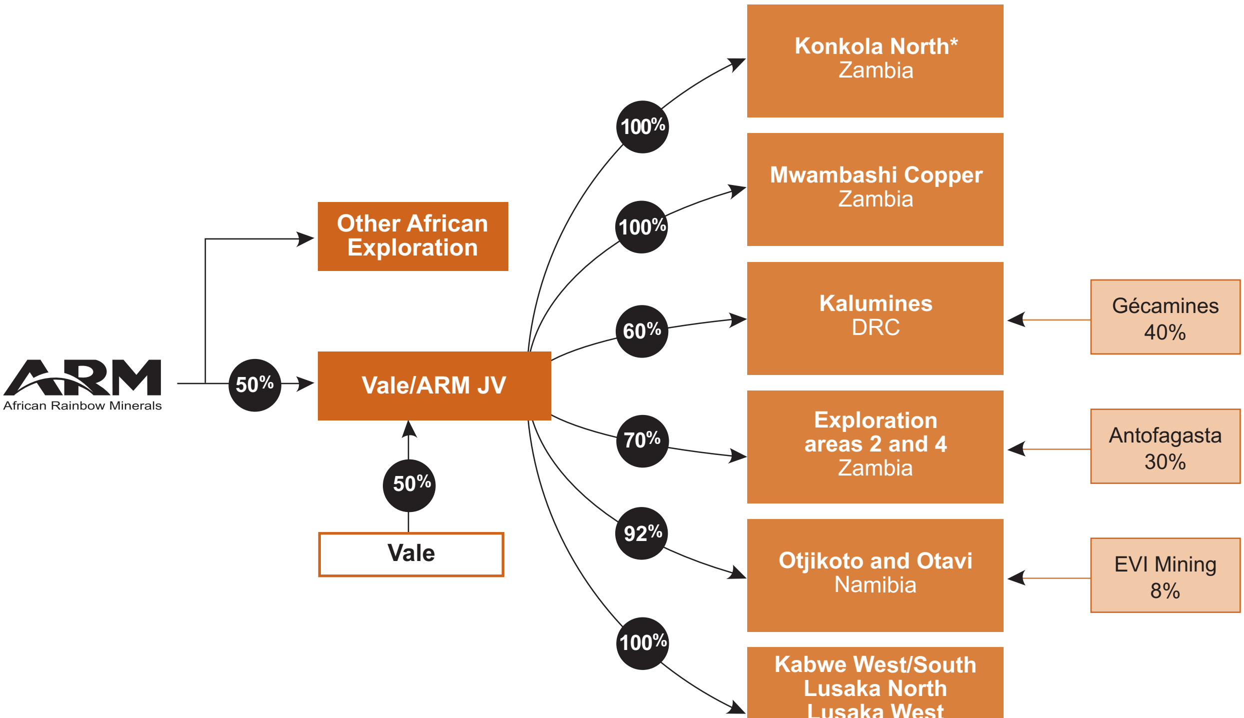
Capital cost of R3.5 billion, 90% committed, funded by Xstrata Coal

ARM Exploration

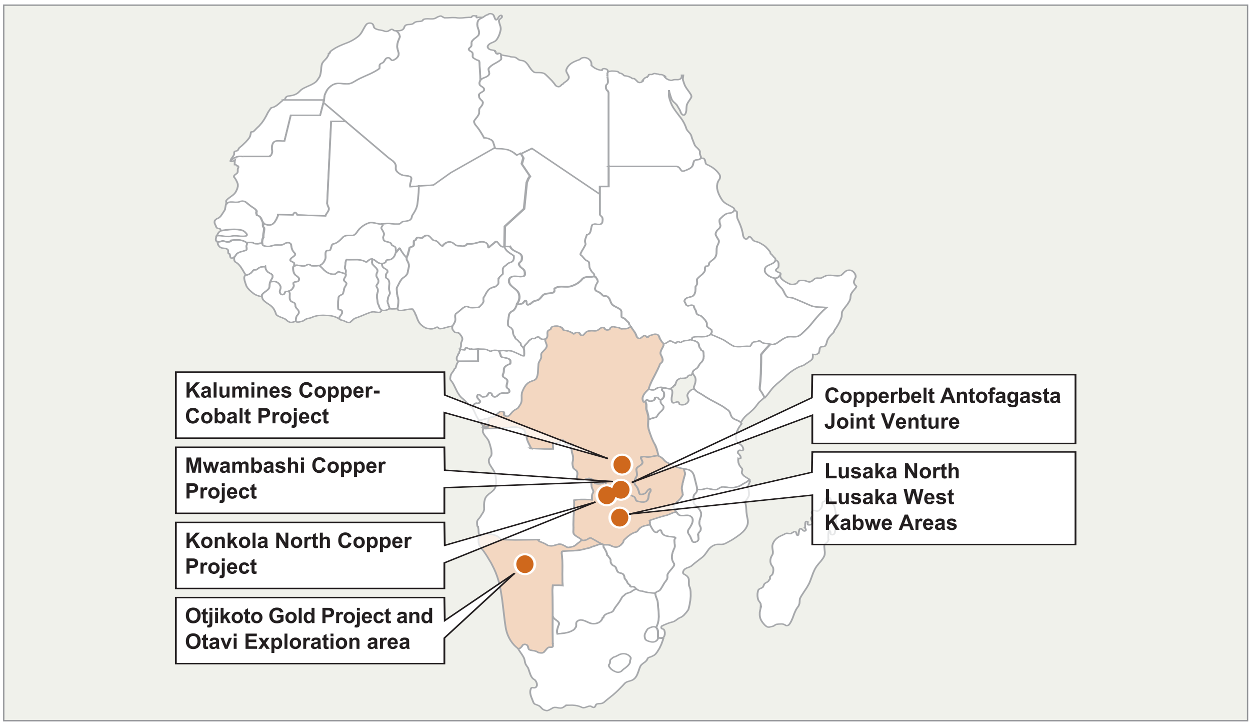
The Vale/ARM joint venture's primary projects are focused on copper in Zambia (the Konkola North Copper Project) and copper-cobalt on the Kalumines property in the Democratic Republic of Congo. The JV's steering committee and Board have been constituted, and a dedicated management team is being put in place to implement our strategy of growing the copper operations.

ARM Exploration

Divisional structure



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



Dan Simelane
Chief Executive: ARM Exploration

Scorecard

F2009 objectives	F2009 performance	F2010 objectives
Zambia		
Complete 18 000 metres drilling programme in the Konkola North Area 'A' to assess the best way forward to further verify and upgrade this mineral resource base.	The drilling programme was successfully completed over a total of 18 024 metres. A geological evaluation of Area 'A' is in progress. With a current Inferred Resource of 219 mt, grading 2.64%, it was determined that a further infill drilling programme was required.	Complete the geological evaluation and plan a further resource delineation and infill drilling programme.
Complete the feasibility study to an acceptable level of accuracy for the Board to make a decision on the development of a new mine.	A 2.5 mtpa feasibility study for the South and East Limb ore bodies was completed and is currently being revised.	Complete a 23 000 metre resource conversion drilling programme, undertake geotechnical and hydrological studies, improve the costing accuracy and complete a final feasibility study.
DRC		
Complete the current exploration programme and independently verify a Final Resource, which will be used in a feasibility study for a new copper mining operation.	The drilling programme was successfully completed and an Indicated Resource of 15.1 mt at 2.32% grade has been independently estimated.	Undertake additional drilling to further delineate the complete resource estimations and advance various metallurgical studies.
Namibia		
Exploration drilling, specifically targeting high-grade sections of the orebody, to increase and upgrade the gold resource further.	Numerous studies were completed culminating in a mining scoping study and financial evaluation of the project. 612 boreholes over a total of 88 397 meters define the resources of the Otjikoto Gold Project.	Gold is not a core business and the JV commenced with a process to possibly divest its interest in the Otjikoto Gold Project through a selected tender process.

MVA AC ARC Furnace, DRC

Pouring blister copper, DRC

Review of the year

The Vale/ARM joint venture's primary projects are focused on copper in Zambia (the Konkola North Copper Project) and copper-cobalt on the Kalumines property in the Democratic Republic of Congo (DRC). A conservative, modular and phased approach will be adopted in the development of the ore bodies in Zambia, which at this stage is expected to be followed by the development of the DRC ore bodies. The JV's steering committee and Board have been constituted, and a dedicated management team is being put in place to implement our strategy of growing the copper operations.

The earnings loss attributable to ARM increased from R211 million in F2008 to R689 million in F2009, due mainly to increased stock write-down costs and restructuring costs arising from the cancellation of mining operations. The small-scale mine at Kalumines in the DRC was mining at a loss when the Company decided to cease all mining activities with immediate effect. This resulted in penalty payments (R87 million) due to the contract being stopped 20 months early. Furthermore, the mining licence was under review and required further modifications to the agreement (R25 million). The ore on stockpile of 1.1 mt at 4.5% Cu incurred a write-down of R103 million and is currently valued at US$34 million. The JV has restructured and retrenched 150 people in the DRC and will focus on exploration targets over the 77 square kilometres under licence. The weaker Rand/US Dollar exchange rate also impacted on the reported results as the functional reporting currency for ARM Exploration is in US Dollar.

Zambia

The Konkola North Copper Project is located within the Greater Konkola Area of the Zambian Copperbelt and consists of a large-scale mining licence covering an area of approximately 44 square kilometres.

The Vale/ARM joint venture intends to focus initially on the development of the northern portion of the deposit, known as the South and East Limb areas, and the re-equipping of the existing infrastructure at the South Limb, which includes a 423 metre vertical shaft, two ventilation shafts and three ore haulage levels. At the East Limb, the Company is considering the sinking of a decline shaft to access the mineralisation.

A feasibility study for the Konkola North East/South Limb ore bodies has been completed. The study envisages a mine production rate of 2.5 mtpa which equates to about 45,000 tonnes per year of copper.

Additional work is required to fulfil the JV partners' requirements for a bankable feasibility study and thereby increase the confidence limits for the project. Additional work includes further resource conversion drilling, geotechnical and hydrological studies, a review of operating and capital costs and the finalisation of off-take agreements and power supply agreements.

It is envisaged that a final study will be presented to the respective shareholder boards in the fourth quarter of F2010.

Konkola North's Area 'A' hosts a potentially world-class resource, with approximately 219 mt of ore at grades of 2.64% copper. The Company has completed a first phase of definition drilling in Area 'A'. Following the geological data processing and interpretation, another drilling programme will be planned to further define the copper resources in this area. It is anticipated that drilling will commence in the next financial year.

Numerous discussions have been held with ZCCM-IH and the Minister of Mines and we anticipate an extension of time for the development of this project.

Democratic Republic of Congo

Situated in the DRC close to Lubumbashi, the Kalumines Copper-Cobalt Project, a joint venture with La Générale des Carrières et des Mines (Gécamines), covers an area of around 77 square kilometres. The mining licence area hosts numerous deposits, including the Lupoto, Kasonta, Kasonta South, Niamumenda and Karavia prospects.

Exploration drilling commenced in March 2007. At Lupoto a small-scale mining operation was commissioned in 2008 and a total of 2.25 mt of copper ore with an average grade of 4.5% copper was mined and upgraded through a screening and sorting plant. A total of 1,663 tonnes of lumpy ore, at a grade of 22.46% copper, and 15,931 tonnes of fine ore material, at a grade of 12.69% copper, was produced this financial year and sold to third parties. The remainder of the ore comprises a stockpile of 1.1 mt with an average grade of 4.5% copper. All mining and processing related work has now stopped, and the copper furnace previously commissioned is on care and maintenance. The Company will focus on exploration and resource definition work.

In February 2008, written notification was received from the Minister of Mines in the DRC informing the Company of the outcome of the DRC Mining Contracts Review Commission. Numerous meetings were held with the DRC authorities and an agreement was reached in December 2008. In March 2009, however, a further amended requirement was tabled by the DRC authorities and the Company proceeded with further discussions. It is anticipated that a final agreement will be reached by the end of calendar 2009.

Namibia

The Otjikoto Gold Project is situated within the Company's 92%-owned Otavi Exploration Area, which totals 3.800 square kilometres in north-central Namibia. An environmental impact assessment study is at an advanced stage and a mine technical study and financial evaluation has been completed. The JV has decided to refocus its priorities on the development of its copper assets and will possibly divest of its interest in the Otjikoto Gold Project through a selected tender process.

Konkola North No. 2 shaft head gear and operations yard, Zambia

Prospects

The JV believes that a conservative, modular and phased approach to the development of the Konkola North ore bodies in Zambia is appropriate, which at this stage is expected to be followed by the development of the ore bodies presently being defined on the Kalumines property in the DRC.

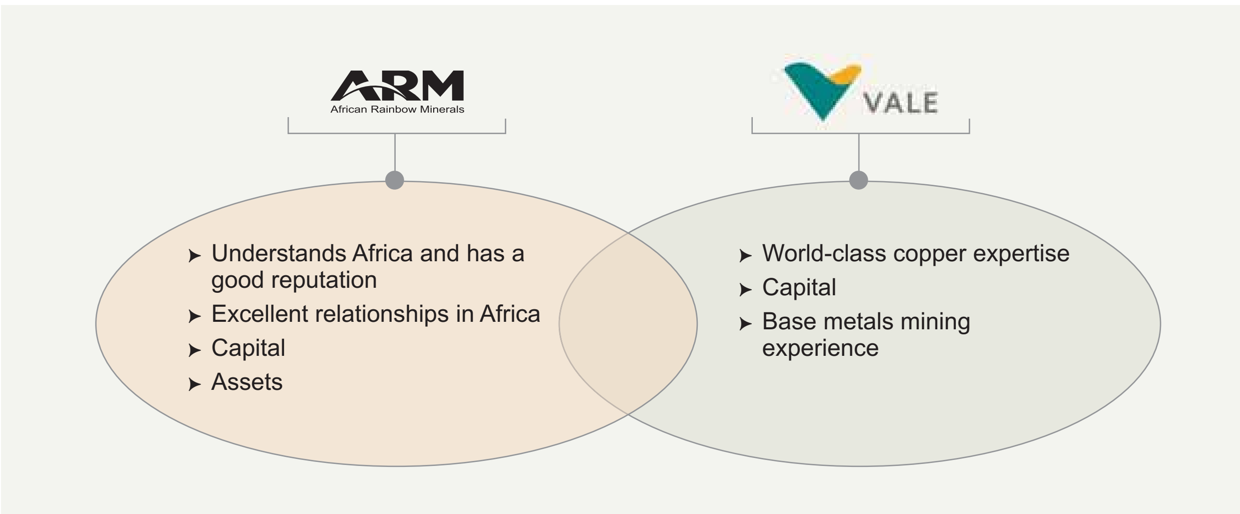
In the DRC, the JV will continue to explore identified shallow deposits with the objective of defining a total of 100 mt of copper-bearing ore at grades higher than 2% copper. In addition, we will be doing metallurgical test work on the Kasonta orebodies.

ARM Exploration continues to develop relationships in sub-Saharan African countries and is simultaneously assessing opportunities in PGMs, base and ferrous metals, and coal.

Mineral resources summary as at 30 June 2009							
Mineral project	**Ownership (%)**	**Mineral resources category**	**Mt**	**Total copper (%)**	**Contained copper (Mt)**	**Gold grade g/t**	**Contained gold (Moz)**
Konkola North Copper Project[1]	100						
South Limb[2]		Measured	10.0	2.23	0.22		
		Indicated	22.2	2.13	0.47		
		Inferred	16.2	2.22	0.36		
East Limb[2]		Measured	7.1	2.34	0.17		
		Indicated	11.7	2.87	0.34		
		Inferred	10.7	2.83	0.30		
Area 'A'		Inferred	219.5	2.64	5.79		
Kalumines Property[3,4]							
Lupoto		Indicated	15.1	2.32	0.35		
Lupoto		Inferred	9.1	2.09	0.19		
Kasonta		Inferred	20.9	1.13	0.24		
Kasonta South		Inferred	5.1	1.66	0.08		
Niamumenda		Inferred	2.2	2.36	0.05		
Stockpile			1.1	4.50	0.05		
Mwambashi Copper Project[5]	100	Indicated	12.4	1.74	0.22		
		Inferred	1.8	2.09	0.04		
Otjikoto Gold Project[6]	92	Indicated	28.4			1.34	1.22
		Inferred	17.2			1.28	0.71

Notes:
(1) ZCCM-IH has buy-in rights for up to 20% (5% carried interest).
(2) The mineralised zones were modelled on a 1% total copper cut-off.
(3) The resources defined for the Kalumines Property are unofficial resource estimates.
(4) The mineralised zones were modelled on a 1% total copper cut-off.
(5) The mineralised zones were modelled on a 0.5% total copper cut-off.
(6) The mineralised zones were modelled on a 0.4 g/t gold cut-off.

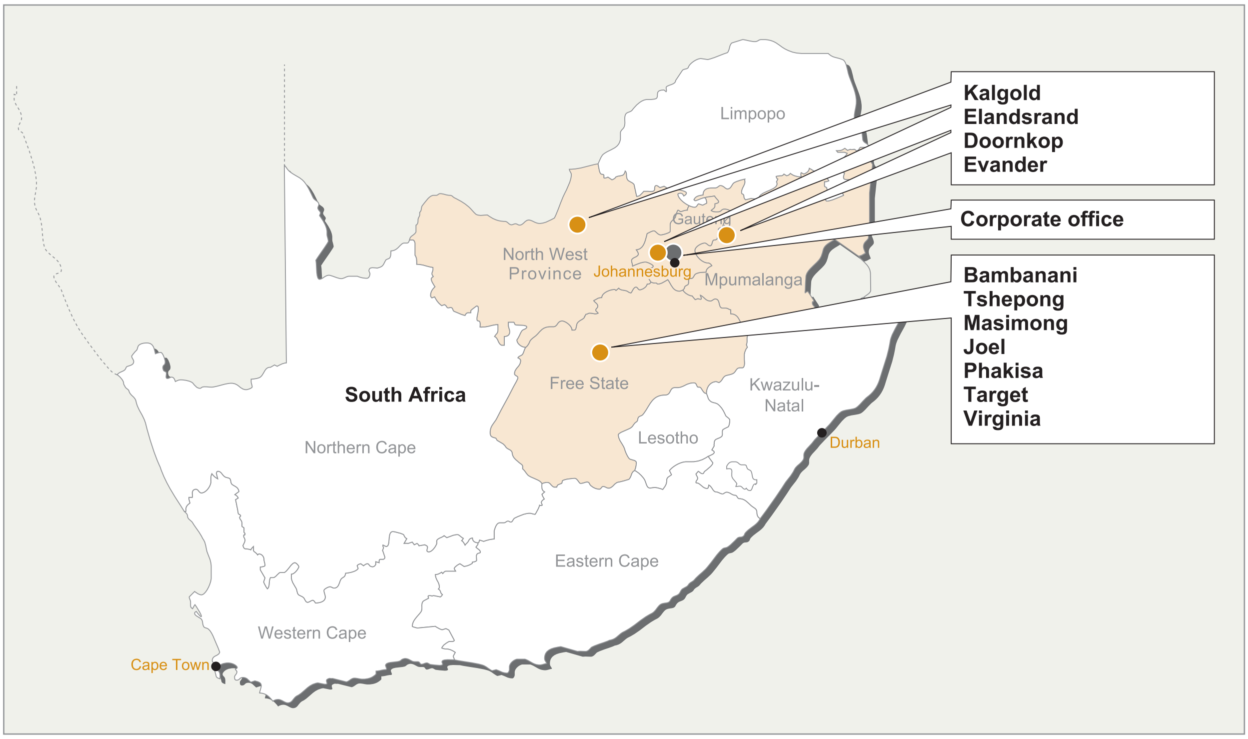
Joint venture with Vale on Africa assets



Gold: Harmony

Harmony's cash operating profit rose to R3.8 billion in F2009 from R2.6 billion in F2008. The result for Harmony was a massive improvement in net profit to R2.9 billion in F2009 from a loss of R245 million in the previous year, and Harmony's balance sheet has improved.

Gold: Harmony



Scorecard

F2009 objectives	F2009 performance	F1010 objectives
To continue creating an outstanding company: ➤ Safety first; ➤ Unhedged; ➤ Focused management; and ➤ Responsible corporate citizen.	➤ Behaviour-based safety programmes introduced. ➤ Safety improved. ➤ Stakeholder buy-in. ➤ Executive management strengthened: ➤ Management team now better empowered; ➤ Triple bottom line delivery has become a line management responsibility.	Continue initiatives in F2010 that were advanced or achieved in F2009.
Assess effectiveness of operating plans.	➤ Non-profitable operations placed on care and maintenance. ➤ Monitoring of all shafts' performance. ➤ Operational improvements evident.	Aiming to achieve an increase in throughput, grade and gold ounces.
Generate sustainable earnings and strengthen balance sheet.	➤ Debt has been cleared. ➤ Two successful cash-generating transactions completed. ➤ Two successful capital raisings concluded.	Continue to generate sustainable earnings.
Create the necessary platform to grow organically.	➤ Several due diligences conducted. ➤ Four growth projects underway and four projects under consideration. ➤ Newcrest earns-in 50% of Hidden Valley. ➤ Rand Uranium transaction concluded. ➤ Post year-end Pamodzi Free State Assets acquisition approved by the High Court.	Continue assessments of several new projects and growth opportunities.

Operational performance

		F2009	F2008
Gold produced	Kg	**45 437**	49 761
	000oz	**1 461**	1 600
Operating cost	R/kg	**168 661**	139 544
	US$/oz	**583**	598
Financial performance			
Revenue	R million	**11 496**	9 617
Production costs	R million	**7 657**	6 973
Cash operating profit	R million	**3 839**	2 644
Net profit/(loss) for the year	R million	**2 927**	(245)
Total headline earnings per share	SA cents	**262**	126
Total capital expenditure	R million	**4 382**	3 676
Market performance			
Average gold price received	R/kg	**250 826**	189 981
	US$/oz	**867**	813
R/US$ exchange rate (average for period)		**9.00**	7.26
R/US$ exchange rate – at end of the period		**7.72**	7.80
Market capitalisation at period end	R billion	**34.1**	38.3
	US$ billion	**4.4**	4.9

First gold pour at Hidden Valley, Papua New Guinea

Harmony Gold Mining Company Limited

Harmony operates primarily in South Africa with 10 underground operations, two surface operations and one open pit mine. Harmony has a 50% interest in the Morobe Mining joint venture (Newcrest Mining Limited is the other 50% partner) in Papua New Guinea, which includes Hidden Valley, an open cast gold and silver project that started production in June 2009, as well as the Wafi–Golpu project and exploration tenements. Exploration activity has also resumed in South Africa and includes the Evander South Project where a pre-feasibility study has already been completed and a two-phase drilling programme is underway.

Harmony's total gold production decreased to 1 460 831 ounces in F2009, from 1 599 854 ounces in F2008, while total gold sales were 154 062 ounces lower at 1 473 562 ounces. Despite the lower production, total cash costs were well contained at US$583 per ounce in F2009 compared to US$598 per ounce in F2008. Together with the higher average gold price received during the year, Harmony's cash operating profit rose to R3.8 billion in F2009 from R2.6 billion in F2008. The result for Harmony was a massive improvement in net profit to R2.9 billion in F2009 from a loss of R245 million in the previous year. This equated to headline earnings of 262 cents a share, significantly higher than last year's 126 cents a share.

The Hidden Valley project remains on schedule with construction 87% complete and essentially all capital committed. A major project milestone was achieved when the first gold pour was completed late in June 2009. Site construction activities focused on the process plant, crushers and power station facilities. The mill, gravity concentrators and tailing system were all completed and commissioned to enable the first ore to be processed. Full commissioning is still expected during F2010.

Harmony's balance sheet is now in excellent health. At F2009 year end the balance sheet reflected net cash of over R1.6 billion, compared to a net debt position in excess of R3.6 billion in F2008, representing an improvement of R5 billion. The Nedbank loan and convertible bond were repaid during the year and Harmony is now in the advantageous position to pursue acquisition opportunities and invest in organic growth projects. Harmony also declared its first dividend in five years, paying 50 cents a share; paid on 21 September 2009. ARM's dividend receipt from Harmony will be R32 million and this will be accounted for in the F2010 financial statements.

Harmony has reflected on its previous achievements and disappointments and, taking into account the needs of all its shareholders and stakeholders, has implemented a number of initiatives to ensure that the Company is sustainable into the future. Harmony's plans for F2010 is detailed, comprehensive and – importantly – based on what the Company believes is achievable in the current gold environment. Harmony is well-positioned to take advantage of a higher gold price and, at a price of R250 000/kg, the Company's plans support strong cash flows, covering both ongoing and growth capital.

The ARM balance sheet at 30 June 2009 reflects a marked-to-market investment in Harmony of R5.1 billion, which is based on a Harmony share price of R80. 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. Dividends are recognised in ARM's income statement. The investment reflected at market value in the balance sheet represents approximately 18% of ARM's market capitalisation of R28 billion at 30 June 2009, which compares to 10% at 30 June 2008.

*Harmony's full results for the financial year ended 30 June 2009 can be viewed on their website at **www.harmony.co.za***

MINERAL RESERVES AND RESOURCES

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

CONTENTS

Please note that detailed descriptions to substantiate the Resources/Reserves statements are published on the ARM website, ***www.arm.co.za***

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 African Rainbow Minerals Limited (ARM).

Salient features F2009

Khumani	➤ Production through the plant started in mid-2008, ramp-up to full production in progress. Reserves increased due to redesign of open pits at higher iron ore prices. Feasibility study to increase annual production from 10 mt to 16 mt.
Beeshoek	➤ Reserves increased due to the inclusion of the Village pit. Feasibility study on Village pit in progress.
Nchwaning	➤ Development into Graben area expedited, which will increase knowledge of geological structure.
Gloria	➤ Drilling in progress to increase geological knowledge to the west.
Dwarsrivier	➤ Geological model rebuild using Datamine process, SURFIP, resulting in an increase in Resources and Reserves.

Nkomati	➤ Current Resource/Reserve statement reflects the annual depletion. Re-evaluation and pit optimisation in progress.
Two Rivers	➤ 15 additional boreholes drilled – awaiting assay results for re-evaluation.
Kalplats	➤ Extensive exploration drilling increased Mineral Resources at Kalplats by 60 mt.

Goedgevonden	➤ Production increased by 56% as the mine ramps-up to full production.

F2009 Mineral Resource/Reserves Summary

Platinum	(Measured and Indicated) Mineral Resources		(Proved and Probable) Mineral Reserves		
	Mt	PGM+Au	Mt	PGM+Au	Moz
Two Rivers					
UG2	54.09	4.71 (6E)	37.29	3.98 (6E)	4.78 (6E)
Merensky	18.7	3.55 (6E)	–	–	–
Modikwa					
UG2	145.7	5.86 (4E)	56.0	4.71 (4E)	8.49 (4E)
Merensky	72.0	2.78 (4E)	–	–	–
Nkomati	234.0	0.93 (4E)	159.7	0.83 (4E)	4.26 (4E)
Kalplats	56.6	1.49 (3E)	–	–	–

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

Nickel	(Measured and Indicated) Mineral Resources		(Proved and Probable) Mineral Reserves	
	Mt	Ni%	Mt	Ni%
Nkomati – Total MMZ+PCMZ	234.0	0.38	159.7	0.32

Manganese ore	(Measured and Indicated) Mineral Resources			(Proved and Probable) Mineral Reserves		
	Mt	Mn%	Fe%	Mt	Mn%	Fe%
Black Rock						
No 1 Seam	130.6	45.1	9.04	109.4	45.1	9.04
No 2 Seam	180.8	42.4	15.5	–	–	–
Gloria						
No 1 Seam	53.3	38.2	5.5	41.0	38.2	5.5
No 2 Seam	29.4	29.9	10.1	–	–	–

Iron ore	(Measured and Indicated) Mineral Resources		(Proved and Probable) Mineral Reserves	
	Mt	Fe%	Mt	Fe%
Beeshoek	109.7	63.71	45.2	64.95
Khumani				
Bruce	253.2	64.64	235.4	64.64
King	379.7	64.51	330.4	64.39

Chromite	(Measured and Indicated) Mineral Resources		(Proved and Probable) Mineral Reserves	
	Mt	Cr_2O_3%	Mt	Cr_2O_3%
Dwarsrivier	53.2	39.56	39.6	39.5
Nkomati	1.82	33.6	2.9	31.0

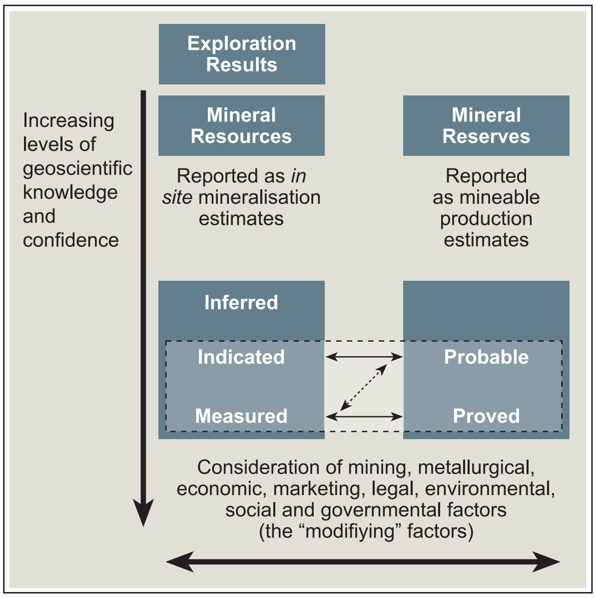
Coal	(Measured and Indicated) Mineral Resources	(Proved and Probable)	
		Mineral Reserves	Saleable
	Mt	Mt	Mt
Goedgevonden	522	368	197.9

General Statement

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

The convention adopted in this report is that Mineral Resources are reported inclusive of that portion of the total Mineral Resource converted to a Mineral Reserve. Resources and reserves are quoted as at 30 June 2009.

Rounding of figures may result in computational discrepancies.



Competence

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

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

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

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

M Burger, PrSciNat / **S v Niekerk**, PrSciNat	Iron
B Rusive, PrSciNat	Manganese
A Pretorius*, PrSciNat	Chrome
M Davidson, PrSciNat	Nickel

J Woolfe, PrSciNat	Nickel/Platinum
R van Rhyn, PrSciNat	Platinum
C Schlegel, PrSciNat	Gold/Copper
S Kadzviti, PrSciNat	Nickel

* *External consultant.*

P J van der Merwe
7 October 2009

ARM Ferrous

Assmang Limited Operations

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

Manganese Mines

Nchwaning Mine: 1 Body Manganese Resources and Reserves

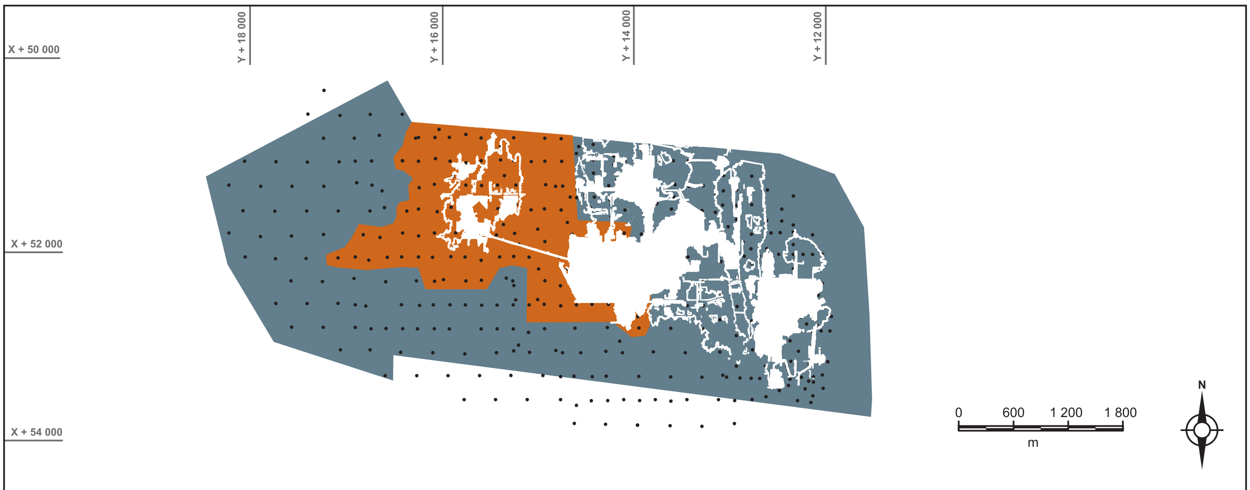
	Mineral Resources		Mineral Reserves		
	Mt		Mt	Mn%	Fe%
Measured	42.7	Proved	36.7	46.0	9.9
Indicated	87.9	Probable	72.7	44.6	8.6
Total Resources 1 Body 2009	**130.6**	**Total Reserves 1 Body 2009**	**109.4**	**45.1**	**9.04**
Total Resources 1 Body 2008	137.7	Total Reserves 1 Body 2008	115.3	44.7	8.83

Nchwaning Mine: 2 Body Manganese Resources

Mineral Resources	Mt	Mn%	Fe%
Measured	53.4	42.0	16.3
Indicated	127.4	42.6	15.2
Total Resources 2 Body 2009	**180.8**	**42.4**	**15.5**
Total Resources 2 Body 2008	185.2	42.5	15.4

Measured Resources are based on two-thirds of the semivariogram sill range rule.
Areas outside this distance are classified as Indicated.
Proved Reserves = Measured Resources used in LoM scheduling by Snowden.
Probable Reserves = Indicated Resources used in LoM scheduled by Snowden.

Nchwaning borehole locality map showing the Mineral Resource classification



Legend

Indicated | Measured | Mined out area | Boreholes

Gloria Mine: 1 Body Manganese Resources and Reserves

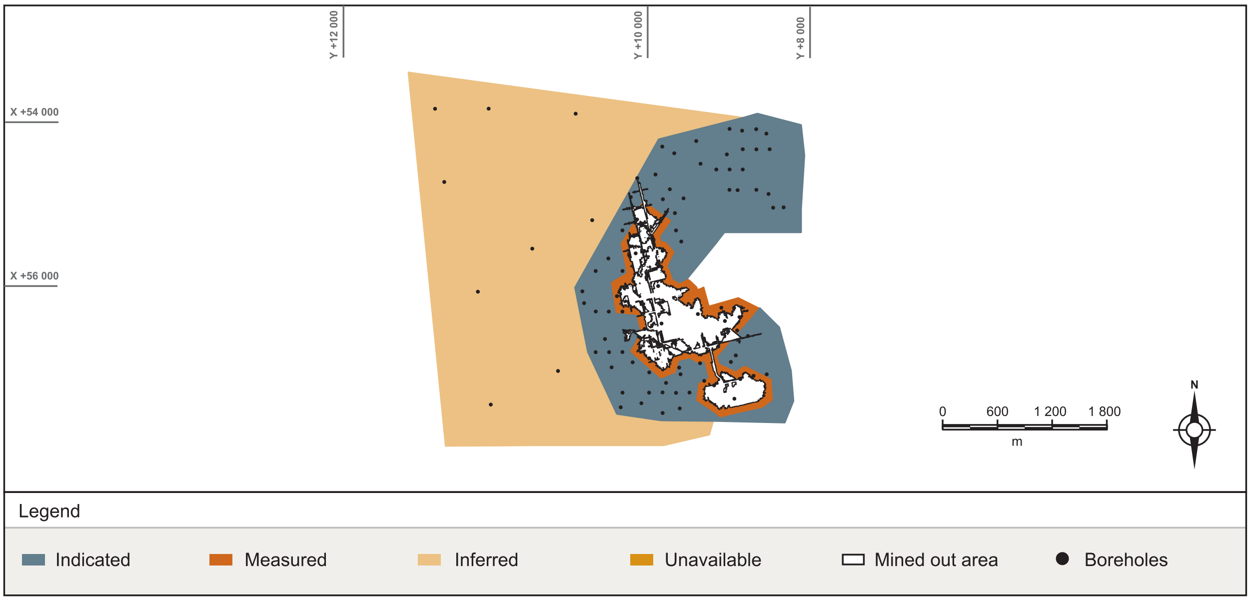
	Mineral Resources		Mineral Reserves		
	Mt		**Mt**	**Mn%**	**Fe%**
Measured	11.8	Proved	9.1	38.0	4.9
Indicated	41.5	Probable	31.9	38.3	5.6
Total Resources 1 Body 2009	**53.3**	**Total Reserves 1 Body 2009**	**41.0**	**38.2**	**5.5**
Total Resources 1 Body 2008	52.5	Total Reserves 1 Body 2008	40.4	38.3	5.54
Inferred 2009	128.3				
Inferred 2008	132.3				

Gloria Mine: 2 Body Manganese Resources

	Mt	Mn%	Fe%
Measured	–	–	–
Indicated	29.4	29.9	10.1
Total Resources 2 Body 2009	**29.4**	**29.9**	**10.1**
Total Resources 2 Body 2008	29.4	29.9	10.1
Inferred 2009	132.3	–	–
Inferred 2008	132.3		

Measured Resources = immediately available tonnes up to 50 metres in front of mining faces.
Indicated Resources are as per dense drilling area (see map).
Proved Reserves = Measured Resources less 23% pillar loss.
Probable Reserves = Indicated Resources less 23% pillar loss.

Gloria borehole locality map showing the Mineral Resource classification



Iron Ore Mines

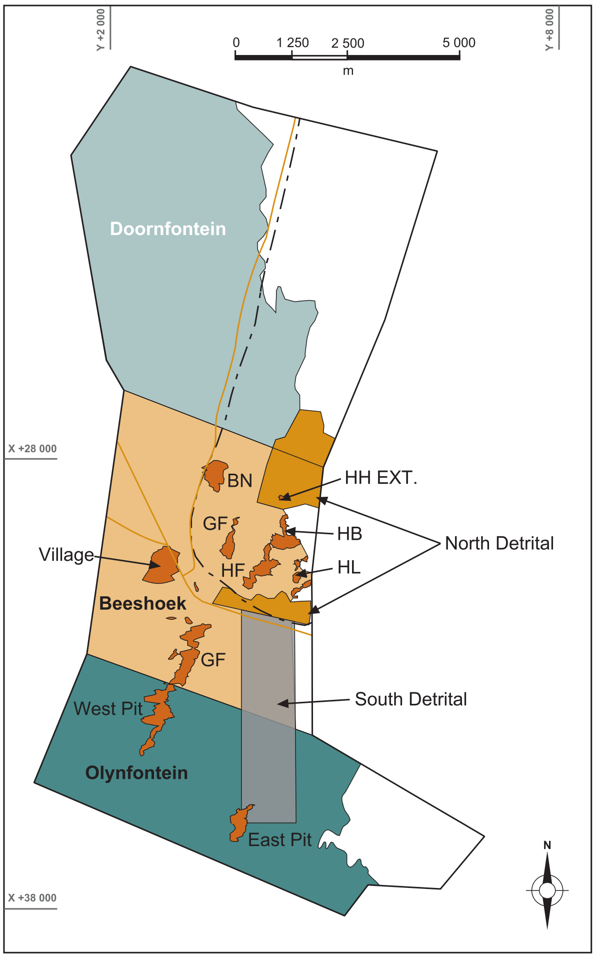
Beeshoek Iron Ore Mine: Resources and Reserves

	Measured		Indicated		Inferred		Total Resource no Inferred		Proved Reserve		Probable Reserve		Total Reserve	
Pit/Area	**Mt**	**Fe%**	**Mt**	**Fe%**	**Mt**	**Fe%**	**Mt**	**Fe%**	**Mt**	**Fe%**	**Mt**	**Fe%**	**Mt**	**Fe%**
BN	19.89	63.47	0.01	62.67	–	–	19.90	63.46	13.10	64.02	–	–	13.10	64.02
HF/HB	16.64	64.3	0.30	63.85	–	–	16.94	64.30	2.55	65.24	0.03	66.45	2.58	65.25
BF	6.95	63.29	0.22	63.58	–	–	7.17	63.30	1.93	63.81	–	–	1.93	63.81
East Pit	9.14	64.61	0.03	64.19	–	–	9.17	64.61	1.89	65.66	–	–	1.89	65.66
Village	40.80	63.56	0.09	64.64	–	–	40.89	63.57	24.23	65.53	–	–	24.23	65.53
GF	3.13	63.81	0.09	61.80	–	–	3.22	63.76	–	–	–	–	–	–
HH Ext	0.28	62.63	–	–	–	–	0.28	62.63	–	–	–	–	–	–
HL	3.05	65.17	–	–	–	–	3.05	65.17	0.93	65.70	–	–	0.93	65.70
West Pit	9.06	62.74	–	–	0.05	61.87	9.06	62.74	0.58	64.45	–	–	0.58	64.45
Detrital	–	–	–	–	3.70	60.0	–	–	–	–	–	–	–	–
Total 2009	**108.94**	**63.71**	**0.74**	**63.61**	**3.75**	**60.0**	**109.68**	**63.71**	**45.21**	**64.95**	**0.03**	**66.45**	**45.24**	**64.95**
Total 2008	113.67	63.74	6.65	60.44	3.75	61.87	120.38	63.55	28.0	64.16	0.62	64.03	28.62	64.16

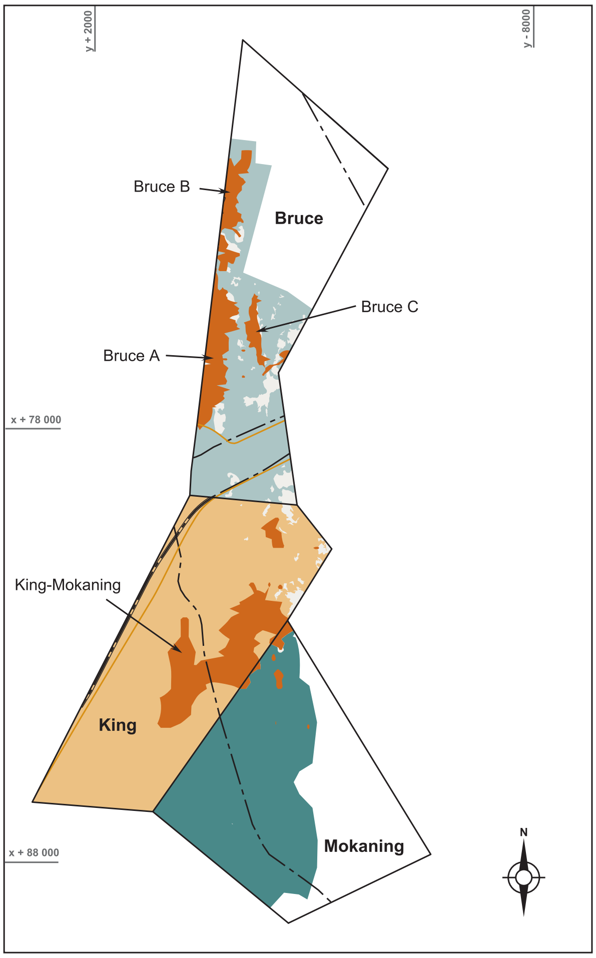
Khumani Iron Ore Mine: Resources and Reserves

	Measured		Indicated		Inferred		Total Measured and Indicated		Proved Reserve		Probable Reserve		Total Reserve	
Area	**Mt**	**Fe%**	**Mt**	**Fe%**	**Mt**	**Fe%**	**Mt**	**Fe%**	**Mt**	**Fe%**	**Mt**	**Fe%**	**Mt**	**Fe%**
Bruce A	23.5	64.91	99.0	64.54	0.8	63.37	122.5	64.61	111.06	64.61	0.09	64.38	111.15	64.61
Bruce B	21.1	65.71	77.0	64.06	8.7	64.64	98.1	64.41	88.01	64.41	4.20	63.92	92.21	64.39
Bruce C	24.95	65.34	7.66	65.66	1.6	64.80	32.61	65.41	23.85	65.37	8.15	65.68	32.0	65.45
King/Mokaning	255.8	64.53	123.9	64.48	17.7	63.98	379.7	64.51	258.4	64.43	71.94	64.26	330.4	64.39
Khumani Detrital	–	–	–	–	12.0	60.00	–	–	–	–	–	–	–	–
Total 2009	**325.4**	**64.70**	**307.6**	**64.42**	**40.8**	**62.97**	**632.9**	**64.56**	**481.4**	**64.51**	**84.4**	**64.26**	**565.7**	**64.49**
Total 2008	337.9	64.73	306.8	64.43	40.8	62.97	644.7	64.59	274.3	64.64	236.6	64.36	510.9	64.51

Beeshoek open pit locality plan



Khumani open pit locality map



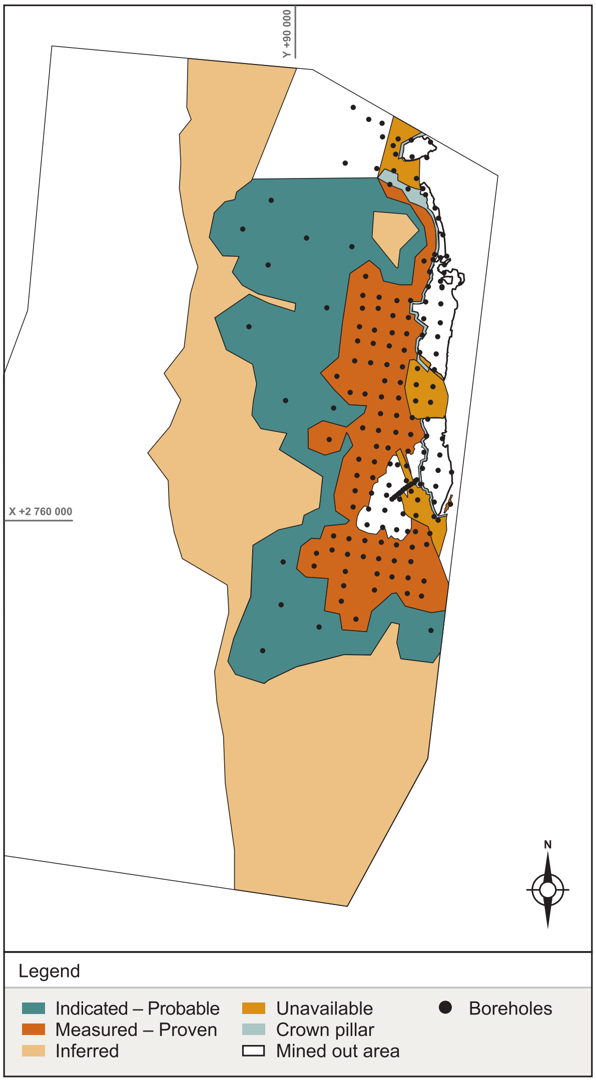
Khumani Iron Ore Mine

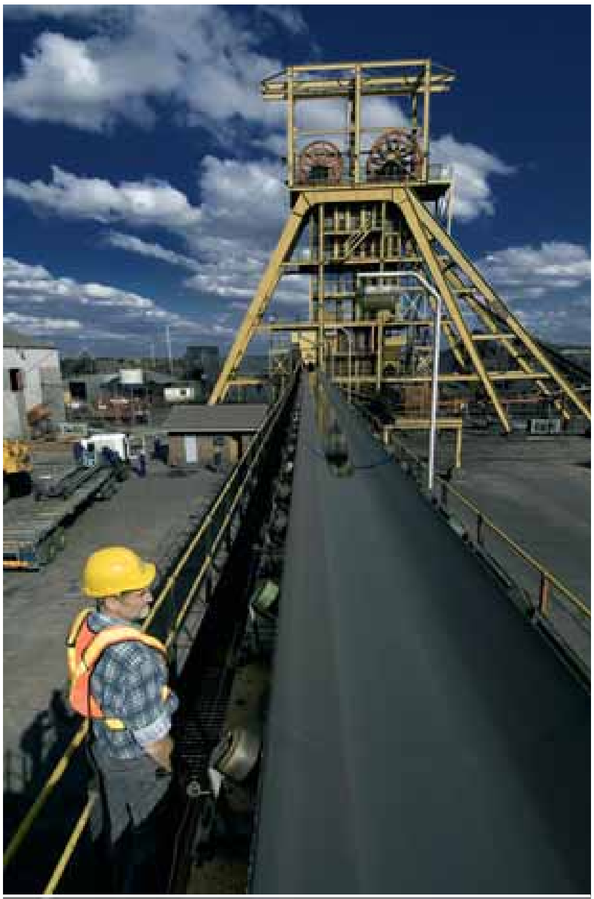
Chromite Mine

Dwarsrivier Chrome Mine: Chrome Resources and Reserves

	Resources				Reserves		
	Tonnes Mt	Cr_2O_3%	FeO%		Mt	Cr_2O_3%	FeO%
Measured	21.30	39.80	23.27	Proved	13.9	39.78	23.23
Indicated	31.90	39.39	23.04	Probable	25.7	39.40	23.0
Total Measured and Indicated 2009	**53.2**	**39.56**	**23.11**	**Total Reserves 2009**	**39.6**	**39.5**	**23.1**
Total Measured and Indicated 2008	44.02	39.16	22.79	Total Reserves 2008	36.4	39.16	22.79
Inferred	53.11	39.00	22.71				

Dwarsrivier Mineral Reserves and Resources locality





Nchwaning Manganese Mine

ARM Platinum

Nkomati Nickel-Copper-Cobalt-PGM-Chromite Mine

ARM's attributable beneficial interest in Nkomati's operations is 50%. The other 50% is held by Norilsk Nickel.

Mineral Resources

	Measured Mineral Resources						Indicated Mineral Resources						
	Mt Cut-off (Ni%)	Tonnes	Ni%	Cu%	Co%	4E g/t	Cut-off (Ni%)	Tonnes	Ni%	Cu%	Co%	4E g/t	Tonnes
BMZ (underground)	0.35	30 000	0.62	0.36	0.04	1.60	0.35	200 000	0.47	0.33	0.02	1.20	230 000
MMZ (underground)	0.35	950 000	0.54	0.19	0.03	1.71	0.30	48 100 000	0.48	0.21	0.03	1.03	49 050 000
MMZ (open pit) Pits 2 & 3							0.24	82 000 000	0.43	0.19	0.03	1.08	82 000 000
PCMZ (underground)							0.30	19 900 000	0.38	0.12	0.02	0.77	19 900 000
PCMZ (open pit) Pits 2 & 3							0.20	82 800 000	0.26	0.08	0.01	0.75	82 800 000
Total 2009 Mineral Resource		**980 000**	**0.54**	**0.20**	**0.03**	**1.71**		**233 000 000**	**0.38**	**0.15**	**0.02**	**0.93**	**233 980 000**
Total 2008 Mineral Resource		1 000 000	0.54	0.20	0.03	1.09		235 850 000	0.38	0.15	0.02	0.93	236 850 000

Oxidised Massive Chromitite Resource

	Indicated Mineral Resource		Inferred Resources	
	Tonnes	Cr_2O_3 %	Tonnes	Cr_2O_3 %
Chromitite (at 30% Cr_2O_3 cut-off)	1 820 000	33.56	100 000	31.71

2009 Mineral Reserves, Nkomati Mine

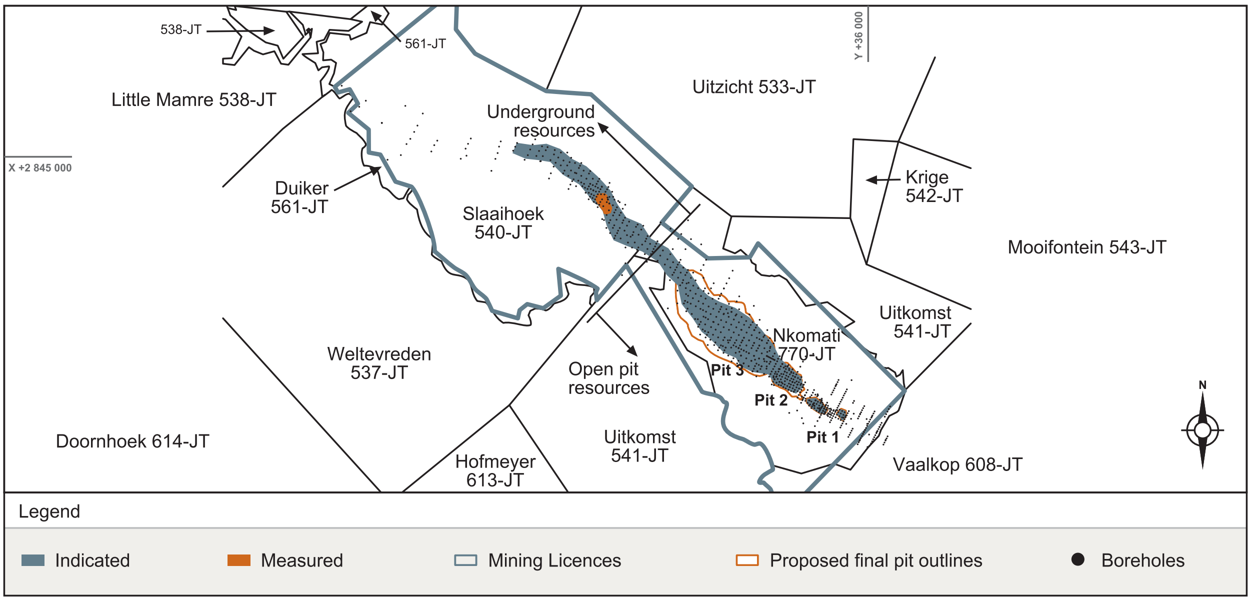
	Proved Mineral Reserve						Probable Mineral Reserve						
	Cut-off (Ni%)	Tonnes	Ni%	Cu%	Co%	4E g/t	Cut-off (Ni%)	Tonnes	Ni%	Cu%	Co%	4E g/t	Tonnes
MMZ (underground)							0.35	6 900 000	0.59	0.22	0.03	1.07	6 900 000
MMZ (open pit) Pits 2 & 3							0.24	67 100 000	0.42	0.18	0.03	1.08	67 100 000
PCMZ (open pit) Pits 2 & 3							0.16	85 700 000	0.22	0.06	0.01	0.62	85 700 000
Total 2009 Mineral Reserve								**159 700 000**	**0.32**	**0.12**	**0.02**	**0.82**	**159 700 000**
Total 2008 Mineral Reserve		200 000	0.55	0.23	0.03	1.19		164 540 000	0.32	0.12	0.02	0.82	164 740 000

***4E** = platinum + palladium + rhodium + gold*

Oxidised Massive Chromitite Reserve

	Probable Mineral Reserve	
	Tonnes	Cr_2O_3%
Chromitite (at 30% Cr_2O_3 cut-off)	2 900 000	31.0

Nkomati Mine – Mineral Reserves and Resources locality



Two Rivers Platinum Mine

ARM's attributable beneficial interest in Two River's operations is 50%. The other 50% is held by Impala Platinum.

Mineral Resources UG2

(UG2 + Internal Pyroxenite)				Grade					
	Mt	Pt g/t	Pd g/t	Rh g/t	Au g/t	(3PGE+Au) g/t	(5PGE+Au) g/t	Pt M oz	6E Moz
Measured	13.81	2.52	1.55	0.47	0.05	4.59	5.48	1.12	2.43
Indicated	40.28	2.05	1.22	0.38	0.04	3.69	4.45	2.65	5.76
Total 2009	**54.09**	**2.17**	**1.30**	**0.40**	**0.04**	**3.91**	**4.71**	**3.77**	**8.19**
Total 2008	56.47	2.18	1.31	0.41	0.04	3.94	4.74	3.96	8.60
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*

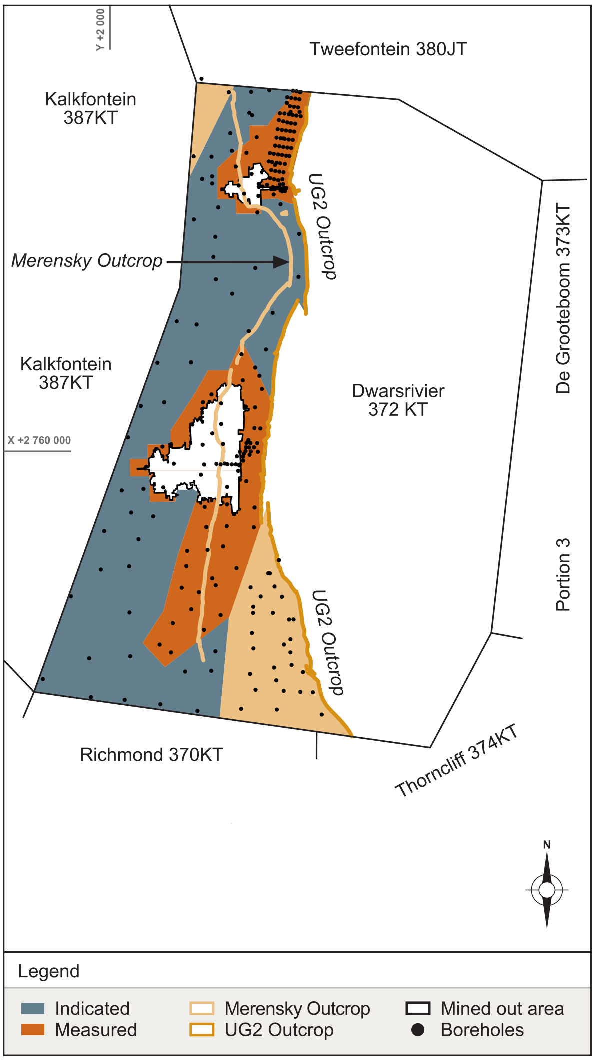
Mineral Resources Merensky Reef

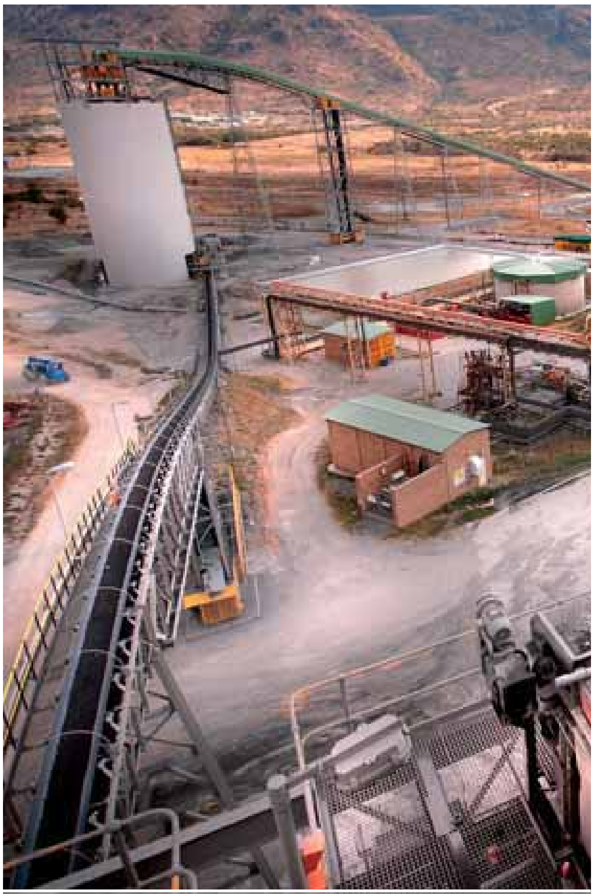
Top zone	Mt	(3PGE+Au) g/t	6E g/t	Pt g/t	Pt Moz	6E Moz
Measured	–	–	–	–	–	–
Indicated	18.7	3.34	3.55	2.06	1.20	2.06
Inferred	3.9	3.16	3.36	1.95	0.24	0.41

Mineral Reserves UG2

(UG2 + Internal Pyroxenite)				Grade					
	Mt	Pt g/t	Pd g/t	Rh g/t	Au g/t	(3PGE+Au) g/t	(5PGE+Au) g/t	Pt Moz	6E Moz
Stockpile	0.15	1.88	1.19	0.35	0.04	3.46	4.13	0.009	0.02
Proved	9.93	2.04	1.24	0.37	0.04	3.69	4.47	0.66	1.44
Probable	27.22	1.76	1.04	0.33	0.03	3.16	3.81	1.54	3.33
Total 2009	**37.29**	**1.83**	**1.10**	**0.34**	**0.03**	**3.30**	**3.98**	**2.19**	**4.78**
Total 2008	39.51	1.85	1.10	0.35	0.03	3.33	4.02	2.35	5.11

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





Two Rivers Platinum Mine

Modikwa Platinum Mine

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

Mineral Resources and Reserves UG2

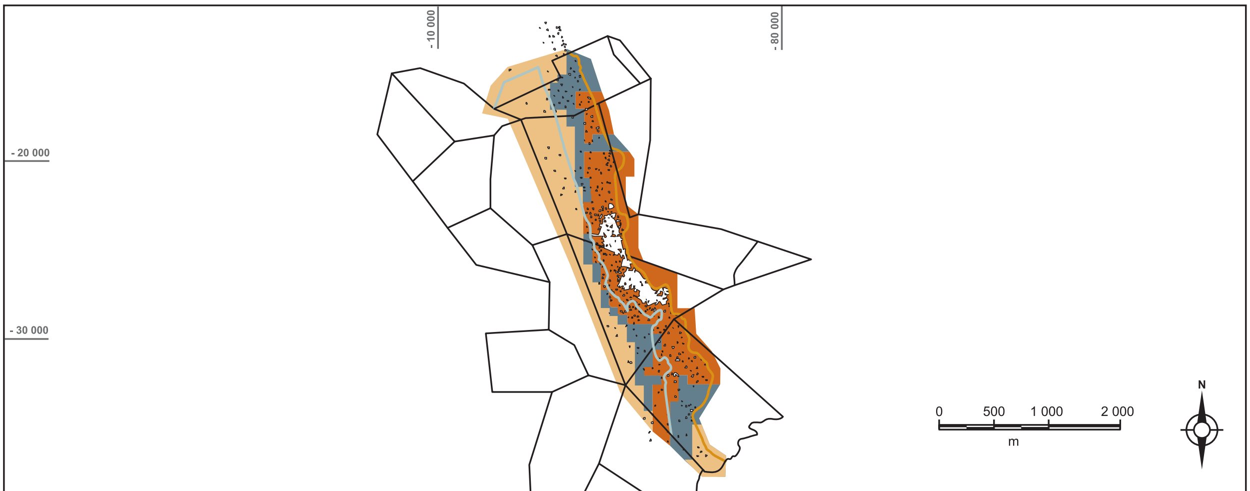
	Resources				Reserves		
	Mt	3PGE+Au g/t	M oz		Mt	3PGE+Au g/t	Moz
Measured	52.33	5.85	9.84	Proved	18.14	4.73	2.76
Indicated	93.40	5.86	17.6	Probable	37.87	4.71	5.73
Total Measured and Indicated 2009	**145.73**	**5.86**	**27.44**	**Total**	**56.01**	**4.71**	**8.49**
Total Measured and Indicated 2008	115.6	5.61	20.76		58.03	4.71	8.84
Inferred	76.11	6.19	15.15				

3PGE *= Pt + Pd + Rh*

Mineral Resources Merensky Reef

	Mt	3PGE+Au g/t	Moz
Measured	17.95	2.94	1.70
Indicated	54.05	2.73	4.74
Total Measured and Indicated 2009	**72.00**	**2.78**	**6.44**
Inferred	136.84	2.65	11.66

Modikwa Resources classification and borehole locality plan



Legend

Indicated Measured Inferred

Kalplats Platinum Projects

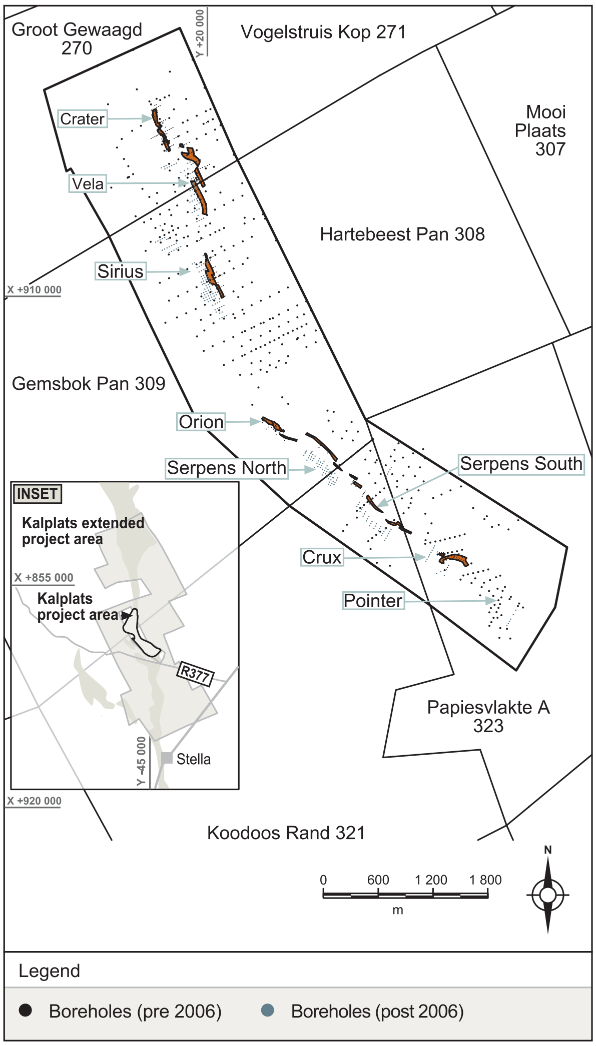
ARM's attributable beneficial interest in Kalplats' operations is 90%.

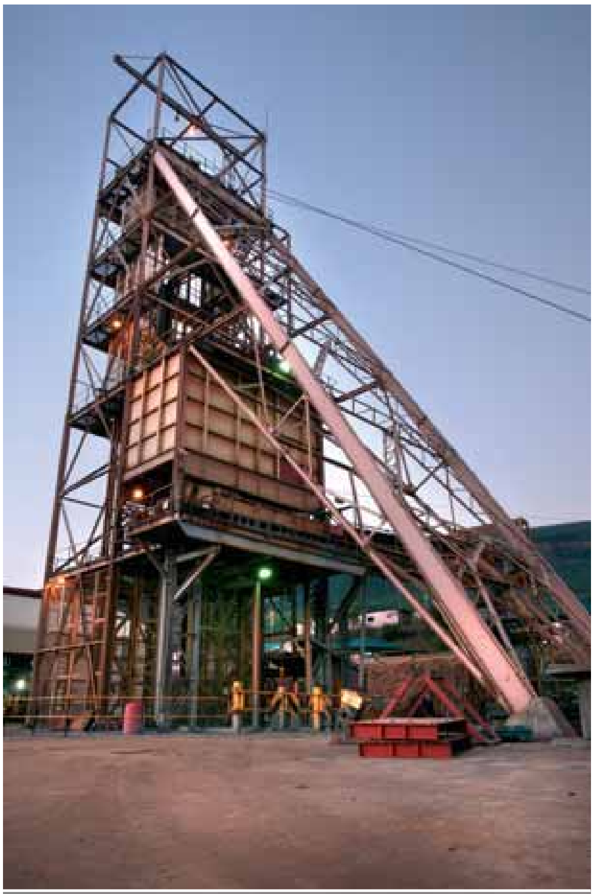
Mineral Resources

Deposit	Measured Mt	2PGM+ Au g/t	Indicated Mt	2PGM+ Au g/t	Measured + indicated Mt	2PGM+ Au g/t	Moz	Inferred Mt	2PGM+ Au g/t
Orion	4.2	1.57	4.01	1.56	8.211	1.565	0.41	3.644	1.61
Crux	7.77	1.54	10.991	1.39	18.761	1.45	0.87	10.34	1.24
Crater	1.457	1.84	6.438	1.86	7.895	1.856	0.47	19.543	2.06
Vela	–	–	21.7	1.36	21.7	1.36	0.95	14.872	1.32
Measured + Indicated	13.43	1.58	43.14	1.46	56.57	1.49	2.7	–	–
Sirius								9.77	1.37
Serpens N								8.94	1.37
Serpens S								10.76	1.34

***2PGM** = Pt + Pd*

Kalplats Platinum Projects – Mineral Reserves and Resources locality





Nkomati Mine

ARM Coal

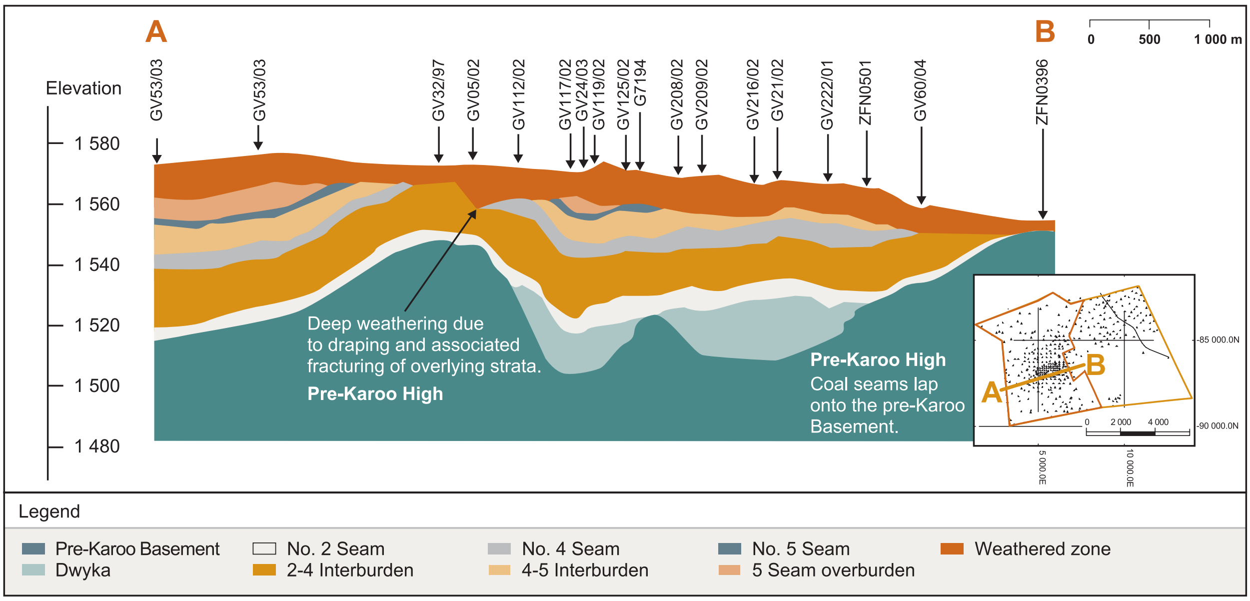
Goedgevonden Coal Project

ARM's attributable beneficial interest in Goedgevonden's operations is 50%. The other 50% is held by Xstrata.

Resources and Reserves

Seam No	Measured	Indicated	Inferred	Proved	Probable	Saleable
Resources within Mine Plan						
2	107.9	–	–	94.8	–	58.7
	85.5			75.1		31.2
4	95.5	–	–	83.9	–	51.4
	89.9	–	–	79.1	–	36.6
5	39.9	–	–	35.0	–	20.0
Total	**418.7**	**–**	**–**	**367.9**	**–**	**197.9**
Resources outside of Mine Plan						
2	27.7	4	–	–	–	–
	12.7	15	–			
4	29.3	4	28	–	–	–
	18.1	5	29			
5	15.7	1	11	–	–	–
Total	**103.5**	**29**	**68**	**–**	**–**	**–**
Overall	522.2	29	68	367.9	–	197.9

Section showing Goedgevonden Coal Seams



ARM Exploration

ARM's attributable beneficial interest in exploration ventures is 50%. The other 50% is held by Vale.

The **Otjikoto Gold Project** is an evaluation and exploration project situated in the Otavi region in Namibia.

Mineral Resources at a 0.4 G/T Au cut-off grade

	Mt	g/t Au	Moz
Measured	–	–	–
Indicated	28.4	1.34	1.22
Inferred	17.2	1.28	0.71

The **Konkola North Copper Project** is situated on the Zambian Copperbelt.

Mineral Resources at a 1% total copper cut-off grade

	Mt	% TotCu	Mt Contained Cu
Measured South Limb	10.00	2.23	0.22
Indicated South Limb	22.20	2.13	0.47
Total South Limb	32.20	2.16	0.69
Inferred South Limb	16.20	2.22	0.36
Measured East Limb	7.10	2.34	0.17
Indicated East Limb	11.70	2.87	0.34
Total East Limb	18.80	2.67	0.51
Inferred East Limb	10.70	2.83	0.30
Total Measured and Indicated 2009	**51.00**	**2.35**	**1.20**
Inferred (mainly area A)	219.50	2.64	5.79

The **Mwambashi Copper Project** lies in the Zambian Copperbelt on the western edge of the Chambishi Basin.

Mineral Resources at 0.5% total copper cut-off grade

	Mt	%TCu	Mt Contained Cu
Measured	10.54	1.84	0.19
Indicated	1.896	1.17	0.02
Total Measured and Indicated 2009	**12.44**	**1.74**	**0.21**
Inferred	1.77	2.10	0.04

Kalumines Properties (DRC) – Mineral Resources

		Mt	%TCu	Mt Contained Cu
Lupoto	Measures	–	–	–
	Indicated	15.09	2.32	0.35
	Inferred	9.1	2.09	0.19
Kasonta	Inferred	20.9	1.13	0.24
Kasonta south	Inferred	5.1	1.66	0.08
Niamumenda	Inferred	2.2	2.36	0.05
Stockpile		1.1	4.15	0.05

Gold: Harmony

ARM holds a 14.8% stake in Harmony Gold. Harmony, South Africa's third largest gold producer, is separately run by its own management team. Resources and Reserves of the Harmony mines are the responsibility of the Harmony team and are published in Harmony's Annual Report which may be accessed on www.harmony.co.za.

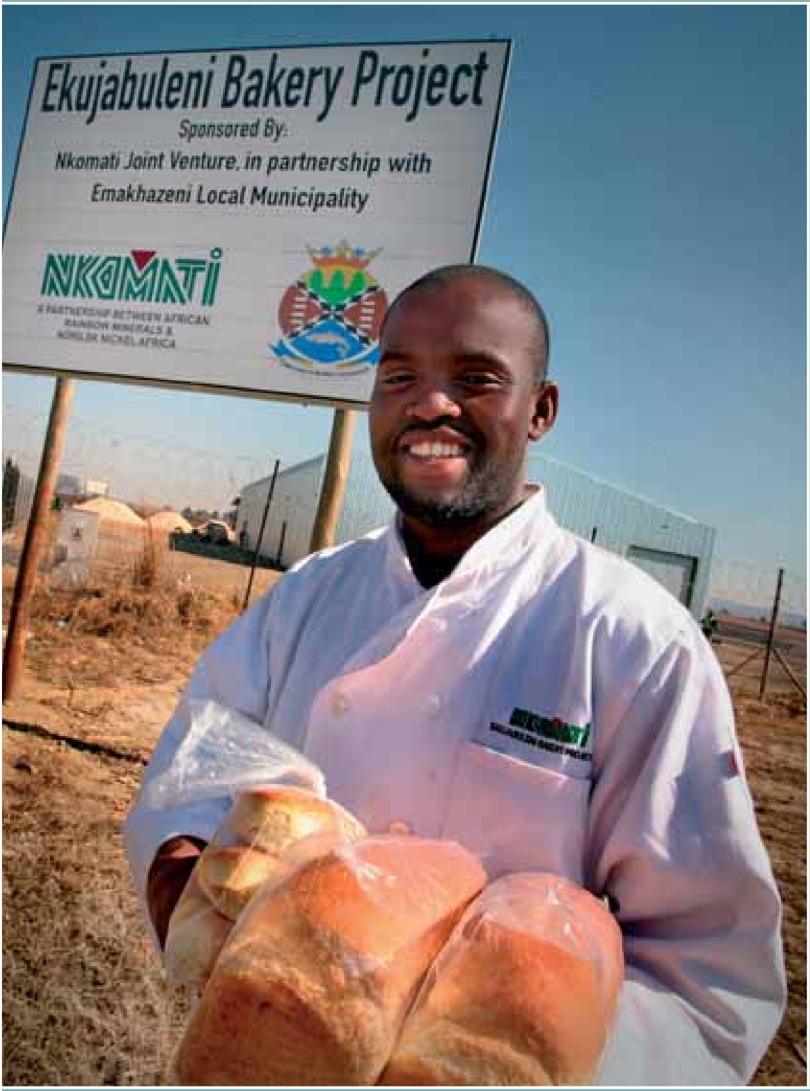
Definitions

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.

GOVERNANCE

Balancing the economic, social and environmental aspects of the business within a transparent, ethical corporate governance framework underpins ARM's approach to sustainable development.



CONTENTS

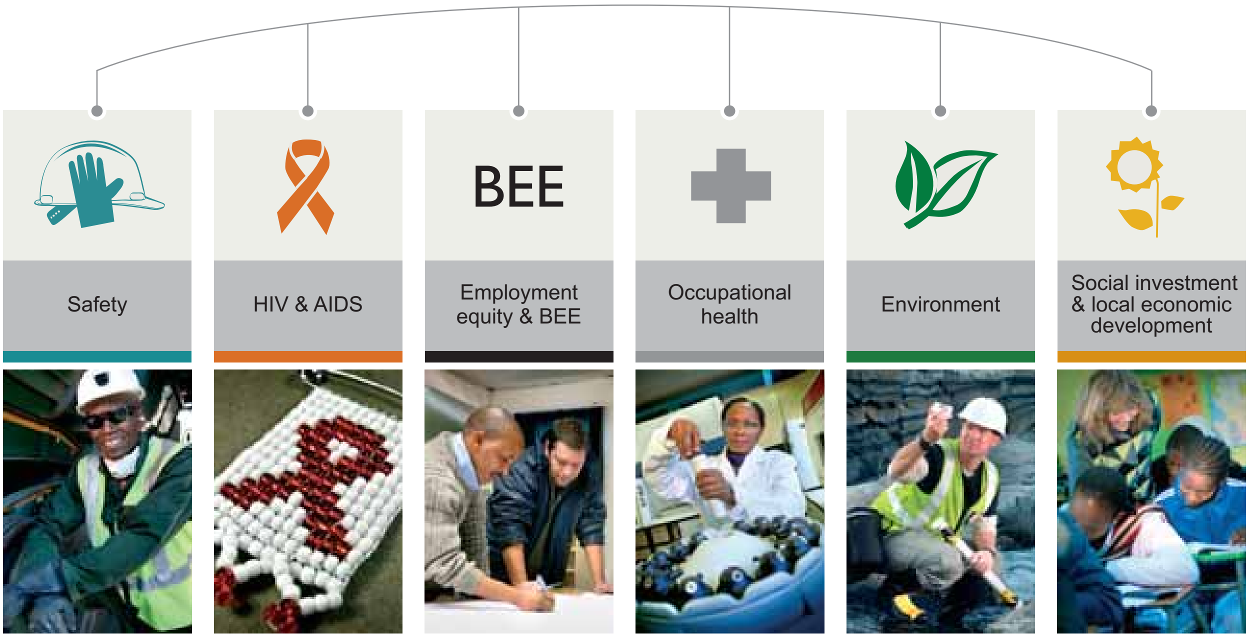
An expanded version of this report can be found at ***www.arm.co.za***

ARM's approach to sustainable development

ARM aims to create long-term value for all stakeholders – shareholders and the investment community; joint venture partners; providers of capital; customers; employees; suppliers; communities; trade unions; government; and business partners – by discovering, developing and beneficiating natural resources.

Balancing the economic, social and environmental aspects of the business within a transparent, ethical corporate governance framework underpins ARM's approach to sustainable development, which is focused on the six pillars represented below. ARM believes these pillars are fundamental to its sustainability as a company and that of the industry.

THE SIX PILLARS OF SUSTAINABLE DEVELOPMENT AT ARM



The mining industry is a high impact industry, not just in terms of the environment, but also because mines have a limited lifespan and this has social implications. ARM recognises that the nature of its operations brings with it a particular responsibility not only to practice responsible environmental management but also to promote capacity building; enhance employment opportunities, skills development and housing provision; and to drive transformation so that all South Africans have a stake in and access to the country's abundant mineral resources.

The ARM sustainable development strategy was strengthened this year when the Company was approached to join the International Council on Mining and Metals (ICMM). The ICMM provides an international platform for industry and other key stakeholders to share challenges and develop solutions based on science and the principles of sustainable development.

The ICMM's vision is that of a respected mining and metals industry which is widely recognised as essential for society, and as a key contributor to sustainable development. ARM's membership of the ICCM was ratified after the close of the financial year. ICMM corporate members commit to implement and measure their performance against ten sustainable development principles.

Further information can be found on the ICMM website: ***www.icmm.com***

Sustainable development presents both opportunities and challenges. The following pages set out ways in which ARM is leveraging opportunities to improve overall operational performance and develop solutions to various challenges inherent in each of the six pillars.

About this report

This report has been prepared in accordance, in as far as possible, with the Global Reporting Initiative (GRI) G3 guidelines. ARM has taken care to uphold the principles of balance, materiality and comparability, a task made difficult by the fact that ARM operates according to a decentralised management framework. F2009 was the first year during which the process of gathering comprehensive information on environmental performance commenced and, as a result, sufficient historical data to show trends over a period of a number of years is not available.

Similarly, F2009 is only the second year during which the GRI-based HIV & AIDS Scorecard has been applied to assess the manner in which HIV & AIDS at ARM's operations has been managed. However, trends related to safety and black economic empowerment over three and four years respectively have been included, and where possible, positive and negative trends have been presented on all key issues. This report is aimed at a broad range of stakeholders and aims to present issues material to these stakeholders. The report covers operations in ARM Platinum (with the exception of Kalplats, a Platinum Group Metals exploration company) and ARM Ferrous. ARM Coal is not included.

All statistics in this section are represented on a 100% basis.

Inputs, impacts and outputs

Land

Land owned:	29 646 ha
Land disturbed:	9 548 ha

Water

Water withdrawn:	13 254 144 m^3

Energy Utilisation

Electricity:	1 689 857 464 kWh
Oil:	2 473 809 litres
Diesel:	51 678 773 litres

Emissions

CO_2 emissions*	748 473 tonnes (smelters only)
SOx:	In the process of quantifying
Particulates:	In the process of quantifying

Waste

Domestic waste:	32 986 tonnes
Industrial waste:	51 024 477 tonnes
Run of mine (ROM) ore:	34 459 600 tonnes

Production volumes

Platinum Group Metals	621 888 ounces
Nickel concentrate	52 029 tonnes
Iron ore	9 304 000 tonnes
Manganese ore	3 138 000 tonnes
Ferromanganese	216 000 tonnes
Charge chrome	169 000 tonnes
Chrome ore	684 000 tonnes

INPUTS IMPACTS OUTPUTS

Water recycled:
7 685 772.7 cubic metres**

Land rehabilitated:
1 873 ha

* *CO_2 kg figure for all mines not available (mines currently in the process of establishing emissions inventories).*
** *No statistics for water recycled at Khumani (flow meters currently being installed at Nkomati).*

Maintaining sound sustainable governance

Assessing SHE performance

External audits of the safety, health and environmental (SHE) performance of all ARM operations were undertaken in the first quarter of F2009 by a team comprising two health and safety legal specialists, two environmental legal and management specialists, an occupational medical specialist and an occupational nurse.

The purpose of the audits was to determine the current status of legal compliance, to compile SHE risk profiles of each operation and to identify opportunities for improvement. Action plans to address the outstanding findings and gaps identified during the audits were compiled by each operation and presented at a Group SHE forum held in April 2009. A corporate action plan has been developed in response.

ARM recognises that there is a direct link between strong and accountable governance and a company's ability to manage risk and ensure optimal performance.

The Sustainable Development Committee (incorporating the Empowerment Committee), a formal Board committee, comprises three Non-executive Directors. The Committee assists the Board by reviewing and overseeing safety, health, environmental, HIV & AIDS, employment equity, black economic empowerment and community development policies, monitoring and evaluating such policies and recommending corrective action where necessary. The Committee ensures that ARM is, and remains, a committed socially responsible corporate citizen. Its primary task is to supplement, support, advise and guide management's efforts in respect of sustainable development.

In 2009, the Sustainable Development Committee met four times. ARM's CEO, the Chief Executives of all operations, the Group Manager: Safety, Health and Environment, the Executive: Technical Support, the Executive: Human Resources, the Corporate Social Investment Manager and the Group Risk Manager are invited to attend all Sustainable Development Committee meetings.

In terms of ARM's decentralised management approach, 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, as well as to give effect to ARM's commitment to sustainable development. While these policies have been developed in accordance with the operations' specific requirements, they are required to remain consistent with the principles of the Company's policies. ARM views sustainable development as an integral part of its operations and the issues that are reported on are managed as such.

ARM's sustainable development policy is underpinned by the Company's Code of Ethics which reinforces the principles of integrity, transparency and accountability. (Refer page 123 for further details.) A whistleblowing facility allows employees to report breaches of the Code of Ethics to Whistle Blowers, an independent third party, in full confidentiality.

Adding value to the economy

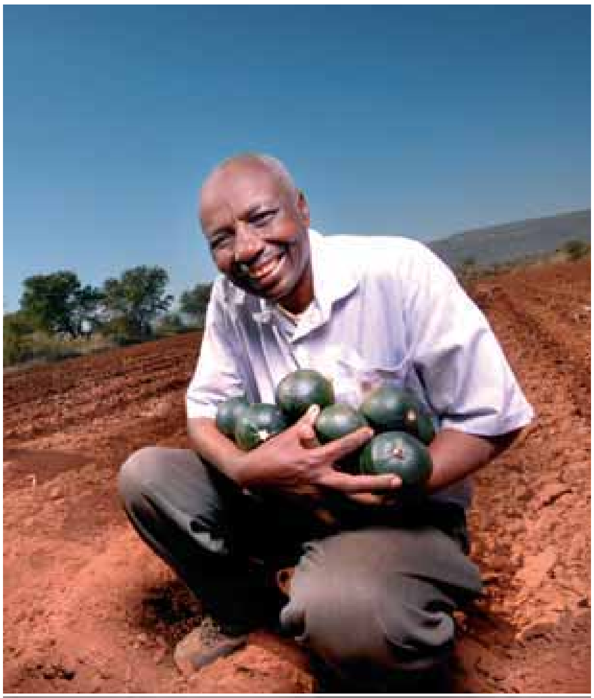
F2009 Key features – at a glance

- R1 399 million paid to employees
- R1 727 million paid to the state as taxes
- R4 201 million paid to providers of products and services
- R10 094 million in sales
- R2 808 million reinvested

Group value-added statement

	Group	
	2009 Rm	**2008 Rm**
Sales	**10 094**	12 590
Net cost of products and services	**4 201**	4 318
Value added by operations	**5 893**	8 272
Income from associates	**147**	461
Exceptional items	**514**	162
Income from investments	**414**	168
	6 968	9 063
Applied as follows to:		
Employees as salaries, wages and fringe benefits	**1 399**	1 053
The state as taxes	**1 727**	2 084
Providers of capital	**1 034**	1 213
Equity – dividend	**847**	315
Minority interest	**(198)**	460
Outside – finance cost	**385**	438
Total value distributed	**4 160**	4 350
Re-invested in the Group	**2 808**	4 713
Amortisation	**787**	541
Reserves retained	**2 021**	4 172
	6 968	9 063

As a key player in the mining industry, ARM has created substantial value for investors and has played a significant role in transformation and black economic empowerment. The Company also plays an important role in social development



Apiesdoring Vegetable Project, Steelpoort

through investment in local communities, employment and training opportunities, infrastructure provision, local business development and payment of taxes.

ARM's aim of adding value to all stakeholders is supported by a high level of operational efficiency, demonstrated by the EBITDA margin in F2009 of 44% (F2008: 57%), a strong cash position and low net debt, ongoing investment to ensure quality assets are grown and maximum value realised, and the fact that its high-grade, long-life assets are benchmarked to be at the bottom 50th percentile of the global unit cost curve by 2012.

ARM's long-term viability and profitability is based on agility – the ability to adapt to prevailing market conditions. Accordingly, in view of uncertain market conditions, the Company shut down three high carbon ferromanganese furnaces at the Cato Ridge Works in December 2008 and two ferrochrome furnaces at the Machadodorp Works were also shut down pending a recovery in demand.

ARM's approach is to grow through partnerships with key players in various sectors to ensure that the Company is at the forefront of technological development and global practices, and has access to key markets and value-generating growth opportunities. ARM's organic growth projects with partners remain on schedule and within budget.

For further details, please refer to the project pipeline and operations diagram in the Executive Chairman's letter to shareholders on page 6.

Empowering people

F2009 Key features – at a glance

- Voluntary employee turnover constant at 4.5%
- Growth in employment – creation of 896 new permanent jobs amounting to 2.4 jobs per day
- Reduction in industrial action – decrease in lost man-days from 4 236 in 2008 to 115 in 2009, a reduction of 97.3%
- Training spend of R57 million amounting to 6% of payroll (F2008: 7.5%)
- 283 bursaries awarded (F2008: 281)

ARM's human capital strategy is to establish the Company as an employer of choice; aggressively benchmark remuneration with peers; retain, train and develop the talent pool and establish a leadership bench. This is in line with the objectives of the Mining Charter in terms of employment equity and skills development.

The success of the strategy is highlighted by the fact that the voluntary average labour turnover in the year under review remained constant at 4.5%, compared with a national industry average of around 10%.

The Company's aim is to create a diverse workplace in terms of culture, gender and generation where employees can contribute to their best ability and be empowered to develop rewarding careers. ARM employees can expect to be treated with fairness, dignity and respect – intimidation and harassment will not be condoned.

Practices and policies

ARM is committed to fair labour practices and freedom of association, and policies are in place to eliminate unfair discrimination and promote equality. These policies are in alignment with the South African Constitution, the Labour Relations Act, the Employment Equity Act and take cognisance of the Universal Declaration on Human Rights and of the Fundamental Human Rights Conventions of the International Labour Organisation (ILO). ARM does not make use of child labour and does not tolerate inhumane treatment of employees in any form.

Comprehensive disciplinary and grievance procedures meet all requirements in terms of fairness and legislation. All these procedures were negotiated with, and signed off by organised labour. ARM subscribes to the principles of promoting workplace equality and seeks to eliminate all forms of discrimination. No official complaints of discrimination were received in F2009.

Employee profile

In 2009, 896 new permanent jobs were created – 2.4 jobs per day. As the graph top right indicates, over a four-year period ARM created 2 700 new permanent jobs, which translates into 1.8 jobs per day.

This indicates the tremendous organic growth in ARM's business in terms of recently completed projects and capital projects being constructed, and is aligned with ARM's 2 x 2010 strategy and beyond. The bulk of growth in employee numbers took place at Khumani, Nkomati and Dwarsrivier. Growth in employee numbers at the latter operation was due to several contractor employees becoming full-time employees.

Contractor numbers are driven by three large capital projects – Black Rock (new plant), Khumani (second phase) and Nkomati (expansion project).

Unfortunately, due to increasingly tight margins, retrenchments in the year under review were inevitable. During the year, some 25% of the workforce, including contractors, had to be retrenched. Union representatives were consulted extensively and retrenchments were kept to a minimum by allocating resources to growing operations and by reallocating shifts at Modikwa to an 11-day fortnightly cycle from continuous mining operations (conops).

Managing labour

A total of 77% (2008: 76%) of the workforce is unionised and ARM has recognition agreements with four major unions: NUM (The National Union of Mineworkers), NUMSA (National Union of Metal Workers of South Africa) (smelter industry), Solidarity and UASA (United Association of South Africa). Wages and conditions of employment are negotiated at operational level.

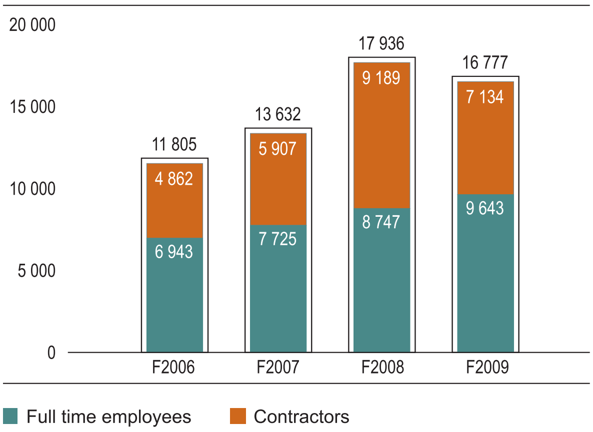
At five operations, the 'last instalments' of two- and three-year wage agreements were implemented without the need for negotiation subsequent to the original agreements. In 2010 these will have to be negotiated again. Wage negotiations at Dwarsrivier are in progress, and Two Rivers and Nkomati have settled for the 2009/2010 financial year.

Success in building sound relationships with employees and the representative trade unions is indicated by the fact that work stoppage incidents decreased from 11 in 2008 to 3 in 2009, and lost man-days in 2009 amounted to 115 compared with 4 236 in 2008.

Managing talent

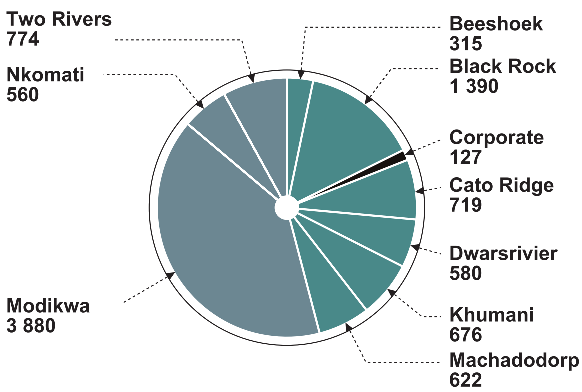
Career paths in terms of business process and discipline, together with minimum requirements and skills matrixes are a focus area throughout ARM. The Company's aim is to help all employees reach their full potential, achieve job satisfaction and maximise their contribution. ARM is in the process of developing an integrated management system which includes career management processes. The intention is to track progress centrally.

Total labour*
(number of full time employees and contractors) (100% basis)

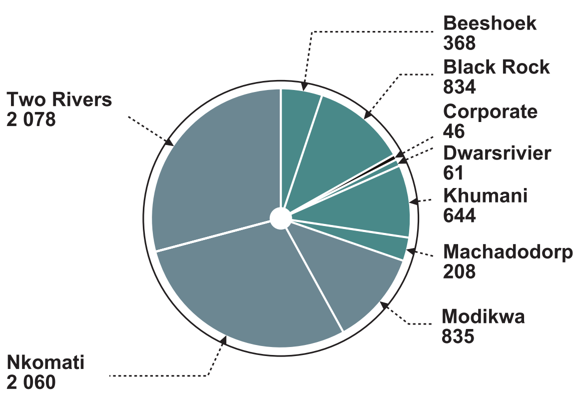


* *Excludes ARM Coal.*

Number of full time employees per operation



Number of contractors per operation



ARM's succession needs and talent profiles are reviewed annually, gaps are identified and individual development plans updated during the performance review cycles across all operations.

A three-tiered approach is being followed to ensure capacity building across ARM, namely:

- Identification, mentoring and fast-tracking of talented employees currently employed;
- Mentoring and development of new graduates (15 in F2009, 12 members of the F2008 group of 22 were absorbed by the operations); and
- Bursary schemes and study assistance.

In 2009, ARM spent R57 million on training, amounting to 6% of pensionable payroll. The reduction of 1.5% as a percentage of payroll from 2008, when spend amounted to R58 million, was due to prevailing economic conditions. However, the amount spent in 2009 still represents a significant increase on 2007, when spend of R27 million amounted to 3.4% of payroll.

Similarly, learnerships, which increased from 257 in 2007 to 286 in 2008, decreased to 204 because of the economic downturn. This was countered by an increase in bursaries and study assistance, from 49 in 2007 to 281 in 2008 and to 283 in the year under review.

The ARM graduate programme plays an important role in growing the Company's talent pool. The programme started in 2007 when 22 graduates were employed with the aim of training them in the required competencies to allow them to be appointed in management positions as metallurgists, section managers and production engineers in the first half of 2010. The programme, which started in 2006, has proved to be extremely successful. Of the total of 27 historically disadvantaged South African (HDSA) graduates on the programme to date, 17 are male and 10 are female.

Further details of training and development are contained in the table on pages 100 to 104.

Stakeholder engagement – at a glance

Earning the trust of the communities in which the Company's operations are situated is a vital aspect in gaining access to resources and licence to operate. This is achieved through extensive stakeholder engagement in the communities where ARM's mining operations are situated. Each ARM operation engages with stakeholders in a unique manner appropriate to specific needs and concerns.

The nature of engagement, key issues and follow up actions can be found in the Sustainable Development report on the ARM website, ***www.arm.co.za***

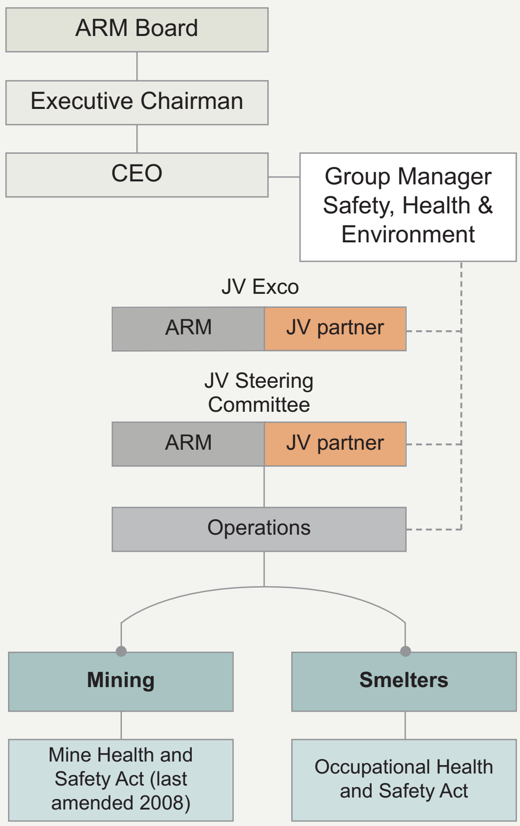
Striving to improve safety performance

F2009 Key features – at a glance

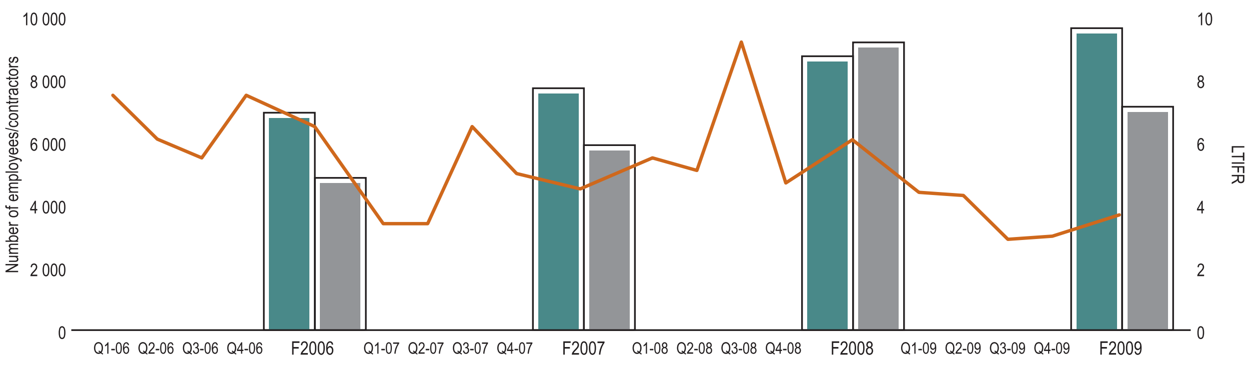
- Five fatalities
- Reduction in reportables, LTIs and fatalities
- LTIFR decreases from 6.08 in 2008 to 3.68 in 2009
- Two Rivers passes the 1 million fatality free shift mark
- Modikwa achieves 5 million fatality free shifts and wins the ARM 'Excellence in Safety' award

South African mining establishments are in the main labour intensive when compared with similar operations in other countries, which means that a greater number of workers are exposed to health and safety risks. This is cause for extreme caution. ARM believes that safety is not just a moral imperative, but that poor safety standards can have a direct impact on morale, productivity and ultimately, operational sustainability.

Corporate structure and reporting lines



Number of persons employed versus LTIFR from July 2006 to June 2009



** Excludes ARM Coal.*

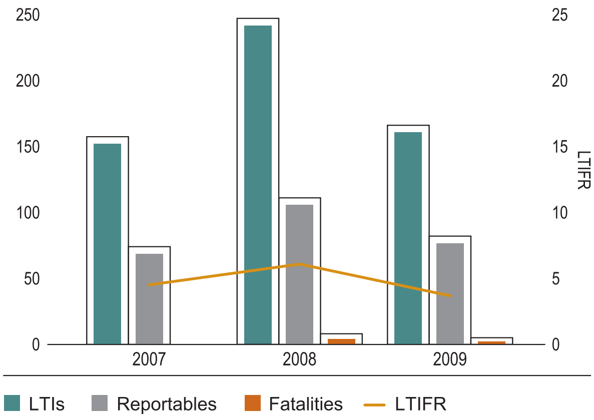
Key safety issues in the past year included falls of ground (FOG); self-propelled moving machinery; fires, gases and explosions; as well as exposure to noise. ARM's target is to eliminate all fatal accidents and to achieve an improvement year-on-year in the key safety indicators aligned with the Department of Minerals and Resources' milestones for improving health and safety in the mining industry. In addition, as a member of the Chamber of Mines and ICMM, ARM participates in industry forums in which health and safety best practices are shared with a view to improve performance in this area.

Each operation has a policy which encapsulates ARM's commitment to provide safe working conditions and appropriate training, as well as mutual co-operation in implementing the policy and improving performance. Leaders throughout ARM constantly highlight the fact that safety-based standards and procedures are non-negotiable, and emphasise the fact that avoiding fatal accidents starts with reducing the number of incidents and lost time injuries.

Regretfully, ARM suffered five fatalities in the year under review. The first fatality was at Khumani, where a contracted security guard, Mr Simon Nvelele, made a fire in a drum in the guardroom and subsequently died of carbon monoxide poisoning. The second incident occurred at Nkomati, when a contractor driver, Mr Wessel Borotho was buried by ore when a stockpile base failed, causing a rockslide. A contractor rock drill operator, Mr Mawanda Ntobovi, was killed by a FOG at Dwarsrivier. Mr Modisaotsile Elliot Morwe was killed when two dump trucks collided on the road near Khumani Mine and a miner, Mr Ruan Feast, was killed by a FOG at Black Rock's Nchwaning mine. The ARM management team expresses its deepest condolences to the families, friends and colleagues of the people who lost their lives.

Excellent communication and a good understanding of risk and how to eliminate or mitigate the risk, has led to an improvement

Safety statistics for the last three financial years at 100%*



** Excludes ARM Coal.*

in safety performance as indicated in the graphs above. Injuries are analysed to determine any training or procedural gaps in the process and appropriate interventions are implemented.

Two internal safety competitions help to entrench a culture of safety and recognise good safety performance. These are the 'Santa Barbara Award', a floating trophy awarded to any operation that completes one million (or a multiple thereof) fatality free shifts, while the winners of the 'Excellence in Safety' competition are selected annually based on a weighted average of differential LTIFR data over the previous three financial years. Modikwa Platinum Mine emerged as the winner of the 'Excellence in Safety' award in 2009.

*Recipients and runners-up of the Santa Barbara trophy are detailed in the Sustainable Development report on **www.arm.co.za***

All ARM operations perform medical surveillance in compliance with legislation

Working towards improved occupational health

F2009 Key features – at a glance
➤ Management of noise-induced hearing loss (NIHL) a priority occupational health focus
➤ 42 419 audiometric tests conducted, with 133 people (0.3% of those tested) referred for further testing and 36 cases (0.085%) referred for compensation
➤ Increase in backache and hypertension cases, mostly primary health related

ARM's mining operations vary in respect of the ore body and mining method applied (open cast and underground), the degree of mechanisation and climatic conditions, all of which impact the level and type of potential hazards in each workplace. While the diverse operations present different hazards in respect of occupational health and hygiene, and while ARM's management model is decentralised, a common denominator is the understanding that reducing and managing health risks are critical functions at all operations.

All operations perform medical surveillance in compliance with legislation. Baseline medical examinations are conducted on entry, at exit and on an annual basis during the period of employment. Prevention of noise-induced hearing loss is the priority risk for most divisions. Other occupational health risks include heat stress, tuberculosis (TB), dust, gas and fume exposure, as well as hand/arm vibration syndrome. In the year under review, machinery and hand tools accounted for the highest number of injuries throughout the Group. This is clearly an area that will need to be addressed going forward.

Wellness programmes to create awareness of chronic disease (including TB, sexually transmitted diseases and other HIV-related opportunistic infections) are run by each operation.

A corporate wellness model is being developed, starting with preparation of a database for more accurate information integration between the various operational occupational health service providers, medical aids and chronic disease management service providers.

In the year under review:

- From a total of 42 419 audiometric tests conducted, 133 cases (0.3%) were referred for further audiometric testing during the year, of which only 36 (0.085%) of these cases were submitted for NIHL compensation
- The most common illnesses diagnosed (including chronic and primary health related diseases) during the year were upper respiratory tract infections (9 427) and back/muscular/skeletal ache (5 240 cases). While upper respiratory tract infection follows a seasonal trend, backache and hypertension cases, which are generally related to primary health care and are chronic, rather than occupational diseases are steadily increasing
- During the year, 138 new TB cases were identified. These cases are individually tracked and managed by operations and receive treatment for six months, after which they are removed from the list if declared fit, thereby decreasing the total of existing TB cases at the end of June 2009 to 89

The management of safety, HIV & AIDS and occupational health are interlinked. All employees are trained on occupational health and safety during induction, with ongoing training taking place throughout the year. Health and safety training and the functions of health and safety representatives and committees are established in consultation with trade unions.

All ARM Ferrous operations have achieved ISO 9001, ISO 14001 and OHSAS 18001 certification. In terms of ARM Platinum, Nkomati expects to achieve ISO 9001, ISO 14001 and OHSAS 18001 certification by November 2009. Two Rivers' aim is to achieve OHSAS 18001 and ISO 14001 certification by December 2010 and September 2012 respectively, and Modikwa expects to be re-certified to ISO 14001 and OHSAS 18001 standards in 2011 (certificates were allowed to lapse due to financial constraints).

The table in the corresponding section of the Sustainable Development report on ***www.arm.co.za*** *presents a consolidated overview of each mine's level of safety, health and environmental certification, safety achievements and incidents, and also sets out each operation's specific approach to managing occupational health and safety in the workplace.*

Transforming the workplace – black economic empowerment (BEE)

F2009 Key features – at a glance

- 55% black ownership
- 43% HDSAs in management
- 12% of total workforce is female
- Increase in ABET students
- Success of 'Women in Mining' intervention
- Khumani Mine wins the Housing Project of the Year award from the South African Housing Foundation

  A case study detailing this award is available in the Sustainable Development report on the ARM website, ***www.arm.co.za***

- 37.3% BEE procurement achieved – improvement of 11.3% year-on-year

ARM is committed to complying with the spirit and the letter of the Mining Charter. This commitment involves contributing to broadening the base of the South African economy and promoting participation in the economy by all citizens – without this participation, ARM believes neither the Company nor the economy are sustainable.

In keeping with this approach, the Board approved the merging of the Empowerment and Sustainable Development Committees in 2007. The resulting Sustainable Development Committee has ultimate responsibility for driving BEE throughout ARM. Steady progress has been made. ARM has exceeded the Charter's targets of 40% HDSAs in management and 10% female employees by 2009 by 3% and 2% respectively, and black ownership of ARM currently stands at 55%.

ARM is promoting the inclusion of women in the workplace through initiatives such as Women in Mining

Mining has traditionally been a male-dominated industry. ARM is promoting the inclusion of women in the workplace through initiatives such as Women in Mining. Due to the physically demanding nature of the mining industry, the operations face challenges in as far as employing disabled persons. However, there are ongoing endeavours to place disabled employees in suitable positions.

Earlier this year South Africa's new Minster of Mining, Susan Shabangu said: "I must emphasise that the commitments of the Charter are not intended for compliance purposes only. They do not have a shelf life ending in 2014, but are intended to permanently transform the industry to be truly reflective of South Africa." ARM wholeheartedly endorses the Minister's sentiments and the Company's progress in employment equity, procurement and the Charter targets are set out on the following pages.

Employment equity statistics

	F2009	F2008	F2007	F2006
Board presentation				
Black Directors on the Board	**53%**	50%	50%	53%
Women on the Board	**13%**	13%	13%	12%
Senior Management				
Top Management who are black	**44%**	50%	50%	50%
Top Management who are women	**Nil**	Nil	Nil	Nil
Senior Management who are black	**32%**	30%	19%	19%
Senior Management who are women	**13%**	12%	11%	10%
Steering Committee members who are black*	**45%**	43%	40%	43%
Steering Committee members who are women*	**20%**	24%	20%	14%
Skilled employees				
Professionally qualified employees who are black	**47%**	34%	34%	30%
Professionally qualified employees who are women	**18%**	14%	15%	12%
Technically qualified employees who are black	**56%**	54%	49%	43%
Technically qualified employees who are women	**10%**	9.5%	8%	7%
All employees				
Total employees who are black	**85%**	84%	84%	83%
Total employees who are women	**12%**	10.6%	9%	7%

* *Comprises members from Top and Senior Management.*

Promoting BEE procurement

Approach

ARM is committed to bringing HDSAs into the mainstream of the economy by identifying, developing, facilitating and availing business opportunities to Broad-Based Black Economic Empowerment (BBBEE) suppliers at all its operations.

ARM's procurement transformation achievements should be read in conjunction with the ARM and Group Operations Corporate Social Investment (CSI), Local Economic Development (LED), Social and Labor Plan (SLP), and Small to Medium Enterprise (SME) initiatives (detailed in the full Sustainable Development report on www.arm.co.za) as well as with ARM's significant contribution to its BEE Trusts (refer to page 7 of this report).

ARM's BEE procurement policy is commercially driven and informed by appropriate qualifying criteria. In many instances, the ARM Group and its operations may be considered as both a producer and as a supplier. Consequently, ARM reports in terms of both the Department of Minerals and Resources (DMR, formerly DME) (BEE) and the Department of Trade and Industry (dti) (BBBEE) formats. The DMR issued new requirements in regard to its BEE reporting requirements in April 2009. ARM is participating in ongoing industry-wide consultation with the DMR in order to understand the full impact of the new reporting requirements.

*ARM's preferential procurement objectives can be found in the Sustainable Development report on **www.arm.co.za***

The two biggest BBBEE challenges currently faced by ARM's operations are:

- The continued call for "valid verified BBBEE accreditation certificates" from all suppliers in financial 2009/10 (currently, more than 50% of ARM's supplier base falls outside the BBBEE net. If 25% of these vendors were accredited, the ARM BBBEE procurement statistic could very well increase to above 60%).
- To continue to encourage suppliers to maintain their BBBEE status by means of annual accreditation through dti-approved verification agencies (in this regard any contract renewals should be conditional on maintaining and improving the suppliers BBBEE status).

Note: *Unless otherwise stated, procurement data exclude statistics from Modikwa (this data is separately managed by Anglo Platinum), ARM Coal (this data is managed by Xstrata Coal) and Vale/ARM joint venture (as this is a new business entity, there are no statistics available).*

Performance

BEE procurement	F2009
Total procurement	**R11 456 342 176**
Total discretionary spend *(Total procurement less excluded vendors)*	**R8 934 058 283**
Total accredited procurement	**R3 357 783 771**

Including FY2009 expenditures at Modikwa (around R1 billion) and Goedgevonden (around R2 billion), ARM's total procurement during the past year on a 100% basis, was approximately R15 billion.

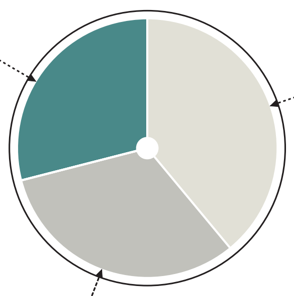
During FY2009, the quarterly BBBEE procurement levels (as a percentage of total discretionary procurement) fluctuated at between 35.3% and 42.9%, aggregating at 37.3% for the year. This means that BBBEE procurement has progressively increased from 21.6% (FY2006) to current levels. In terms of the dti's preferential procurement scorecard, ARM scored 16.32 out of a possible total of 20.

ARM's BEE performance at 40.8% in the fourth quarter of FY2009 compares favorably with the mining industry's self-imposed target of 40% for calendar 2010, while the benchmarking table below indicates that ARM's BEE procurement is positioned well above the average for other companies measured by the DECTI rating agency.

Benchmarking the ARM Group with other mining houses and companies measured by DECTI

	DECTI Average	ARM F2009 Average
Narrow-based (sample of +6 mining houses)	32%	37.3%
Broad-based dti score (sample of +40 companies)	12 points	16.32 points

Distribution of BEE spend
(%)



Further graphs detailing BEE & BBBEE performance can be found in the Sustainable Development report on ***www.arm.co.za***

Centralising the development of BBBEE initiatives
In 2005, ARM appointed DECTI, an independent rating agency, to provide a centralised service to assist in the development of its BBBEE initiatives, in addition to services already provided by DECTI and funded by the individual operations. DECTI's current scope includes:

- Interventions with the operations' procurement management teams to drive BBBEE targets and with key suppliers to drive ARM's operational BBBEE targets;
- Maximising BBBEE performance by targeting key suppliers for accreditation;
- The identification of alternate qualifying suppliers; and
- Independent third party verification of ARM's BBBEE statistics on a quarterly and on an annual basis (based on monthly operational BBBEE reporting).

The inadequate flow of verified accredited BBBEE certificates from a number of the operations understated the BBBEE performance for the first three quarters of F2009. This was corrected by focusing on the top suppliers at each of ARM's operations to ensure, firstly, the availability and, secondly, the validity of BBBEE certificates. The outcome of these endeavours by DECTI and the operations is generally reflected in the increase in the BBBEE performance through the year under review.

For purposes of consistency all business units are encouraged to include the BBBEE certificate as issued by DECTI, in their monthly management reports. The DECTI certificates clearly identify:

- Verified accredited BBBEE data (in accordance with dti reporting requirements);
- Narrow-based BEE data (in accordance with the narrow-based DME Mining Charter requirements, including expired ratings); and
- dti BBBEE scorecard status.

Going forward
ARM's aim is to procure at least 40% of its capital goods, services and consumables from BBBEE suppliers in calendar 2010. In F2010, DECTI will again assist ARM in reviewing the requirements of the new DMR reporting requirements and hosting a number of regional supplier procurement workshops. DECTI will conduct ongoing operational visits targeting those business units most in need of correcting their BBBEE scores. Centralised BBBEE buyer training workshops will also be hosted at ARM to include all of the Group operations.

With the exception of ARM's BBBEE statistics, as holistically and independently reviewed by DECTI, ARM's dti GRI scorecard analysis in F2010 will take cognisance of all of the other metrics gathered via the ARM Human Resource (HR) functions. ARM and its operations will strive to ensure that suppliers comply with the Mining Charter scorecard requirements and also to the dti's reporting requirements through F2010.

ARM's progress in terms of the Mining Charter

The Charter targets	ARM's progress to date	The way forward
Human resources development		
Has the Company offered every employee the opportunity to be functionally literate and numerate by the year 2005 and are employees being trained?	***Literacy*** Overall, ARM operations' literacy is currently reported at 84.37%, with Machadodorp the highest at 100% and Black Rock the lowest at 63%. Access to nationally aligned ABET is available at all of the operations. Most of the operations have rolled out e-learning ABET delivery which is very popular with the students, and the pass rate has increased significantly since learning is self-paced and not facilitator dependant. Members of the community also attend ABET workshops, which have shown a steady increase in attendance, from 245 students in F2007, 312 students in F2008 and 573 students in F2009 (including 180 community members).	ABET will continue to be a focus until we have achieved 100% literacy throughout ARM and the surrounding communities.
	Internal training Four operational training centres (Beeshoek, Black Rock, Modikwa and Nkomati) are accredited with the Mining Qualifications Authority (MQA), a Sector Education Training Authority (SETA) for the Mining and Minerals Sector.	Dwarsrivier and Two Rivers are expected to achieve accreditation in the forthcoming financial year.
	External training ARM human resources development professionals are contributing significantly to the sectoral transformation process through their direct involvement with various committees and bodies at Chamber of Mines (COM) and MQA level. Workplace skills plans covering all HDSA employees were submitted individually by each operation to the MQA.	
Has the Company implemented career paths for HDSA employees including skills development plans?	Career paths are available for each discipline/department at all operations. HDSA employees earmarked for succession have individual development plans.	ARM is in the process of developing an integrated management system which includes career management processes. The intent is to track progress centrally.
Has the Company developed systems through which empowerment groups can be mentored?	Coaching by an employee's direct supervisors forms part of the supervisors key performance indicators (KPIs). The manager one level up is expected to engage with each team member on a quarterly basis. During these sessions, organisational progress and the individual's progress and needs are focused on. Production supervisors have been trained to coach and assess on-the-job performance and document progress. All training/human resources staff are trained in terms of the Education, training and development practices (ETDP) national skills programmes including facilitation of learning, assessment and moderation processes. There were 204 learnerships in 2009 and 283 bursaries awarded (251 to internal candidates and 32 to external candidates). ARM is committed to bringing HDSAs into the mainstream of the economy by identifying, developing, facilitating and availing business opportunities to BBBEE suppliers at all its operations. ARM's procurement transformation achievement should be read in conjunction with the ARM and Group Operational CSI, LED, SLPs and SME in the full sustainable development report on ***www.arm.co.za***; as well as ARM's significant contribution to its BBEE Trusts (refer to page 7 of this report).	In keeping with ARM's transformation and skills development agenda, this will continue to be a key focus going forward.

The Charter targets	ARM's progress to date	The way forward
Employment equity plan		
Has the Company published its employment equity plan and reported on its annual progress in meeting that plan?	All ARM operations submit their equity plans to the Department of Labour after thorough analyses and consultation with management and unions.	The employment equity plan will continue to be revised and updated to ensure it is in line with existing legislation.
Has the Company established a plan to achieve a target for HDSAs?	Current HDSA representation in management is 43% across ARM and in top and senior management, 33%. A full ARM manpower plan is used to establish and manage targets.	ARM aims to achieve 45% HDSA representation across its operations by 2010. The KPIs and incentive bonuses of senior management are linked to meeting targets.
Has the Company identified a talent pool and is it fast-tracking it?	In addition to the initiatives outlined below, ARM has a graduate programme with 15 graduates currently on the programme. In addition, ARM is using parallel appointments to fast-track HDSA employees.	
Has the Company established a plan to achieve the target for women participating in mining, of 10% within the five years, and is it implementing the plan?	ARM has initiated a Women in Mining development programme, and five candidates have been earmarked for fast-tracking and 12 for mentorship. These 17 individuals were identified by the Human Resources Department as having the potential to be accelerated into senior management and executive leadership roles. In addition, six candidates are being developed from lower levels. *For a case study detailing further initiatives, refer to the full Sustainable Development report on **www.arm.co.za***	By the end of F2010, the aim is to have identified each candidate's personal development objectives in terms of strategic leadership, and to have addressed any developmental gaps by mentoring and coaching interventions.
Migrant labour		
Has the Company subscribed to government and industry agreements to ensure non-discrimination against foreign migrant labour?	The Company's complement of foreign migrant labour is 3% of the total workforce. All foreign labour employed at operations, are legal immigrants with valid work permits. All operations within ARM subscribe to the principles of promoting workplace equity and seek to eliminate all forms of discrimination. The terms of employment for foreign labour are the same as for local labour. No official complaints of discrimination were received in the year under review.	This will continue to be ARM's approach going forward.

The Charter targets	ARM's progress to date	The way forward
Mine community and rural development		
Has the Company co-operated in the formulation of integrated development plans and is the Company co-operating with government in the implementation of these plans for communities where mining takes place and for major sending areas? Has there been effort on the side of the Company to engage the local mine community and major labour sending area communities? Companies will be required to cite a pattern of consultation, indicate money expenditures and show a plan.	Khumani's SLP has been approved and audited by the DMR. It contains 57 core commitments of which approximately 42 have been implemented successfully. The operation was audited in June 2009 and the DMR's response is pending.	We will continue to promote community and rural development.
	All other mines* have all submitted SLPs and are awaiting the DMR's response.	
	LED forms part of the SLPs. Various stakeholders are consulted and engaged to deliver the LED and community upliftment goals. These goals were derived through consultation with the beneficiaries as well as the municipal leaders. Beneficiaries of the LEDs reside in and around each of the operations' labour sending areas. At the operations, progress is tracked via a socio-economic/transformation committee comprising management, unions and community representatives.	
	All operations are resourced with competent transformation leadership and staff to ensure delivery of the SLP targets and sound stakeholder relations. Liaison/communication structures are established and operational in all the operations.	
	LED projects successfully delivered in the year included support for commercial farming, provision of water sanitation and electricity, roads and community centres.	
	LED spend in F2009 was R28.5 million (2008: R13 million).	
	In total, ARM spent R60 million on community upliftment and social investment in F2009.	
Housing and living conditions		
For company-provided housing has the mine, in consultation with stakeholders, established measures for improving the standard of housing, including the upgrading of hostels, conversion of hostels to family units and promoted home ownership options for mine employees? The Company will be required to indicate what they have done to improve housing and show a plan to progress the issue over time and is implementing the plan.	The key elements of ARM's housing policy include the promotion of home ownership and the facilitation of housing governance structures to provide for effective consultation with relevant stakeholders. By paying our employees within the 75th percentile of the market our remuneration strategy is geared towards ensuring affordability of housing.	
	Only Dwarsrivier and Black Rock still have traditional hostels in which a small percentage of the workforce is housed. Both operations are currently embarking on housing strategies to close these hostels over the medium-term.	
	A delivery model implemented for Khumani received the Housing Project of the Year award from the South African Housing Foundation in the category of over R80 000 per unit.	ARM's long-term strategy is to implement this delivery model at all existing and future operations.

* *Beeshoek, Black Rock, Dwarsrivier, Modikwa, Nkomati and Two Rivers.*

The Charter targets	ARM's progress to date	The way forward
Housing and living conditions continued		
For company-provided nutrition has the mine established measures for improving the nutrition of mine employees? Companies will be required to indicate what they have done to improve nutrition and show a plan to progress the issue over time and implement the plan.	Hostel residents pay for their food and there is ongoing consultation regarding the menus. Menus are upgraded on a regular basis with advice from dieticians.	
	On an operational basis, fatigue has been identified as a safety risk. Accordingly, some operations provide production employees with a meal supplement per shift.	ARM will continue to provide meal supplements to help combat fatigue, where required.
Procurement		
Has the mining company given HDSAs preferred supplier status?	ARM is committed to bringing previously disadvantaged South Africans into the mainstream of the economy by identifying, developing, facilitating and availing business opportunities to BBBEE suppliers at all its operations. In addition, LED projects comprise a capacity building and mentoring phase for new small, medium and micro enterprises (SMME) entrants as well as relevant portable skills development (on-the-job training). BEE-preferred suppliers are supported and mentored to contribute to transformation.	
Has the Company identified the current level of procurement from HDSA companies in terms of capital goods, consumables and services?	BBBEE procurement (as a percentage of total discretionary procurement) was 37.3% in F2009 (F2008: 26%)*.	The Company's level of BEE procurement is hindered by the fact that many of its vendors have not achieved formal accreditation status. ARM plans to drive formal accreditation at all its operations.
Has the Company indicated a commitment to a progression of procurement from HDSA companies over a three- to five-year time frame ito goods, consumables and services and to what extent has the commitment been implemented?	ARM's BEE procurement has increased steadily over the past few years.	ARM plans to increase BEE procurement to 40% by 2010 and 42.5% by 2011.
Ownership and joint ventures		
Has the Company achieved HDSA participation in terms of ownership for equity or attributable units of production of 15% in HDSA hands within five years and 26% in 10 years?	ARM has a 55% black ownership base. African Rainbow Minerals & Exploration Investments (Pty) Ltd (ARMI) holds approximately 41%. The sole shareholder of ARMI is a company which is owned by trusts established for the benefit of Mr Patrice Motsepe and his immediate family. The remaining 14% is held by the ARM BBBEE Trust, comprising church groups, union representatives, broad-based provincial and women upliftment trusts as well as community, business and traditional leaders.	
	At an operational level, communities surrounding the Modikwa operation own a 17% stake in ARM Mining Consortium Ltd which in turn holds a 50% stake in Modikwa.	

* *Discretionary procurement: total procurement less procurement from public sector vendors (rates and taxes, utility service providers, academic institutions and sponsorships).*

The Charter targets	ARM's progress to date	The way forward
Beneficiation		
Has the Company identified its current level of beneficiation?	In identifying its levels of beneficiation, ARM has not taken into account the first two stages of value-addition (i.e. mining and concentrating), and has only calculated beneficiation levels in the processing and refining stages of the beneficiation process. Through its participation in Assmang Limited, ARM has a 50% interest in two smelting operations, namely Cato Ridge Works (which beneficiates manganese ore), and Machadodorp Works (which beneficiates chrome ore). Production dropped in F2008 due to the explosion of furnace number 6 at Cato Ridge Works in February 2008, which resulted in production at all furnaces being stopped for a period of time. Simultaneous electricity supply shortages also affected production. During F2009, the global economic slowdown resulted in a significant fall in global demand for these commodities and production was reduced accordingly.	Uncertainty of power supply is hindering planned beneficiation projects.
Has the Company established its baseline level of beneficiation and indicated the extent that this will have to be grown?	The baseline of beneficiation has been established at F2004 production levels.* There are currently no established criteria to offset the value of beneficiation levels against HDSA ownership commitments as envisaged in the Mining Charter. However, ARM has met and exceeded all of the HDSA ownership levels prescribed by the Mining Charter.	
Reporting		
Has the Company reported on an annual basis its progress towards achieving its commitments in its annual report?	ARM reports on progress in the Sustainable Development report which forms part of the Annual Report in terms of the Mining Charter requirements, and is building on the process of reporting in terms of the Global Reporting Initiative (GRI) G3 guidelines.	ARM will continue to use external benchmarks to monitor progress.

* *See table below:*

Production volumes (tonnes)	F2004	F2005	F2006	F2007	F2008	F2009
Manganese Alloys						
HCFeMn	185 273	226 761	234 063	265 338	184 628	**166 528**
SiMn	27 544	7 075	–	–	–	**–**
Metal Recovery Plant	–	–	20 594	24 376	42 717	**20 087**
Refined FeMn	25 250	46 894	54 002	57 294	32 905	**28 400**
Chrome Alloys						
Chrome (furnaces)	229 164	225 828	198 527	227 506	224 931	**152 906**
Refined FeMn	33 897	28 193	26 956	14 182	24 833	**16 376**

Mitigating environmental impact

F2009 Key features – at a glance

- National Energy Efficiency Campaign drives ARM's energy initiatives
- Co-generation opportunities currently being investigated
- Emissions inventories compiled for the smelters
- Water management prioritised: at Dwarsrivier, 100% of dewatered water is recycled; at Black Rock, 60% of water is recycled; at Two Rivers, 50% of tailings water and water dewatered underground is recycled
- Integrated waste management plans at each site
- Increasing focus on biodiversity management

The granting of prospecting and mining rights and the subsequent environmental management at mines fall within the domain of the Minerals and Petroleum Resources Development Act (MPRDA). This provides the legal framework for cradle-to-grave environmental management at mines through the environmental management programme authorisation (EMPR). The requirements of the MPRDA are applicable in parallel to the requirements of the Environmental Conservation Act (1989), the regulations of the National Environmental Management Act (1998) and its amendments (Act no 62 of 2008), as well as the National Heritage Resources Act (1999). All operations comply with this legislation. ARM's membership of the International Council on Mining and Metals (ICMM) was confirmed in August 2009. ARM shares the ICMM's commitment to seek continual improvement of environmental performance, contribute to conservation of biodiversity and integrated approaches to land-use planning as well as to facilitate and encourage responsible product design, use, re-use, recycling and disposal of products.

ARM recognises that mining is a high-impact activity in terms of the environment and consequently aims to mitigate its impact as far as possible through the implementation of environmental management systems such as ISO 14001. The Company works closely with regulatory authorities in applying sustainable mining methods.

Details of ISO 14001 certification are contained in the Sustainable Development report on ***www.arm.co.za***

The environmental challenges facing ARM include climate change; resource management, in particular water and energy; biodiversity conservation and land management; emissions and dust; air quality; waste and tailings management; as well as rehabilitation and closure planning.

Energy and emissions

Energy has a significant impact on operational and financial efficiency. In addition, uninterrupted power supply is critical for

ARM recognises that mining is a high-impact activity in terms of the environment and consequently aims to mitigate its impact

safety in underground mines. This makes the business case for intensive management of energy use compelling, particularly as increased energy efficiency also contributes to a reduction in greenhouse gases (GHGs).

All operations are signatories to the National Energy Efficiency Campaign which recognises that improvements in energy efficiency are fundamental to South Africa's sustained economic growth and development, and international competitiveness. Commitments in terms of the initiative include actively monitoring usage to facilitate reductions over time; conducting awareness campaigns; appointing an accountable member of staff to take responsibility for energy efficiency; and co-operating with government and other stakeholders to develop and review interventions to assess national energy challenges.

At certain sites, generators have been installed to address short-term energy shortages and various initiatives have been explored. These range from fitting solar panels for geysers in new buildings to installing more energy efficient motors and moving shifts and service times away from peak times. Other measures include introducing new ventilation start-up procedures and reviewing ventilation requirements, optimisation of compressed air usage, as well as optimisation of conveyor belts, running and sequencing. Consideration is being given to using alternative sources of energy and co-generation opportunities currently being investigated include utilisation of surplus carbon dioxide (CO_2) gas. In planning new projects and expansions, energy efficiency is a priority focus.

Outline of the environmental management system at ARM

ARM BOARD

Audit Committee

Risk Committee

Annual management review attended by the heads of all business units focuses on improving current practices.

Tracking: audits (internal – annually and external – bi-annually) and regular inspection. These result in raising of non-conformances thereby facilitating corrective and preventative actions.

Communication of environmental plans to all stakeholders.

Evironmental **policy** (integrated with safety, health and quality) sets out commitments in respect of good environmental practices, including pollution prevention and legal compliance.

Environmental **planning:**

- Impact assessment for all newly planned activities.
- Environmental manual, procedures, instructions and documents including ISO 14001 mandatory procedures, operational procedures such as waste and spill management as well as legal and aspect registers.

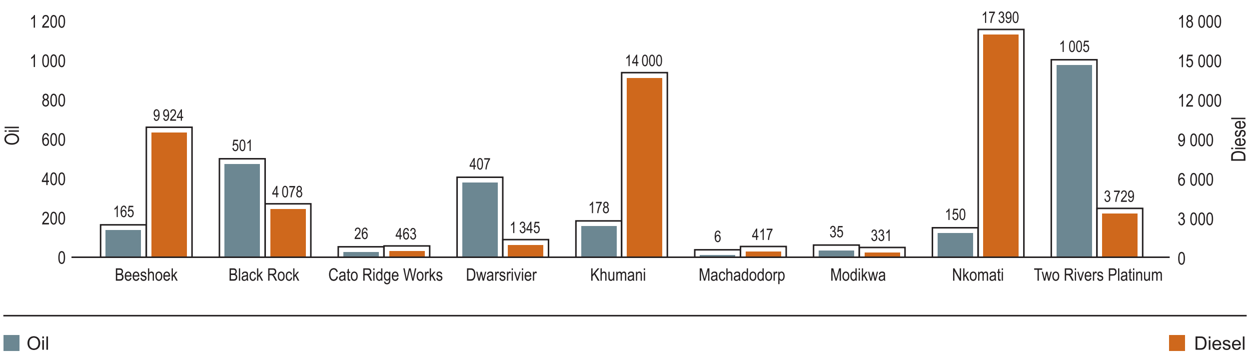
Environmental Impact Assessment (EIA) and regulations

Sustainable Development Committee

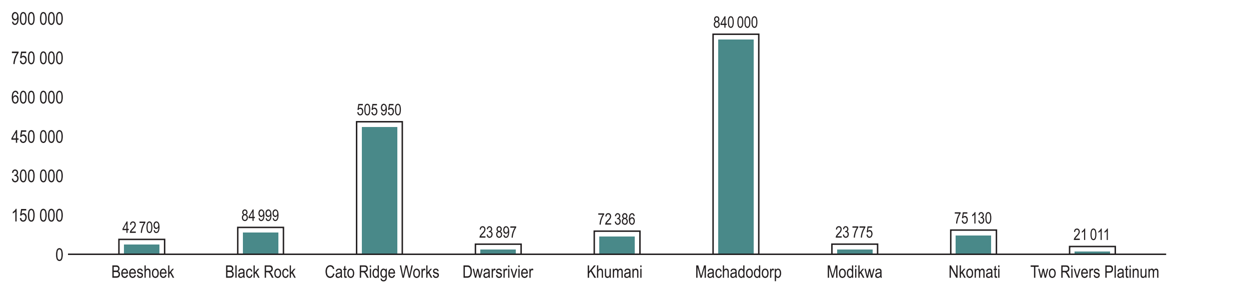
Consultants are commissioned when necessary to assist in implementing recommended tools (through legislative requirements and new international best practices).

Environmental Management Programme Report	Environmental Conservation Act	National Environmental Management Act	National Heritage Resources Act	National Water Act	National Environmental Management Air Quality Act	International Council on Mining and Metals

Primary energy use by source – oil and diesel
(Thousand litres)



Primary energy use by source – electricity
(Thousand kWh)



Emissions inventories which include emission quantification and a point source inventory for the smelting operations are compiled annually in keeping with legislation. Pollutants specified include nitrogen dioxide, carbon monoxide, hydrocarbons, sulphur dioxides and GHGs. The accuracy of this inventory is assessed using a methodology which includes modelling, monitoring and calculating by means of mass balances. The emissions are then monitored and the model used for emission inventories is checked and re-calibrated if necessary.

The six primary GHGs are CO_2, methane (CH4), nitrous oxide (N_20), hydrofluorocarbons (HFCs), perfluorocabons (PFCs) and sulphur hexafluorides (SF6). Except for CO_2, none of these are produced by any of ARM's operations, although naturally occurring methane may be exposed by mining operations. This is an explosion hazard in the mining industry and monitoring for methane occurrence underground takes place on a continuous basis.

In terms of Scope 1 (direct CO_2 emissions), CO_2 is generated by both smelter operations as a result of carbonaceous reductants in the smelting process. As the Company purchases significant amounts of energy which is generated by coal, levels of Scope 2 (indirect emissions from purchased energy) emissions are high. Scope 2 emissions are also generated by transporting ores at the mines.

Scope 3 emissions arise from fuel-driven vehicle emissions as a result of ARM's employees, contractors and service providers, who undertake traveling directly or indirectly related to the business of the Company. Scope 3 emissions also relate to emissions indirectly related to the selling of ores and related products including fumes and dust from alloy smelters which use ferrochrome and ferromanganese in production of alloys; as well as smelters and refineries which process the ore from our mines.

Other emissions potentially caused by ARM's operations include:

- **Smelters:** Sulphur dioxides, nitrous oxides and total particulate matter (which includes dust) emissions caused by smelting of ore and reduction processes in the arc furnaces and associated pelletising plants; and
- **Mines:** total particulate matter emissions as a result of blasting, crushing, transport, conveying, screening and handling of ore as well as H_20 emissions as a result of ventilation.

The reduction of dust levels is a priority for ARM. At Cato Ridge Works, for example, there has been considerable expenditure on a dust reduction, suppression and captivating system on the crushing and screening plant.

Some operations have established emissions reduction targets.

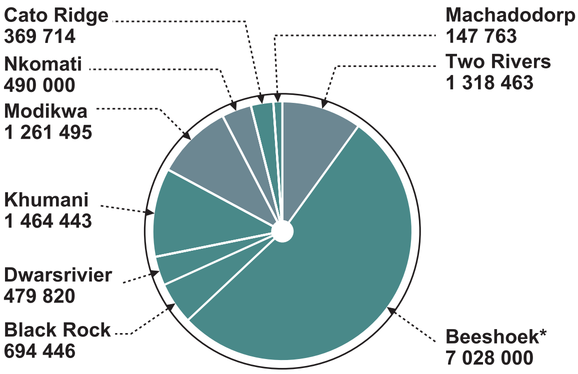
Surface water sampling as part of operational water management in accordance with WUL

Water

The Company uses water in mining, smelting and refining. Water availability, consumption and contamination are key risks throughout the Group. At the smelting operations, water is sourced from municipalities while at the mining operations, it is sourced from rivers and boreholes in line with integrated water use licences (WUL) obtained through the lead authority, the Department of Water and Environmental Affairs (DWEA, formerly called DWAF). These WULs are regulated by DWEA and a formal process and specification is prescribed by DWEA for compilation of a WUL. This entails consultation with local irrigation boards, water users' associations and catchment management agencies on a local level, and with DWEA on a provincial and national level.

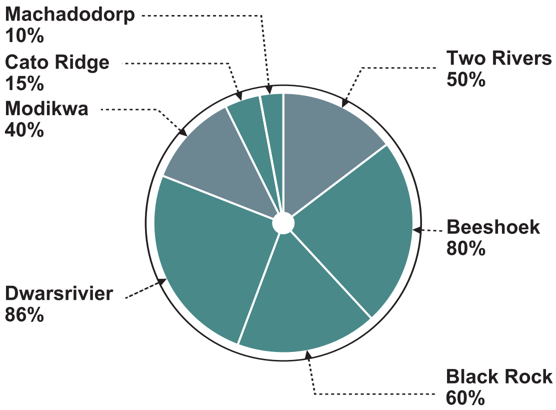
Water balances are prepared for all operations. Aquifer level monitoring, groundwater and surface water sampling, chemical analyses and biomonitoring form part of operational water management plans.Where necessary, legitimate water trading with downstream users is initiated.

Total water use per operation
(Cubic metres)



* *Includes water supply to town and community.*

Water recycled per operation
(%)



Most mines run closed circuit water recycling systems so that there is no discharge into the environment. Any incidents of non-compliance are reported to the authorities in accordance with legislation.

Due to the differing nature of the processes and operations, water recycling rates vary throughout the Group. At Dwarsrivier, 100% of dewatered water is recycled. At Black Rock, 60% of water is recycled, while at Two Rivers, 50% of tailings water and water dewatered underground is recycled. At Cato Ridge Works, 15% of water used is recycled and reused for gas cleaning purposes (Venturi scrubber water) at the gas plants of the furnaces. Machadodorp and Modikwa also recycle significant percentages of water. Nkomati does not currently measure the total rate of recycled water, since the mine is rapidly expanding. It is however planning to install flow meters on pipelines to be able to do so. Water from the paste facility at Khumani is recycled, while Beeshoek's objective in the forthcoming year is to return 80% of water from the slimes dam.

Biodiversity management

ARM is striving to prioritise biodiversity management. Issues related to biodiversity and land management are addressed in each operation's management plan. Some operations have Biodiversity Action Plans and monitoring programmes.

Waste

Each site operates in terms of an integrated waste management plan. Waste generally comprises industrial waste such as slag, waste rock and tailings, as well as domestic waste and hazardous waste. Domestic waste is disposed of in municipal landfill sites while hazardous waste is disposed of by specialist contractors in approved facilities.

Examples of initiatives to minimise waste include:

- At Machadodorp, the slag dump (0,5ha) has been shaped, capped and vegetated according to approved design;
- Also at Machadodorp, baghouse dust is added to chrome concentrate to form sintered pellets which are then fed to furnaces;
- At Nkomati, 36 000 litres of hydraulic gearbox oil (24% of the total amount of gearbox oil used) was recycled;
- At Beeshoek, 850 tonnes of scrap metal is recycled annually; and
- At Black Rock, 38 000 litres of oil (total use 501 164 litres) is sold to a contractor for recycling.

Closure planning and provision

Comprehensive closure planning and rehabilitation assessments are performed annually at all operations. The process is done by means of external estimation of closure and rehabilitation requirements and provisions raised in the various trust funds. Closure plans are developed in accordance with the requirements of each EMPR and costing is done according to the methodology and standards specified in the EMPR.

		Contributions					
		Trust Fund					
Operation	Estimated closure cost as at 30 June 09	F2009 contribution	Estimated fund balance as at 30 June 09	Guarantees	Cash provisions	Total, including guarantees	Current shortfall, excluding guarantees
Beeshoek	80 936 857	**6 386 668**	42 616 846	–	–	42 616 846	38 320 011
Khumani	93 967 005	**3 639 114**	6 628 273	38 000 000	–	44 628 273	87 338 732
Gloria	10 812 954	**308 512**	3 408 663	–	–	3 408 663	7 404 291
Nchwaning	22 742 169	**755 237**	4 616 478	–	–	4 616 478	18 125 691
Black Rock	40 304 736	**1 251 891**	10 259 347	20 064 845	–	30 324 192	30 045 389
Dwarsrivier	24 808 143	**778 456**	6 750 482	9 267 341	–	16 017 823	18 057 661
Two Rivers	19 012 000	**655 322**	2 342 826	4 111 889	–	6 454 715	16 669 174
Nkomati	50 669 310	**–**	42 946 000	3 940 000	–	46 886 000	7 723 310
Modikwa	52 633 749	**1 844 624**	6 405 442	65 013 524	–	71 418 966	46 228 307

* *Annual contributions are made to Trust Funds based on the closure cost estimates and the remaining life-of-mine. In addition guarantees are provided and revised as applicable.*

Combating HIV & AIDS

F2009 Key features – at a glance

- HIV & AIDS prevalence rate within ARM approximately 18.2%
- All employees belong to a medical aid, which are prescribed to provide treatment benefits
- The integrated management of Voluntary Counselling and Testing (VCT) and HIV & AIDS treatment at Modikwa is exemplary
- Continued application of GRI-based internally developed scorecard helps to monitor and manage effectiveness of intervention programmes

ARM has used the HIV & AIDS Resource Document compiled by the GRI in 2002 as a framework for establishing its policy and process and to monitor implementation progress. The 16 GRI performance indicators are categorised into the following four areas:

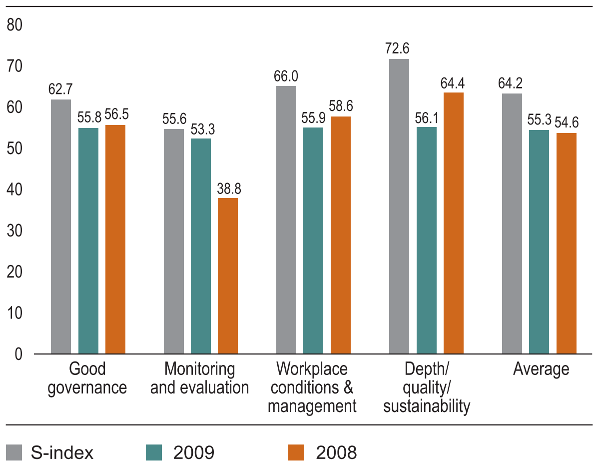
- Good governance: policy formulation, strategic planning, effective risk management, stakeholder involvement;
- Measurement, monitoring and evaluation: prevalence and incidence of HIV & AIDS, actual and estimated costs and losses;
- Workplace conditions and HIV & AIDS management;
- Depth/ quality/ sustainability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

An internal minimum standard is applied to all the questions relating to the 16 GRI performance indicators to determine a comparative benchmark. This is called the Sustainable Standard/-Index and each operation is expected to exceed this rate. As each ARM operation manages HIV & AIDS differently, this index establishes some form of commonality. Applying the Sustainable Standard gives each operation a clear gap analysis and facilitates the development of an action plan. The graph below gives an indication of performance over the last year. Monitoring and evaluation has shown a marked improvement, but depth/quality and sustainability has dropped.

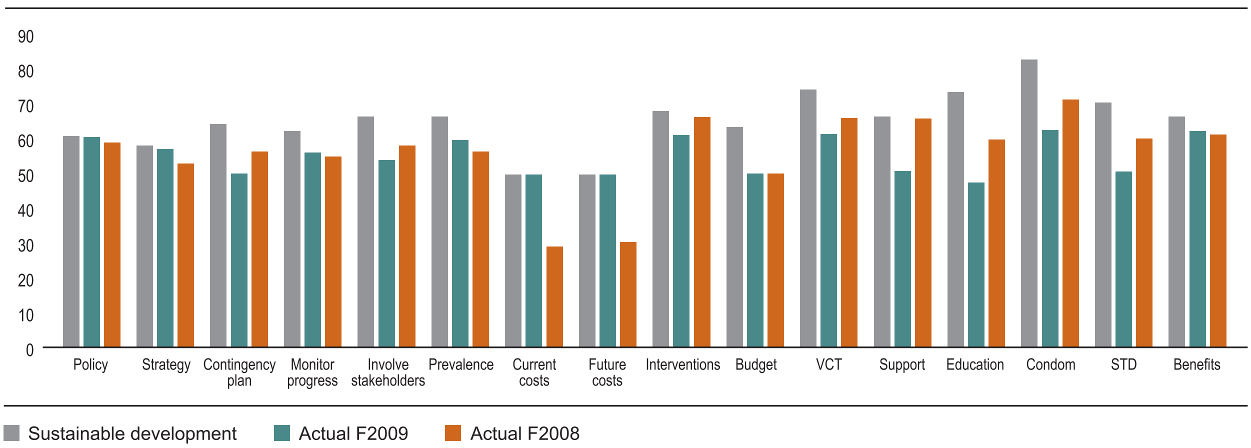
Each operations' performance is presented in the HIV & AIDS section of the Sustainable Development report on ***www.arm.co.za***

During the course of F2009, each of the four key areas was implemented during a quarter of the annual reporting cycle. The operations were required to submit quarterly progress to the ARM HIV & AIDS coordinator. During July and early August, all the operations, including the various on-site clinics, were audited.

High-level indicators of performance in terms of implementation of ARM's GRI-based HIV & AIDS management programme



The sixteen GRI-based performance level indicators
(%)



The inferred prevalence rate within ARM is 18.2%. This can be seen against the background of the 2006 national antenatal survey, published by the Department of Health in 2007 which was conducted in all nine provinces to estimate the prevalence of HIV infection. Based on these provincial results the ARM workforce would approximate a 22.4% prevalence of HIV. The emphasis is on each employee knowing their HIV status and applying this knowledge by practicing prevention and entering wellness treatment programmes. Going forward, ARM's aim is to get all operations above the internally defined Sustainable Standard level. Modikwa's integrated prevention and treatment programmes for sexually transmitted infections (STIs), voluntary counselling and testing (VCT) and anti-retroviral treatment (ART) are considered best practice in the Group.

Targets for F2010 are to:

- Establish policies at all operations agreed to by all stakeholders
- Establish a basic current and future cost analysis for each site which will involve determining prevalence rates
- Gearing up and integrating VCT and encouraging HIV-positive employees to register for disease management programmes
- Integrate community outreach programmes with SLPs
- Manage tuberculosis even more aggressively in conjunction with the Department of Health
- Work with the Department of Health to manage contractor programmes
- Strengthen channels for education, peer educators, and condom distribution
- Enhance governance to be more formal and consistent


Left and centre: At ARM Corporate National HIV & AIDS Day celebrations
Right: André Wilkens (CEO) setting the example by taking part in the VCT campaign at ARM Corporate during December 2009

Corporate Social Investment and Local Economic Development

F2009 Key features – at a glance

- Overall community upliftment and social investment amounts to R60 million
- Corporate Social Investment (CSI) spend amounts to R19.3 million
- Spend on Social and Labour Plans amounts to around R22 million
- Ongoing Local Economic Development (LED)

ARM's Corporate Social Investment (CSI) and Local Economic Development (LED) programmes are focused on actively contributing to the upliftment of historically disadvantaged communities surrounding the Company's mines and operations and those communities from which ARM sources labour. ARM's approach is to build capacity and wealth, rather than alleviate poverty. This approach is founded on the Company's core values of transparency, integrity and honesty, as well as respect for the communities which ARM serves.

ARM's CSI strategy functions at three levels: at corporate level through the ARM CSI Trust and Chairman's Fund; at an operational level, through operations-based participation in and funding of projects; and thirdly, through the commitments to LED that are undertaken as part of the Company's Social and Labour Plans (SLPs).

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

To ensure that its CSI projects are both meaningful and sustainable, ARM focuses on those initiatives which enjoy broad-based stakeholders' support, while avoiding 'handouts' which are unsustainable. Communities and beneficiaries of ARM's programmes and projects are actively consulted in the process of project selection, implementation and evaluation. The roles and responsibilities of stakeholders and projects/programme beneficiaries are clearly defined in advance, with specific emphasis placed on financial controls and corporate governance compliance.

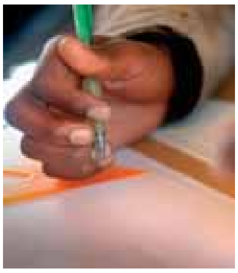
Individuals are not funded – the funding must benefit a wider community or groups with common objectives and purpose. Projects that are funded must have a developmental approach, that is, they must build capacity in communities and should eradicate dependency. In respect of specific project guidelines, ARM ensures that projects take an affirmative action approach, with women, the disabled, youth and the socially destitute being prioritised.

ARM ensures accountability and impact by maintainng direct, regular contact with project beneficiaries and monitoring and evaluating adherence to stated objectives on an ongoing basis. In addition, annual audits of projects are conducted.

ARM's CSI strategy is based on the following priority areas:

Education, training and skills development:

ARM makes financial contributions towards schools for the building of infrastructure, and capacity for those involved in teaching and learning.



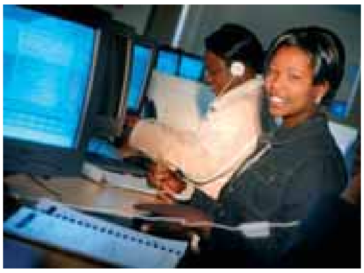
Health care promotion, with an emphasis on HIV & AIDS programmes:

ARM is committed to the health of employees and communities in areas where the Company operates. ARM partners with community structures and organisations to fight HIV & AIDS and sponsors organisations who promote HIV & AIDS awareness; those which provide home care for HIV & AIDS patients and those which provide accommodation for HIV & AIDS infected people as well as AIDS orphans.

➤ **Job creation with a focus on youth and women:**

Projects identified must be self-sustainable and as part of this vision, ARM helps develop project management skills. Projects are monitored and evaluated so that appropriate assistance can be provided where needed.






➤ **Infrastructure development:**

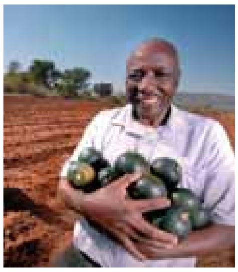
ARM partners with host communities to build schools, houses, clinics, recreational and cultural facilities. To ensure sustainability of these services, the Company helps with resourcing, upgrading and building human resource capacity.




➤ **Cultural events to unite communities:**

ARM recognises and respects the importance of the culture and the heritage of the communities where we operate. Accordingly, cultural programmes which educate communities about their identity and culture are prioritised. CSI funds are also allocated towards the building and development of sports facilities.



➤ **Sporting events that brand ARM:**

Apart from branding ARM, funding in this regard aims to build the confidence of youth and give them a purpose in life. (In addition to supporting specific sporting events, ARM develops and builds sports facilities.)

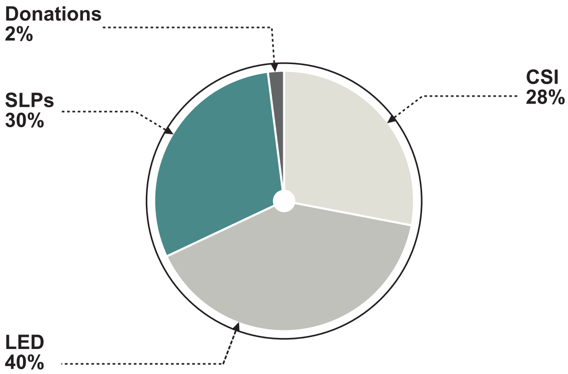
- **Capacity-building programmes aimed at enabling communities to participate actively in socio-economic processes and projects:**

ARM focuses on participating actively in socio-economic processes and projects. This is achieved by helping project stakeholders develop skills through training and development.

In F2009, despite the economic challenges, ARM spent a total of R60 million on community upliftment and social investment.

In line with the Company's SLPs, all operations have engaged with local governments and communities in order to establish their needs and developmental requirements, and projects are integrated within the integrated development plans (IDPs) of the various district and local municipalities. Spend related to SLPs amounted to approximately R22 million. In F2009, operations within the Group spent R28 million on LED initiatives.

Summary of expenditure for ARM Corporate and Operations – July 08 to June 09 (%)



Examples of ARM's LED initiatives can be found in the Sustainable Development report on ARM's website ***www.arm.co.za***

In the year under review, the Group spent R19.3 million on CSI projects (2008: R21 million). This decrease was due to the constrained economy, which meant many projects such a school re-build project budgeted for R11 million by Cato Ridge Works, had to be put on hold. This project will be re-assessed in the next 18 – 24 months.

CSI initiatives in the year under review included:

- The installation of paraffin hot water geysers;
- The building of a four classroom block at Ratau Primary for the Mpuru community;
- The upgrading of the Badplaas skills centre;
- Sponsorship of a project in terms of which blind people produce fencing wire;
- Upgrading of facilities for the HIV & AIDS Door of Hope Care Centre;
- Shelter and meals provided for children at Lerato Day Care Centre;
- A careers expo which helped high school children choose careers; and
- Sponsorship of a group of matric pupils to attend a winter school in Lydenburg where they were tutored in Mathematics, Science, Accounting and English.

CORPORATE GOVERNANCE REPORT

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

ARM, a public company, is listed on the JSE Limited (JSE). The Company complies with the JSE Listings Requirements, applicable statutes, regulatory requirements and other authoritative directives regulating its conduct, as well as the principles set out in the King Report on Corporate Governance for South Africa 2002 (King II) with the exceptions noted in this report. The King Report on Corporate Governance in South Africa 2009 (King III), published in final form on 1 September 2009, will be effective from 1 March 2010.

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

The Board is the foundation of ARM's corporate governance systems and is accountable and responsible for the Company's performance. The Board retains effective control through a clear governance structure and has established committees to assist it, recognising that delegating authority does not reduce the responsibility of Directors to discharge their duties.

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

Board composition

ARM has a unitary Board comprising 16 Directors, of whom seven are Independent Non-executives, two are Non-executive Directors and seven are Executive Directors. *Curricula vitae* for the Board members are provided on pages 132 to 133.

The Directors of the Company at the date of this report are as follows:

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

Changes during 2008/9:

* *Former Financial Director; became a Non-executive Director on 1 August 2009.*

** *Appointed Financial Director on 1 August 2009.*

*** *Appointed on 1 August 2009.*

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

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

The classification of Independent and Non-executive Directors is determined by the Board in accordance with the guidelines set out in King II. In determining the independence of the Independent Non-executive Directors, character and judgement are considered together with any of their relationships or circumstances which are likely to affect, or could appear to affect, their judgement.

Non-executive Directors are not considered independent if they were executives of the Company or a subsidiary within the preceding three financial years.

Executive Chairman and Chief Executive Officer

The roles of Executive Chairman and Chief Executive Officer are separate and distinct. ARM's Executive Chairman, Mr Patrice Motsepe, contrary to the recommendations of King II, is an executive representing the Company's largest shareholder, which held 41.38% of the Company's share capital at 30 June 2009. ARM is satisfied that the Chairman having an executive role is adequately addressed by the composition of the Board and the appointment of a lead Independent Non-executive Director, Dr Manana Bakane-Tuoane. In addition to the general requirements for the re-election of Directors set out in ARM's Articles of Association (the Articles), and discussed below, the Chairman is required to be elected by the Board annually. Mr Motsepe was re-elected as Executive Chairman for the period of one year commencing 1 January 2009. The Chief Executive Officer is appointed by the Board.

Board Charter

The Board Charter, which was amended in May 2009, provides guidelines to Directors in respect of, *inter alia*, the Board's responsibilities, authority, composition, meetings and the need for self-assessment.

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

- Providing strategic direction and leadership which conforms with ARM's value system, by assessing and authorising budgets, plans and strategies submitted by senior management.
- Adopting and implementing strategic plans, including mergers, acquisitions and disposals and the capital funding of such plans.
- Determining, implementing and monitoring policy, procedures, practices and systems to ensure the integrity of risk management and internal controls to protect ARM's assets and reputation.
- Identifying and monitoring key performance indicators of the business and the systems used to determine that performance.
- Ensuring compliance with codes of best business practice, corporate governance regulations and all relevant laws.
- Communication with shareholders and relevant stakeholders (both internal and external), promptly and openly.
- Defining levels of materiality, thereby reserving certain powers for itself and delegating other matters to management.
- Monitoring operational performance including financial and non-financial aspects relevant to ARM.
- Ensuring that the technology and systems employed are adequate and efficient.
- Maintaining full and effective control and monitoring the implementation by management of Board plans and strategies.
- Establishing a communication policy, in addition to its statutory and regulatory reporting requirements, which contains accepted principles of good reporting including being open, transparent, honest, understandable, clear and consistent in its messages to the media.
- Establishing policies for the selection of new Directors and Director orientation programmes.
- Ensuring that a succession plan for the Executive Directors and senior management is implemented.
- Ensuring that annual financial statements are prepared and presented to a duly convened Annual General Meeting of shareholders.

Election, induction, succession and assessment

Election

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

The table below sets out the Directors who, being eligible, make themselves available for election or re-election at the Annual General Meeting to be held in November 2009.

Directors: election and re-election – November 2009

	Election	Re-election
Executive Directors		
P T Motsepe (Executive Chairman)		√
A J Wilkens (Chief Executive Officer)		√
M Arnold*	√	
Non-executive Directors		
A D Botha*	√	
J A Chissano		√
J R McAlpine		√
Dr R V Simelane		√

* *Appointed to the Board on 1 August 2009.*

Messrs Motsepe, Wilkens, Chissano and McAlpine and Dr Simelane are required to retire by rotation and make themselves available for re-election. The re-election of all of the above-mentioned Directors is supported by the Board.

Directors appointed by the Board between Annual General Meetings, either to fill a casual vacancy or as an addition to the existing Board, hold office only until the next Annual General Meeting and are eligible for election (but are not included in determining the number of Directors who are to retire by rotation). When appointing Directors upon the recommendation of the Nomination Committee, the Board considers, *inter alia,* whether the candidates have the necessary skills and experience.

Messrs Arnold and Botha, who were appointed on 1 August 2009, have made themselves available for election. The election of Messrs Arnold and Botha is supported by the Board.

The Directors' curricula vitae may be found on pages 132 to 133.

Induction and continuing education

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

Directors are encouraged to attend courses providing education and training relating to their duties, responsibilities, powers and potential liabilities. The Company holds an annual budget planning workshop with senior management to inform the Directors about the Company's business. Site visits are also conducted.

Succession

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

In 2008, an *ad hoc* committee, consisting of Drs Bakane-Tuoane and Simelane and Mr King, was formed to consider a successor to replace Mr Wilkens, the Chief Executive Officer, who would have been due to retire in November 2008. At the conclusion of the review, Mr Wilkens was invited to delay his retirement for a period of three years and a plan to find a suitable successor is being implemented.

Assessment

The Board is committed to transparency in assessing the performance of the Board and individual Directors, as well as the governance processes that support Board activities. The effectiveness of the Board and its committees is assessed regularly and, commencing in 2008, on an annual basis. The most recent assessment was conducted with the assistance of independent external advisors in October/ November 2008 and a further assessment will be performed by independent external advisors in F2010.

Independent external advisors are engaged to assist in the assessment processes as necessary, and the Board is of the view that the involvement of an independent company assists to ensure a rigorous and impartial evaluation process.

Matters considered in the 2008 assessment focused on the effectiveness of the Board, including:

- Board performance against strategy;
- Board values;
- Board and management evaluation; and
- Composition of the Board and each committee.

In the evaluation process consideration was given to the question as to whether or not the Board's diversity, size and demographics make it effective.

The findings of the 2008 assessment were considered by the Board in 2009 and certain recommendations have been implemented, such as the designation of a lead independent Non-executive Director who chairs meetings of the Non-executive Directors.

In the 2008 Board assessment, full evaluations of individual Directors were completed, with the exception of evaluations of the Executive Chairman and the Chief Executive Officer. Separate Board evaluations of these executives will be conducted by an independent external advisor in 2009; however, performance assessments of the Executive Chairman and the Chief Executive Officer are completed annually and form the basis of their remuneration, as discussed in the Remuneration report starting on page 126.

Board Meetings

The Board meets at least four times a year to consider the business and strategy of the Company. The Board reviews reports of the Chief Executive Officer, the Financial Director, divisional chief executives and other senior executives, chairmen of the committees and independent advisors. During the financial year ended 30 June 2009, four Board meetings were held. A meeting attendance schedule is set out below. The quorum for Board meetings is the majority of Directors.

The Company holds an annual budget planning workshop in July. Members of the Board and senior executives of the Company consider the budget and determine the Company strategy, for implementation by the Board. In August 2009, the Board held its inaugural annual Bosberaad for Directors and management, to examine the strategy in detail.

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

Board of Directors: Meetings*

	Aug-08	Nov-08	Feb-09	May-09
P T Motsepe (Executive Chairman)	√	√	√	√
A J Wilkens (Chief Executive Officer)	√	√	√	√
F Abbott**	√	√	√	√
Dr MMM Bakane-Tuoane	√	√	√	a
J A Chissano	√	√	√	√
W M Gule	a	√	√	√
M W King	√	√	√	√
A K Maditsi	√	√	a	√
K S Mashalane	√	√	√	√
R P Menell***	√	√	n/a	n/a
J R McAlpine	√	√	√	√
L A Shiels	√	√	√	√
Dr R V Simelane	√	√	√	√
M V Sisulu****	√	a	√	a
J C Steenkamp	√	√	√	√
Z B Swanepoel	√	√	√	√

a = apologies
* *Messrs Arnold and Botha were appointed on 1 August 2009, subsequent to the year-end.*
** *Mr Abbott is the former Financial Director; he became a Non-executive Director on 1 August 2009.*
*** *Retired on 28 November 2008.*
**** *Resigned on 7 August 2009.*

Advice and Information

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

Company Secretary

All Directors have access to the services and advice of the Company Secretary, Ms Alyson N D'Oyley, who was appointed on 10 July 2009. Mrs Patricia F Smit was Company Secretary until her retirement on 9 February 2009. Mrs Marilyn F Taylor was acting Company Secretary following Mrs Smit's retirement until Ms D'Oyley's appointment. The Board appoints the Company Secretary in accordance with the requirements of the Companies Act.

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

Board Committees

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

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

The membership of the Board committees consists solely of Non-executive Directors with one exception: contrary to King II, ARM's Executive Chairman is currently a member of the Nomination Committee and prior to August 2009, the Nomination Committee Chairman. Each committee is chaired by an Independent Non-executive Director. Attendance schedules for committee meetings held in F2009 are included in each committee report.

The Board has established the following permanent committees: Audit Committee, Investment Committee, Nomination Committee, Remuneration Committee, and Sustainable Development Committee.

Audit Committee

Members:

M W King (Chairman)
Dr M M M Bakane-Tuoane
A K Maditsi
J R McAlpine
Dr R V Simelane

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

The Audit Committee Terms of Reference was revised in 2008 to meet the requirements of the Corporate Laws Amendment Act. Based on the Terms of Reference, a comprehensive framework is prepared to ensure that all tasks assigned to the Committee are considered at least once a year. Scheduling of the Audit Committee's non-routine work is therefore necessary and tasks have been assigned to the Audit Committee, the external and internal auditors, and management.

The Audit Committee performs its review function over all ARM operations. To assist the Committee with its reviews, all operational subsidiaries and joint ventures have audit committees, with the exception of the new Vale/ARM joint venture, which intends to establish an audit committee in November 2009. The chairmen of the audit committees of the subsidiaries and joint ventures report into the Audit Committee, highlighting areas of concern and remedial actions taken by management. In addition, the minutes of Committee meetings as well as internal and external audit reports of all operations are submitted to the Audit Committee.

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

Audit Committee: Meetings

	Aug-08	Sep-08	Feb-09	Mar-09	May-09
M W King (Chairman)	√	√	√	√	√
Dr M M M Bakane-Tuoane	√	√	√	√	a
A K Maditsi	√	√	√	√	√
J R McAlpine	√	√	√	√	√
Dr R V Simelane	√	√	√	√	√

a = apologies

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

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

The Audit Committee meets with the internal and external auditors on a regular basis to discuss the results of their examinations, their evaluation of the Company's internal control and the overall quality of the Company's financial reporting. The Committee also discusses the overall scope and plans for the respective audits of the Company's internal and external auditors. A formal policy on non-audit services was adopted on 20 August 2009.

In accordance with the JSE Listings Requirements, the Company has a Financial Director, Mr Michael (Mike) Arnold, who was appointed to the Board with effect from 1 August 2009 to replace Mr Frank Abbott who has retired as Financial Director, but remains a Non-executive Director of the Company. The Audit Committee is satisfied that the Financial Director and finance function are adequately resourced and that Mr Arnold has the necessary experience to discharge his responsibilities.

The Management Risk Committee reports to the Audit Committee and its report is included on page 122 of the Corporate Governance report.

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

The Audit Committee acts as a forum for communication between the Board, management and the external and internal auditors. It is required to meet at least three times a year. Five meetings were held during the 2009 financial year.

Investment Committee

Members:

Z B Swanepoel (appointed Committee Chairman in August 2009)
A K Maditsi (retired as Committee Chairman in August 2009)
A D Botha (appointed to the Committee in August 2009)
M W King

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

During the year under review, the Investment Committee's performance and effectiveness were evaluated with the assistance of an independent external advisor. As a result of that evaluation, the Board determined that the Investment Committee's performance would be enhanced by the appointment of an additional committee member, which the Board implemented in August 2009.

The Investment Committee meets when considered necessary. Four meetings were held during the 2009 financial year.

Investment Committee: Meetings

	Aug-08	Oct-08	Nov-08	May-09
A K Maditsi (Chairman)*	√	√	√	√
M W King	√	√	√	√
R P Menell**	√	n/a	n/a	n/a
Z B Swanepoel***	√	√	a	√

a = apologies
* *Retired as Committee Chairman in August 2009.*
** *Retired on 28 November 2008.*
*** *Appointed as Committee Chairman in August 2009.*

Nomination Committee

Members:
A K Maditsi (appointed as Committee Chairman in August 2009)
P T Motsepe (retired as Committee Chairman in August 2009)
Dr R V Simelane

The Nomination Committee reviews the structure, composition and size of the Board and recommends appointments to the Board and its committees. The Terms of Reference provide for the Committee to monitor succession planning for the Chairman and the Chief Executive Officer as well as the overall personnel needs of ARM's business.

The Nomination Committee is responsible for developing the criteria used to select Directors. The Nomination Committee is also responsible for designing the orientation programme for newly appointed Directors on their role and responsibilities.

Meetings are convened as and when necessary. Although no Nomination Committee meetings were held during the 2009 financial year, the nominations of Messrs Arnold and Botha on 1 August 2009 and the committee chairmanship and membership nominations made in August 2009 were considered by Nomination Committee members and approved by round-robin resolutions for recommendation to the Board.

During the year under review, the Nomination Committee's performance and effectiveness were evaluated, with the assistance of an independent external advisor. As a result of that evaluation, the Board determined that the Nomination Committee's performance would be enhanced by appointing an Independent Non-executive Director as the Nomination Committee Chairman, which the Board implemented in August 2009.

Remuneration Committee

Members:
Dr M M M Bakane-Tuoane (Chairman)
A D Botha (appointed to the Committee in August 2009)
J R McAlpine
Z B Swanepoel

The Remuneration Committee's purpose is, *inter alia*, to determine specific remuneration packages for each of the Executive Directors within the remuneration framework approved by the Board and to determine any criteria necessary to measure the performance of Executive Directors in performing their roles and discharging their responsibilities. The Remuneration Committee also considers and recommends to the Board the fees to be paid to Non-executive Directors. The fees proposed, as confirmed by the Board, are submitted to shareholders at the Annual General Meeting for approval prior to implementation.

During the year under review, the Remuneration Committee's performance and effectiveness were evaluated, with the assistance of an independent external adviser. As a result of that evaluation, the Board determined that the Remuneration Committee's performance would be enhanced by the appointment of an additional committee member, and therefore the Board appointed another Independent Non-executive Director to the Remuneration Committee in August 2009.

Three meetings were held during the 2009 financial year.

The Remuneration report may be found on pages 126 to 129.

Remuneration Committee: Meetings

	Jul-08	Aug-08	Nov-08
Dr M M M Bakane-Tuoane (Chairman)	√	√	√
J R McAlpine	√	√	√
Z B Swanepoel	√	√	√

Sustainable Development Committee: Meetings

	Aug-08	Nov-08	Feb-09	May-09
Dr R V Simelane (Chairman)	√	√	√	√
Dr M M M Bakane-Tuoane	√	√	√	a
M V Sisulu*	a	a	a	a
Z B Swanepoel	√	√	a	√

a = apologies
** Resigned on 7 August 2009.*

Sustainable Development Committee

Members:
Dr R V Simelane (Chairman)
Dr M M M Bakane-Tuoane
Z B Swanepoel

The Sustainable Development Committee's objectives, which are set out in its Terms of Reference, revised in May 2008, are to achieve and maintain world-class performance standards in safety, health (occupational), the environment, HIV & AIDS and social investment, as well as to enable historically disadvantaged South Africans (HDSAs) to enter the mining industry as prescribed by the Minerals and Petroleum Resources Development Act and to ensure compliance with the Scorecard issued by Government. The attainment of these objectives requires the Sustainable Development Committee to advise the Board on policy issues, the efficacy of ARM's management systems for its sustainable development programmes and progress towards set goals and compliance with statutory, regulatory and charter requirements.

The Sustainable Development Committee Terms of Reference provide that the committee must have four members. Currently, the committee has three members and the appointment of an additional committee member is under consideration by the Board.

Four meetings were held during the 2009 financial year.

The Sustainable Development report may be found on page 88 of the Annual Report.

Meetings of Non-executive Directors

Following Board meetings, the Non-executive Directors meet without management. Issues of importance to the Company are considered. The meetings are chaired by the lead Independent Non-executive Director, Dr MMM Bakane-Tuoane.

Ad Hoc Committees

The Board has the right to appoint and authorise special *ad hoc* committees, comprising the appropriate Board members, to perform specific tasks as required.

Management committees

Management Risk Committee

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

The Management Risk Committee, a management sub-committee of the Audit Committee, assists the Audit Committee in discharging its duties relating to risk matters by implementing, co-ordinating and monitoring a risk management programme to ensure that broader strategic and significant business risks are identified and quantified with attendant controls and management assurance.

The Management Risk Committee is chaired by the Chief Executive Officer and its membership includes the Financial Director, the chief executives of the operations, the Leader: Risk Manager and the Group Manager: Safety, Health and Environment. The chair of the Management Risk Committee and the Leader: Risk Manager attend Audit Committee meetings and report on the activities of the sub-committee. The Chief Executive Officer and the Chairman of the Audit Committee report on risk matters to the Board. The Leader: Risk Management attends Board meetings to respond to any matters raised by the Directors. The Management Risk Committee met four times in the 2009 financial year.

A table of ARM's principal risks and uncertainties is set out on pages 24 to 25 of the Annual Report, and additional information on ARM's risk management programme is provided below.

Steering Committee

The Steering Committee is charged with implementation of approved corporate strategy and other operational matters. The Steering Committee is chaired by the Chief Executive Officer and its membership includes Executive Directors and senior management. It meets quarterly, or more often as circumstances warrant. The Steering Committee members are listed on page 134.

Treasury Committee

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

Ethics

The Company is committed to high moral, ethical and legal standards in dealing with all of its stakeholders. All Directors and employees are required to maintain high standards to ensure that the Company's business is conducted honestly, fairly and legally and in a reasonable manner, in good faith and in the best interests of the Company. These principles are set out in ARM's Code of Ethics (the Code), which was amended in 2008.

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

Whistleblowers' facility

An independent service provider operates ARM's whistle-blowers' facility to enable employees and other stakeholders to report confidentially and anonymously any unethical or risky behaviour. Information about the facility is included in the Code and contact information is posted in each Company office. In April 2008, the Company implemented an initiative to heighten awareness of the whistleblowers' facility. Formal procedures in place result in each whistleblowing report being investigated, and policy and procedures revised where applicable with feedback reports being provided to the operators of the ARM whistleblowers' facility. No material non-compliance incidents were reported during the year under review.

Conflicts of Interest

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

Disclosure

The Code includes a policy regarding communications, which encourages complete, accurate and timely communications with the public.

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

Internal Control and Internal Audit

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

Going concern

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

Risk Management Programme

ARM has a well-developed and effective risk management process which has been in place for a number of years.

A firm commitment to risk management is an imperative at all levels within ARM. The Company is cognisant that integrating risk management philosophy and practice into the culture of an organisation is an ongoing challenge which, to be effective, must be a continuous, dynamic and developing process.

The Board tasks the Audit Committee with oversight for risk management. In view of the importance of this function, the Audit Committee has established a management sub-committee, the Management Risk Committee (MRC), to assist it to manage and report on risk management processes and procedures. The MRC is chaired by the Chief Executive Officer.

ARM's integrated approach to risk management includes an Enterprise Risk Management (ERM) process and Balanced Scorecard approach. This integrated approach not only helps to ensure appropriate corporate governance compliance, but also provides a practical and effective tool for the management of risk within ARM.

The risk management process encompasses four main functions, which are overseen and reported on by the MRC. These are explained below.

Risk register

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

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

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

The internal auditors also periodically review the ERM Framework and Policy to ensure these remain current. The internal auditors use the risk registers to ensure the annual Audit Plan covers the high-risk areas identified. The risk register is regularly updated throughout the Company.

Physical risk management

Ensures physical risk grading, risk improvement and other risk controls are appropriate, and maintain and enhance performance against agreed international risk standards.

While operational management remains accountable for risk management, external consultants assist with identifying risk, rating and benchmarking risk performance, and providing recommendations to improve risk preparedness and to address any potential loss-producing events. This is done by measuring the performance of each operation against ARM's Balanced Scorecard. The Balanced Scorecard measures the quality of risk management at individual operations, expressed in rating percentages, and provides a risk profile for each operation.

ARM's objective is that all its operations achieve an 80% overall performance rating against the international risk management standards contained in the Balanced Scorecard. The majority of ARM's operations are rated in the top quartile of worldwide operations rated by International Mining Industry Underwriters (IMIU), which indicates that this target has been largely achieved.

Risk financing and insurance

Ensures ARM's risk financing and insurance programmes are comprehensive and adequately protect the Company against catastrophic risk.

Continuing improvement in ARM's risk profile as a result of focused risk control initiatives ensure that cost-effective risk financing and insurance programmes are in place to avoid or reduce adverse effects on financial results and Company performance.

Monitoring new developments

Ensures that the risks arising from new developments in ARM's operating environment are considered on an ongoing basis.

ARM's risk management department constantly monitors risk issues that stem from new developments, such as non-compliance with changes in corporate governance requirements or codes of practice, to ensure that risk management within ARM remains relevant.

Legal compliance

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

Mining Charter

ARM is committed to the spirit of the Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry (Mining Charter), which is to bring about "a globally competitive mining industry that draws on the human and financial resources of all South Africa's people and offers real benefits to all South Africans". The Mining Charter was developed through a consultative process between Government and the mining industry, and was ratified in October 2002. Measures for assessing the contribution of mining companies to the socio-economic goals of the Mining Charter were developed. These include the mining scorecard and focus on nine key elements: human resources development; employment equity; migrant labour; mine community and rural development; housing and living conditions; procurement; ownership and joint ventures; beneficiation and reporting.

A table setting out the progress ARM has made against the requirements of the Mining Charter is provided in the Sustainable Development report on pages 100 to 104.

Dealings in securities and insider trading policy

ARM enforces closed periods prior to the publication of interim and provisional financial results, in December and June, respectively. During these times, Directors, officers and designated persons are precluded from dealing in ARM securities. All Directors and employees are provided with relevant extracts from the Security Services Act, and the Company's procedures in this regard. Directors and employees are reminded of their obligations in terms of insider trading and the penalties for contravening the regulations. The policy was reviewed and updated in the 2008 financial year.

The complete policy governing dealing in Company securities and insider trading may be found on ARM's corporate website ***www.arm.co.za***

Donations to political parties

ARM supports South Africa's democratic processes and makes contributions to political parties. A policy relating to making donations to political parties has been adopted by the Company. In the year under review, donations were made to political parties in accordance with the policy and the budget approved by the Board.

Investor relations and communication with stakeholders

ARM is committed to transparent, comprehensive and objective communications with its stakeholders. The Company maintains a website, which provides information regarding the Company's operations, financial performance and other information.

Shareholders are encouraged to attend the Annual General Meeting and to use this opportunity to engage with the Board and senior management. Summaries of the results of decisions taken at shareholders' meetings are disclosed on the Company's website following the meetings.

ARM's investor relations department is responsible for communication with institutional shareholders, the investment community and the media. The Company has developed a comprehensive investor relations programme to communicate with domestic and international institutional shareholders, fund managers and investment analysts. Engagements include participation by ARM senior executives in one-on-one meetings with institutional investors in South Africa, the United Kingdom, North America and Europe, as well as investor roadshows and conferences.

Annual General Meeting

The Notice of the Annual General Meeting may be found on pages 216 and 217.

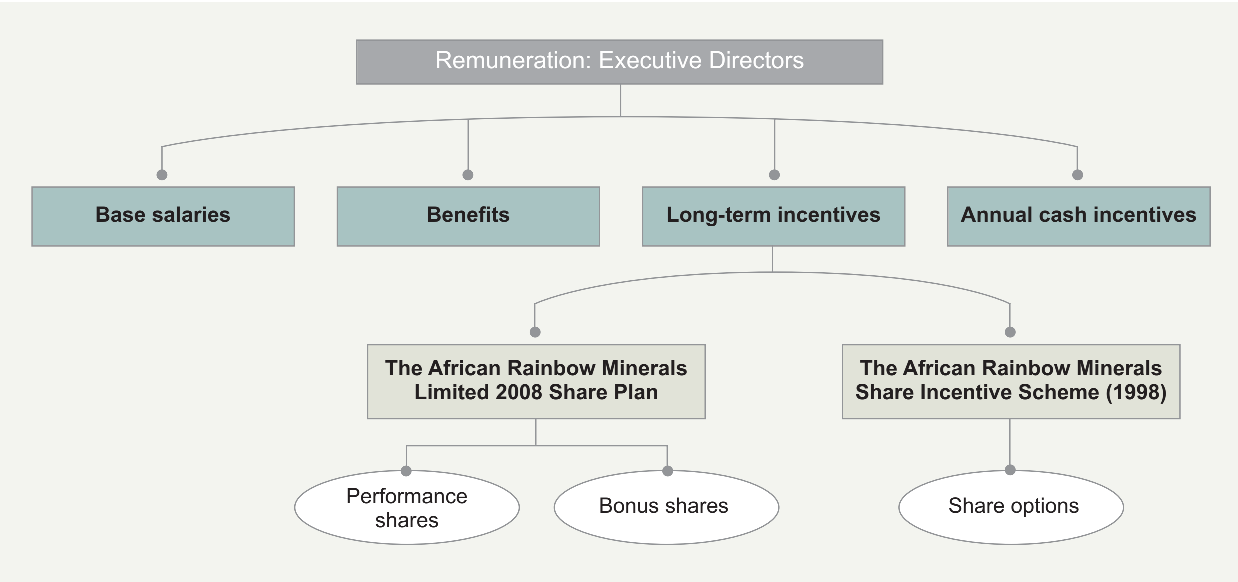
Sponsor

Deutsche Securities (SA) (Proprietary) Limited is the Company's sponsor, in compliance with the JSE Listings Requirements.

REMUNERATION REPORT

Role of the Remuneration Committee and Terms of Reference

The Remuneration Committee is a committee of the Board. Its purpose is to recommend appropriate levels of fees to be paid to Non-executive Directors; to design remuneration packages for Executive Directors; to determine the overall policy for the remuneration of the Company's employees, which includes basic salaries, performance-based short- and long-term incentives, pensions and other benefits; and to oversee the design and management of the Company's long-term share-based incentives.



Composition of the Remuneration Committee

Members:
Dr M M M Bakane-Tuoane (Chairman)
A D Botha (appointed to the Committee on 28 August 2009)
J R McAlpine
Z B Swanepoel

The Remuneration Committee met three times during the 2009 financial year with full attendance at each meeting.

In accordance with King II, the Remuneration Committee consists entirely of Independent Non-executive Directors. The Board considers the composition of the Committee to be appropriate in terms of the necessary blend of knowledge, skills and experience.

The Chief Executive Officer attends Committee meetings by invitation and assists the Committee in its deliberations, except when issues relating to his own remuneration are discussed.

No Director was involved in deciding his or her own remuneration. In F2009, the Remuneration Committee was advised by the Company's finance and human resources departments, as well as by Deloitte, which provided, *inter alia*: market benchmarking information and advised on and assisted with the design, implementation and verification of calculations pertaining to allocations, grants and awards pursuant to short- and long-term incentive plans.

The Chairman of the Remuneration Committee attends Annual General Meetings to answer any questions from shareholders.

Remuneration Philosophy and Policy: Executive remuneration

Principles of executive remuneration

ARM's executive remuneration philosophy aims to attract and retain high-calibre executives, and to motivate and reward them for developing and implementing the Company's strategy to deliver consistent and sustainable shareholder value.

The remuneration policy conforms to best international practice and is based on the following principles:

- **Total rewards** are competitive with those offered in the mining and resources sector.
- **Incentive-based rewards** are earned through the achievement of performance targets consistent with shareholder expectations over the short- and long-term.
- **Annual cash incentives**, together with performance measures and targets, are structured to reward effective operational performance.

- **Long-term (share-based) incentives** are used to align the long-term interests of management with shareholders and are responsibly implemented, so as not to expose shareholders to unreasonable or unexpected financial impact.

Elements of executive remuneration

- Base salaries
- Benefits
- Annual cash incentives
- Long-term (share-based) incentives

The Remuneration Committee seeks to ensure an appropriate balance between the fixed- and performance-related elements of executive remuneration, and between those aspects of the package linked to short-term financial performance, and those linked to longer-term shareholder value creation. The Committee considers each element of remuneration relative to the market and takes into account the performance of the Company and the individual executive in determining both quantum and design.

The policy relating to the four components of executive remuneration is summarised below.

Base salaries

The base salaries of executives, on a total cost-to-company basis, are subject to annual review. ARM's policy is to be competitive at the median level, with reference to market practice in companies comparable in size, sector, business complexity and international scope. Base salaries of certain key individuals and incumbents in key roles, however, are aligned with salaries in the upper quartile of the market. Company performance, individual performance and changes in responsibilities are also considered when determining increases to base salaries.

Benefits

Benefits for executives include membership in a retirement fund and in a medical aid plan, to which contributions are made by the executives. The retirement fund is managed by eight trustees: 50% appointed by ARM and 50% elected by employees. The fund is administrated by Alexander Forbes. Executives participate in any independently managed medical aid plan of their choice.

Annual cash incentives

The annual cash incentive programme applicable to executives is the Out Performance Bonus (OPB) scheme in which sustained performance against comparative and absolute targets is rewarded.

On-target bonus percentages are established by the Remuneration Committee in terms of ARM's overall reward strategy; however, the OPB payable at year end depends upon actual Company performance against a weighting of the following two measures of performance:

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

The weighting of the above metrics is applied to each member of the executive in relation to his or her sphere of influence.

The Remuneration Committee establishes thresholds and targets for each metric that incentivise Company and individual performances. The Committee reviews the measures annually to ensure that they are appropriate given the economic climate and the performance expectations for the Company.

A performance managed incentive scheme based on profit applies to non-executive employees. Non-executive Directors are not so incentivised.

Long-term (share-based) incentives

ARM's long-term (share-based) incentives consist of:

- Performance shares
- Bonus shares
- Share options

Performance shares are awarded and bonus shares are granted pursuant to The African Rainbow Minerals Limited 2008 Share Plan (the Share Plan). Share options are granted under The African Rainbow Minerals Share Incentive Scheme (the Scheme).

Prior to the adoption of the Share Plan by shareholders at the 2008 Annual General Meeting, ARM's only form of long-term incentive was a longstanding vanilla share option scheme inherited from Anglovaal Mining Limited (Avmin). Following recent developments in the tax, accounting and regulatory treatments of share-based incentives, coupled with evolving local and international best practice, various adjustments were made to the manner of its implementation, within the parameters of original JSE and shareholder approval, to bring it in line with these developments.

The hybrid long-term, share-based incentive offerings align ARM with best international practice; provide for the inclusion of a number of performance conditions, designed to align the interests of executives with those of the Company's shareholders; act as a retention tool; and reward executives for Company performance above that of the performance of the economy or the mining and resources sector. All ARM corporate employees at managerial levels are eligible participants in the Share Plan.

ARM's long-term incentives are summarised below.

Performance share method

In terms of the ARM Share Plan, annually since 2008, conditional awards of full value shares are made to executives. The shares vest after a three-year period subject to the Company's achievement of a weighted combination of performance measures over this period, selected from:

- Comparative total shareholder return, in relation to a peer group;
- Return on capital employed against a prescribed target; and
- Growth in headline earnings per share in relation to an inflation index.

These performance measures have been selected on the basis that, individually or in aggregate, they clearly foster the creation of shareholder value. The performance share method aligns the interests of shareholders and executives by rewarding superior shareholder return and financial performance in the future, and by encouraging executives to build a shareholding in ARM.

In accordance with the requirements of the Share Plan, the number of performance shares awarded to participants and additional information about the performance share method is summarised in the annual financial statements on page142.

Bonus share method
In terms of the ARM Share Plan, annually since 2008, executives receive a grant of full value ARM shares that match, according to a specified ratio, a portion of the annual cash incentive accruing to them. Bonus shares are settled to participants after three years, conditional on continued employment.

The bonus share method is an additional share-based incentive for those executives who, through their performance on an annual basis, have demonstrated their value to the Company, and by further encouraging executives to build a shareholding in ARM.

In accordance with the requirements of the Share Plan, the number of bonus shares granted to participants and additional information about the bonus share method is summarised in the annual financial statements on page 142.

Share option scheme
Annual allocations of share options in terms of the Scheme are made to executives, but at a reduced scale following the adoption of the Share Plan.

Share options vest in total on the third anniversary of their allocation. Executives may elect to defer exercising any share option up until the eighth anniversary of its allocation. On the exercise of share options and as at the exercise date, settlement will be effected by transferring to the executive shares of equivalent value to the incremental growth in value of the underlying shares since the allocation date.

Service contracts: Executive Directors

Employment agreements have been entered into between the Company and the Executive Directors, namely Messrs Motsepe (Executive Chairman), Wilkens (Chief Executive Officer), Arnold (Financial Director), Gule (Chief Executive: ARM Coal), Mashalane (Chief Executive: ARM Platinum), Shiels (Executive Director: New Business Development) and Steenkamp (Chief Executive: ARM Ferrous). These contracts are subject to a one calendar month's notice period by either party. None of the employment contracts is a fixed-term contract. The remuneration paid pursuant to the executive employment agreements with the Executive Directors is set out in detail on page 140 of the Directors' Report.

The Company has not concluded any agreements with its Executive Directors to pay a fixed sum of money on termination of employment.

There are no other service contracts between the Company and its Executive Directors.

Remuneration policy: Non-executive Directors' remuneration

Non-executive Directors' fees

The Board appoints high-calibre Non-executive Directors who provide a material contribution to the Company's strategic direction. On the advice of the Remuneration Committee, which engages independent third-party advisors to assist with the benchmarking of Directors' fees to comparable companies, the Board considers and makes recommendations to shareholders regarding Directors' fees payable. In its determination, consideration is given, *inter alia*, to the importance of attracting and retaining experienced Non-executive Directors, market dynamics and the increasingly demanding responsibilities of Directors as well as the contributions of each Director and their participation in the activities of the Board and its committees.

Board and committee retainers and attendance fees are paid quarterly and in arrears.

The Company reimburses reasonable travel, subsistence and accommodation expenses to attend meetings; however, office costs, including telecommunication costs, are deemed to be included in the Board retainers.

Full details regarding the fees paid to Non-executive Directors are provided in the Directors' report on page 141.

Board retainers and per meeting fees
On the advice of the Remuneration Committee, the Board recommends for approval by shareholders an annual retainer and per meeting fees for attendance at Board meetings payable to Non-executive Directors. The fees payable to Non-executive Directors for the period commencing on 1 July 2008 were approved by shareholders at the 28 November 2008 Annual General Meeting. The proposed 8% per annum increase in fees to be paid to Non-executive Directors will be submitted to shareholders at the Annual General Meeting scheduled to be held on 27 November 2009. Please refer to the Notice of Annual General Meeting on page 216.

Executive Directors do not receive Directors' fees; however, Mr Abbott received such fees during his secondment from ARM to Harmony.

Annual Board retainers and meeting attendance fees are as follows for the following periods:

	2009 (Rand)*		2008 (Rand)**	
	Annual	Per meeting	Annual	Per meeting
Independent Non-executive Director	**270 000**	**12 960**	250 000	12 000
Non-executive Director	**216 000**	**12 960**	200 000	12 000

* *Effective 1 July 2009, should the increase be approved by shareholders at the Annual General Meeting.*
** *Effective 1 July 2008.*

Committee attendance fees

On the advice of the Remuneration Committee, the Board approves the committee meeting attendance fees payable. The level of such fees reflects the impact, influence and risk component of a committee's role in achieving the Company's objectives as well as the experience of committee members. The fees provide compensation for preparation for and attendance at meetings. Committee meeting attendance fees are as follows for the following periods:

Committee meeting attendance fees are as follows for the following periods:

	2009 (Rand)*	2008 (Rand)*
Audit Committee		
Chairman	**67 500**	62 500
Member	**27 000**	25 000
Investment, Nomination, Remuneration and Sustainable Development Committees		
Chairman	**16 200**	15 000
Member	**10 800**	10 000

* *Effective 1 July.*

Service contracts: Non-executive Directors

In addition to Directors' fees, Non-executive Directors may receive consulting fees pursuant to consultancy agreements, or other service contracts, concluded at market rates, for defined and pre-approved services.

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

There are no other service contracts between the Company and its Non-executive Directors.

No agreements to pay a fixed sum of money on termination of contract have been concluded between the Company and any of its Non-executive Directors.

BOARD OF DIRECTORS

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1 **Patrice Motsepe**
[47] Executive Chairman
BA (Legal), LLB

2 **André Wilkens**
[60] Chief Executive Officer
Mine Managers Certificate of Competency, MDPA (Unisa), RMIIA

3 **Mike Arnold**
[52] Financial Director
BSc Eng (Mining Geology), BCompt (Hons), CA(SA)
Appointed 1 August 2009

4 **Mangisi Gule**
[57] Chief Executive: ARM Coal
BA (Hons) Wits, P & DM (Wits Business School)

5 **Stompie Shiels**
[53] Executive Director: Business Development
BSc (Min Eng), MBL, Mine Managers Certificate

6 **Jan Steenkamp**
[55] Chief Executive: ARM Ferrous
National Met Diploma, Mine Managers Certificate, MDP, Cert. Eng

7 **Steve Mashalane**
[46] Chief Executive: ARM Platinum
BCom (Hons), PMD (Harvard Business School)

8 **Dr Manana Bakane-Tuoane**
[61] Independent Non-executive Director
BA, MA, PhD (Economics)


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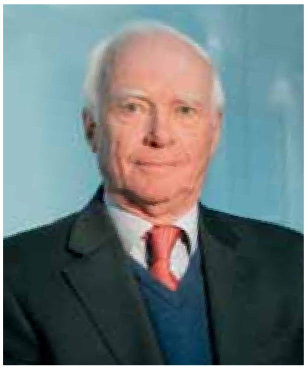
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9 Frank Abbott
[54] Non-executive Director
BCom, CA(SA), MBL
Financial Director to 31 July 2009 – thereafter Non-executive Director

10 Joaquim Chissano
[69] Independent Non-executive Director
BA, MA, PhD

11 Mike King
[72] Independent Non-executive Director
CA(SA), FCA

12 Alex Maditsi
[47] Independent Non-executive Director
BProc, LLB, LLM

13 Roy McAlpine
[67] Independent Non-executive Director
BSc, CA

14 Dr Rejoice Simelane
[57] Independent Non-executive Director
BA (Econ and Acc), MA, PhD (Econ)

15 Bernard Swanepoel
[48] Non-executive Director
BSc (Min Eng), BCom (Hons)

16 Anton Botha
[56] Independent Non-executive Director
BCom (Marketing), BProc, BCom (Hons), SEP (Stanford)
Appointed 1 August 2009

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

2 **André Wilkens**
Appointed to the Board in 2004. André Wilkens was formerly the Chief Executive of ARM Platinum, a division of ARM. Prior to this, he was Chief Operating Officer of Harmony following the merger of that company with ARMgold in 2003. He served as Chief Executive Officer of ARMgold after joining the Company in 1998. The balance of his 34 years' mining experience was gained with Anglo American Corporation of South Africa, where he commenced his career in 1969 and culminated in his appointment as Mine Manager of Vaal Reefs South Mine in 1993.

3 **Mike Arnold**
Appointed to the Board in 2009. Mike Arnold's working career started in the mining industry in 1980 when he was employed as a geologist at Anglo American Corporation. He qualified as a Chartered Accountant (SA) in 1987 and completed his articles at a large South African auditing firm. Mike joined ARM in 1999 as the Group Financial Manager of Avgold Limited and in 2003 was appointed as its Financial Director. Most recently, he was the Chief Financial Officer of ARM.

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

5 **Stompie Shiels**
Appointed to the Board in 2008. Stompie Shiels joined ARM in May 2005 after 14 years with Lonmin Platinum where he was the Operations Director for the mines. Prior to that he was employed by Rand Mines in the Gold and Platinum Division. After graduating he worked at E.R.P.M. from miner to manager. He then commissioned the T.G.M.E mine and plant before going to Crocodile River Mine after Rand Mines acquired it. He started his mining career as a learner surveyor at Delmas Collieries prior to attending university to study mining.

6 **Jan Steenkamp**
Appointed to the Board in 2005. Jan Steenkamp started his career with the Anglovaal Group in 1973.Trained as a mining engineer, he has worked at and managed group mining operations within the gold, copper, manganese, iron ore and chrome sections. He was appointed as Managing Director of Avgold Limited in September 2002 and also serves on the board of Assmang Limited. In May 2003, Jan was appointed to the Avmin board and was appointed Chief Executive Officer of Avmin on 1 July 2003 after serving as Chief Operating Officer. Jan currently holds the position of Chief Executive of ARM Ferrous.

7 **Steve Mashalane**
Appointed to the Board in 2006. Steve Mashalane had been the Head of Department of Economic Affairs and Tourism in Limpopo for ten years prior to joining ARM. He has extensive experience in management, research and business development. He is a member of the Economic Research Council and is affiliated with various professional bodies. Steve joined ARM in 2005 and was appointed as the Company's Senior Executive for Business Development. Following the formation of ARM Coal in February 2006, Steve was appointed as the Chief Executive of that division in July 2006 and was appointed Chief Executive of ARM Platinum in May 2007.

8 **Dr Manana Bakane-Tuoane**
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. Concurrent with the above, Manana has been a member and office bearer of several international organisations including, Winrock International and the African Economic Research Consortium (AERC).

9 **Frank Abbott**

Appointed to the Board in 2004. Frank Abbott joined the Rand Mines/Barlow Rand Group in 1981, where he obtained broad financial management experience at an operational level. He was appointed financial controller to the newly formed Randgold in 1992 and was promoted to financial director of that group in October 1994. Until 1997, he was a director of the gold mining companies Blyvooruitzicht, Buffelsfontein, Durban Roodepoort Deep and East Rand Proprietary Mines. Initially a non-executive director of Harmony, he was appointed as financial director of the company in 1997. Frank was appointed financial director of ARM in 2004 while remaining on Harmony's board as a non-executive director. In August 2007, Frank was seconded to Harmony as interim financial director and in August 2009 Frank retired as ARM's financial director. He is now a Non-Executive Director of ARM.

10 **Joaquim Chissano**

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 in 1986 assumed the office of President. Frelimo contested and won the multi-party elections in 1994 and 1999, returning Joaquim to the presidency on both occasions. He declined to stand for a further term of office in 2004. His presidency commenced during a devastating civil war and ended with the economy in the process of being reconstructed. He served a term as chairman of the African Union from 2003 to 2004. Joaquim is also a non-executive director on Harmony's board. In 2006, Joaquim was awarded the annual Chatham House Prize, which is awarded for significant contributions to the improvement of international relations. He was the recipient of the inaugural Mo Ibrahim Prize for Achievement in African Leadership in 2007.

11 **Mike King**

Appointed to the Board in 2004. Mike King served his articles with Deloitte, Plender, Griffiths, Annan & Co. (now Deloitte) and qualified as a chartered accountant (SA). He later became a Fellow of The Institute of Chartered Accountants in England and Wales (FCA). After 13 years with merchant bank Union Acceptances Limited, he joined Anglo American Corporation of South Africa Limited in 1973 as a manager in the finance division and in 1979 was appointed Finance Director. In 1997, he was appointed Executive Deputy Chairman of Anglo American Corporation. He was the Executive Vice-chairman of Anglo American plc from its formation in May 1999 until his retirement in May 2001. Mike is a non-executive director of a number of companies.

12 **Alex Maditsi**

Appointed to the Board in 2004. Alex Maditsi is employed by The Coca-Cola Company. Previously, he was the Senior Director Operations Planning and a legal director for Coca-Cola Southern & East Africa. 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.

13 **Roy McAlpine**

Appointed to the Board in 1998. Roy McAlpine joined Liberty Life in 1969 and retired as an executive director in 1998 in order to diversify his interests. He is a former Chairman of the Association of Unit Trusts of South Africa and currently serves on the boards of a number of listed companies.

14 **Dr Rejoice Simelane**

Appointed to the Board in 2004. An economist by training, Rejoice Simelane commenced her career at the University of Swaziland, as a lecturer in economics. Since then she has worked at the National Department of Trade and Industry, in the Macroeconomic Policy Unit and at the National Treasury where she headed the Public Utility Pricing and Regulation sub-directorate of the Macroeconomic Policy Chief Directorate. She later served in the capacity of Special Adviser, Economics, to the Premier of Mpumalanga until mid-2004, when she assumed the position of Chief Executive of Ubuntu-Botho Investments. Rejoice's board directorships include ARM, Sanlam, Mamelodi Sundowns Football Club and the Council of Medical Schemes. A recipient of the CIDA Scholarship and a Fulbright Fellow, she is also a member of the Advisory Board of the Bureau for Economic Policy Analysis (BEPA) of the University of Pretoria and the Presidential Economic Advisory Panel (PEAP).

15 **Bernard Swanepoel**

Appointed to the Board in 2003. Bernard Swanepoel started his career with Gengold in 1983, culminating in his appointment as General Manager of Beatrix Mines in 1993. He joined Randgold in 1995 as Managing Director of the Harmony mine. He was appointed Chief Executive Officer of Harmony in 1997. In August 2007 he left Harmony to start To-the-Point Growth Specialists. Bernard is a Non-executive board member of Sanlam Limited.

16 **Anton Botha**

Appointed to the Board in 2009. Anton Botha is a director and co-owner of Imalivest, a private investment group that manages proprietary capital provided by its owners, the Imalivest Flexible Funds and a private hedge fund. He also serves as a non-executive director on the boards of the JSE Limited, the University of Pretoria, Vukile Property Fund Limited (Chairman), Sanlam Limited and certain Sanlam subsidiaries. He is a past president of the AHI (Afrikaanse Handelsinstituut). Anton spent most of his career as Chief Executive Officer of Gensec, building it into a leading South African investment banking group that became a wholly-owned subsidiary of Sanlam Limited in 2000.

STEERING COMMITTEE

André Wilkens
Chief Executive Officer

Mike Arnold
Financial Director

Steve Mashalane
Chief Executive: ARM Platinum

Mangisi Gule
Chief Executive: ARM Coal

Jan Steenkamp
Chief Executive: ARM Ferrous

Stompie Shiels
Executive Director: Business Development

Dan Simelane
Chief Executive: ARM Exploration

Monique Swartz
Corporate Development and Head of Investor Relations

Mike Schmidt
Executive: Platinum Operations

Director Matlala
Leader: Transformation

Chris Blakey-Milner
Leader: Risk Management

Graham Butler
Executive: ARM Ferrous

Deon Pieterse
Executive: Human Resources

Busi Mashiane
Leader: Human Resources

Nerine Botes-Schoeman
Group Manager: Safety, Health and Environment

Sandile Langa
Executive: ARM Ferrous

Mark Bräsler
Executive: Technical Support

Alyson D'Oyley
Company Secretary

Claus Schlegel
Executive: Exploration Africa

André Joubert
Executive: ARM Ferrous Operations

Freddy Greaver
Manager: Corporate Affairs

Peter Steenkamp
Executive: Coal Operations

ANNUAL FINANCIAL STATEMENTS

CONTENTS

DIRECTORS' RESPONSIBILITY

Directors' responsibility for annual financial statements

The Company's Directors are responsible for the overall co-ordination of the preparation and fair presentation to shareholders of these financial statements in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Audit Committee has confirmed that effective systems of internal control and risk management are being maintained. There were no breakdowns in the functioning of the internal financial control systems during the year, which had a material impact on the Company and Group annual financial statements. A description of the Audit Committee's functions is included in the Corporate Governance Report on pages 115 to 125 of the Annual Report.

The Board considers that in preparing the financial statements the most appropriate accounting policies have been consistently applied and supported by reasonable and prudent judgments and estimates in accordance with IFRS. The Directors are satisfied that the financial statements fairly present the results of operations and the financial position for the Group at year end and that the additional information included in the Annual Report is accurate and consistent with the financial statements.

The responsibility of the external auditors, Ernst & Young Incorporated, is to express an independent opinion on the fair presentation of the annual financial statements based on their audit of the Company and Group. The Audit Committee has satisfied itself that the external auditors were independent of the Company during the period under review.

The annual financial statements and Group annual financial statements on pages 136 to 210, were approved by the Board and are signed on its behalf by:

Patrice Motsepe
Executive Chairman

André Wilkens
Chief Executive Officer

Johannesburg
7 October 2009

CERTIFICATE OF THE COMPANY SECRETARY

In my capacity as Company Secretary, I hereby confirm that, in terms of the Companies Act, for the year ended 30 June 2009, the Company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

Alyson D'Oyley
Company Secretary

Johannesburg
7 October 2009

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF AFRICAN RAINBOW MINERALS LIMITED

Report on the financial statements

We have audited the annual financial statements and Group annual financial statements of African Rainbow Minerals Limited, which comprises the Directors' report, the balance sheets as at 30 June 2009, the income statements, the statements of changes in equity and cash flow statements for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 138 to 204.

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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors' consider 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 of the Group as of 30 June 2009, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

Ernst & Young Inc.
Registered Auditor

Johannesburg
7 October 2009

DIRECTORS' REPORT

The Directors have pleasure in presenting their report on the annual financial statements of African Rainbow Minerals Limited ("ARM" or "the Company") for the year ended 30 June 2009.

Nature of business

African Rainbow Minerals Limited (ARM) is a niche, diversified South African mining company with excellent long-life, low-cost operating assets in key commodities. ARM, its subsidiaries, joint ventures and associates explore, develop, operate and hold interests in the mining and minerals industry. The current operational focus is on precious metals, ferrous metals and alloys, which include platinum group metals, nickel, iron ore, manganese ore, chrome ore, ferromanganese and ferrochrome alloys. ARM's partners at the various South African operations are Anglo Platinum, Assore, Impala Platinum, Norilsk Nickel and Xstrata Coal, South Africa.

ARM's assets in the rest of Africa are held in a 50:50 joint venture with Vale, which agreement was concluded in March 2009, and consist of development projects and exploration areas, including a copper-cobalt project in the Democratic Republic of Congo (DRC), copper projects in Zambia and a gold project in Namibia.

Holding company

The Company's largest shareholder is African Rainbow Minerals & Exploration Investments (Proprietary) Limited (ARMI), holding 41.38% of the issued ordinary share capital as at 30 June 2009. The sole shareholder of ARMI is a company which is owned by trusts established for the benefit of Mr Patrice Motsepe and that of his immediate family.

ARM is one of the largest black-controlled mineral resources companies in South Africa. ARM is committed to the spirit and objectives of the Mineral and Petroleum Resources Development Act, and the Broad-Based Socio-Economic Charter for the South African Mining Industry (the Mining Charter). To this end and for the benefit of historically disadvantaged South Africans (HDSAs), the Company has created the ARM Broad-Based Economic Empowerment Trust (BBEE Trust). A rigorous process of allocating 20.4 million shares equivalent to approximately 10% of ARM's issued share capital to various trust beneficiaries, which includes several South African communities and leaders, church groups, union representatives, a women's upliftment trust and seven regional upliftment trusts, has been completed. The BBEE Trust has been able to distribute R24.5 million to beneficiaries during the year arising from ARM's Dividend No 2.

Review of operations

The reader is referred to reviews by the Executive Chairman, the Chief Executive Officer, the Financial Director and the review of operations, which report on the Group's activities and results for the year ended 30 June 2009, on pages 6 to 68.

Corporate governance

The Board is committed to high standards of corporate governance. These standards are evident throughout the Company in systems of internal controls, practices, policies and procedures. They provide the framework for innovation while ensuring the sustainability of the business. The Board continuously reviews governance matters and control systems to ensure that these are in line with international best practices. The Board considers that for the year under review, the Company complied with King II, with the exceptions noted in the Corporate Governance report on pages 115 to 125.

Financial results

The Company's annual financial statements and accounting policies appear on pages 136 to 210 of this report. The results for the year ended 30 June 2009 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, in the manner required by the Companies Act, as amended, and the JSE Listings Requirements. The consolidated financial statements fairly present the state of affairs of the Company and adequate accounting records have been maintained.

Borrowings and cash

Total interest-bearing borrowings at 30 June 2009 amounted to R3.7 billion, which are at similar levels to F2008 (R3.98 billion). Cash and cash equivalents increased by R0.9 billion to R3.5 billion at 30 June 2009. As a result, net gearing was reduced to 1.4% (F2008: 8.4%).

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.

Going concern

To make a determination as to whether the Company will consider as a going concern, the Directors have considered facts and assumptions, including the Company's cash flow forecasts for the period to the end of June 2010. The Board believes that the Company has adequate resources to continue business in the foreseeable future. For this reason the Company continues to adopt the going concern basis in preparing its financial statements.

Taxation

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

All tax submissions up to and including June 2008 have been submitted. The assessments for 2001 to 2008 have not yet been issued by the South African Revenue Services (SARS). The tax return for June 2009 will be submitted during F2010.

The Company is in dispute with SARS over the deductibility of a loss claimed in the Company's 1999 tax submission. The Special Tax Court trial held in August 2007 ruled in favour of SARS and an appeal against the decision was lodged with the Supreme Court of Appeal, which hearing was held in August 2009 and thus by the financial year-end, no finality had been reached. The Company results include full provision for this estimated liability. SARS has agreed to grant the Company a deferral of payment of this amount until the matter is finally resolved.

Subsidiaries, associates and investments

The Company's direct and indirect interests in its principal subsidiaries, associates and investments are reflected in separate schedules presented on pages 202 to 204.

Dividend

The Board considers dividends on an annual basis. Given the strength of ARM's cash position, the Board deemed it advisable to declare a dividend while maintaining its prudent approach in the current economic environment.

Accordingly, on 31 August 2009 a dividend of 175 cents per share was declared, which amounts to a distribution of R371 million. The dividend was paid to shareholders on 28 September 2009. The Board determined that the capital remaining after the payment of the dividend is sufficient to support current operations and sustain the business.

Capital expenditure

Capital expenditure for F2009 amounted to R3.3 billion (F2008: R2.8 billion). Full details are set out in the Financial Director's report on pages 16 to 21 and in the Operational Reviews on pages 27 to 68.

Post-balance sheet events

As referred to above, in the dispute with SARS, the Supreme Court of Appeal ruled in favour of the Company, which judgement was handed down on 22 September 2009.

The results to 30 June 2009 have not been adjusted as the impact is not considered material.

Share capital

The share capital of the Company, both authorised and issued, is set out in note 13 to the annual financial statements. No share repurchases took place during the year under review.

Shareholder analysis

A comprehensive analysis of shareholders together with a list of shareholders beneficially holding, directly or indirectly, in excess of 5% of the ordinary shares of the Company at 30 June 2009, is set out in the Investor Relations report on pages 211 to 213.

Directorate

The composition of the Board is set out on pages 115 to 116. *Curricula vitae* may be found at pages 132 to 133.

Mr Rick P Menell retired as a Non-executive Director on 28 November 2008 and Mr Max V Sisulu resigned as an Independent Non-executive Director on 7 August 2009. On 1 August 2009, Mr Mike Arnold was appointed Financial Director and Mr Anton D Botha was appointed as an Independent Non-executive Director.

The Articles of Association provide for one-third of the previously elected Directors to retire by rotation. The Directors affected by this requirement are Messrs Motsepe, Wilkens, Chissano and McAlpine and Dr Simelane each of whom is available for re-election. In addition, shareholders' approval must be sought for Directors appointed by the Board during the year. Messrs Arnold and Botha are both affected by this requirement and make themselves available for election.

Interests of Directors

The direct and indirect beneficial and non-beneficial interests of the Directors of the Company in the issued share capital of the Company at 30 June 2009 were as follows:

	30 June 2009				30 June 2008			
	Direct		Indirect		Direct		Indirect	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial	Beneficial	Non-beneficial	Beneficial	Non-beneficial
PT Motsepe	**–**	**–**	**87 750 417**	**–**	–	–	87 750 417	–
LA Shiels	**2 000**	**–**	**–**	**–**	2 140	–	–	–
Total	**2 000**	**–**	**87 750 417**	**–**	2 140	–	87 750 417	–

Between 30 June 2009 and the date of this report, Mr Botha acquired an indirect, beneficial interest of 10 000 shares in the Company.

The Directors of the Company declare their interest in any transactions with the Company. No material contracts involving Directors' interests were entered into during the year under review.

Directors' remuneration

Executive Directors

The remuneration of Executive Directors consists of base salaries, benefits, annual cash incentives, and long-term (share-based) incentives. With the exception of Mr Frank Abbott, who received Directors' fees during his secondment to Harmony, Executive Directors do not receive Directors' fees. Additional information regarding the fixed and variable components of Executive Directors' remuneration packages are detailed in the Remuneration report found at pages 126 to 129.

The table below sets out the emoluments paid to Executive Directors during the year ended 30 June 2009.

Emoluments paid to Executive Directors

All figures in R000	Board and committee fees	Salary	Accrued bonus	Pension scheme contri-butions	Allow-ances	Total F2009	Total F2008
Executive Directors*							
P T Motsepe		5 680	1 008		57	**6 745**	8 683
A J Wilkens		4 637	1 193	528	619	**6 977**	6 729
F Abbott**	260	–	–	–	–	**260**	2 955
W M Gule		1 689	404	141	271	**2 505**	3 875
K S Mashalane		1 882	322	163	153	**2 520**	3 429
P C Rörich***							1 369
L A Shiels****		1 632	403	215	222	**2 472**	1 251
J C Steenkamp		2 654	838	341	532	**4 365**	5 885
Total						**25 844**	34 176

* *Mr Arnold was appointed to the Board on 1 August 2009, subsequent to the financial year end.*
** *Mr Abbott received Directors' fees during his secondment to Harmony. His full salary and bonus are recovered from Harmony. He became a Non-executive Director of ARM on 1 August 2009.*
*** *Mr Rörich ceased to be a Director in February 2008.*
**** *Mr Shiels was appointed as a Director in February 2008.*

The accrued bonuses indicated for F2009 are based upon performance in F2009.

The Company enters into employment agreements with Executive Directors on a total cost-to-company basis. Executive Directors structure their total salary packages to allow for pension contributions, medical aid contributions, travel allowances and other benefits in accordance with their individual requirements.

Non-executive Directors

The remuneration of Non-executive Directors consists of Directors' fees. Board and committee retainers and attendance fees are paid quarterly and in arrears. The Board and committee fees may be found on pages 128 and 129. The Board has agreed to recommend an increase in Non-executive Directors' fees, effective from 1 July 2009, to ensure that Non-executive Directors' fees remain competitive. At the Annual General Meeting, shareholders will be requested to approve the increase in fees, as set out in the Notice of Annual General Meeting.

The table below sets out the emoluments paid to Non-executive Directors during the year ended 30 June 2009.

Emoluments paid to Non-executive Directors

All figures in R000	Board and committee fees	Share appreciation rights payments	Consult-ancy fees	Out of office payments	Total F2009	Total F2008
Non-executive Directors*						
Dr M M M Bakane-Tuoane	503				**503**	226
J A Chissano	310		500		**810**	668
M W King	680				**680**	275
A K Maditsi	466				**466**	190
J R McAlpine	473				**473**	242
R P Menell**	128				**128**	29
Dr R V Simelane	507				**507**	288
M V Sisulu***	286				**286**	168
Z B Swanepoel	370				**370**	221
Total					**4 223**	2 307
All figures in US$000s						
Paid by subsidiary******						
J A Chissano	23	47			**70**	55
R P Menell**		944		118	**1 062**	281
M W King	41	47			**88**	66
Total					**1 220**	402

Payments for the reimbursement of out-of-pocket expenses have been excluded.
* *Mr Botha was appointed on 1 August 2009 subsequent to the year-end.*
** *Mr Menell retired on 28 November 2008.*
*** *Mr Sisulu resigned on 7 August 2009.*
**** *Fees payable by the subsidiary to Messrs Motsepe, Wilkens and Abbott, ARM Executive Directors, were paid to ARM.*

Performance shares

Conditional awards of full value ARM shares are made to Executive Directors pursuant to The African Rainbow Minerals 2008 Share Plan (the Share Plan). The shares vest after a three-year period subject to the Company's achievement of a weighted combination of performance measures over this period.

The total number of performance shares awarded in December 2008 was 142 184. During the year under review 865 performance shares, held by employees who either retired or were retrenched during the year, vested and 7 820 performance shares were forfeited. The total number of performance shares as at 30 June 2009 was 133 499.

Between 30 June 2009 and the date of this report, 465 performance shares were forfeited. Therefore, the total number of performance shares outstanding at the date of this report is 133 034.

The number of performance shares awarded to Executive Directors is summarised below.

Performance shares

Executive Directors	P T Motsepe	F Abbott**	W M Gule	K S Mashalane	L A Shiels	J C Steenkamp	A J Wilkens
	Number of shares						
Opening balance as at 1 July 2008	–	–	–	–	–	–	–
Performance shares awarded 2 December 2008*	20 448	5 250	4 101	4 278	4 090	9 167	20 564
Closing balance as at 30 June 2009	20 448	5 250	4 101	4 278	4 090	9 167	20 564

* *Vesting date 3 December 2011 (conditional on performance measures).*
** *Mr Abbott became a Non-executive Director on 1 August 2009.*

Bonus shares

Pursuant to the Share Plan, executives receive a grant of full value ARM shares that match, according to a specified ratio, a portion of the annual cash incentive accruing to them. Bonus shares are settled to participants after three years, conditional on continued employment.

The total number of bonus shares granted in December 2008 was 131 834. During the year under review 8 827 bonus shares, held by employees who either retired or were retrenched during the year, vested and 798 bonus shares were forfeited. The total number of bonus shares as at 30 June 2009 was 122 209.

Between 30 June 2009 and the date of this report, 697 bonus shares were forfeited. Therefore, the total number of bonus shares outstanding at the date of this report is 121 512.

The number of bonus shares granted to Executive Directors is summarised below.

Bonus shares

Executive Directors	P T Motsepe	F Abbott**	W M Gule	K S Mashalane	L A Shiels	J C Steenkamp	A J Wilkens
	Number of shares						
Opening balance as at 1 July 2008	–	–	–	–	–	–	–
Bonus shares granted 2 December 2008*	20 445	5 397	4 325	3 626	4 228	8 704	13 468
Closing balance as at 30 June 2009	20 445	5 397	4 325	3 626	4 228	8 704	13 468

* *Vesting date 3 December 2011.*
** *Mr Abbott became a Non-executive Director on 1 August 2009.*

Share option scheme

Annual allocations of share options in terms of The African Rainbow Minerals Share Incentive Scheme (the Scheme) are made to Executive Directors, but at a much reduced scale following the adoption of the Share Plan. A schedule of share option entitlements accruing to Executive Directors and the transactions that occurred during the year to 30 June 2009 is set out below:

Schedule of share option entitlements

Executive Directors	P T Motsepe		F Abbott*		W M Gule	
	No of options	Avg price R	No of options	Avg price R	No of options	Avg price R
Opening balance as at 1 July 2008	1 024 132	49.44	211 094	81.57	243 573	67.51
Options granted	16 068	96.20	9 169	96.20	7 160	96.20
Options exercised					51 378	
Average issue price per option						55.69
Gross sale price per option						135.58
Options forfeited and lapsed	–		–		–	
Closing balance as at 30 June 2009**	1 040 200	50.16	220 263	82.17	199 355	71.59
Grant date of options						
15 December 2004	550 000	27.00			35 000	27.00
15 June 2005						
10 October 2005	133 784	37.00	31 379	37.00	32 573	37.00
1 November 2006	254 468	73.99	137 733	73.99	90 976	73.99
16 October 2007	85 880	139.73	41 982	139.73	33 646	139.73
5 December 2008	16 068	96.20	9 169	96.20	7 160	96.20

Executive Directors	K S Mashalane		L A Shiels		J C Steenkamp		A J Wilkens	
	No of options	Avg price R	No of options	Avg price R	No of options	Avg price R	No of options	Avg price R
Opening balance as at 1 July 2008	215 520	70.21	282 908	55.93	320 375	73.59	615 449	57.80
Options granted	7 471	96.20	7 142	96.20	12 006	96.20	19 011	96.20
Options exercised	53 334		25 946		40 000			
Average issue price per option		32.00		37.00		37.00		
Gross sale price per option		216.98		130.00		142.31		
Options forfeited and lapsed	–		–		–		–	
Closing balance as at 30 June 2009**	169 657	83.37	264 104	56.23	292 381	79.52	634 460	58.95
Grant date of options								
15 December 2004							216 313	27.00
15 June 2005			140 000	32.00				
10 October 2005	15 376	37.00			54 135	37.00	112 865	37.00
1 November 2006	116 480	73.99	90 648	73.99	175 220	73.99	219 714	73.99
16 October 2007	30 330	139.73	26 314	139.73	51 020	139.73	66 557	139.73
5 December 2008	7 471	96.20	7 142	96.20	12 006	96.20	19 011	96.20

Mr R P Menell, who retired on 28 November 2008, exercised his remaining options in F2007.

* *Mr Abbott retired as Financial Director on 1 August 2009 and remains as a Non-executive Director.*
** *The latest expiry date is 5 December 2016.*

Option vesting dates

A schedule of option vesting dates may be found below.

Options granted before 1 December 2008: No options may be exercised prior to the first anniversary of the issue date relative to such options. Up to a third of such options may be exercised each year until the third anniversary of the issue date.

Options granted after 1 December 2008: No options may be exercised prior to the third anniversary of the issue date relative to such options.

Options may not be exercised later than the eighth anniversary of the issue date, after which such options lapse.

Schedule of option vesting dates

		Number of options	Average issue price per option
Options outstanding at 30 June 2009		4 834 037	R73.74
Vested	3 May 2004	51 797	R36.70
	17 December 2005	183 333	R27.00
	11 October 2006	101 634	R37.00
	17 December 2006	316 842	R27.00
	17 June 2007	59 375	R32.00
	11 October 2007	140 589	R37.00
	2 November 2007	204 338	R73.99
	17 December 2007	520 867	R27.00
	6 June 2008	54 665	R119.00
	17 June 2008	113 334	R32.00
	11 October 2008	280 657	R37.00
	17 October 2008	230 259	R139.73
	2 November 2008	356 532	R73.99
	16 April 2009	22 593	R271.00
	22 May 2009	1 304	R279.50
	6 June 2009	54 665	R119.00
Vesting on	17 October 2009	230 259	R139.73
	2 November 2009	705 560	R73.99
	16 April 2010	22 593	R271.00
	22 May 2010	1 304	R279.50
	6 June 2010	75 002	R119.00
	17 October 2010	230 297	R139.73
	2 November 2010	285 288	R139.73
	16 April 2011	22 597	R271.90
	22 May 2011	1 306	R279.50
	6 June 2011	20 332	R119.00
	2 November 2011	285 319	R73.99
	6 December 2011	229 950	R96.20
	18 March 2012	11 110	R120.80
	6 June 2012	20 336	R119.00

Share option movements

Total share options outstanding under the Scheme shall not exceed 10 percent of the total issued share capital of the Company. A schedule of share option movements is set out below:

Schedule of movements	Ordinary shares in issue		The Scheme			
	F2009 Shares	F2008 Shares	F2009 Options	F2008 Options	Range of strike prices From	To
Ordinary shares in issue at 1 July	**211 556 278**	209 730 266				
Options previously granted at 1 July			**5 124 907**	6 290 024*	R27.00	R279.50
Shares allotted:						
Share options exercised	**511 945**	1 826 012	**(511 945)**	(1 826 012)*	R27.00	R139.73
Share options:						
Granted to participants**			**249 292**	816 861*	R96.20	R120.80
Forfeited			**(28 217)**	(155 966)	R73.99	R271.00
Balance at 30 June	**212 068 223**	211 556 278	**4 834 037**	5 124 907	R27.00	R279.50
Movement subsequent to year-end						
Shares allotted:						
Share options exercised	**41 278**		**(41 278)**		R27.00	R73.99
Share options:						
Granted to participants			**nil**			
Forfeited			**(11 414)**		R96.20	R139.73
Balance at 15 September 2009	**212 109 501**		**4 781 345**			
Balance available to be issued in terms of the Scheme			**16 425 477**	16 113 600		
Maximum number of options permitted by the Scheme			**21 206 822**	21 155 627		

* *F2008 options inclusive of options granted to current and former Executive Directors in F2008.*

** *Refer to the schedule of option vesting dates.*

Additional information regarding Directors' remuneration may be found in the Remuneration report on pages 126 to 129.

External auditors

Ernst & Young Incorporated (E&Y) continued in office as external auditors for the Company. At the Annual General Meeting, shareholder approval will be sought for the reappointment of E&Y as ARM's external auditors for the 2010 financial year and to confirm Mr M C Herbst as the individual registered auditor.

Secretary

Ms Alyson D'Oyley is Company Secretary of ARM. Her business and postal addresses appear on the inside back cover of the report. Changes to the office of the Company Secretary during the year are set out on page 119.

Special resolutions

No special resolutions were passed by ARM and its subsidiaries during the period 1 July 2008 to the date of this report.

Listings

The Company's shares are listed on the JSE Limited (JSE) under General Mining. The Company voluntarily de-listed from The London Stock Exchange, in 2006.

An unsponsored Level 1 American Depositary Receipt programme with JP Morgan Chase Bank is also available to investors for over the counter or private transactions.

STRATE (Share Transactions Totally Electronic)

The Company's shares were dematerialised on 5 November 2001. Should shareholders wish to trade certificated ARM (previously Avmin) shares on the JSE they are urged to deposit them with a CSDP (Central Securities Depository Participant) or qualifying stockbroker, as soon as possible. Trading in the Company's shares on the JSE is only possible if they exist in electronic format in the STRATE environment. If members have any queries, they should contact the Company's transfer secretaries, Computershare Investor Services (Pty) Limited, whose details are reflected on the inside back cover of this report.

Convenience translation into United States Dollars

To assist users of this report, translations of convenience into United States Dollars are provided for in the Company's financial statements. These translations are based upon average rates of exchange for income statement and cash flow statement items and at those rates prevailing at year end for balance sheet items. These statements are included on pages 205 to 210 and do not form part of the audited financial statements.

BALANCE SHEETS

at 30 June

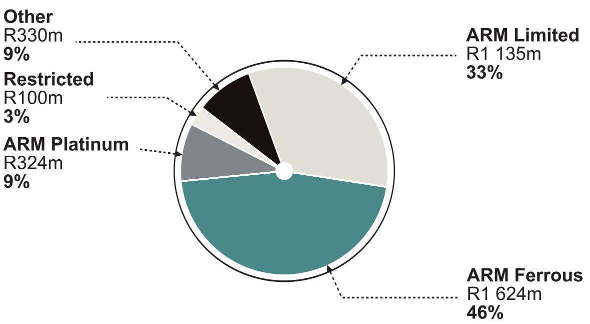
R million	Notes	Group F2009	Group F2008	Company F2009	Company F2008
Assets					
Non-current assets					
Property, plant and equipment	3	**11 500**	9 024	**1 477**	628
Investment property	4	**12**	12	**–**	–
Intangible assets	3	**213**	215	**–**	–
Deferred tax assets	15	**32**	20	**32**	20
Loans and long-term receivables	6	**134**	–	**9**	9
Financial assets	7	**78**	–	**–**	–
Inventories	9	**169**	178	**35**	–
Investment in associate	5	**1 327**	1 298	**432**	432
Other investments	8	**5 101**	6 055	**8 312**	9 430
		18 566	16 802	**10 297**	10 519
Current assets					
Inventories	9	**1 854**	1 231	**54**	71
Trade and other receivables	10	**1 565**	4 150	**208**	285
Taxation	32	**1**	14	**–**	–
Cash and cash equivalents	11	**3 513**	2 660	**1 266**	486
		6 933	8 055	**1 528**	842
Held for sale assets	12	**–**	21	**–**	–
Total assets		**25 499**	24 878	**11 825**	11 361
Equity and liabilities					
Capital and reserves					
Ordinary share capital	13	**11**	11	**11**	11
Share premium	13	**3 759**	3 733	**3 759**	3 733
Other reserves		**600**	1 366	**375**	1 147
Retained earnings		**11 779**	9 766	**5 423**	3 991
Equity attributable to equity holders of ARM		**16 149**	14 876	**9 568**	8 882
Minority interest		**602**	800	**–**	–
Total equity		**16 751**	15 676	**9 568**	8 882
Non-current liabilities					
Long-term borrowings	14	**1 364**	2 254	**–**	1 217
Deferred tax liabilities	15	**2 277**	2 154	**312**	456
Long-term provisions	16	**401**	324	**111**	94
		4 042	4 732	**423**	1 767
Current liabilities					
Trade and other payables	17	**1 637**	1 515	**262**	177
Short-term provisions	18	**158**	184	**13**	64
Taxation	32	**531**	1 047	**116**	110
Overdrafts and short-term borrowings – interest-bearing	19	**2 380**	1 724	**1 152**	70
– non-interest-bearing	19	**–**	–	**291**	291
		4 706	4 470	**1 834**	712
Total equity and liabilities		**25 499**	24 878	**11 825**	11 361

INCOME STATEMENTS

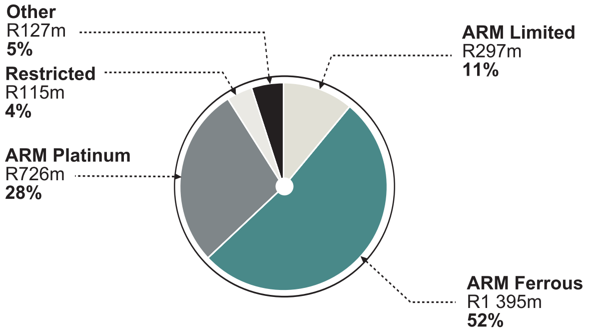
For the year ended 30 June

		Group		Company	
R million	Notes	F2009	F2008	F2009	F2008
Revenue	22	**10 674**	12 919	**3 328**	1 666
Sales	22	**10 094**	12 590	**543**	998
Cost of sales	23	**(6 048)**	(5 516)	**(493)**	(425)
Gross profit		**4 046**	7 074	**50**	573
Other operating income		**916**	460	**391**	375
Other operating expenses		**(1 255)**	(856)	**(335)**	(280)
Profit from operations before exceptional items	24	**3 707**	6 678	**106**	668
Income from investments	25	**414**	168	**2 473**	375
Finance costs	26	**(385)**	(438)	**(176)**	(175)
Income from associate*	5	**147**	461	**–**	–
Profit before taxation and exceptional items		**3 883**	6 869	**2 403**	868
Exceptional items	27	**514**	162	**(54)**	128
Profit before taxation		**4 397**	7 031	**2 349**	996
Taxation	28	**(1 727)**	(2 084)	**(72)**	(225)
Profit for the year		**2 670**	4 947	**2 277**	771
Attributable to:					
Minority interest		**(198)**	460	**–**	–
Equity holders of ARM		**2 868**	4 487	**2 277**	771
		2 670	4 947	**2 277**	771
Additional information					
Headline earnings (R million)	30	**2 317**	4 013		
Headline earnings per share (cents)	29	**1 094**	1 906		
Basic earnings per share (cents)	29	**1 355**	2 131		
Diluted headline earnings per share (cents)	29	**1 079**	1 872		
Diluted basic earnings per share (cents)	29	**1 336**	2 093		
Number of shares in issue at end of year (thousands)		**212 068**	211 556		
Weighted average number of shares in issue (thousands)		**211 707**	210 580		
Weighted average number of shares used in calculating diluted earnings per share (thousands)	29	**214 737**	214 347		
Net asset value per share (cents)	29	**7 615**	7 032		
EBITDA (R million)		**4 484**	7 229		
Dividend declared after year end (cents per share)		**175**	400	**175**	400
* Exceptional items included in income from associate (R million)		**27**	317		

Cash and cash equivalents – balance sheet F2009
(R million)

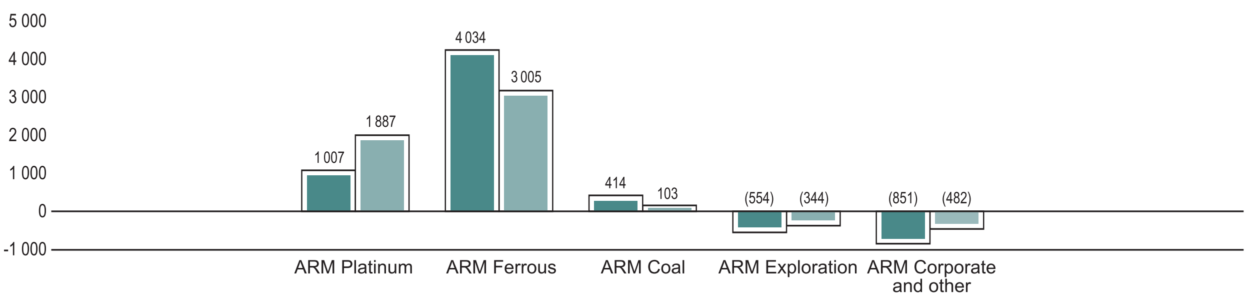


Cash and cash equivalents – balance sheet F2008
(R million)

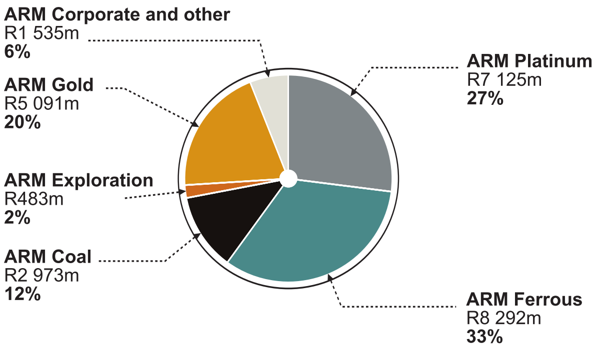


Cash inflow/(outflow) from operating activities
(R million)

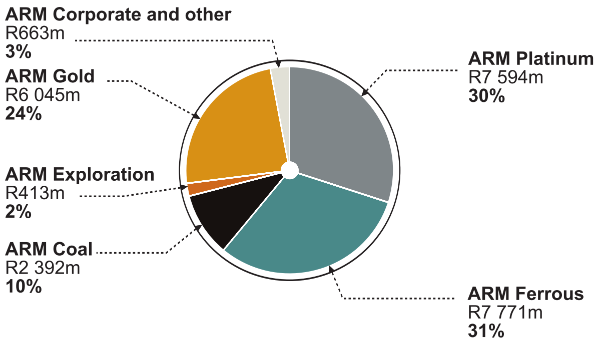
F2009 F2008



Segment assets F2009
(R million)

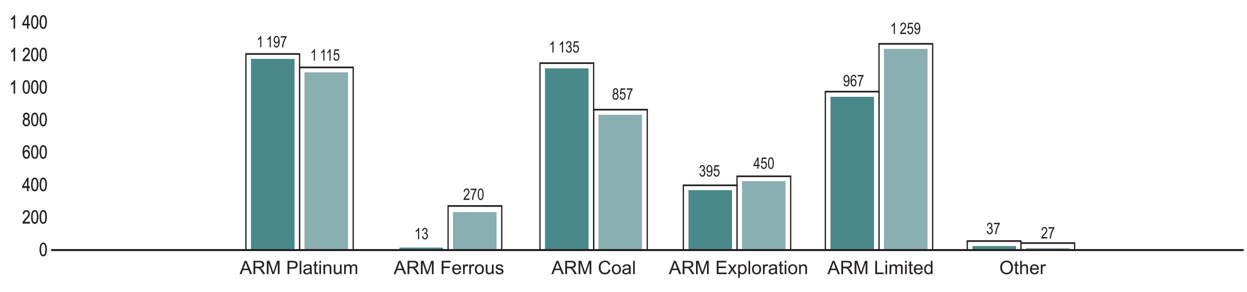


Segment assets F2008
(R million)

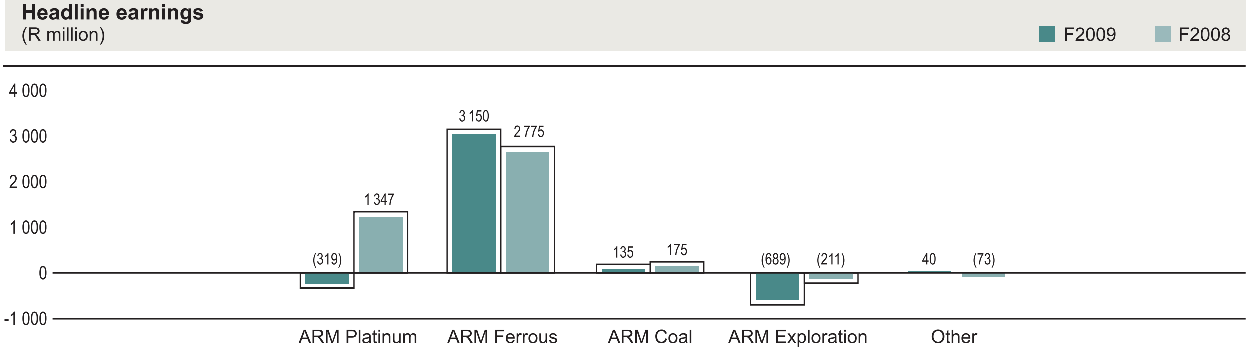


Long and short-term borrowings
(R million)

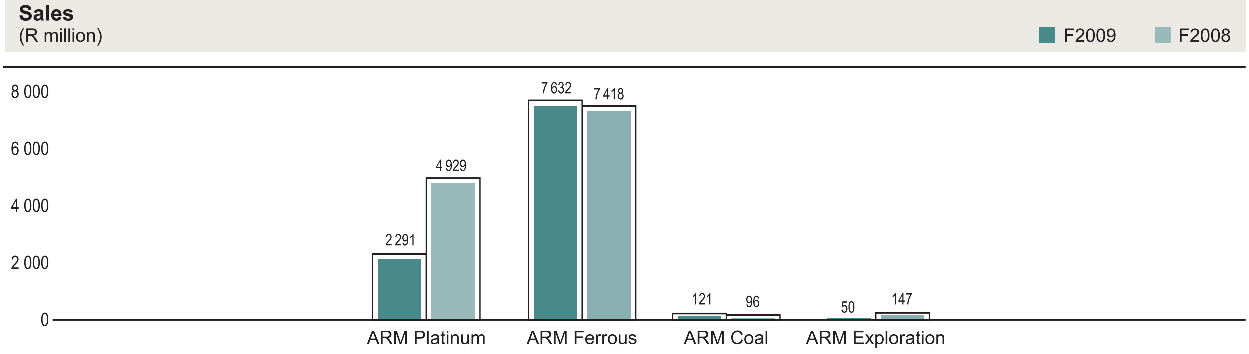
F2009 F2008



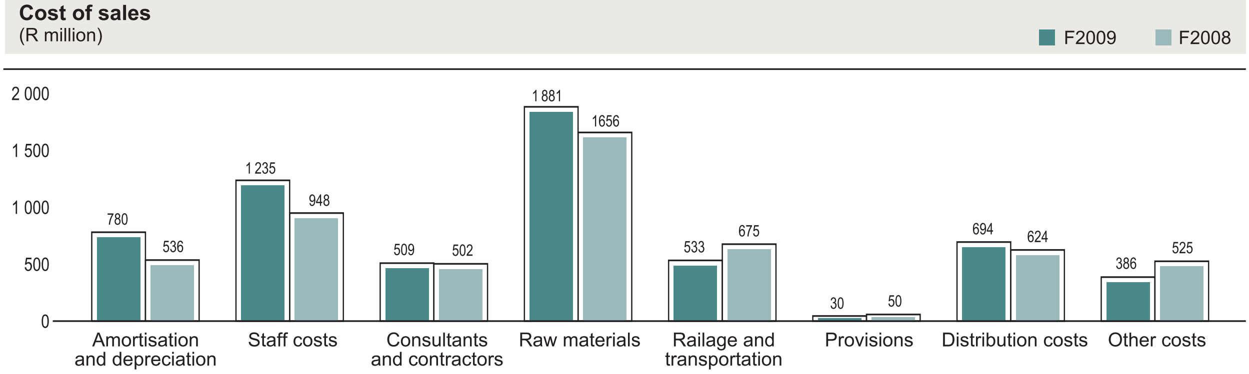
Headline earnings
(R million)



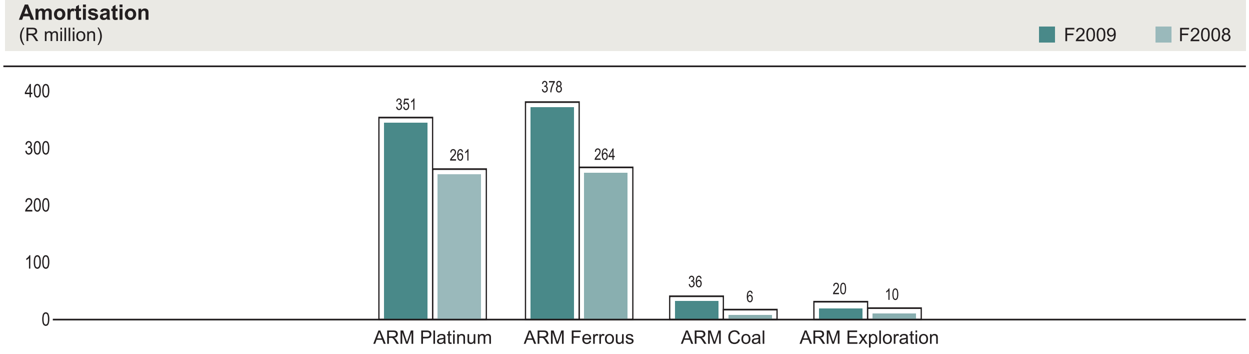
Sales
(R million)



Cost of sales
(R million)



Amortisation
(R million)



STATEMENTS OF CHANGES IN EQUITY

For the year ended 30 June

Group

R million	Notes	Share capital and premium	Revaluation of listed investment	Other*	Retained earnings	Total shareholders of ARM	Total minority interest	Total
Balance at 30 June 2007		3 677	1 467	137	5 597	10 878	340	11 218
Revaluation of listed investment	8	–	(335)	–	–	(335)	–	(335)
Deferred tax on revaluation of listed investment		–	58	–	–	58	–	58
Net impact of revaluation of listed investment		–	(277)	–	–	(277)	–	(277)
Profit for the year		–	–	–	4 487	4 487	460	4 947
Share-based payments		–	–	74	–	74	–	74
Share options exercised	13	67	–	–	–	67	–	67
Realignment of currency		–	–	(6)	–	(6)	–	(6)
Minorities bought out in Copperbelt venture		–	–	(29)	–	(29)	–	(29)
Dividend paid		–	–	–	(315)	(315)	–	(315)
Other		–	–	–	(3)	(3)	–	(3)
Balance at 30 June 2008		3 744	1 190	176	9 766	14 876	800	15 676
Revaluation of listed investment	8	–	(954)	–	–	(954)	–	(954)
Deferred tax on revaluation of listed investment		–	134	–	–	134	–	134
Net impact of revaluation of listed investment		–	(820)	–	–	(820)	–	(820)
Profit for the year		–	–	–	2 868	2 868	(198)	2 670
Share-based payments		–	–	64	–	64	–	64
Share options paid in cash		–	–	(25)	–	(25)	–	(25)
Share options exercised	13	26	–	–	–	26	–	26
Realignment of currency		–	–	(43)	–	(43)	–	(43)
Dilution of interest in TEAL		–	–	48	–	48	–	48
Share appreciation rights: TEAL – minority share		–	–	14	–	14	–	14
Premium paid on purchase in minorities		–	–	15	–	15	–	15
FCTR realised		–	–	19	–	19	–	19
Dividend paid		–	–	–	(847)	(847)	–	(847)
Other		–	–	10	(8)	2	–	2
Balance at 30 June 2009		**3 770**	**370**	**230**	**11 779**	**16 149**	**602**	**16 751**

R million	F2009	F2008	F2007
* Other reserves consist of the following:			
General reserve	**32**	32	32
Insurance contingency	**18**	8	8
Share-based payments	**220**	167	93
Foreign currency translation reserve (FCTR)	**(26)**	(2)	4
Premium paid on purchase of minorities	**(14)**	(29)	–
Total	**230**	176	137

For the year ended 30 June

R million	Notes	Company Share capital and premium	Revaluation of listed investment	Other*	Retained earnings	Total
Balance at 30 June 2007		3 677	1 261	109	3 537	8 584
Revaluation of listed investment	8	–	(335)	–	–	(335)
Deferred tax on revaluation of listed investment		–	58	–	–	58
Net impact of revaluation of listed investment		–	(277)	–	–	(277)
Profit for the year		–	–	–	771	771
Dividend paid		–	–	–	(315)	(315)
Share-based payments		–	–	54	–	54
Share options exercised	13	67	–	–	–	67
Other		–	–	–	(2)	(2)
Balance at 30 June 2008		3 744	984	163	3 991	8 882
Revaluation of listed investment	8	–	(954)	–	–	(954)
Deferred tax on revaluation of listed investment		–	134	–	–	134
Net impact of revaluation of listed investment		–	(820)	–	–	(820)
Profit for the year		–	–	–	2 277	2 277
Dividend paid		–	–	–	(847)	(847)
Share-based payments		–	–	49	–	49
Share options paid in cash		–	–	(1)	–	(1)
Share options exercised	13	26	–	–	–	26
Other		–	–	–	2	2
Balance at 30 June 2009		**3 770**	**164**	**211**	**5 423**	**9 568**

R million	F2009	F2008	F2007
* Other reserves consist of the following:			
General reserve	**35**	35	35
Share-based payments	**176**	128	74
Total	**211**	163	109

CASH FLOW STATEMENTS

For the year ended 30 June

R million	Notes	Group F2009	Group F2008	Company F2009	Company F2008
Cash flow from operating activities					
Cash receipts from customers		**13 432**	10 876	**930**	1 273
Cash paid to suppliers and employees		**(6 754)**	(5 701)	**(637)**	(630)
Cash generated from operations	31	**6 678**	5 175	**293**	643
Interest received		**406**	166	**204**	102
Interest paid		**(328)**	(412)	**(177)**	(132)
Dividends received		**118**	21	**2 269**	260
Dividend paid		**(847)**	(315)	**(847)**	(315)
Taxation paid	32	**(1 977)**	(466)	**(88)**	(172)
Net cash inflow from operating activities		**4 050**	4 169	**1 654**	386
Cash flow from investing activities					
Additions to property, plant and equipment to maintain operations		**(927)**	(1 194)	**(5)**	(6)
Additions to property, plant and equipment to expand operations		**(2 337)**	(1 465)	**(863)**	(287)
Proceeds on disposal of property, plant and equipment		**9**	28	**–**	–
Proceeds/(cost) on disposal of 15% in TEAL	33	**120**	–	**(53)**	–
Proceeds on disposal of 50% of Nkomati – final tranche payment		**–**	135	**–**	135
Proceeds on sale of interest in Otjikoto		**–**	32	**–**	–
Proceeds on sale of interest in Zambian properties		**–**	37	**–**	–
Increase in investment loans and receivables		**–**	–	**164**	(3)
Net cash outflow from investing activities		**(3 135)**	(2 427)	**(757)**	(161)
Cash flow from financing activities					
Proceeds on exercise of share options		**27**	66	**27**	66
Share options settled in cash		**(25)**	–	**(1)**	–
Long-term borrowings raised		**259**	558	**–**	–
Long-term borrowings repaid		**(312)**	(804)	**(300)**	(35)
(Decrease)/increase in short-term borrowings		**(120)**	5	**149**	–
Net cash (outflow)/inflow from financing activities		**(171)**	(175)	**(125)**	31
Net increase in cash and cash equivalents		**744**	1 567	**772**	256
Cash and cash equivalents at beginning of year		**2 594**	1 039	**458**	202
Foreign currency translation on cash balance		**(13)**	(12)	**–**	–
Cash and cash equivalents at end of year	11	**3 325**	2 594	**1 230**	458
Cash generated from operations per share (cents)	29	**3 154**	2 457	**138**	305

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.

Impact of new standards

During the current financial year the following new and revised accounting standards were adopted by ARM:

IAS 18: Determining whether an entity is acting as a principal or as an agent

IAS 39 & IFRS 7 Amendments to IAS 39 and IFRS 7 – Reclassification of financial assets

IFRIC 12 Service concession arrangements

IFRIC 13 Customer loyalty programmes

IFRIC 14 IAS 19: The Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interaction

None of the standards or interpretations adopted had any impact on the financial statements.

Basis of preparation

The principal accounting policies as set out below are consistent in all material aspects with those applied in the previous years except for the above-mentioned new and revised standards.

The consolidated Group and Company financial statements have been prepared on an historical cost basis except for the revaluation of available-for-sale financial assets, adjusted directly through equity and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The financial statements are presented in South African Rand and all values are rounded to the nearest million (Rm) unless otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of African Rainbow Minerals Limited and its subsidiaries, joint ventures and associates at 30 June each year.

Subsidiary companies

Subsidiary companies are investments in entities in which the Company has control over the financial and operating decisions of the entity.

Subsidiaries are consolidated in full from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date such control ceases. Minority interest represents the portion of profit or loss and equity not held by the Group and are presented in the profit or loss and within equity in the consolidated balance sheet, separately from parent shareholders' equity.

The Group accounts for 100% of the losses for those subsidiaries whose equity is in deficit. The Group will then account for 100% of the profits until the deficit has been removed.

Investments in subsidiaries in the Company financial statements are accounted for at cost less impairment.

Joint ventures

Joint ventures are contractual agreements whereby the Group has joint control over the financial and operating policy decisions of the enterprise. The Group attributable share of the assets, liabilities, income and expenses and cash flows of such jointly controlled entities are proportionately consolidated on a line-by-line basis in the Group financial statements.

Unincorporated joint ventures are consolidated in the Company financial statements on the same basis as above.

Jointly controlled entities are accounted for in the Company financial statements at cost less impairment (refer note 20).

Investment in an associate

An associate is an investment in an entity in which the Group has significant influence and is neither a subsidiary nor a joint venture of the Group. At Group level investments in associates are accounted for using the equity method of accounting. Investments in the associates are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The profit or loss reflects the Group's share of the post-acquisition profit after tax of the associate. After application of the equity method, the Group determines whether it is necessary to 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 profit or loss.

Inter-Company transactions and balances

Consolidation principles relating to the elimination of inter-Company transactions and balances and adjustments for unrealised inter-Company profits are applied in all intra-Group dealings, for all transactions with subsidiaries, associated companies or joint ventures.

Current taxation

The charge for current tax is based on the results for the year as adjusted for income that is exempt and expenses that are not deductible using tax rates that have been enacted or substantially enacted at balance sheet date that are applicable to the taxable income. Taxation is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case the tax amounts are recognised directly in equity.

Deferred taxation

A deferred tax asset is the amount of income taxes recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits.

A deferred tax liability is the amount of income taxes payable in future periods in respect of taxable temporary differences.

Temporary differences are differences between the carrying amount of an asset or liability and its tax base. The tax base of an asset is the amount that is deductible for tax purposes if the economic benefits from the asset are taxable or the carrying amount of the asset if the economic benefits are not taxable. The tax base of a liability is the carrying amount of the liability less the amount deductible in respect of that liability in future periods. The tax base of revenue received in advance is the carrying amount less any amount of the revenue that will not be taxed in future periods.

Deferred tax is recognised for all temporary differences, unless specifically exempt, at the tax rates that have been enacted or substantively enacted at the balance sheet date and is not discounted.

A deferred tax asset is only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax arising on investments in subsidiaries, associates and joint ventures is recognised except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Secondary taxation on companies

Secondary tax on companies (STC) is recognised on the declaration date of all dividends and is included in the taxation expense in the profit or loss in the related period. Unutilised STC credits are raised as deferred tax assets to the extent that a dividend is expected to be paid in the foreseeable future.

Provisions

Provisions are recognised when the following conditions have been met:

- A present legal or constructive obligation to transfer economic benefits as a result of past events exists; and
- A reasonable estimate of the obligation can be made.

A present obligation is considered to exist when there is no realistic alternative but to make the transfer of economic benefits. The amount recognised as a provision is the best estimate at the balance sheet date of the expenditure required to settle the obligation. Only expenditure related to the purpose for which the provision is raised is charged against the provision. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Insurance provisions

Claims (net of anticipated recoveries under reinsurance arrangements when the right to set off exists) notified but not settled at year end, and incurred at year end but not reported, have been provided for using the best information available at the time. The estimates include provision for inflation and other contingencies arising in the settlement of claims.

Environmental rehabilitation obligation

The estimated cost of rehabilitation, comprising liabilities for decommissioning and restoration, is based on current legal requirements and existing technology and is reassessed annually. Cost estimates are not reduced by the potential proceeds from the sale of assets.

Decommissioning

The present value of estimated decommissioning obligations, being the cost to dismantle all structures and rehabilitate the land on which it is located that arose through establishing the mine, is included in long-term provisions. The unwinding of the obligation is included in the profit or loss under finance cost. The initial related decommissioning asset is recognised in property plant and equipment.

The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Restoration

The present value of the estimated cost of restoration, being the cost to correct damage caused by ongoing mining operations, is included in long-term provisions. This estimate is revised annually and any movement is charged against profit or loss.

Expenditure on ongoing rehabilitation is charged to the profit or loss under cost of sales as incurred.

Environmental rehabilitation trust funds

Annual payments are made to rehabilitation trust funds in accordance with statutory requirements. The investment in the trust funds are carried at cost in the Company. These funds are consolidated as ARM Group companies are the sole contributors to the funds and exercise full control through the respective boards of trustees. The balances are included under restricted cash.

Financial instruments

Financial instruments recognised on the balance sheet include cash and cash equivalents, investments, trade and other receivables, trade and other payables and long- and short-term borrowings. The recognition methods adopted are disclosed in the individual policy statements associated with each item. The Group does not apply hedge accounting.

Financial assets

Financial assets are initially measured at fair value plus transaction costs.

Financial assets at fair value through profit and loss are measured at fair value with gains and losses being recognised in profit and loss.

Held-to-maturity investments are measured at amortised cost less any impairment losses recognised to reflect irrecoverable amounts.

Loans and receivables are measured at amortised cost less impairment losses or reversals which are recognised in profit and loss.

Available-for-sale financial assets are measured at fair value with gains and losses being recognised directly in equity. Impairment losses are recognised in profit or loss. Any impairment reversals on debt instruments classified as available-for-sale are recognised in profit and loss. Impairment losses on equity investments are not reversed through the profit and loss, increases in their fair value after impairment are recognised directly in equity.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence as a result of one or more events that has occurred after the initial recognition, that a financial asset or a group of financial assets is impaired.

- ***Assets carried at amortised cost***

  If there is an indication that an impairment exists, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through use of an allowance account.

- ***Available-for-sale assets***

  In the case of equity securities, if there is a continuous drop in the fair value of the security below its cost, the security is impaired. The cumulative loss, measured as the difference between the acquisition cost and the current fair value less any impairment loss previously recognised on the security, is then recognised in the profit or loss.

Financial liabilities

Financial liabilities at fair value through profit and loss are measured at fair value with gains and losses being recognised in profit and loss.

Financial liabilities at amortised cost are measured at fair value and subsequently at amortised cost using the effective interest method.

Financial guarantees

Financial Guarantee Contracts, that are not considered to be insurance contracts, are initially recognised at fair value and subsequently remeasured at the higher of the amount determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised, less when appropriate, cumulative amortisation recognised in accordance with IAS 18 Revenue.

Derivative instruments

Derivatives, including embedded derivatives, are initially and subsequently measured at fair value. Fair value adjustments are recognised in the profit or loss. Forward exchange contracts are valued at the balance sheet date using the forward rate available at the balance sheet date for the remaining maturity period of the forward contract. Any gain or loss from valuing the contract against the contracted rate is recognised in the profit or loss. A corresponding forward exchange asset or liability is recognised. On settlement of a forward exchange contract, any gain or loss is recognised in the profit or loss.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost.

Cash that is subject to legal or contractual restrictions on use is included in cash but indicated as restricted.

Investments

Investments, other than investments in subsidiaries, associates and joint ventures, are considered to be available-for-sale financial assets and are subsequently carried at fair value. Increases and decreases in fair values of available-for-sale investments are reflected in the revaluation reserve. On disposal of an investment, the balance in the revaluation reserve is recognised in the profit or loss. Where active markets exist, fair values are determined with reference to the stock exchange quoted selling prices at the close of business on the balance sheet date. Where there are no active markets, fair value is determined using valuation techniques like recent similar transactions, reference to similar transactions, discounted cash flow and option pricing models. Where a reliable fair value cannot be determined, investments are carried at cost. All regular purchases and sales of financial assets are recognised on the trade date, ie the date the Group commits to purchasing the asset.

Receivables

Trade receivables, which generally have 30-90 day terms, are initially recognised at fair value and subsequently at amortised cost. Receivables are financial assets classified as loans and receivables. Some receivables are classified at fair value through profit and loss. These are receivables where the amount that will be received in the future is dependent on the commodities or concentrate content, and/or the price at the date of settlement. An impairment is recognised when there is evidence that an entity will not be able to collect all amounts due according to the original terms of the receivables. The impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rates. The amount of the impairment is charged to the profit or loss.

Payables

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

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method and classified as financial liabilities at amortised cost. Amortised cost is calculated by taking into account any issue cost and any discount or premium on settlement. Gains and losses are recognised in the profit or loss when the liabilities are derecognised, as well as through the amortisation process.

Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in the profit or loss.

Set-off

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

Intangible assets

Intangible assets acquired are reflected at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised over their useful economic life and assessed for impairment where there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with finite useful life are reviewed at least at each financial year end. Amortisation is based on units of production. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

Internally generated intangible assets are not capitalised and expenditure is reflected in the profit or loss in the year in which the expenditure is incurred.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

There are no indefinite life intangible assets.

Investment property

Investment properties are carried at cost and depreciated on a straight-line basis over their estimated useful lives to an estimated residual value. Where the residual value exceeds the carrying amount, amortisation is continued at a zero charge until its residual value subsequently decreases to an amount below the carrying amount. Where the building has changed from owner occupied to investment property in order to earn rentals and for capital appreciation, the cost deemed is the carrying amount if applicable. An impairment is taken in the profit or loss when the recoverable amount is less than the carrying amount.

Property, plant and equipment

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

Land and buildings

Land and buildings are carried at cost. Land is only depreciated where the form is changed so that it affects its value. Land is then depreciated on a straight-line method over the mining activity to a maximum of 25 years to its estimated residual value. Buildings are depreciated on a straight-line basis over their estimated useful lives to an estimated residual value, if such value is significant. The annual depreciation rates used vary between 2% and 5%. New acquisitions and additions to existing land and buildings are reflected at cost.

Mine development and decommissioning

Costs to develop new ore bodies, to define further mineralisation in existing ore bodies and to expand the capacity of a mine or its current production, as well as the decommissioning thereof, are capitalised. Development costs to maintain production are expensed as incurred.

Mine development and decommissioning assets are amortised using the units-of-production method based on estimated proven and probable ore reserves. Proven and probable ore reserves reflect estimated quantities of economically recoverable reserves which can be recovered in future from known mineral deposits. These reserves are reassessed annually. The maximum period of amortisation using this method is 25 years.

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 is amortised on the units-of-production method over the lesser of its estimated useful life based on estimated proven and probable ore reserves. Non-mining plant and machinery is depreciated over its useful life. The maximum life of any single item as used in 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 profit or loss.

Other

Mine properties (including houses, schools and administration blocks), motor vehicles and furniture and equipment are depreciated on the straight-line basis over their expected useful lives, to estimated residual values. The residual value is the amount currently expected to be obtained for the asset after deducting estimated costs of the disposal, if the asset was already at the end of its useful life.

Depreciation rates

Depreciation rates that are based on units-of-production require management estimates and judgements utilised in business models, which take into account metal prices, exchange rates, proven and probable ore reserves and mineral resources. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In assessing asset lives, factors such as technological innovation, asset life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal value.

The annual depreciation rates generally used in the Group are:

- furniture and equipment 10% to 33%;
- mine properties 4% to 7%;
- motor vehicles 20%;
- mine development plant and machinery, and mineral rights and land 10 to 25 years;
- investment properties 2%; and
- intangible assets over life of mine to a maximum of 25 years.

Exploration expenditure

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

- Degree of certainty over the mineralisation of the ore body.
- Commercial risks, including but not limited to country risk.
- Prior exploration knowledge available about the target ore body.

Exploration expenditure on greenfields sites, being those where the Group does not have any mineral deposits which are already being mined or developed, is expensed as incurred until a bankable feasibility study has been completed, after which the expenditure is capitalised.

Exploration expenditure on brownfields sites, being those adjacent to any mineral deposits which are already being mined or developed, is only expensed as incurred until the Company has obtained sufficient information from all available sources to ameliorate the project risk areas identified above and which indicates by means of a pre-feasibility study that the future economic benefits are highly probable.

Exploration expenditure relating to extensions of mineral deposits which are already being mined or developed, including expenditure on the definition of mineralisation of such mineral deposits, is capitalised.

Activities in relation to evaluating the technical feasibility and commercial viability of mineral resources are treated as forming part of exploration expenditures.

Costs related to property acquisitions and mineral and surface rights are capitalised.

Impairment

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale (under current assets) if the carrying amount of these assets will be recovered principally through a sale transaction rather than through continued use. This condition will only be regarded as met if the sale transaction is highly probable and the asset (or disposal group) is available for sale in its present condition. For the sale to be highly probable management must be committed to the plan to sell the asset and the transaction should be expected to qualify for recognition as a complete sale within 12 months of the date of classification. Non-current assets held for sale are measured at the lower of their previous carrying amounts and their fair value less cost to sell and are not depreciated.

Impairment of non-financial assets

The carrying value of assets is reviewed at each balance sheet date to assess whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset or cash generating unit is estimated. The recoverable amount is the higher of fair value less cost to sell or value in use. Value in use is determined by an estimated future cash flow discounted at a pre-tax discount rate.

Where the carrying value exceeds the estimated recoverable amount, such assets are written down to their recoverable amount and the difference is recognised in the profit or loss. If the circumstances leading to the impairment no longer exist, the appropriate portion of the impairment loss previously recognised is written back.

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

Borrowing costs

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

- expenditures for the asset are being incurred;
- borrowing costs are being incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are in process.

Capitalisation is suspended when the active development is interrupted and ceases when the activities necessary to prepare the asset for its use are complete.

Other borrowing costs are charged to finance costs in the profit or loss as incurred.

Inventories

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

- Consumables and maintenance spares are valued at average cost.
- Finished products are valued at weighted average cost, including an appropriate portion of direct overhead costs.
- Work-in-process is valued at weighted average cost, including an appropriate portion of direct overhead costs.
- Raw materials are valued at weighted average cost.
- By-products are valued at weighted average cost, the weighting being the ratio of its sales value to the total sales value of all the products per tonne of ore.

Inventories are classified as current when it is reasonable to expect them to be sold within their normal cycle which could be the next financial year. If not, they are classified as non-current.

Foreign currency translations

The Group and Company financial statements are presented in South African Rand, which is the Company's functional and presentation currency.

Foreign entities

Financial statements of all entities that have a functional currency different from the presentation currency of their parent entity, are translated into the presentation currency using the exchange rates applicable at the reporting date, as follows:

- Assets and liabilities at rates of exchange ruling at the 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 is translated at the rate of exchange ruling at the date of the flow.
- Cash flow items at the average rate of exchange for the year, except where the date of cash flow for significant transactions can be identified, in which case the cash flows are translated at the rate of exchange ruling at the date of the cash flow.
- Fair value adjustments of the foreign entity are translated at the closing rate.
- Goodwill is considered to relate to the reporting entity and is translated at the closing rate.
- Differences arising on translation are classified as equity until the investment is disposed of when it is recognised in the profit or loss.

Foreign currency transactions and balances

Transactions in foreign currencies are converted to the functional currency at the rate of exchange ruling at the date that the transaction is recorded.

Foreign denominated monetary assets and liabilities (including those linked to a forward exchange contract) are stated in the functional currency using the exchange rate ruling at the balance sheet date, with the resulting exchange differences being recognised in the profit or loss.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to control the asset.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against profit or loss.

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

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

Employee benefits

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

Other long-term benefits

The Group provides certain long-term incentive schemes to attract, retain, motivate and reward eligible senior employees. The cost of providing these incentives is determined by actuaries using the projected unit credit method. Actuarial gains and losses are recognised as income or expense when incurred. The past service costs are recognised as an expense on a straight-line basis over the period until the benefits vest.

Share-based payments

The Company issues equity-settled share-based instruments to certain employees. Equity-settled share-based payments are measured at the fair value of the instruments at the date of the grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period on a straight-line basis, based on management’s estimate of shares that are expected to eventually vest.

Fair value is measured using the Black Scholes option pricing model. The fair values used in the model have been adjusted, based on management’s best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

One of the subsidiaries issues cash or equity-settled options which are measured at the grant date using the Black Scholes option pricing model, taking into account the terms and conditions upon which the instruments were granted. When the Company settles rights in cash, the grants are remeasured at each reporting date. For equity-settled options the services received and a liability to pay for those services are recognised over the expected vesting period.

Black economic empowerment (BEE) transactions

When entering into BEE share-based transactions any excess of the fair value of the shares over the consideration received is recognised as an expense in that period.

Revenue recognition

Revenue which includes by-products, is recognised when the risks and rewards of ownership have been transferred and when it is probable that the economic benefits associated with a transaction flow to the Group and the amount of revenue can be measured reliably. Revenue is not discounted when extended payments are given.

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) are recognised on the date of loading and CIF (cost in freight) is recognised when it arrives at its destination.

In the case of certain commodities the final sale price is determined a number of months after the concentrate is delivered. Revenue is measured at the best estimate of future prices and adjusted subsequently in revenue.

Rental income

Rental income on investment properties is accounted for on a straight-line basis over the term of the lease.

Interest

Interest is recognised on a time proportion basis that takes account of the effective yield on the asset and an appropriate accrual is made at each accounting reference date.

Cost of sales

All costs directly related to the producing of products are included in cost of sales. Costs that cannot be directly linked are included separately or under other operating expenses.

When inventories are sold, the carrying amount is recognised in cost of sales. Any write-down, losses or reversals of previous write-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 is a group of products and services within a particular economic environment that is subject to risks and returns that are different from segments operating in other economic environments.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events but is not recognised because it is not probable the obligation will be required to be settled, or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised as liabilities.

Significant accounting judgements and estimates

The preparation of the financial statements requires management to make certain estimates. The principles used are the same as in previous years. When estimates are compared to actual and variances occur, the estimates are adjusted accordingly. Adjustments to estimates are a normal occurrence in light of the significant judgements and estimates involved. Factors influencing changes in the above include, amongst others, revisions to estimated reserves, resources and life of operations, developments in technology, regulator requirements and environmental management strategies, changes in estimated costs of anticipated activities, inflation rates, foreign exchange rates and movements in interest rates affecting the discount rate applied. For assumptions on certain specific estimates used refer to individual notes.

In particular, information about significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements are described below.

Mine rehabilitation provision (refer note 16)

Mine rehabilitation provisions are assessed annually. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases, and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at balance sheet date represents management's best estimate of the present value of the future rehabilitation costs required. Changes to estimated future costs are recognised in the balance sheet by adjusting the rehabilitation asset and liability. If, for mature mines, the revised mine assets net of rehabilitation provisions exceeds the carrying value, that portion of the increase is charged directly to expense. For closed sites, changes to estimated costs are recognised immediately in the income statement.

Ore reserve and resource estimates (refer minerals reserves and resource section)

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the mining properties. Ore reserves and mineral resource estimates are based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgements made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may impact upon the carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, goodwill, provision for rehabilitation, recognition of deferred tax assets, and depreciation and amortisation charges.

Units of production depreciation

Estimated recoverable reserves are used in determining the depreciation and/or amortisation of mine specific assets. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. Numerous units of production depreciation methodologies are available to choose from; the Group adopts a Run of the Mine tonnes of ore produced methodology for mining costs and an ounces/pounds of metal produced methodology for post-mining costs. Changes are accounted for prospectively.

Impairment of assets (refer note 24)

Each cash generating unit is assessed annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future approved expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted by an appropriate discount rate, taking into account factors including weighted average cost of capital and applicable risk factors, to determine the net present value.

The key prices used in the impairment calculations performed are as follows:

- For platinum a price of between 1 231 and 1 500 US dollars per ounce up to 2014 and thereafter an increase of 2% per annum;
- For nickel a price of between 14 503 and 17 500 US dollars per tonne up to 2014 and thereafter an increase of 2% per annum; and
- For chrome current market prices.

Deferred taxation asset (refer note 15)

Three year business plans, the first year of which is approved by the Board and the content of the next two years being noted, are used to determine whether deferred tax assets will be utilised from taxable income in the future. These plans use many assumptions and estimates and will be adjusted every year as more information becomes available.

Asset life and residual values

These are assessed annually and may differ from previous years as many estimates and assumptions are used to determine the values. Estimates and assumptions are updated to improve the judgements made.

Share-based payments (refer note 39)

Estimation of the fair value of share-based payments requires determining the most appropriate model, inputs such as the expected life of the option, volatility and dividend yields.

Definitions

Cash and cash equivalents

Cash and cash equivalents include cash on hand and call deposits, as well as short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value. For cash flow purposes overdrafts are deducted from cash and cash equivalents that is on the balance sheet.

Cash restricted for use

Cash which is subject to restrictions on its use is stated separately at the carrying value in the notes.

Active markets

This is normally a stock exchange where the public can purchase and sell shares on a regular basis and prices are determined by the market conditions.

Basic earnings per share

Earnings divided by the weighted average number of shares in issue.

Headline earnings per share

Headline earnings comprise earnings for the year, adjusted for profits/losses as a remeasurement in accordance with the requirements of Circular 8 of 2007 issued by the South African Institute of Chartered Accountants. Adjustments against earnings 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.

Amortised cost

This is calculated using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Fair value

Where an active market is available it is used to represent fair value. Where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions with reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis or other valuation models.

Effective interest method

This method determines the rate that discounts the estimated future cash flows payments or receipts through the expected life of the financial liability or financial asset to the net carrying amount of the financial liability or asset.

Diluted earnings per share

Diluted earnings per share is arrived at by dividing earnings (as used in calculating basic earnings per share) by the weighted average number of ordinary shares, adjusted for any financial instruments or other contracts that may entitle the holder thereof to ordinary shares. Fully diluted headline earnings per share are calculated on the same basis as fully diluted earnings per share.

Cash generated from operations per share

Cash generated from operations divided by the weighted average number of shares in issue during the year.

Exceptional items

These are items that are of a capital nature and not part of operating activities and that qualify for adjustment to the calculation of headline earnings.

EBITDA before exceptional items and income from associates

This comprises basic earnings, to which is added back taxation, exceptional items, income from associates, finance cost, income from investments and amortisation and depreciation.

New standards

The following new standards have been issued but are only effective for future periods:

Standard or interpretation		Effective date	Date issued
IAS 1	Presentation of Financial Statements	1 January 2009	September 2007
IAS 23	Borrowing Costs	1 January 2009	March 2007
IAS 27	Amendments to Consolidated and Separate Financial Statements	1 July 2009	May 2008
IAS 32	Amendments to IAS 32 Financial Instruments: Presentation	1 January 2009	February 2008
IAS 39	Amendment to IAS 39 – Financial Instruments: Recognition and Measurement – Eligible hedged items	1 July 2009	July 2008
IFRS 1	Amendments to IFRS 1 First-time adoption of International Financial Reporting Standards – Cost of an investment in a subsidiary, jointly controlled entity or associate	1 January 2009	November 2008
IFRS 2	Amendment to IFRS 2 Share-based Payment – Vesting conditions and cancellations	1 January 2009	January 2008
IFRS 3	Business Combinations	1 July 2009	January 2008
IFRS 8	Operating Segments	1 January 2009	November 2006
IFRIC 15	Agreements for the construction of real estate	1 January 2009	July 2008
IFRIC 16	Hedges of a net investment in a foreign operation	1 October 2008	July 2008
IFRIC 17	Distribution of non-cash assets	1 July 2009	December 2008
IFRIC 18	Transfer of assets from investments	1 July 2009	January 2009

Impact of the above

IAS 1	This statement requires additional disclosure and will have an impact on presentation.
IFRS 8	This statement requires the amount reported for each segment to be the measure reported to the chief operating decision-maker for the purpose of allocating resources to that segment and assessing their performance. The Group assessed the impact of IFRS 8 and concluded that some additional information that is not critical to the business may have to be disclosed in a single segment report. Most of the information is already disclosed in the Annual Report.
Other	None of the other standards or interpretations are expected to have a significant effect on the results of operation or the financial position of the Group.

2 Segmental information

Primary segmental information

Business segments

For management purposes, the Group is organised into four major operating divisions. The operating divisions are ARM Platinum (which includes platinum and nickel), ARM Ferrous, ARM Coal and ARM Exploration.

ARM has a strategic holding in Harmony (gold).

Platinum comprises Two Rivers Platinum Mine as a 55% subsidiary and ARM Mining Consortium Limited through which ARM holds an effective 41.5% interest in the Modikwa Platinum Mine.

Nickel comprises Nkomati Mine as a 50% joint venture for both its nickel and chrome operations. In the corporate structure Nickel is included under ARM Platinum.

ARM Ferrous comprises Assmang as a 50% joint venture. Assmang comprises iron ore, manganese and chrome operations.

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

ARM Exploration comprises TEAL as a 64.9% held subsidiary up to February 2009 and thereafter as a 50% joint venture. In addition, this new division is involved in identifying and assessing exploration and mineral business opportunities in sub-Saharan Africa.

The commodity groupings predominantly reflect the risks and rewards of trading and the operating divisions are therefore identified as the primary reporting segments.

For the year ended 30 June

R million	ARM Platinum Platinum	ARM Platinum Nickel	ARM Ferrous	ARM Coal	ARM Exploration	Corporate* and other	Gold	Total
2 Segmental information (continued)								
2.1 Year to 30 June 2009								
Total sales	1 750	543	7 632	121	50	–	–	10 096
Inter-Group sales to ARM Ferrous	–	2	–	–	–	–	–	2
Sales	1 750	541	7 632	121	50	–	–	10 094
Cost of sales	(2 317)	(491)	(3 007)	(84)	(177)	28	–	(6 048)
Other operating income	8	24	615	1	–	268	–	916
Other operating expenses	2	(48)	(462)	(1)	(515)	(231)	–	(1 255)
Segment result	(557)	26	4 778	37	(642)	65	–	3 707
Income from investments	69	8	220	–	6	111	–	414
Finance cost	(60)	(1)	(36)	(15)	(49)	(68)	–	(229)
Finance cost Implats: Shareholders' loan Two Rivers	(70)	–	–	–	–	–	–	(70)
Finance cost ARM: Shareholders' loan Two Rivers	(86)	–	–	–	–	–	–	(86)
Income from associate	–	–	–	147	–	–	–	147
Exceptional items	1	(1)	–	–	567	(53)	–	514
Taxation	152	(4)	(1 802)	(7)	(4)	(62)	–	(1 727)
Minority interest	204	–	–	–	–	(6)	–	198
Contribution to basic earnings	(347)	28	3 160	162	(122)	(13)	–	2 868
Contribution to headline earnings	(348)	29	3 150	135	(689)	40	–	2 317
Other information								
Segment assets, including investment in associate	5 334	1 791	8 292	2 973	483	1 535	5 091	25 499
Investment in associate	–	–	–	1 327	–	–	–	1327
Segment liabilities	1 535	332	815	1 463	497	1 298	–	5 940
Unallocated liabilities (tax and deferred tax)								2 808
Consolidated total liabilities								8 748
Cash inflow/(outflow) from operating activities	830	177	4 034	414	(554)	(851)	–	4 050
Cash (outflow)/inflow from investing activities	(475)	(866)	(1 388)	(498)	147	(55)	–	(3 135)
Cash (outflow)/inflow from financing activities	(270)	149	(263)	211	276	(274)	–	(171)
Capital expenditure	524	878	1 335	572	22	2	–	3 333
Amortisation and depreciation	323	28	378	36	20	2	–	787
Impairment	–	1	–	–	42	–	–	43
EBITDA	(234)	54	5 146	73	(622)	67	–	4 484

* *Corporate, other companies and consolidation adjustments.*

For the year ended 30 June

R million	ARM Platinum		ARM Ferrous	ARM Coal	ARM Exploration	Corporate* and other	Gold	Total
	Platinum	Nickel						
2 Segmental information (continued)								
2.1 Year to 30 June 2008 (continued)								
Total sales	3 943	998	7 418	96	147	–	–	12 602
Inter-Group sales to ARM Ferrous	–	12	–	–	–	–	–	12
Sales	3 943	986	7 418	96	147	–	–	12 590
Cost of sales	(1 785)	(419)	(3 193)	(51)	(72)	4	–	(5 516)
Other operating income per income statement	6	46	217	–	–	191	–	460
Other operating expenses per income statement	(31)	(11)	(350)	–	(271)	(193)	–	(856)
Segment result	2 133	602	4 092	45	(196)	2	–	6 678
Income from investments	93	6	36	–	2	31	–	168
Finance cost	(148)	(1)	(14)	(13)	(15)	(84)	–	(275)
Finance cost Implats: Shareholders' loan Two Rivers	(73)	–	–	–	–	–	–	(73)
Finance cost ARM: Shareholders' loan Two Rivers	(90)	–	–	–	–	–	–	(90)
Income from associate	–	–	–	461	–	–	–	461
Exceptional items	–	(7)	–	–	34	135	–	162
Taxation	(540)	(173)	(1 346)	(1)	(2)	(22)	–	(2 084)
Minority interest	(460)	–	–	–	–	–	–	(460)
Contribution to basic earnings	915	427	2 768	492	(177)	62	–	4 487
Contribution to headline earnings	915	432	2 775	175	(211)	(73)	–	4 013
Other information								
Segment assets, including investment in associate	6 513	1 081	7 771	2 392	413	663	6 045	24 878
Investment in associate	–	–	–	1 298	–	–	–	1 298
Segment liabilities	1 563	112	1 196	930	608	1 592	–	6 001
Unallocated liabilities (tax and deferred tax)	–	–	–	–	–	–	–	3 201
Consolidated total liabilities								9 202
Cash inflow/(outflow) from operating activities	1 369	518	3 005	103	(344)	(482)	–	4 169
Cash (outflow)/inflow from investing activities	(508)	(292)	(1 360)	(361)	(41)	135	–	(2 427)
Cash (outflow)/inflow from financing activities	(776)	–	(51)	274	353	25	–	(175)
Capital expenditure	547	292	1 394	414	130	2	–	2 779
Amortisation and depreciation	241	20	264	6	10	–	–	541
Impairment	–	5	–	–	46	–	–	51
EBITDA	2 374	622	4 366	51	(186)	2	–	7 229

* *Corporate, other companies and consolidation adjustments.*

For the year ended 30 June

R million	ARM Platinum Two Rivers	ARM Platinum Modikwa	Total
2 Segmental information (continued)			
The ARM platinum segment is analysed further into Two Rivers Platinum Mine and ARM Mining Consortium (which includes Modikwa).			
2.2 Year to 30 June 2009			
Sales			
External sales	**1 022**	**728**	**1 750**
Cost of sales	**(1 373)**	**(944)**	**(2 317)**
Other operating income	**7**	**1**	**8**
Other operating expenses	**(7)**	**9**	**2**
Segment result	**(351)**	**(206)**	**(557)**
Income from investments	**19**	**50**	**69**
Finance cost	**(39)**	**(21)**	**(60)**
Finance cost Implats: Shareholders' loan Two Rivers	**(70)**	**–**	**(70)**
Finance cost ARM: Shareholders' loan Two Rivers	**(86)**	**–**	**(86)**
Exceptional items	**1**	**–**	**1**
Taxation	**131**	**21**	**152**
Minority interest	**177**	**27**	**204**
Contribution to basic earnings	**(218)**	**(129)**	**(347)**
Contribution to headline earnings	**(219)**	**(129)**	**(348)**
Other information			
Segment and consolidated assets	**2 853**	**2 481**	**5 334**
Segment liabilities	**1 117**	**418**	**1 535**
Unallocated liabilities (tax and deferred tax)			**638**
Consolidated total liabilities			**2 173**
Cash inflow from operating activities	**450**	**380**	**830**
Cash outflow from investing activities	**(294)**	**(181)**	**(475)**
Cash outflow from financing activities	**(168)**	**(102)**	**(270)**
Capital expenditure	**340**	**184**	**524**
Amortisation and depreciation	**251**	**72**	**323**
EBITDA	**(100)**	**(134)**	**(234)**

For the year ended 30 June

R million	ARM Platinum Two Rivers	ARM Platinum Modikwa	Total
2 Segmental information (continued)			
2.2 Year to 30 June 2008 (continued)			
Sales			
External sales	2 363	1 580	3 943
Cost of sales	(1 031)	(754)	(1 785)
Other operating income	6	–	6
Other operating expenses	(6)	(25)	(31)
Segment result	1 332	801	2 133
Income from investments	64	29	93
Finance cost	(105)	(43)	(148)
Finance cost Implats: Shareholders' loan Two Rivers	(73)	–	(73)
Finance cost ARM: Shareholders' loan Two Rivers	(90)	–	(90)
Taxation	(332)	(208)	(540)
Minority interest	(361)	(99)	(460)
Contribution to basic earnings	435	480	915
Contribution to headline earnings	435	480	915
Other information			
Segment and consolidated assets	3 487	3 026	6 513
Segment liabilities	1 126	437	1 563
Unallocated liabilities (tax and deferred tax)			831
Consolidated total liabilities			2 394
Cash inflow from operating activities	777	592	1 369
Cash outflow from investing activities	(355)	(153)	(508)
Cash outflow from financing activities	(677)	(99)	(776)
Capital expenditure	390	157	547
Amortisation and depreciation	154	87	241
EBITDA	1 486	888	2 374

For the year ended 30 June

R million	Iron ore Division	Manganese Division	Chrome Division	Total	Attributable to ARM
2 Segmental information (continued) Additional information					
2.3 Pro forma analysis of the Ferrous segment		**100%**			**50%**
Year to 30 June 2009					
Sales	**5 018**	**8 436**	**1 809**	**15 263**	**7 632**
Other operating income	**329**	**914**	**145**	**1 388**	**615**
Other operating expense	**182**	**532**	**368**	**1 082**	**462**
Operating profit	**3 080**	**6 199**	**277**	**9 556**	**4 778**
Contribution to earnings	**2 170**	**3 956**	**193**	**6 319**	**3 160**
Contribution to headline earnings	**2 160**	**3 927**	**213**	**6 300**	**3 150**
Other information					
Consolidated total assets	**6 506**	**8 350**	**2 038**	**16 894**	**8 292**
Consolidated total liabilities	**1 745**	**2 506**	**654**	**4 905**	**815**
Capital expenditure	**1 529**	**854**	**397**	**2 780**	**1 335**
Amortisation and depreciation	**409**	**236**	**127**	**772**	**378**
Cash inflow from operating activities	**2 844**	**610**	**312**	**3 766**	**4 034**
Cash outflow from investing activities	**(1 541)**	**(840)**	**(395)**	**(2 776)**	**(1 388)**
Cash outflow from financing activities	**(492)**	**–**	**(34)**	**(526)**	**(263)**
EBITDA	**3 478**	**6 406**	**424**	**10 308**	**5 146**
Year to 30 June 2008					
Sales	2 776	9 552	2 507	14 835	7 418
Other operating income	51	320	99	470	217
Other operating expense	136	489	111	736	350
Operating profit	1 079	6 160	946	8 185	4 092
Contribution to earnings	779	4 075	681	5 535	2 768
Contribution to headline earnings	780	4 087	683	5 550	2 775
Other information					
Consolidated total assets	4 324	9 419	2 015	15 758	7 771
Consolidated total liabilities	1 735	3 226	826	5 787	1 196
Capital expenditure	2 231	511	158	2 900	1 394
Amortisation and depreciation	241	184	110	535	264
Cash inflow from operating activities	710	4 175	646	5 531	3 005
Cash outflow from investing activities	(2 080)	(488)	(151)	(2 719)	(1 360)
Cash inflow/(outflow) from financing activities	281	–	(384)	(103)	(51)
EBITDA	1 320	6 344	1 056	8 720	4 366

For the year ended 30 June

R million	Group F2009	Group F2008
2 Segmental information (continued)		
2.4 Geographical segments		
The Group operates principally in South Africa, however, Vale/ARM joint venture operates in Zambia, the DRC, Namibia and other countries.		
Assets by geographical area in which the assets are located are as follows:		
– South Africa	**25 122**	23 113
– Europe	**73**	427
– Americas	**114**	65
– Far and Middle East	**86**	726
– Other	**104**	547
	25 499	24 878
Sales by geographical area		
– South Africa	**2 393**	4 824
– Europe	**2 070**	2 404
– Far and Middle East	**4 558**	3 622
– Americas	**458**	654
– Other	**615**	1 086
	10 094	12 590
Capital expenditure		
– South Africa	**3 311**	2 650
– Rest of Africa	**22**	129
	3 333	2 779

3 Property, plant and equipment, investment property and intangible assets

For the year ended 30 June

Group

R million	Mine development and decom-missioning assets	Plant and machinery	Land and buildings	Mineral rights	Other	Total property, plant and equipment	Total invest-ment property	Total intangible assets
Cost								
Balance at 30 June 2007	2 242	3 051	283	1 886	934	8 396	20	220
Additions	627	1 520	130	54	448	2 779	–	–
Reclassifications of held for sale assets in TEAL	–	(49)	(21)	–	(2)	(72)	–	–
Disposals	(1)	(39)	(4)	–	(46)	(90)	–	–
Realignment of currencies	–	3	1	–	2	6	–	–
Balance at 30 June 2008	2 868	4 486	389	1 940	1 336	11 019	20	220
Additions	757	1 900	24	62	590	3 333	–	–
Reclassifications	8	(129)	–	–	121	–	–	–
Change in holding in TEAL	(24)	(35)	(6)	–	(15)	(80)	–	–
Disposals	–	(45)	–	–	(51)	(96)	–	–
Realignment of currencies	5	8	1	–	3	17	–	–
Balance at 30 June 2009	**3 614**	**6 185**	**408**	**2 002**	**1 984**	**14 193**	**20**	**220**
Accumulated amortisation, depreciation and impairment								
Balance at 30 June 2007	431	670	45	84	274	1 504	8	3
Charge for the year	128	227	12	14	158	539	–	2
Impairments	6	31	13	–	2	52	–	–
Reclassification	–	(4)	–	–	4	–	–	–
Reclassifications of held for sale assets in TEAL	–	(34)	(15)	–	(2)	(51)		
Disposals	(1)	(34)	(1)	–	(16)	(52)	–	–
Realignment of currencies	–	3	–	–	–	3		–
Balance at 30 June 2008	564	859	54	98	420	1 995	8	5
Charge for the year	150	315	16	23	281	785	–	2
Impairments	–	12	(1)	–	1	12	–	–
Disposals	–	(35)	–	–	(48)	(83)	–	
Change in holding in TEAL	(2)	(6)	(1)	–	(5)	(14)	–	–
Realignment of currencies	–	(3)	–	–	1	(2)	–	–
Balance at 30 June 2009	**712**	**1 142**	**68**	**121**	**650**	**2 693**	**8**	**7**
Carrying value at 30 June 2008	**2 304**	**3 627**	**335**	**1 842**	**916**	**9 024**	**12**	**215**
Carrying value at 30 June 2009	**2 902**	**5 043**	**340**	**1 881**	**1 334**	**11 500**	**12**	**213**

a. Borrowing costs

Borrowing costs incurred at prime overdraft and overnight call rates applicable during the year, amounting to R77 million, were capitalised in respect of mine development and decommissioning assets and plant and machinery for the year to 30 June 2009 (2008: R89 million).

b. Capital work-in-progress

Included in mine development and decommissioning assets and plant and machinery above are R2 274 million (2008: R226 million) of assets relating to projects in progress. Included in this amount are:

i) R550 million in respect of the Khumani iron ore plant which was commissioned in August 2009;

ii) R993 million in respect of MMZ development and the 375 kt per month plant at Nkomati commissioned in September 2009; and

iii) R312 million in respect of GGV which is to be commissioned in the third quarter of calendar 2009.

3 Property, plant and equipment, investment property and intangible assets (continued)

c. Other assets

Included in other assets are vehicles and equipment held under finance lease of R69 million (2008: R86 million) (refer notes 14 and 36), mine properties of R496 million (2008: R393 million), furniture, equipment and vehicles of R769 million (2008: R437 million).

d. Pledged assets

The carrying value of assets pledged as security for loans amounts to R1.7 billion (2008: R3 billion). Refer to note 14 for security granted in respect of loans to Two Rivers and ARM Coal.

e. Investment properties

There is a single property held under this classification. The property is subject to operating leases (refer note 4). The depreciation is less than R1 million per year.

f. Intangible assets

Finite life intangible assets which are amortised comprise of: (i) the RBCT entitlement held by the Goedgevonden joint venture of R211 million (2008: R213 million) and (ii) R2 million (2008: R2 million) patents and trademarks. The remaining amortisation period of the RBCT entitlement is limited to 25 years. There are no indefinite life intangible assets.

g. Exploration and evaluation assets

These are included under mine development and decommissioning assets and amount to R22 million (2008: R209 million).

For the year ended 30 June

	Company					
R million	**Mine development and decom-missioning assets**	**Plant and machinery**	**Land and buildings**	**Mineral rights**	**Other**	**Total property, plant and equipment**
Cost						
Balance at 30 June 2007	139	222	8	144	66	579
Additions	95	179	1	–	17	292
Reclassifications	(6)	–	–	–	(1)	(7)
Balance at 30 June 2008	**228**	**401**	**9**	**144**	**82**	**864**
Additions	126	733	12	–	8	879
Derecognition	(1)	–	–	–	–	(1)
Balance at 30 June 2009	**353**	**1 134**	**21**	**144**	**90**	**1 742**
Accumulated amortisation, depreciation and impairment						
Balance at 30 June 2007	91	90	1	–	34	216
Charge for the year	3	5	–	–	12	20
Balance at 30 June 2008	**94**	**95**	**1**	**–**	**46**	**236**
Charge for the year	7	10	–	–	12	29
Balance at 30 June 2009	**101**	**105**	**1**	**–**	**58**	**265**
Carrying value at 30 June 2008	**134**	**306**	**8**	**144**	**36**	**628**
Carrying value at 30 June 2009	**252**	**1 029**	**20**	**144**	**32**	**1 477**

a. Borrowing costs

Borrowing costs incurred at prime overdraft and overnight call rates applicable during the year, amounting to R9 million were capitalised in respect of mine development and decommissioning assets and plant and machinery for the year to 30 June 2009 (2008: Rnil).

b. Capital work-in-progress

Included in mine development and decommissioning assets and plant and machinery above are R993 million (2008: R77 million) of assets relating to the 375 kt per month plant at Nkomati commissioned in September 2009 and the MMZ development.

c. Other assets

Other assets are furniture, equipment and vehicles of R32 million (2008: R36 million).

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

R million	Group F2009	Group F2008	Company F2009	Company F2008
4 Investment property	**12**	12		
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 2009. The value was arrived at after reviewing the market conditions in the area. Current lease contracts terminate between 2009 and 2011. Annual rental escalations are between 8% and 10% (refer note 3).				
Refer note 24 for rental income derived from this property.				
5 Investment in associate				
Through ARM's 51% investment in ARM Coal, the Group holds an effective 10.2% investment in the existing coal operations of XCSA.				
Opening balance	**676**	424	**–**	–
Original investment (10.2%)	**400**	400	**–**	–
Additional investment (Atcom and ATC collieries)* (refer note 6)	**9**	9	**–**	–
Income from associate	**267**	15	**–**	–
Income from associate current year	**82**	252	**–**	–
	758	676	**–**	–
ARM invested directly in 10% of the existing coal operations of XCSA on 1 September 2007.				
Opening balance	**642**	433	**432**	432
Original investment	**400**	400	**400**	400
Additional investment (Atcom and ATC collieries)	**32**	32	**32**	32
Income from associate	**210**	1	**–**	–
Income from associate current year	**65**	209		
	707	642	**432**	432
Less: dividend received prior years	**20**	–	**–**	–
Less: dividend received current year	**118**	20	**–**	–
Total investment	**1 327**	1 298	**432**	432
Total investment as above	**1 327**	1 298	**432**	432
Less: associate income	**486**	457	–	–
Net cash paid	**841**	841	**432**	432
Group's interest in sales of associate	**1 606**	1 399		
Group's interest in associate balance sheet				
Non-current assets	**3 240**	3 018		
Current assets	**1 112**	736		
Total assets	**4 352**	3 754		
Less liabilities				
Non-current liabilities	**2 349**	2 299		
Current liabilities	**676**	157		
Net assets	**1 327**	1 298		

* *Treated as a long-term loan and receivable in ARM Company which eliminates on consolidation.*

For the year ended 30 June

R million	Group F2009	Group F2008	Company F2009	Company F2008
6 Loans and long-term receivables				
Long-term loans	**134**	–	**9**	9
Total	**134**	–	**9**	9
Long-term loans consist of				
Vale/ARM joint venture	**114**	–	**–**	–
ARM Platinum (Modikwa)	**20**	–	**–**	–
ARM Coal (refer note 5)	**–**	–	**9**	9
	134	–	**9**	9
The Vale/ARM joint venture loan represents the portion ARM funded in excess of its shareholding proportion and will reduce as Vale funds the joint venture to match ARM's contribution. ARM Platinum (Modikwa) is a loan due by the communities (minority interest) around the Modikwa mine and will be repaid as and when a dividend is declared from ARM Mining Consortium.				
7 Financial asset				
Structured investment	**78**	–	**–**	–
The investment is a structured product, invested with Absa Bank, over a fixed term made with the strategic intention to attract, retain, motivate and reward eligible senior employees. The investment capital growth is linked to the higher of the JSE Top 40 index growth, or CPI. The investment maturity dates are 29 November 2011 and 29 November 2013.				
8 Other investments				
Listed – subsidiary companies*				
At cost			**–**	153
Listed – other investments**				
Opening balance	**6 045**	6 380	**6 045**	6 380
Unrealised revaluation loss for the year	**(954)**	(335)	**(954)**	(335)
Total – listed investments (available-for-sale)	**5 091**	6 045	**5 091**	6 198
Market value of listed investments (Determined by reference to market share price)	**5 091**	6 045	**5 091**	7 270
Investment in joint venture***			**812**	659
Loans**** (refer page 203)			**303**	–
Preference shares	**10**	10	**–**	–
Unlisted – subsidiary companies				
Cost of investments			**481**	481
Loans**** (refer page 204)			**1 625**	2 092
Total unlisted	**10**	10	**2 106**	2 573
Total carrying amount of other investments	**5 101**	6 055	**8 312**	9 430

Investments in unquoted equity instruments are measured at cost as their fair value cannot be measured reliably due to the significant uncertainties which exist in estimating parameters such as exchange rates, commodity prices and general market conditions. Investments valued at cost amount to R481 million as reflected above in the Company column.

Certain listed and unlisted shares have been pledged as security for the ARM corporate loan which at balance sheet was R967 million (2008: R1 217 million) (refer note 14), at 30 June 2009. The book value of the pledged shares amounts to R2 472 million (2008: R2 926 million).

A report on investments appears on pages 202 to 204.

* *TEAL in 2008, as an unlisted joint venture in 2009.*
** *Harmony 63 632 922 shares at R80.00 per share (2008: R95.00).*
*** *ARM Coal (Pty) Limited, Assmang and Vale/ARM joint venture.*
**** *These loans are interest free with no fixed terms of repayment except for (i) the loan to Two Rivers Platinum Mine which bears interest at 12% (2008: 12%) pa, (ii) the loan to Venture Building Trust which bears interest at 2% below the prime bank overdraft rate, and (iii) Vale/ARM joint venture loan included under joint ventures which bears interest at prime.*

For the year ended 30 June

R million	Group F2009	Group F2008	Company F2009	Company F2008
9 Inventories				
Inventories (non-current)				
Raw materials and stockpile	**169**	178	**35**	–
	169	178	**35**	–
Inventory consists of copper fines and lumpy material, high and low grade (which are stockpiled) and chrome as well as work-in-progress material, not expected to be turned to account within a year.				
Inventories current				
Consumable stores	**240**	209	**2**	4
Raw material and stockpiles	**827**	650	**22**	59
Work-in-progress	**246**	8	**–**	8
Finished goods	**541**	364	**30**	–
	1 854	1 231	**54**	71

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 is R657 million (2008: R60 million).

Refer to note 24 for the expense of inventory written down or up.

Inventories to the value of R39 million (2008: R76 million) have been pledged as security for loans in ARM Coal (Pty) Limited (2008: ARM Coal (Pty) Limited and Modikwa) (refer note 14).

R million	Group F2009	Group F2008	Company F2009	Company F2008
10 Trade and other receivables				
Trade receivables	**1 210**	3 377	**134**	201
Related parties	**–**	–	**21**	29
Other receivables	**355**	773	**53**	55
	1 565	4 150	**208**	285

Trade and other receivables are non-interest-bearing and are generally on 30 – 60 day payment terms.

Payment terms which vary from the norm are:

- PGMs which are paid approximately four months after delivery.
- 20% of nickel delivered which is paid approximately five months after delivery.

R million	Group F2009	Group F2008	Company F2009	Company F2008
Debtors outstanding longer than their terms and that are not provided for				
Outstanding on terms' normal cycle	**1 468**	4 145	**208**	285
Outstanding longer than 30 days outside normal cycle	**28**	–	**–**	–
Outstanding longer than 60 days outside normal cycle	**23**	5	**–**	–
Outstanding longer than 90 days outside normal cycle	**10**	–	**–**	–
Outstanding longer than +120 days outside normal cycle	**36**	–	**–**	–
Total	**1 565**	4 150	**208**	285

A provision of R11 million has been raised in F2009 on debtors outstanding longer than 120 days (F2008: Rnil), while the balance is considered recoverable.

For the year ended 30 June

R million	Group F2009	Group F2008	Company F2009	Company F2008
11 Cash and cash equivalents				
Cash at bank and on deposit	**3 413**	2 545	**1 224**	458
Rehabilitation trust funds – restricted cash (refer note 21)	**92**	66	**42**	28
Other: Restricted cash*	**8**	49	**–**	–
Cash and cash equivalents per balance sheet	**3 513**	2 660	**1 266**	486
Less: overdrafts (refer note 19)	**(188)**	(66)	**(36)**	(28)
Cash and cash equivalents per cash flow statement	**3 325**	2 594	**1 230**	458
Cash at bank and on deposit earns interest at floating rates based on daily bank deposit rates.				
** Funds have been pledged as security for loans granted to ARM Mining Consortium Limited amounting to Rnil (2008: R11 million) and guarantees to the Department of Minerals and Energy to the amount of Rnil (2008: R30 million), in respect of ARM Mining Consortium.*				
Guarantees to the Department of Minerals and Energy and Eskom for Two Rivers amounting to R8 million (2008: R8 million).				
12 Held for sale asset				
A decision was made in 2008 to dispose of TEAL Metals s.p.r.l, which operated a copper furnace in Lubumbashi in the DRC. As a result, all the conditions for an asset held for sale were met during that year. The asset was deemed to be non-core.	**–**	21		
The sale of the business as a standalone entity was being negotiated for a net selling price of R21 million. This required an asset impairment of R44 million which was included in exceptional items (refer note 27). This sale never occurred and the asset was therefore further impaired this year (refer note 27).				
50% of this asset and impairment amount was disposed of with the TEAL dilution.				
Balance sheet				
Land and buildings	**3**	6		
Plant and machinery:				
Cost	**30**	60		
Accumulated depreciation	**(23)**	(3)		
	10	63		
Impairment of property, plant and equipment	**(11)**	(44)		
Deposits	**1**	2		
Net selling price	**–**	21		
13 Share capital and premium				
Share capital				
Authorised				
500 000 000 (2008: 500 000 000) ordinary shares of 5 cents each	**25**	25	**25**	25
	25	25	**25**	25
Issued				
Opening balance	**11**	10	**11**	10
511 945 shares issued for cash (2008: 1 826 012)	**–**	1	**–**	1
212 068 223 (2008: 211 556 278) ordinary shares of 5 cents each	**11**	11	**11**	11
Share premium	**3 759**	3 733	**3 759**	3 733
– Balance at beginning of the year	**3 733**	3 667	**3 733**	3 667
– Premium on shares issued	**26**	66	**26**	66
Total issued share capital and share premium	**3 770**	3 744	**3 770**	3 744

For the year ended 30 June	Group		Company	
R million	**F2009**	**F2008**	**F2009**	**F2008**
14 Long-term borrowings				
Secured loans				
Loan facility 1 (ARM Mining Consortium Limited) This loan carried interest at a fixed rate of 15.99% compounded on a monthly basis. Repayments were made in bi-annual instalments, which commenced on 30 June 2003. This loan was settled in full on 31 December 2008.	**–**	163	**–**	–
Loan facility 2 (ARM Mining Consortium Limited) This loan carried interest at a fixed rate of 16.99% plus a profit share of 0.3% of the net operating cash flow after capital expenditure. The interest was compounded on a monthly basis. Repayments were made in bi-annual instalments, which commenced on 30 June 2003. This loan was settled in full on 31 December 2008.	**–**	50	**–**	–
Loan facility 3 (ARM Mining Consortium Limited) This loan carried interest at variable rates, plus a profit share of 0.75% of the net operating cash flow after capital expenditure. In F2008, R2 million carried interest at 16.74% nominal annual rate compounded on a monthly basis and the remaining R15 million carried interest at a 14.61% nominal annual rate compounded on a monthly basis. Interest payments were made in bi-annual instalments which commenced on 30 June 2003 and capital repayments commenced on 31 December 2004. This loan was settled in full on 31 December 2008. The profit share which loan facilities 2 and 3 were subject to gave rise to an embedded derivative that was not closely related to the host contract and had therefore been separately valued at R18 million in F2008 (R4 million to loan facility 2 and R14 million to loan facility 3). These amounts were included in the carrying amounts of the loan. The embedded derivative was valued through discounting the expected profits per the business plan for Modikwa over the term of the loans at a discount rate of 16.3%. Due to the fact that the loan facilities were settled on 31 December 2008, the embedded derivative was written back to the income statement on settlement date. As security for the ARM Mining Consortium Limited loan, bonds, pledges and charges over mineral rights, mining titles and movable and immovable assets were registered in favour of the lenders. The 50% stake in the Modikwa joint venture was also included in the security given.	**–**	31	**–**	–
Loan facility (Two Rivers – mine housing project) This loan is repayable in bi-annual instalments over a scheduled eight-year period, which commenced on 31 March 2008. The interest rate was linked to the prime overdraft rate until completion of the project, and is now linked to JIBAR. At year end the rate was 12.08% (2008: 13.6%). The loan is secured by a mortgage bond over the property and a cession of insurances.	**143**	155	**–**	–

For the year ended 30 June

R million	Group F2009	Group F2008	Company F2009	Company F2008
14 Long-term borrowings (continued)				
Loan facility (ARM Corporate) This loan was repayable on 9 August 2009. The interest rate was linked to JIBAR. At year end the rate was 9.692% (2008: 13.975%). This loan has been secured by a pledge of shares. The interest rate on this loan increases by approximately 0.71% per annum should the Company net debt to market capitalisation ratio exceed 45%. At year end the ratio was less than 1%. The cover ratio of the market value of the pledge shares or alternative security to loan indebtedness must exceed 2.5 times cover. After the year end this loan was refinanced for an amount of R1.75 billion repayable in August 2012.	**967**	1 217	**967**	1 217
Leases (Two Rivers) Finance leases over property plant and equipment with a book value of R53 million (2008: R63 million) bears interest at 2.65% (2008: 2.65%) below the prime overdraft rate and are payable in varying monthly instalments over a maximum period of 60 months which commenced on 30 November 2005 (refer note 36).	**86**	69	**–**	–
Leases (Assmang) Finance leases over property, plant and equipment with a book value of R11 million (2008: R18 million) bears interest at 1.28% (2008: 1.5%) below the prime overdraft rate and are payable in varying monthly instalments over 60 months which commenced on 31 October 2004 (refer note 36).	**14**	19	**–**	–
Leases (ARM Mining Consortium Limited) Finance leases over plant and equipment with a book value of R4 million (2008: R5 million) bears interest at 9.75% (2008: 9.75%) which commenced in January 2008 for a period of five years (refer note 36).	**3**	1	**–**	–
Loan facility ARM Coal (partner loan) The loan is with Xstrata SA (XSA) and consists of an acquisition facility of R583 million (2008: R507 million), on which repayment commences in 2010 and a project facility of R543 million (2008: R315 million) on which repayment is expected to commence in 2016 and both loans bear interest at the prime bank overdraft rate. These are secured by: a cession in favour of XSA creating a first ranking security interest over ARM Coal's participating interest in the Goedgevonden joint venture: ➤ a cession in favour of XSA creating a first ranking security interest over all the preference shares in XSA held by ARM Coal; ➤ a cession in favour of XSA creating a first ranking security interest over ARM Coal's right, title and interest in and to the joint venture account; ➤ mortgage bonds to be registered by ARM Coal in favour of XSA over all immovable property of ARM Coal; and ➤ notarial bonds to be registered by ARM Coal in favour of XSA over all movable assets owned by ARM Coal.	**1 126**	822	**–**	–
Unsecured				
Loan facility Assmang (Khumani Iron Ore Mine) A term loan of R1.4 billion was entered into on 14 December 2007. The loan was advanced for the purpose of funding capital expenditure for the development of its Khumani Iron Ore Mine. The term loan was subject to a drawdown schedule with an availability period ending in December 2009.	**–**	251	**–**	–

For the year ended 30 June	Group		Company	
R million	**F2009**	**F2008**	**F2009**	**F2008**
14 Long-term borrowings (continued)				
The repayment was over a period of 13 quarters starting in December 2009. Interest was capitalised.				
The total drawn to 30 June 2008 was R500 million. The interest rate was linked to JIBAR for the duration of the loan. The rate was 14.17% as at 30 June 2008.				
An irrevocable notice of repayment of the full amounts drawn plus interest was issued by Assmang after the year end.				
The repayment occurred on 1 October 2008. This repayment has effectively reduced the term loan facility to R900 million.				
Loan ARM Coal (partner loan) This loan is with XSA Schweiz (AG) and is interest free and no repayment terms have been specified.	**4**	5	**–**	–
Loan ARM Coal (partner loan) This loan is with XSA and is interest free and no repayment terms have been specified.	**5**	20	**–**	–
Loan facility (Modikwa) This loan is from our partner Anglo Platinum and does not carry any interest and has no fixed repayment terms.	**132**	–	**–**	–
Loan (Vale/ARM joint venture) The loan is from Standard Chartered Bank and amounts to $42.5 million. The loan carries interest at LIBOR linked interest rate plus 1.25%. The loan has been translated at the year end closing R/US Dollar exchange rate.	**328**	–	**–**	–
The loan is secured via a guarantee of support from ARM and was repayable on 31 August 2009.				
Loan (Vale/ARM joint venture) This loan is from Vale International SA and carries interest at Wall Street Journal Prime (3.25% at year end) plus 2% (total 5.25%) and is repayable on 1 April 2014.	**60**	–	**–**	–
Loan (Vale/ARM joint venture) In April 2008, the Company acquired Korea Zinc Company Limited's 30% interest in the five mining licence areas in Zambia at no interest. This loan has been discounted to fair value at the average borrowing rate of 4.6%.	**7**	28	**–**	–
Total borrowings	**2 875**	2 831	**967**	1 217
Less: repayable within one year included in short-term borrowings	**1 511**	577	**967**	–
Total SA Rand long-term borrowings	**1 364**	2 254	**–**	1 217
Held as follows:				
– African Rainbow Minerals Limited	**–**	1 217	**–**	1 217
– Assmang Limited	**6**	14	**–**	–
– ARM Mining Consortium Limited	**3**	1	**–**	–
– ARM Coal (Pty) Limited	**1 135**	847	**–**	–
– Two Rivers Platinum (Pty) Limited	**160**	161	**–**	–
– Vale/ARM joint venture	**60**	14	**–**	–
	1 364	2 254	**–**	1 217

14 Long-term borrowings (continued)

Repayments schedule – undiscounted cash flows, excluding accounting adjustments

For the year ended 30 June — Group

R million	Total borrowings 2009	Repayable during the year ending 30 June 2010	2011	2012	2013	2014 – onwards
Secured loans						
Loan facility (Two Rivers) (mine housing project)	**143**	29	27	26	27	34
Loan facility ARM Coal – (partner loan)	**1 126**	–	–	–	–	1 126
Loan facility (ARM Corporate)	**967**	967	–	–	–	–
	2 236	996	27	26	27	1 160
Unsecured loans						
Loan ARM Coal (partner loan)	**9**	–	–	–	–	9
Anglo Platinum	**132**	132	–	–	–	–
Vale/ARM joint venture	**328**	328	–	–	–	–
Vale/ARM joint venture	**60**	–	–	–	–	60
Vale/ARM joint venture	**7**	7	–	–	–	–
Finance leases – Assmang	**14**	8	4	2	–	–
– ARM Mining Consortium	**3**	1	2	–	–	–
– Two Rivers	**86**	39	22	14	11	–
Total borrowings	**2 875**	1 511	55	42	38	1 229

For the year ended 30 June

R million	Group F2009	Group F2008	Company F2009	Company F2008
15 Deferred taxation				
Deferred tax asset				
STC	**32**	20	**32**	20
Deferred tax asset	**32**	**20**	**32**	**20**
Deferred tax liability				
Property, plant and equipment	**2 338**	1 936	**205**	190
Intangible assets	**59**	59	**–**	–
Provisions	**(128)**	(82)	**(24)**	4
Capital gains tax on revaluation of listed investment	**151**	284	**151**	284
Inventories	**(16)**	(5)	**–**	–
Assessed losses	**(106)**	(16)	**–**	–
Post-retirement healthcare provisions	**(21)**	(22)	**(20)**	(22)
Deferred tax liability	**2 277**	2 154	**312**	456
Reconciliation of opening and closing balance				
Opening deferred tax liability	**2 154**	1 410	**456**	433
Opening deferred tax asset	**(20)**	–	**(20)**	–
Net deferred tax liability opening balance	**2 134**	1 410	**436**	433
Reduction due to change in rate of taxation	**–**	(48)	**–**	(15)
Temporary differences from:	**111**	772	**(156)**	18
Property plant and equipment	**402**	902	**15**	81
Intangible assets	**–**	8	**–**	–
Assessed loss	**(90)**	(11)	**–**	–
Provisions	**(46)**	(57)	**(28)**	4
Revaluation of investments – directly in equity	**(133)**	(47)	**(133)**	(47)
Post-retirement healthcare provisions	**1**	–	**2**	–
Inventories	**(11)**	(3)	**–**	–
STC	**(12)**	(20)	**(12)**	(20)
Deferred tax liability	**2 277**	2 154	**312**	456
Deferred tax asset	**(32)**	(20)	**(32)**	(20)
Net deferred tax liability – closing balance	**2 245**	2 134	**280**	436

Deferred tax liability balances are shown net of deferred tax assets where a legal right of offset exists at settlement.

Deferred tax assets are raised only when they can be utilised against future taxable profits. Future taxable profits are estimated based on approved business plans which include estimates and assumptions regarding economic growth, interest, inflation, metal prices, exchange rates, taxation rates and competitive forces.

For the year ended 30 June

R million	Group F2009	Group F2008	Company F2009	Company F2008
16 Long-term provisions				
Environmental rehabilitation obligation				
Provision for decommissioning				
Balance at beginning of year	**153**	62	**17**	11
Provision for the year	**24**	88	**3**	6
TEAL changed from subsidiary to joint venture	**(7)**	–	**–**	–
Unwinding discount rate	**12**	–	**1**	–
Reallocation	**(13)**	3	**(9)**	–
Balance at end of year	**169**	153	**12**	17
Provision for restoration				
Balance at beginning of year	**35**	24	**3**	4
Reallocation	**13**	(3)	**9**	–
Unwinding of discount rate	**3**	–	**–**	–
Provision for the year	**31**	14	**15**	(1)
Balance at end of year	**82**	35	**27**	3
Total environmental rehabilitation obligation	**251**	188	**39**	20
The net present value of current rehabilitation liabilities is based on discount rates of between 8% and 9% (2008: 8% – 13%), inflation rates of between 3% and 9% (2008: 6% – 9%) and life of mines of between three and 25 years (2008: three and 25 years).				
Refer to note 21 for amounts held in trust funds.				
These provisions are based upon estimates of cash flows which are expected to occur at the end of life of mines. These assumptions have inherent uncertainties as they are derived from future estimates of mining and financial parameters such as commodity prices, exchange rates and inflation.				
Post-retirement healthcare benefits				
Balance at beginning of year	**83**	82	**74**	74
Benefits paid	**(9)**	(9)	**(9)**	(9)
Service cost	**1**	1	**–**	–
Interest cost	**8**	9	**7**	9
Balance at end of the year (refer note 38)	**83**	83	**72**	74
Other long-term provisions				
Balance at beginning of year	**53**	10	**–**	–
Change in estimate variable purchase price for mine properties	**(10)**	30	**–**	–
Payments	**–**	(3)	**–**	–
Provision for the year	**24**	16	**–**	–
Balance at end of the year	**67**	53	**–**	–
Total long-term provisions at end of the year	**401**	324	**111**	94
Other provisions include: – Long-term incentive schemes aimed at attracting, retaining and rewarding eligible senior employees. – Compensation for potential loss of future income payable by Two Rivers to Assmang due to Two Rivers having a tailings dam on part of the mining area of Assmang.				

For the year ended 30 June

	Group		Company	
R million	**F2009**	**F2008**	**F2009**	**F2008**
17 Trade and other payables				
Trade	**656**	929	**158**	91
Financial liability through profit and loss (refer note 34)	**16**	–	**16**	–
Other	**965**	586	**88**	86
Total trade and other payables	**1 637**	1 515	**262**	177
Trade and other payables are generally non-interest-bearing and are typically on 30 – 90 day payment terms.				
18 Short-term provisions				
Bonus provision				
Balance at beginning of year	**79**	58	**57**	52
Provision for the period	**14**	80	**3**	55
Payments made during the year	**(66)**	(59)	**(57)**	(50)
Balance at end of the year	**27**	79	**3**	57
Leave pay provision				
Balance at beginning of year	**50**	39	**7**	5
Provision for the period	**11**	12	**5**	2
Payments made during the year	**(6)**	(1)	**(2)**	–
Balance at end of the year	**55**	50	**10**	7
Other provisions				
Balance at beginning of year	**55**	–	**–**	–
Provision for the period	**21**	55	**–**	–
Balance at end of the year	**76**	55	**–**	–
Total short-term provisions	**158**	184	**13**	64

The bonus provision is based on the policy as approved by each operation.

The leave pay provision is calculated based on a combination of total and pensionable salary packages multiplied by the leave days due at year end.

Other provisions – environmental rehabilitation and retrenchment provisions.

For the year ended 30 June

R million	Group F2009	Group F2008	Company F2009	Company F2008
19 Overdrafts and short-term borrowings				
Overdrafts	**188**	66	**36**	28
Short-term borrowings	**681**	1 081	**440**	333
Current portion of long-term borrowings (refer note 14)	**1 511**	577	**967**	–
	2 380	1 724	**1 443**	361
Overdrafts and short-term borrowings are held as follows:				
– African Rainbow Minerals Limited	**1 004**	69	**1 152**	70
– Assmang Limited	**7**	256	**–**	–
– ARM Mining Consortium Limited	**138**	255	**–**	–
– ARM Coal (Pty) Limited	**–**	10	**–**	–
– Nkomati	**149**	–	**–**	–
– Vale/ARM joint venture	**335**	436	**–**	–
– Two Rivers Platinum (Pty) Limited – Bank loans	**208**	63	**–**	–
– Two Rivers Platinum (Pty) Limited – Impala Platinum	**539**	635	**–**	–
– Loans from subsidiaries	**–**	–	**291**	291
	2 380	1 724	**1 443**	361
Unutilised borrowings and overdraft facilities				
– African Rainbow Minerals Limited	**430**	430	**430**	430
– Assmang Limited – 50%	**1 234**	996		
– ARM Mining Consortium Limited	**35**	47		
Total	**1 699**	1 473	**430**	430

20 Joint ventures

The proportionate share of the following joint ventures have been incorporated into the Group results:

- 50% share in the Nkomati Nickel and Chrome Mine.
- 50% share in Assmang which includes Cato Ridge Alloys at 25%.
- 51% share in ARM Coal (Pty) Limited which includes the ARM Coal 51% interest in the Goedgevonden joint venture.
- 50% share in Modikwa joint venture which is held as a 83% subsidiary through ARM Mining Consortium is consolidated as a subsidiary.
- 50% share in Vale/ARM joint venture since 1 March 2009.

The Company results include the proportionate share of the following unincorporated joint venture only on:

- 50% share in the Nkomati Nickel and Chrome Mine.

For the year ended 30 June

R million	Group F2009	Group F2008	Company F2009	Company F2008
20 Joint ventures (continued)				
The aggregate amounts of joint ventures proportionately consolidated in the financial statements are:				
Income statements				
Sales	**9 024**	10 092	**543**	998
Cost of sales	**(4 525)**	(4 424)	**(493)**	(425)
Other operating income	**641**	264	**24**	46
Other operating expenses	**(638)**	(386)	**(48)**	(11)
Income from investments	**283**	71	**8**	6
Finance costs	**(90)**	(72)	**(1)**	(1)
Income from associate	**82**	252	**–**	–
Exceptional items	**(11)**	–	**–**	–
Profit before tax	**4 766**	5 797	**33**	613
Taxation	**(1 792)**	(1 728)	**(4)**	(173)
Profit for the year after taxation	**2 974**	4 069	**29**	440
Balance sheets				
Non-current assets	**10 585**	7 737	**1 508**	625
Current assets	**4 889**	6 006	**285**	463
Non-current liabilities (interest-bearing)	**86**	836	**–**	–
Non-current liabilities (non-interest-bearing)	**3 224**	1 585	**199**	190
Current liabilities (non-interest-bearing)	**2 017**	2 170	**315**	192
Current liabilities (interest-bearing)	**629**	521	**149**	–
Cash flow statements				
Net cash inflow from operating activities	**4 451**	3 979	**177**	518
Net cash outflow from investing activities	**(2 786)**	(2 165)	**(866)**	(292)
Net cash inflow from financing activities	**271**	126	**149**	–
21 Environmental rehabilitation trust funds				
Balance at beginning of year	**66**	27	**28**	6
Contributions	**20**	35	**12**	21
Interest earned	**6**	4	**2**	1
Total (included in cash and cash equivalents) (refer note 11)	**92**	66	**42**	28
Total environmental rehabilitation obligations (refer note 16)	**251**	188	**39**	20
Less: amounts in trust funds (see above)	**(92)**	(66)	**(42)**	(28)
Unfunded portion of liability	**159**	122	**(3)**	(8)
Part of the unfunded portion of the liability is secured by guarantees in favour of the Department of Minerals and Energy as required (refer note 35).				

For the year ended 30 June

	Group		Company	
R million	**F2009**	**F2008**	**F2009**	**F2008**
22 Sales				
Sales – mining and related products	**10 094**	12 590	**543**	998
Made up as follows:				
Local sales	**2 492**	4 737	**174**	252
Export sales	**7 552**	7 706	**369**	746
Sales by foreign subsidiary	**50**	147	**–**	–
Revenue	**10 674**	12 919	**3 328**	1 666
Sales – mining and related products	**10 094**	12 590	**543**	998
Interest received	**414**	168	**204**	116
Dividends received	**–**	–	**2 269**	239
Fees received	**160**	153	**312**	313
Property rental income	**6**	8	**–**	–
23 Cost of sales				
Amortisation and depreciation	**780**	536	**28**	20
Staff costs	**1 235**	948	**60**	41
Consultants and contractors	**509**	502	**2**	79
Inventory written down/(up)	**238**	(47)	**–**	–
Raw materials, consumables used and change in inventories	**1 643**	1 703	**396**	285
Railage and transportation	**533**	675	**–**	–
Provisions	**30**	50	**7**	–
Distribution costs	**694**	624	**–**	–
Other costs	**386**	525	**–**	–
	6 048	5 516	**493**	425
24 Profit from operations				
Profit from operations includes:				
Foreign exchange gains/(losses)	**348**	240	**(29)**	38
Surplus on disposal of property, plant and equipment	**4**	10	**–**	–
Amortisation and depreciation (refer note 3)				
– buildings	**16**	12	**–**	–
– intangible assets	**2**	2	**–**	–
– mine development, exploration and decommissioning assets	**150**	128	**7**	3
– mineral rights	**23**	14	**–**	–
– plant and machinery	**315**	227	**10**	5
– other	**281**	158	**12**	12
Auditors' remuneration				
– audit fees	**14**	9	**4**	3
– other services	**–**	1	**–**	–
Exploration expenditure	**129**	212	**–**	1
Impairment of plant and equipment (refer note 3)	**43**	51	**1**	7
Inventory write down	**238**	–	**–**	–
Inventory write up	**–**	47	**–**	–
Movement in provisions				
– long-term	**54**	31	**16**	(1)
– short-term	**46**	147	**8**	57
Operating lease payments	**5**	4	**1**	1
Net loss on financial liability through profit and loss	**16**	–	**16**	–
Rental income from investment property	**5**	4	**–**	–
Direct operating expenses of investment property	**4**	4	**–**	–
Share transfer, secretarial and financial services	**3**	3	**3**	2
Staff costs				
– salaries and wages	**1 280**	957	**172**	114
– share-based payments	**64**	74	**49**	54
– pension – defined contribution plans	**72**	59	**11**	8
– medical aid	**42**	34	**1**	1

For the year ended 30 June

R million	Group F2009	Group F2008	Company F2009	Company F2008
25 Income from investments				
Dividend income – unlisted	**–**	–	**2 269**	259
Interest received – subsidiary companies	**–**	–	**107**	91
– environmental trust funds (refer note 21)	**6**	4	**2**	1
– short-term bank deposits	**408**	164	**95**	24
	414	168	**2 473**	375
The interest received is from financial assets categorised as loans and receivables (refer note 34).				
26 Finance cost				
Interest on finance leases	**10**	13	**–**	–
Gross interest paid – long and short-term borrowings and overdrafts	**422**	514	**184**	175
Unwinding of discount rate	**30**	–	**1**	–
Less: capitalised (refer note 3)	**(77)**	(89)	**(9)**	–
	385	438	**176**	175
The interest paid is on financial liabilities categorised as other financial liabilities at amortised cost (refer note 34).				
27 Exceptional items				
Surplus on dilution in TEAL to 50%	**557**	–	**(53)**	–
Surplus on disposal of 50% of Nkomati; final tranche payment	**–**	135	**–**	135
Profit on sale of interest in Otjikoto	**–**	32	**–**	–
Profit on sale of interest in Zambian properties	**–**	46	**–**	–
Impairments of property, plant and equipment	**(43)**	(51)	**(1)**	(7)
Exceptional items per income statement	**514**	162	**(54)**	128
Taxation	**–**	5	**–**	(2)
Profit on asset swap in the DTJV – ARM Coal	**27**	317	**–**	–
Capital portion of insurance claim at Cato Ridge	**14**	–	**–**	–
Loss on disposal of property, plant and equipment	**(4)**	(10)	**–**	–
Total amount adjusted for headline earnings	**551**	474	**(54)**	126

For the year ended 30 June

R million	Group F2009	Group F2008	Company F2009	Company F2008
28 Taxation				
South African normal taxation				
– current year	**979**	1 019	**94**	145
– mining	**814**	918	**1**	90
– non-mining	**165**	101	**93**	55
– prior year	**50**	–	**–**	–
State's share of profits	**234**	238	**–**	–
Deferred taxation				
– current year	**248**	819	**(22)**	65
– tax rate adjustment	**–**	(36)	**–**	(3)
STC	**216**	44	**–**	18
	1 727	2 084	**72**	225
Dealt with as follows:				
Attributable to profit before exceptional items	**1 727**	2 089	**72**	223
Attributable to exceptional items (refer note 27)	**–**	(5)	**–**	2
	1 727	2 084	**72**	225
South African mining tax is calculated based on taxable income less capital expenditure.				
Where there is insufficient taxable income to offset capital expenditure the balance of capital expenditure is carried forward as unredeemed capital expenditure.				
Reconciliation of rate of taxation:	**%**	%	**%**	%
Standard rate of Company taxation	**28**	28	**28**	28
Adjusted for:				
Disallowed expenditure	**2**	1	**3**	6
Exempt income	**(5)**	(4)	**(27)**	(11)
Effects of mining taxes – State's share of profits	**4**	2	**–**	–
STC	**5**	1	**–**	–
Estimated assessed losses not raised as deferred tax assets	**5**	1	**–**	–
Other	**–**	1	**(1)**	–
Effective rate of taxation	**39**	30	**3**	23
Estimated assessed losses available for reduction of future taxable income	**977**	501	**–**	–
No deferred tax asset has been raised on the Vale/ARM joint venture estimated assessed loss of R596 million.				
Unredeemed capital expenditure available for reduction of future mining income*	**1 989**	1 715	**–**	–

* *Deferred tax has been raised on these estimated tax benefits.*

The Company had unutilised credits in respect of STC of R1 620 million at 30 June 2009 (2008: R198 million). A deferred tax asset has been raised on a portion of these credits amounting to R32 million (2008: R20 million).

The post year end dividend declared will bear STC at 10% (2008: 10%).

No STC will be payable on the dividend as the existing STC credits together with STC credits arising from the post year end dividend receipt from Assmang will exceed any STC payable.

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

All returns up to and including June 2008 have been submitted.

For the year ended 30 June

R million	Group F2009	Group F2008	Company F2009	Company F2008
29 Calculations per share				
The calculation of basic earnings per share is based on basic earnings of R2 868 million (2008: R4 487 million) and a weighted average of 211 707 thousand (2008: 210 580 thousand) shares in issue during the year.				
The calculation of headline earnings per share is based on headline earnings of R2 317 million (2008: R4 013 million) and a weighted average of 211 707 thousand (2008: 210 580 thousand) shares in issue during the year.				
The calculation of diluted basic earnings per share is based on basic earnings of R2 868 million (2008: R4 487 million), with no reconciling items to derive at diluted earnings, and a weighted average of 214 737 thousand (2008: 214 347 thousand) shares, calculated as follows:				
Weighted average number of shares used in calculating basic earnings per share (thousands)	**211 707**	210 580		
Potential ordinary shares due to share options granted (thousands)	**3 030**	3 767		
Weighted average number of shares used in calculating diluted earnings per share (thousands)	**214 737**	214 347		
The calculation of diluted headline earnings per share is based on headline earnings of R2 317 million (2008: R4 013 million) and a weighted average of 214 737 thousand (2008: 214 347 thousand) shares.				
The calculation of net asset value per share is based on net assets of R16 149 million (2008: R14 876 million) and the number of shares at year end of 212 068 thousand (2008: 211 556 thousand) shares.				
The calculation of cash generated from operations per share (cents) is based on cash generated from operations of R6 678 million (2008: R5 175 million) and the weighted average number of shares in issue of 211 707 thousand (2008: 210 580 thousand).				
Dividend per share After the year end a dividend of 175 cents per share (2008: 400 cents per share) was declared which approximates R371 million (2008: R846 million). This dividend was declared before approval of the financial statements but was not recognised as a distribution to owners during the period to June 2009.				
30 Headline earnings				
Basic earnings per income statement	**2 868**	4 487		
– Surplus on dilution in TEAL to 50%	**(557)**	–		
– Surplus on disposal of 50% of Nkomati; final tranche payment	**–**	(135)		
– Impairments of property, plant and equipment	**43**	51		
– Capital portion of insurance claim at Cato Ridge	**(14)**	–		
– Profit on sale of interest in Zambian properties	**–**	(46)		
– Profit on sale of interest in Otjikoto	**–**	(32)		
– Loss on disposal of property, plant and equipment	**4**	10		
– Profit on asset swap in the DTJV – ARM Coal	**(27)**	(317)		
	2 317	4 018		
– Taxation	**–**	(5)		
Headline earnings	**2 317**	4 013		

For the year ended 30 June

R million	Group F2009	Group F2008	Company F2009	Company F2008
31 Reconciliation of net profit before tax to cash generated from operations				
Profit from operations before exceptional items	**3 707**	6 678	**106**	668
Income from associate	**147**	461	**–**	–
Exceptional items	**514**	162	**(54)**	128
Profit from operations after exceptional items	**4 368**	7 301	**52**	796
Adjusted for:	**694**	158	**156**	16
– Amortisation and depreciation of property, plant and equipment	**787**	541	**29**	21
– Bad debts provided for	**11**	–	**7**	–
– Long and short-term provisions	**100**	215	**10**	56
– Impairment of property, plant and equipment	**43**	51	**1**	7
– Impairment of investment	**–**	–	**–**	–
– Profit on disposal of property, plant and equipment	**4**	10	**–**	–
– Surplus on disposal of investments	**(558)**	(213)	**53**	(135)
– Unrealised foreign exchange (gain)/losses	**149**	(19)	**–**	7
– Associate income	**(147)**	(461)	**–**	–
– Inventory written off/(up)	**238**	(47)	**–**	–
– Share options	**64**	74	**49**	54
– Other non-cash flow items	**3**	7	**7**	6
Cash from operations before working capital changes	**5 062**	7 459	**208**	812
(Increase)/decrease in inventories	**(922)**	(469)	**17**	(31)
Decrease/(increase) in receivables	**2 374**	(2 252)	**(3)**	(123)
Increase/(decrease) in payables and provisions	**164**	437	**71**	(15)
Cash generated from operations	**6 678**	5 175	**293**	643
32 Taxation paid				
Balance at beginning of year	**1 033**	198	**110**	119
Current taxation as per income statement	**1 479**	1 301	**94**	163
Normal tax	**1 029**	1 019	**94**	145
State's share of profits	**234**	238	**–**	–
STC	**216**	44	**–**	18
TEAL changed from subsidiary to joint venture	**(5)**	–	**–**	–
Balance at end of year	**(530)**	(1 033)	**(116)**	(110)
Tax payable	**(531)**	(1 047)	**(116)**	(110)
Tax receivable	**1**	14	**–**	–
Taxation paid	**1 977**	466	**88**	172

For the year ended 30 June

R million	Group F2009	Group F2008
33 Sale of interest in TEAL		
Fixed assets	**66**	–
Long-term borrowings	**(137)**	–
Stock	**132**	–
Debtors	**37**	–
Cash and cash equivalents	**17**	–
Creditors	**(89)**	–
Taxation	**(5)**	–
Short-term borrowings and overdrafts	**(441)**	–
Net assets sold	**(420)**	–
Profit with disposal	**610**	–
Proceeds	**190**	–
Less: cash and cash equivalents	**(17)**	–
Transaction costs – Company	**(53)**	–
Net cash effect	**120**	–

34 Financial instruments and risk management

The Group is exposed to certain financial risks in the normal course of its operations. To manage these risks, a treasury risk management committee monitors transactions involving financial instruments.

The Group does not acquire, hold or issue derivative instruments for trading purposes.

The following risks are managed through the policies adopted below:

a. Currency risk

The commodity market is predominantly priced in US Dollars which exposes the Group's cash flows to foreign exchange currency risks.

In addition, there is currency risk on long lead-time capital items which may be denominated in US Dollars or Euros or other currencies.

Derivative instruments which may be considered to hedge the position of the Group against these risks include forward sale and purchase contracts as well as forward exchange contracts.

The use of these derivative instruments is considered on a month-by-month basis when appropriate.

		Foreign currency amount	Year end exchange
Financial assets			
Foreign currency denominated items included in receivables:			
	30 June 2009	US$ 118 million	7.72
	30 June 2008	US$ 442 million	7.83
	30 June 2008	EURO 7 million	12.34
Foreign currency denominated items included in cash and cash equivalents:			
	30 June 2009	US$ 20 million	7.72
	30 June 2008	US$ 2 million	7.83
Financial liabilities			
Foreign currency denominated items included in payables:			
	30 June 2009	US$ 12 million	7.72
	30 June 2008	US$ 20 million	7.83
Foreign currency denominated items included in overdrafts and short term borrowings:			
	30 June 2009	US$ 43 million	7.72
	30 June 2008	US$ 55 million	7.83

Foreign currency contract

A forward exchange contract was taken out in May 2009 to cover US$42.5 million at a rate of R8.1720/US$, payable on 31 August 2009. At year end there was an unrealised loss on this contract included in payables (note 17) of R16 million and recognised in the income statement.

34 Financial instruments and risk management (continued)

b. Liquidity risk management

The Group's executive meets regularly to review long and mid-term plans as well as short-term forecasts of cash flow.

Funding requirements are met by arranging banking facilities and/or structuring finance as applicable. All funding and related structures are approved by the Board of Directors.

The table below summarises the maturity profile of the Group's financial liabilities at 30 June based on undiscounted cash flows.

	Group F2009			
	Within one year	**2 – 5 years**	**Over 5 years**	**Total**
Long-term borrowings (refer note 14)	**1 511**	**229**	**1 135**	**2 875**
Trade and other payables (refer note 17)	**1 637**	**–**	**–**	**1 637**
Overdrafts and short-term borrowings (refer note 19)	**869**	**–**	**–**	**869**
Total	**4 017**	**229**	**1 135**	**5 381**

	Group F2008			
	Within one year	**2 – 5 years**	**Over 5 years**	**Total**
Long-term borrowings (refer note 14)	548	1 407	847	2 802
Trade and other payables (refer note 17)	1 515	–	–	1 515
Overdrafts and short-term borrowings (refer note 19)	1 176	–	–	1 176
Total	3 239	1 407	847	5 493

c. Credit risk

Credit risk arises from possible defaults on payments by business partners or bank counterparties. The Group minimises credit risk by evaluating counterparties before concluding transactions in order to ensure the creditworthiness of such counterparties. The maximum exposure is the carrying amounts disclosed in note 10.

Major trade receivables include Impala Platinum R363 million (2008: R1 billion) and Rustenburg Platinum Mines R264 million (2008: R630 million).

Cash is only deposited with institutions which have exceptional credit ratings with the amounts distributed appropriately among these institutions to minimise credit risk through diversification. The maximum exposure is the carrying values as per note 11. The available-for-sale assets (which is mostly the Harmony investment) exposure is the carrying value of the assets as per note 8.

d. Treasury risk management

The treasury function is outsourced to Andisa Capital (Pty) Limited (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 counterparty exposure limits.

34 Financial instruments and risk management (continued)

e. Commodity price risk

Commodity price risk arises from the possible adverse effect of fluctuations in commodity prices on current and future earnings. Most of these prices are US Dollar and EURO based and are internationally determined in the open market. From these base prices contracts are negotiated. ARM does not actively hedge future commodity revenues of the commodities that it produces against price fluctuations.

The Nkomati, Two Rivers and Modikwa operations recognise revenue at the month end during which delivery of concentrate has occurred, at the closing spot price for the contained metal. There is a risk that the spot price does not realise when the metal price fixes on out turn at the refinery. Management is of the opinion that this method of revenue recognition is the most appropriate as opposed to using forward prices as an estimate. The risk is that where there are significant changes in metal prices after a reporting period end that the next reporting period is impacted. The value of accounts receivable for these three entities included in trade and other receivables (refer note 10) is R764 million (2008: R1 790 million). Refer to the sensitivity calculations which follow note (j) below.

f. Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations.

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 investments are reviewed by the ARM Investment Committee after being proposed by management.

i. Capital risk management

The management and maintenance of capital in ARM is a central focus of the Board and senior management especially as ARM has a declared policy of growth. The ability to continue as a going concern and to safeguard assets while optimally funding expansion is continually monitored.

Capital is mainly monitored on the basis of the net gearing ratio while giving due consideration to life of mine plans and business plans.

Capital structure is maintained and improved by ensuring an appropriate level of borrowings, adjusting dividends and reviewing returns from operations. ARM does not have a fixed policy on gearing but targets a net gearing threshold of 30% for external funding.

Total capital is defined as total equity on the balance sheet plus debt.

j. Sensitivity

The sensitivity calculations are performed on the variances in prices, exchange rates and interest rate changes.

The assumptions are calculated individually while keeping all other variables constant.

The effect is calculated only on the financial instruments as at year end.

It is relevant to note that the accounts receivable balance in (e) above of R764 million (2008: R1 790 million) was valued using the following parameters: (i) Rand/US Dollar exchange rate of R7.72 (2008: R7.91), (ii) platinum price of $1 186/oz (2008: $2 039/oz), (iii) palladium price of $249/oz (2008: $449/oz), rhodium of $1 350/oz (2008: $9 535/oz) and a nickel price of $16 010/tonne (2008: $22 539/tonne).

After the 2008 year end the prices of these commodities had reduced by more than 50% while the Rand had weakened by more than 15%. As a result significant negative mark-to-market adjustments have been charged against income in the H1 in F2009 as the accounts receivable balance realised at amounts lower than the balance sheet date value.

The sensitivity was applied to profit or loss before taxation and minority interest.

For the year ended 30 June

R million	Group F2009	Group F2008
34 Financial instruments and risk management (continued)		
The increase in profit before tax if:		
The Rand/US Dollar exchange rate weakens by R1	**119**	369
The Rand/EURO exchange rate weakens by R1	**–**	7
The price of nickel increases by 10%	**18**	13
The price of PGMs increases by 10%	**56**	166
The interest rate increases by 1%	**9**	12

The interest change impact is calculated on the net financial instruments at balance sheet date and does not take into account any repayments of long or short-term borrowings.

The prices of all other commodities are contractually fixed and are thus not impacted by price fluctuations after the balance sheet date.

Financial instruments by categories

Group F2009

Category	Loans and receiv-ables	At fair value through profit and loss	Available-for-sale assets	Other liabilities at amortised cost	Total book value	Total fair value
Investments – listed	**–**	**–**	**5 101**	**–**	**5 101**	**5 101**
Loans and long-term receivables	**134**	**–**	**–**	**–**	**134**	**134**
Financial assets – structured investment	**–**	**78**	**–**	**–**	**78**	**78**
Foreign exchange contract	**–**	**(16)**	**–**	**–**	**(16)**	**(16)**
Trade and other receivables	**801**	**764**	**–**	**–**	**1 565**	**1 565**
Trade and other payables	**–**	**–**	**–**	**(1 621)**	**(1 621)**	**(1 621)**
Cash and cash equivalents	**3 513**	**–**	**–**	**–**	**3 513**	**3 513**
Long-term borrowings	**–**	**–**	**–**	**(1 364)**	**(1 364)**	**(1 364)**
Short-term borrowings	**–**	**–**	**–**	**(2 192)**	**(2 192)**	**(2 192)**
Overdrafts	**–**	**–**	**–**	**(188)**	**(188)**	**(188)**

Financial instruments by categories

Group F2008

Category	Loans and receiv-ables	At fair value through profit and loss	Available-for-sale assets	Other liabilities at amortised cost	Total book value	Total fair value
Investments – listed	–	–	6 055	–	6 055	6 055
Trade and other receivables	2 360	1 790	–	–	4 150	4 150
Trade and other payables	–	–	–	(1 515)	(1 515)	(1 515)
Cash and cash equivalents	2 660	–	–	–	2 660	2 660
Long-term borrowings	–	(18)	–	(2 236)	(2 254)	(2 254)
Short-term borrowings	–	–	–	(1 658)	(1 658)	(1 658)
Overdrafts	–	–	–	(66)	(66)	(66)

For the year ended 30 June

34 Financial instruments and risk management (continued)

The table quantifies the interest rate risk

Financial assets		Book value at year end R million	Repricing date	Maturity date	Effective interest rate
Year ended 30 June 2009					
Cash – financial institutions	US$20 million	157		overnight call deposit	0 – 1%
– financial institutions		2 447			7 – 11%
– fixed		909	July 2009		7 – 8%
		3 513			
Year ended 30 June 2008					
Cash – financial institutions	US$2 million	15		overnight call deposit	2.75 – 4.5%
– financial institutions		2 460			9 – 12%
– fixed		185	July 2008		9 – 12%
		2 660			
Financial liabilities					
Year ended 30 June 2009					Year end rate
Long-term borrowings					
Leases		103		2012	1.28 to 2.65% below prime
Loan facility (Two Rivers – mine housing project)		143		2016	12.08%
Loan facility (Vale/ARM joint venture)		60		2014	5.25%
Loan facility (Vale/ARM joint venture)		328		2010	LIBOR plus 1.25%
Loan facility (Vale/ARM joint venture)		7		2010	4.6%
Loan facility (ARM Corporate)		967		2010	9.692%
Loan facility (ARM Coal – partner loan)		9			No terms or interest applicable
Loan facility (Modikwa) Rustenburg Platinum Mines Limited (partner loan)		132			No terms or interest applicable
Loan facility (ARM Coal – partner loan)		1 126		2025	Prime
		2 875			
Less: transferred to short-term		(1 511)			
Total		1 364			
Summary variable and fixed rates			**Transfer to short-term**		
Variable rates		2 734	1 379	1 355	
Fixed rates		141	132	9	
Total		2 875	1 511	1 364	

For the year ended 30 June

34 Financial instruments and risk management (continued)

Financial assets	Book value at year end R million	Repricing date	Maturity date	Effective interest rate
Year ended 30 June 2008				
Long-term borrowings				
Loan facility 1 (ARM Mining Consortium Limited)	163		2010	15.99%
Loan facility 2 (ARM Mining Consortium Limited)	50		2010	16.99%
Loan facility 3 (ARM Mining Consortium Limited)	31			Variable rate
Leases	89		2010	1.5% to 2.65% below prime
Loan facility (Two Rivers – mine housing project)	155		2016	11.10%
Loan facility TEAL	28		2010	4.60%
Loan facility Assmang	251		2013	Variable rate
Loan facility (ARM Corporate)	1 217		2009	9.78%
Loan facility (ARM Coal – partner loan)	20			No terms of interest applicable
	5			No terms of interest applicable
Loan facility (ARM Coal – partner loan)	822		2025	Prime
	2 831			
Less: transferred to short-term	(577)			
Total	2 254			

Summary variable and fixed rates

		Transfer to short-term	
Variable rates	2 593	364	2 229
Fixed rates	238	213	25
Total	2 831	577	2 254

			Repricing date	Maturity date	
Year ended 30 June 2009					
Short-term financial liabilities					
– Financial institutions		1 381	30/06/2009	30/06/2009	Variable rate between 9% and 15%
– Financial institutions	US$	328	30/06/2009	30/06/2009	LIBOR plus .06% on first 20 million US$ LIBOR plus 1% on next 30 million US$
– Anglo Platinum (partner loan)		132	30/06/2009	30/06/2009	No interest
– Implats (partner loan)		539			Variable rate at year end 11%
Total		2 380			
Year ended 30 June 2008					
Short-term financial liabilities					
– Financial institutions		440	30/06/2008	30/06/2008	Variable rate between 11% and 16%
– Financial institutions	US$	436	30/06/2008	30/06/2008	LIBOR plus .06% on first 20 million US$ LIBOR plus 1% on next 30 million US$
– Financial institutions		213	30/06/2008	30/06/2008	Fixed rates between 15.99% and 16.99%
– Implats (partner loan)		635			Variable rate at year end 12%
Total		1 724			

For the year ended 30 June	Group		Company	
R million	**F2009**	**F2008**	**F2009**	**F2008**
35 Commitments and contingent liabilities				
Commitments				
Commitments in respect of capital expenditure:				
Approved by directors				
– contracted for	**3 647**	1 469	**242**	693
– not contracted for	**908**	1 331	**597**	1 024
Total commitments	**4 555**	2 800	**839**	1 717

It is anticipated that this expenditure, which mainly relates to mine development and plant and equipment, will be incurred over an estimated two-year period and will be financed from operating cash flows and by utilising available cash and borrowing resources.

Contingent liabilities

Taxation

The Company has a contingent liability arising from its dispute with the South African Revenue Services (SARS) over the deductibility of a loan stock redemption premium claimed in the Company's 1998 tax submission. The matter is currently under appeal and no trial date has been set by SARS.

The outcome of this dispute is not clear and as such the directors of the Company are of the opinion that no provision should be raised in these results.

The potential liability for tax is R107 million, excluding interest. The interest thereon is estimated at R142 million to June 2009 (2008: R127 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 (2008: R180 million). Short-term export finance loans negotiated in terms of the above facility in the ordinary course of business at 30 June 2009 were Rnil (2008: Rnil).

ARM has provided an irrevocable and unconditional guarantee to Copperbelt Energy Corporation plc (CEC) and the Development Bank of Southern Africa Limited (DBSA) for the due and punctual payment by Chambishi Metals plc (Chambishi) of the capital charge component of the power supply assets installed and owned by CEC for which financing was obtained by CEC from DBSA.

The total outstanding capital charge obligation started in 2002 at US Dollar 10 million and will reduce over 10 years ending June 2012 as capital charge payments are made by Chambishi. ARM has a contractual right to have this guarantee replaced by the current owners of Chambishi.

ARM has previously provided a US Dollar 85 million guarantee to a financial institution in order to assist its subsidiary TEAL obtain bank facilities. At year end ARM's exposure is only US Dollar 42.5 million on this guarantee after the transaction with Vale and is equivalent to R328 million.

Guarantees to the Department of Minerals and Energy for rehabilitation provision amounting to R72 million (2008: R72 million). Guarantees to Eskom amounting to R4 million (2008: R4 million).

Litigations

Claims by community (ARM Mining Consortium Limited – Modikwa joint venture)

The litigation commenced in 2003 when correspondence was forwarded to Modikwa by Ntuli Noble and Spoor Inc, purporting to act on behalf of the Banareng Tribal Authority. Various allegations were made regarding the Bapedi Shaft (Maandagshoek Winze) and its alleged impact on the residents of the Sehlako Village. This case was dismissed with costs in 2004.

A second application was made during 2004 in the High Court of South Africa for certain claims to be heard.

The application was brought by the community and the respondents are cited as Rustenburg Platinum Mine Limited, ARM Mining Consortium Limited, the Minister of Minerals and Energy, The Minister of Land Affairs and the Government of the Republic of South Africa.

An internal task team has also been appointed to resolve these allegations in an amicable manner.

This action is still under negotiation. It is currently not possible to quantify the exposure.

For the year ended 30 June	Group F2009		Group F2008	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
36 Leases				
Finance leases (refer note 3)				
Within one year	**55**	**48**	44	41
After one year but not more than five years	**64**	**55**	62	48
Total minimum lease payments	**119**	**103**	106	89
Less: amounts representing finance charges	**(16)**	**–**	(17)	–
Present value of minimum lease payments	**103**	**103**	89	89
Operating leases – Group as lessee				
This is in respect of office building rentals paid				
Within one year	**5**		4	
After one year but not more than five years	**4**		5	
Total minimum lease payments	**9**		9	
Operating leases – Group as lessor				
This is in respect of office building rentals received (refer note 4)				
Within one year	**5**		6	
After one year but not more than five years	**2**		7	
Total minimum lease payments	**7**		13	

37 Retirement plans

The Group facilitates pension plans and provident funds substantially covering all employees. These are composed of defined contribution pension plans, which are governed by the Pension Funds Act, 1956, and defined contribution provident funds administered by employee organisations within the industries in which members are employed.

The benefits provided by the defined contribution plans are determined by accumulated contributions and returns on investment.

Members contribute between 5.0% and 7.5% and employers between 6.2% and 18.12% of pensionable salaries to the funds.

Members' contribution for the current year amounts to R72 million (2008: R59 million).

38 Post-retirement healthcare benefits

The Group has obligations to fund a portion of certain pensioners' and retiring employees' medical aid contributions based on the cost of benefits. The anticipated liabilities arising from these obligations have been actuarially determined using the projected unit credit method and a corresponding liability has been raised.

The liability is assessed periodically by an independent actuary. This assessment uses the following principal actuarial assumptions:
- A net discount rate of between 1% and 2% per annum.
- An increase in healthcare costs at a rate of between 7% and 8% per annum.
- A 1% change in the net discount rate used is estimated to have an impact of 9.68% (2008: 9.68%) on the liability.
- The average expected working lifetime of eligible members was 11 (2008: 11) years at the date of the valuation in 2007.

The provisions raised in respect of post-retirement healthcare benefits amounted to R83 million (2008: R83 million) at the end of the year. Of this amount, Rnil (2008: R1 million) was charged against income in the current year (refer note 16).

The liabilities raised based on present values of the post-retirement benefit, have been recognised in full.

An actuarial valuation is carried out in respect of this liability at three yearly intervals. No new employees get this benefit and the liability is relatively stable. The last actuarial valuation was carried out in 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.

	F2009	F2008	F2007	F2006	F2005
Balance at 30 June (R million)	**83**	83	82	86	91

For the year ended 30 June

	Share options F2009	Share options F2008	Average price cents F2009	Average price cents F2008
39 Share-based payment plans				
Equity-settled plan				
The Company uses three plans to attract, retain, motivate and reward eligible employees who are able to influence the performance of ARM on a basis which aligns their interest with those of the Company's shareholders.				
Share options				
The Company grants share options to certain employees under a share incentive scheme. The exercise price of the options is equal to the market price of the shares on the date of the grant. The options start to vest one year after the grant date in three equal tranches over three years. The contract life of each option is eight years from the grant date.				
Outstanding at the beginning of the period	**5 124 907**	6 290 024	**7 098**	5 039
Granted during the period	**249 292**	816 861	**9 730**	15 343
Forfeited during the period	**(28 217)**	(155 966)	**17 589**	8 236
Exercised during the period	**(511 945)**	(1 826 012)	**5 185**	3 599
Outstanding at the end of the period	**4 834 037**	5 124 907	**7 374**	7 098
Exercisable at the end of the period	**1 746 774**	1 980 101		
Range of strike prices of options exercised (cents)			**2 700 to 9 620**	1 700 to 7 399
Range of strike prices of outstanding options (cents)			**2 700 to 27 950**	3 555 to 27 950

Bonus shares method

Annually, eligible employees receive a grant of full value ARM shares that match, according to a specified ratio, a portion of the annual cash incentive accruing to them. Bonus shares will be settled to participants after three years, conditional on continued employment. The bonus share method of the plan provides an additional element of share-based retention to executives and senior management who, through their performance, on an annual basis, have demonstrated their value to the Company, and by further encouraging executives and senior management to build up a shareholding in ARM.

	F2009 Bonus shares	F2008 Bonus shares
Outstanding at the beginning of the period	**–**	–
Granted during the period (2 December 2008)	**131 834**	–
Forfeited during the period	**(798)**	–
Shares vested*	**(8 827)**	–
Outstanding at the end of the period	**122 209**	–

* *This represents shares that vested during the period as a result of no fault termination.*

39 Share-based payment plans (continued)

Performance shares method

Annual conditional awards of full value shares are made to eligible employees. Performance shares vest after a three-year period subject to the Company's achievement against a weighted combination of challenging performance measures over this period, selected from:

- comparative total shareholder return in relation to a peer group;
- return on capital employed against a prescribed target; and
- growth in headline earnings per share in relation to an inflation index.

The selection of performance metrics has been made on the basis that, individually or in combination, they clearly foster the creation of shareholder value. The performance share method closely aligns the interest of shareholders, executives and senior management by rewarding superior shareholder and financial performance in the future, and by encouraging executives and senior management to build up a shareholding in ARM.

	Group	
	F2009 Performance shares	**F2008 Performance shares**
Outstanding at the beginning of the period	**–**	–
Granted during the period (2 December 2008)	**142 184**	–
Forfeited during the period	**(7 820)**	–
Shares vested*	**(865)**	–
Outstanding at the end of the period	**133 499**	–

* *This represents shares that vested during the period as a result of no fault termination.*

The fair value of shares granted in these plans 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 2009 and 30 June 2008.

	Group	
	F2009	**F2008**
Dividend yield %	**1.43**	1.25
Expected volatility %	**54.9**	32.2
Historical volatility %	**34**	34
Risk-free interest rate %	**7.96**	8.90
Expected life of options (years)	**2 – 6**	2 – 6
Weighted average share price (cents)	**14 568**	18 612
Fair value of options issued during the year (R million)	**30**	29
Fair value of options per option issued during the year (cents)	**6 017**	3 651
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 be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.		
The effect on the income statement for Group and Company was a charge of (R million)	**49**	54

39 Share-based payment plans (continued)

Share appreciation rights plan

TEAL, a subsidiary of ARM, has established a share appreciation rights plan in order to provide incentive compensation to directors, senior management, employees and consultants of TEAL. The exercise price cannot be lower than the average list price on 15 November 2005 on the Toronto Stock Exchange (TSX). The exercise period is within eight years. The vesting is: 40% on the second anniversary, 30% on the third and 30% on the fourth anniversary of 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.

As a result of the plan of arrangement that came into effect on 1 March 2009 and the related transactions, all share options were deemed to be vested and an offer of CAD 3.00 (R19) per share was made to all appreciation right holders.

	Group	
	F2009	**F2008**
Outstanding at the beginning of the period	**5 233 198**	5 080 817
Granted during the period	**–**	378 765
Forfeited during the period	**(1 388 840)**	(178 384)
Exercised during the period	**(3 844 358)**	(48 000)
Outstanding at the end of the period	**–**	5 233 198
Exercisable at the end of the period	**–**	1 781 543
The fair value of cash-settled share options granted was 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 2009 and 30 June 2008.		
Dividend yield %	**Nil**	Nil
Expected volatility %	**77%**	77%
Historical volatility %	**na**	na
Risk-free interest rate %	**–**	–
Expected life of options (years)	**–**	4
Range of options granted and outstanding strike price (cents)	**–**	1 517 – 2 357
Weighted average share price (cents)	**–**	3 659
Fair value of options issued during the year (R million)	**–**	8
Fair value of options per option issued during the year (cents)	**–**	2 156
The expected life of the options was based on industry norm and was not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility was 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 the Group was a charge of (R million)	**15**	20

For the year ended 30 June

R million	Group F2009	Group F2008	Company F2009	Company F2008
40 Related party transactions				
The Company in the ordinary course of business enters into various sale, purchase, service 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 203 to 204.				
Transactions between related parties are concluded at arm's 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.				
Assmang				
– Provision of services			**299**	305
– Dividends received			**2 151**	240
ARM Coal (Pty) Limited – dividends received			**117**	21
Venture Building Trust (Pty) Limited – interest received			**1**	1
Two Rivers Platinum (Pty) Limited				
– Interest received			**86**	90
– Provision of services			**2**	2
Vale/ARM joint venture-provision of services			**8**	4
Between subsidiaries and joint ventures				
Venture Building Trust (Pty) Limited, rent received from Vale/ARM joint venture	**1**	1	**–**	–
Nkomati, chrome sales to Assmang	**2**	12	**–**	–
Nkomati, receivable iro Assmang	**–**	–	**2**	6
Amounts outstanding at year end owing to ARM on current account				
Assmang	**–**	–	**16**	14
Vale/ARM joint venture	**–**	–	**1**	4
Venture Building Trust	**–**	–	**3**	4
Key management personnel				
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity and comprise members of the board of directors and senior management.				
Key management personnel: Senior management compensation salary	**18**	8		
Accrued bonuses	**3**	6		
Pension scheme contributions	**2**	1		
Reimbursive allowances	**3**	4		
Total	**26**	19		

For the year ended 30 June

R million	Group Number of options	Average price	Average gross selling price
40 Related party transactions (continued)			
Share options – Held on 1 July 2007	919 575	R62.58	
Granted during the year	211 404	R160.90	
Exercised during the year	315 077	R38.55	R198.11
Share options – Held on 1 July 2008	815 902	R94.34	
Granted during the year	72 584	R96.20	
Staff movements	196 892	R79.45	
Exercised during the year	81 262	R50.29	R132.24
Held on 30 June 2009	**1 004 116**	**R109.19**	

	Number of bonus shares	Number of performance shares
Bonus and performance shares		
Held at 1 July 2008	–	–
Granted/awarded during the year	41 475	39 986
Vested during the year*	8 827	865
Forfeited during the year*	–	7 287
Held on 30 June 2009	**32 648**	**31 834**

* *This represents shares that vested during the period as a result of no fault termination.*

Details relating to directors' emoluments, share options and shareholdings in the Company are disclosed in the Directors' report.

Shareholders

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

Our Executive Chairman Patrice Motsepe is involved through shareholding and/or directorship in various other companies and trusts. The Company rents office space from one of these entities as disclosed below. Mr Motsepe's director's emoluments, share options and shareholding in the Company are disclosed in the Directors' report.

	Group		Company	
R million	F2009	F2008	F2009	F2008
Rental paid for offices at 29 Impala Road, Chislehurston, Sandton This rental is similar to rentals paid to third parties in the same area for similar buildings.	**1**	1	**1**	1

REPORT ON SUBSIDIARY COMPANIES

For the year ended 30 June

R million	Company F2009	Company F2008
Investments		
Listed: market value R5 091 million Harmony (2008: R7 270 million Harmony and TEAL)	**5 091**	6 198
Unlisted	**481**	481
	5 572	6 679
Amounts owing by subsidiaries (refer note 8)	**1 625**	2 092
Amounts owing to subsidiaries (refer note 19)	**(291)**	(291)
	6 906	8 480
Income from subsidiaries		
Fees – management advisory services	**10**	2
	10	2
Members’ aggregate interest in profits and losses after taxation of subsidiaries		
Profits	**–**	435
Losses	**789**	177

PRINCIPAL ASSOCIATE COMPANIES, JOINT VENTURES AND OTHER INVESTMENTS

For the year ended 30 June	Group Number of shares held		Company Number of shares held		Group Effective percentage holding	
Name of company	**F2009**	**F2008**	**F2009**	**F2008**	**F2009**	**F2008**
Associated companies						
Unlisted						
Lucas Block Minerals Limited (1936) Ordinary shares of 200 cents per share.	**121**	121	**102**	102	**30**	30
Xstrata South Africa (Pty) Limited* non-convertible participating preference shares of 100 cents per share	**800**	800	**400**	400	**20.2**	20.2
Investment in other companies						
Listed						
Harmony Gold Mining Company Limited Ordinary shares of 50 cents per share	**63 632 922**	63 632 922	**63 632 922**	63 632 922	**14.94**	15.92
Unlisted						
Business Partners Limited	**323 177**	323 177	**323 177**	323 177	**0.2**	0.2
Joint ventures and partnerships						
ARM Coal (Pty) Limited	**51**	51	**51**	51	**51**	51
Cato Ridge Alloys (Pty) Limited	**19 400**	19 400	**–**	–	**12.5**	12.5
Modikwa joint venture*	**–**	–	**–**	–	**41.5**	41.5
Nkomati joint venture	**–**	–	**–**	–	**50**	50
Assmang Limited	**1 774 103**	1 774 103	**1 774 103**	1 774 103	**50**	50
Vale/ARM joint venture**	**500**	35 000 001	**500**	35 000 001	**50**	64.9

* *December year end, audited June figures are consolidated.*
** *In 2008 it was TEAL Exploration & Mining Inc. as a subsidiary.*

PRINCIPAL SUBSIDIARY COMPANIES

For the year ended 30 June		Issued capital amount R million		Direct interest in capital %		Book value of Company's interests			
						Shares R million		Indebtedness by/(to) R million	
Name	**Class**	**F2009**	**F2008**	**F2009**	**F2008**	**F2009**	**F2008**	**F2009**	**F2008**
African Rainbow Minerals Platinum (Pty) Limited platinum mining	Ord	**–**	–	**100**	100	**–**	–	**–**	–
	Ord	**–**	–	**100**	100	**257**	257	**951**	1 299
Anglovaal Air (Pty) 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 (Pty) 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 (Pty) Limited investment company	Ord	**–**	–	**100**	100	**–**	–	**(4)**	(4)
South African Base Minerals Limited investment company	Ord	**–**	–	**100**	100	**–**	–	**–**	–
Tasrose Investments (Pty) Limited mining investment	Pref	**–**	–	**100**	100	**24**	24	**(24)**	(24)
Two Rivers Platinum (Pty) Limited platinum mining	Ord	**100**	100	**55**	55	**55**	55	**660**	776
Vallum Investments (Pty) Limited investment company	Ord	**–**	–	**100**	100	**–**	–	**–**	–
Venture Building Trust (Pty) Limited property investment	Ord	**–**	–	**100**	100	**1**	1	**8**	8

Notes
Ord – Ordinary shares
Pref – Preference shares

Unless otherwise stated, all companies are incorporated and carry on their principal operations in South Africa. Interests are shown to the extent that this information is considered material. A schedule with details of all other subsidiaries is available from the registered office.

* *Incorporated in Guernsey December year end. Audited June figures are consolidated.*

CONVENIENCE TRANSLATION INTO US DOLLARS

For the benefit of international investors, the balance sheet, income statement and statement of changes in equity and the cash flow statement of the Group, presented in rands and set out on pages 146 to 152, have been translated into United States Dollars and are presented on this page and pages 206 to 209.

This information is only supplementary and is not required by any accounting standard and does not represent US GAAP.

The balance sheets are translated at the rate of exchange ruling at the close of business at 30 June each year and the income statements and cash flows are translated at the average exchange rates for the years reported except for the opening and closing cash balances of cash flows which are translated at the rate ruling at the close of business at 30 June each year.

The statement of changes in equity is translated at the rate ruling at the close of business at 30 June each year.

The following exchange rates were used:

R/US$	F2009	F2008
Balance sheet	**R7.72**	R7.83
Income statement and cash flow statement	**R9.03**	R7.30

The US Dollar denominated balance sheets, income statements, statements of changes in equity and cash flow statements should be read in conjunction with the accounting policies of the Group as set out on pages 153 to 162 and with the notes to the financial statements on pages 162 to 201.

US DOLLAR BALANCE SHEET
Convenience translation

as at 30 June

US$ million	Notes	Group F2009	Group F2008
ASSETS			
Non-current assets			
Property, plant and equipment	3	**1 490**	1 152
Investment property	4	**2**	2
Intangible assets	3	**28**	27
Deferred tax assets	15	**4**	3
Loans and long-term receivables	6	**17**	–
Financial assets	7	**10**	–
Inventories	9	**22**	23
Investment in associate	5	**172**	166
Other investments	8	**661**	773
		2 406	2 146
Current assets			
Inventories	9	**240**	157
Trade and other receivables	10	**203**	530
Taxation	32	**–**	2
Cash and cash equivalents	11	**455**	340
		898	1 029
Held for sale assets	12	**–**	3
Total assets		**3 304**	3 178
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital	13	**1**	1
Share premium	13	**487**	477
Other reserves		**79**	175
Retained earnings		**1 526**	1 247
Equity attributable to equity holders of ARM		**2 093**	1 900
Minority interest		**78**	102
Total equity		**2 171**	2 002
Non-current liabilities			
Long-term borrowings	14	**177**	288
Deferred tax liabilities	15	**295**	275
Long-term provisions	16	**52**	42
		524	605
Current liabilities			
Trade and other payables	17	**212**	194
Short-term provisions	18	**20**	23
Taxation	32	**69**	134
Overdrafts and short-term borrowings – interest-bearing	19	**308**	220
		609	571
Total equity and liabilities		**3 304**	3 178

US DOLLAR INCOME STATEMENT
Convenience translation

For the year ended 30 June

		Group	
US$ million	**Notes**	**F2009**	**F2008**
Revenue	22	**1 182**	1 770
Sales	22	**1 118**	1 725
Cost of sales	23	**(670)**	(756)
Gross profit		**448**	969
Other operating income		**101**	63
Other operating expenses		**(139)**	(117)
Profit from operations before exceptional items	24	**410**	915
Income from investments	25	**46**	23
Finance costs	26	**(43)**	(60)
Income from associate	5	**16**	63
Profit before taxation and exceptional items		**429**	941
Exceptional items	27	**57**	22
Profit before taxation		**486**	963
Taxation	28	**(191)**	(285)
Profit for the year		**295**	678
Attributable to:			
Minority interest		**(22)**	63
Equity holders of ARM		**317**	615
		295	678

Additional information			
Headline earnings	30	**257**	550
Headline earnings per share (cents)	29	**121**	261
Basic earnings per share (cents)	29	**150**	292
Diluted headline earnings per share (cents)	29	**119**	256
Diluted basic earnings per share (cents)	29	**148**	287

STATEMENT OF CHANGES IN EQUITY
Convenience translation

For the year ended 30 June

Group

US$ million	Notes	Share capital and premium	Revaluation of listed investment	Other	Retained profit	Shareholders of ARM	Minority interest	Total
Balance at 30 June 2007		520	207	20	792	1 539	48	1 587
Translation adjustments		(51)	(17)	(2)	(117)	(187)	(9)	(196)
Revaluation of listed investment	8	–	(46)	–	–	(46)	–	(46)
Deferred tax on revaluation of listed investment		–	8	–	–	8	–	8
Net impact of revaluation of listed investment		–	(38)	–	–	(38)	–	(38)
Profit for the year		–	–	–	615	615	63	678
Share-based payments		–	–	10	–	10	–	10
Share options exercised	13	9	–	–	–	9	–	9
Realignment of currency		–	–	(1)	–	(1)	–	`(1)
Minorities bought out in copperbelt venture		–	–	(4)	–	(4)	–	(4)
Dividend paid		–	–	–	(43)	(43)	–	(43)
Balance at 30 June 2008		478	152	23	1 247	1 900	102	2 002
Translations adjustments		7	(13)	3	57	54	(2)	52
Revaluation of listed investment	8	–	(106)	–	–	(106)		(106)
Deferred tax on revaluation of listed investment		–	15	–	–	15		15
Net impact of revaluation of listed investment		–	(91)	–	–	(91)	–	(91)
Profit for the year		–	–	–	317	317	(22)	295
Share-based payments		–	–	7	–	7	–	7
Share options paid in cash		–	–	(3)	–	(3)	–	(3)
Share options exercised	13	3	–	–	–	3	–	3
Realignment of currency		–	–	(5)	–	(5)	–	(5)
Dilution of interest in TEAL		–	–	5	–	5	–	5
Share appreciation rights: TEAL – minority share		–	–	1	–	1	–	1
Premium paid on purchase in minorities		–	–	2	–	2	–	2
FCTR realised		–	–	2	–	2	–	2
Dividend paid		–	–	–	(94)	(94)	–	(94)
Other		–	–	1	(1)	–	–	–
Balance at 30 June 2009		**488**	**48**	**31**	**1 526**	**2 093**	**78**	**2 171**

US DOLLAR CASH FLOW STATEMENT
Convenience translation

For the year ended 30 June

US$ million	Notes	Group F2009	Group F2008
Cash flow from operating activities			
Cash receipts from customers		**1 487**	1 490
Cash paid to suppliers and employees		**(748)**	(781)
Cash generated from operations	31	**739**	709
Translation adjustment		**18**	(29)
Interest received		**45**	23
Interest paid		**(36)**	(56)
Dividends received		**13**	3
Dividends paid		**(94)**	(43)
Taxation paid	32	**(219)**	(64)
Net cash inflow from investing activities		**466**	543
Cash flow from investing activities			
Additions to property, plant and equipment to maintain operations		**(103)**	(164)
Additions to property, plant and equipment to expand operations		**(259)**	(201)
Proceeds on disposal of property, plant and equipment		**1**	4
Proceeds/(cost) on disposal of 15% in TEAL	33	**13**	–
Proceeds on disposal of 50% of Nkomati – final tranche payment		**–**	18
Proceeds on sale of interest in Otjikoto		**–**	4
Proceeds on sale of interest in Zambian properties		**–**	5
Net cash outflow from investing activities		**(348)**	(334)
Cash flow from financing activities			
Proceeds on exercise of share options		**3**	9
Share options settled in cash		**(3)**	–
Long-term borrowings raised		**29**	76
Long-term borrowings repaid		**(35)**	(110)
(Decrease)/increase in short-term borrowings		**(13)**	1
Net cash outflow from financing activities		**(19)**	(24)
Net increase in cash and cash equivalents		**99**	185
Cash and cash equivalents at beginning of year		**332**	147
Cash and cash equivalents at end of year	11	**431**	332

FINANCIAL SUMMARY AND STATISTICS
Convenience translation

For the year ended 30 June

	Group					
US$ million	**F2009**	**F2008**	**F2007**	**F2006**	**F2005**	**F2004**
Income statement						
Sales	**1 118**	1 725	854	722	883	563
Headline earnings	**257**	550	168	72	55	7
Basic earnings per share (cents)	**150**	292	81	46	36	125
Headline earnings per share (cents)	**121**	261	81	35	27	5
Dividend declared after year-end per share (cents)	**23**	51	na	na	na	na
Balance sheet						
Total assets	**3 304**	3 178	2 576	2 041	1 769	1 831
Cash and cash equivalent	**455**	340	150	61	43	57
Shareholders' equity	**2 171**	2 002	1 587	1 452	1 199	1 271
Cash flow						
Cash generated from operations	**739**	709	352	194	267	97
Net cash outflow from investing activities	**348**	334	374	226	133	100
Net cash (outflow)/inflow from financing activities	**(19)**	(24)	217	140	(88)	41
JSE Limited performance						
Ordinary shares (cents)						
– high	**3 217**	4 205	1 917	816	612	696
– low	**842**	1 414	739	500	411	471
– year end	**1 683**	3 576	1 747	674	511	543

INVESTOR RELATIONS

Shareholder information

The Company's shares are listed through a primary listing on the JSE Limited under General Mining.

ARM also has an unsponsored Level 1 American Depositary Receipt (ADR) programme with JPMorgan Chase Bank which is available to investors for over the counter or private transactions.

Share codes

JSE Limited	ARI
Reuters	ARIJ.J
Sector	General Mining
Nature of business	Mining of PGMs, nickel, ferrous metals and thermal coal
Number of shares in issue as at 30 June 2009	212 068 223
Market capitalisation as at 30 June 2009	R28 billion
Share price as at 30 June 2009	R129.90
Daily average volume traded	415 075

Shareholders' diary

Annual General Meeting	Friday, 27 November 2009 To be held at 14:00 Sandton Sun Hotel Magnolia Room cnr Fifth and Alice Streets Sandton Tel: +27 11 780 5000
Interim results release	February 2010
Financial year end	June 2010
Provisional results release	August 2010
Annual Report release	October 2010

Shareholder analysis

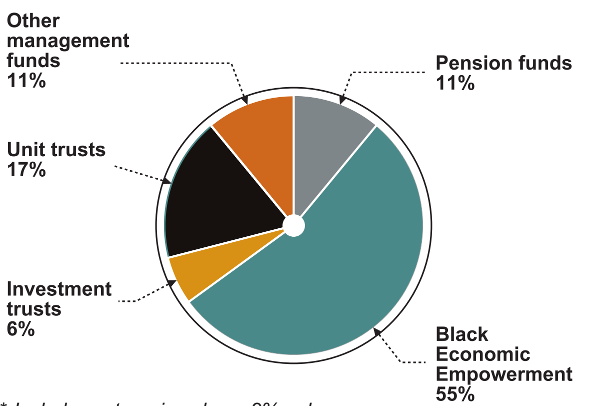
Register date 30 June 2009
Issued share capital 212 068 223

Shareholder spread	Number of shareholdings	%	Number of shares	%
1 – 1 000 shares	3 649	73.96	990 578	0.47
1 001 – 10 000 shares	819	16.60	2 739 930	1.29
10 001 – 100 000 shares	347	7.03	11 927 845	5.62
100 001 – 1 000 000 shares	99	2.01	28 132 174	13.27
1 000 001 shares and over	20	0.40	168 277 696	79.35
Total	**4 934**	**100.00**	**212 068 223**	**100.00**

Distribution of shareholders	Number of shareholdings	%	Number of shares	%
African Rainbow Minerals & Exploration Investments (Pty) Limited	1	0.02	87 750 417	41.38
Banks	105	2.13	33 151 525	15.64
Close Corporations	60	1.22	54 585	0.03
Empowerment	1	0.02	28 614 740	13.49
Endowment funds	43	0.87	482 193	0.23
Individuals	3 309	67.07	2 438 120	1.15
Insurance companies	68	1.38	5 583 419	2.63
Investment companies	56	1.13	1 747 214	0.82
Medical schemes	12	0.24	214 648	0.10
Mutual funds	233	4.72	27 745 233	13.08
Nominees and trusts	575	11.65	1 385 191	0.65
Other corporations	38	0.77	61 282	0.03
Private companies	119	2.41	237 769	0.11
Public companies	17	0.35	277 671	0.13
Retirement funds	297	6.02	22 324 216	10.53
Total	**4 934**	**100.00**	**212 068 223**	**100.00**

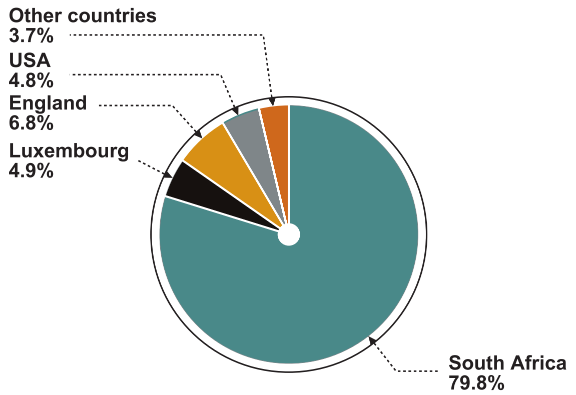
Public/non-public shareholders	Number of shareholdings	%	Number of shares	%
Non-public shareholders	4	0.08	116 381 445	54.88
Public shareholders	4 930	99.92	95 686 778	45.12
Total	**4 934**	**100.00**	**212 068 223**	**100.00**
Strategic holdings (more than 10%)	2	0.08	116 365 157	54.87

Beneficial shareholder split by category*



** Includes categories above 2% only.*

Geographic split of beneficial shareholders



Top 10 shareholders as at 30 June 2009

Beneficial shareholders and fund managers holding more than 0.75%

	Shareholder	30 June
1	African Rainbow Minerals & Exploration Investments (Pty) Limited	41.38
2	ARM Broad-Based Economic Empowerment Trust	13.49
3	Allan Gray	11.93
4	Black Rock Inc	9.73
5	Public Investment Corporation	3.33
6	RMB Asset Management	2.41
7	Fidelity Investments	2.15
8	Investec Asset Management	1.23
9	STANLIB Asset Management	1.13
10	Dimensional Fund Advisors	1.04

Share liquidity

Number of shares traded on the JSE Limited during F2009

Month	Volume
July 2008	8 708 282
August 2008	690 072
September 2008	14 467 334
October 2008	14 697 520
November 2008	13 943 752
December 2008	7 283 278
January 2009	6 517 728
February 2009	5 640 721
March 2009	9 636 781
April 2009	7 735 043
May 2009	8 594 810
June 2009	1 015 005
Total	**98 930 326**

GLOSSARY OF TERMS AND ACRONYMS

4E	Platinum, palladium, rhodium and gold
6E	Platinum, palladium, rhodium, gold, ruthenium and iridium
Anglo Platinum	Anglo Platinum Limited
ARM	African Rainbow Minerals Limited
ARM BBEE Trust	ARM Broad-Based Economic Empowerment Trust
ARMI	African Rainbow Minerals & Exploration Investments (Pty) Limited
Assmang	Assmang Limited
Assore	Assore Limited
BEE	Black Economic Empowerment
BBBEE	Broad-Based Black Economic Empowerment
Btu – lb	British Thermal Unit per pound
C1 cost	Cash cost net of revenue from by-products
CO_2	Carbon dioxide
COM	Chamber of Mines
CPI	Consumer Price Index
CPIX	Consumer Price Index, excluding interest
CSA	Coal Supply Agreement
CSI	Corporate Social Investment
DEAT	Department of Environmental Affairs and Tourism
DME	Department of Minerals and Energy
DMR	Department of Mineral Resources
DoL	Department of Labour
DRC	Democratic Republic of the Congo
DTJV	Douglas Tavistock joint venture
DWAF	Department of Water Affairs and Forestry
DWEA	Department of Water and Environmental Affairs
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation, amortisation, excluding exceptional items and income from associates
EIA	Environmental Impact Assessment
EMPR	Environmental Management Programme Report
F2010	Financial year starting 1 July 2009 ending 30 June 2010
F2009	Financial year starting 1 July 2008 ending 30 June 2009
F2008	Financial year starting 1 July 2007 ending 30 June 2008
FOB	Free on board
FOG	Fall of ground
FOR	Free on rail
FTSE	Financial Times and London Stock Exchange
GAR	Gross as received
GHG	Greenhouse gas
Goedgevonden/GGV	Goedgevonden Thermal Coal Project
H1	First six months of financial year
H2	Second six months of financial year
Harmony Gold	Harmony Gold Mining Company Limited
HDSA	Historically Disadvantaged South African
HIV	Human immuno-deficiency virus
IAS	International Accounting Standards
ICMM	International Council on Mining and Metals

IDP	Integrated Development Plan
IFRS	International Financial Reporting Standards
Implats	Impala Platinum Holdings Limited
IRS	Impala Refining Services Limited
JORC Code	Australian Institute of Mining and Metallurgy Joint Ore Reserves Committee Code
JSE	JSE Limited – Johannesburg Stock Exchange
JV	Joint venture
Kalplats AOI	Kalplats Area Of Influence
King II	King Report on Corporate Governance in South Africa 2002
King III	King Report on Governance for South Africa 2009 and the King Code of Governance Principles
LED	Local Economic Development
LoM	Life of mine
LTIFR	Lost Time Injury Frequency Rate A rate expressed per million man hours for a work-related injury that results in the employee being unable to attend work at his/her place of work, performing his/her assigned duties on the next calendar day (whether a scheduled work day or not) after the day of injury. If the appointed medical professional advises that the injured person is unable to attend work on the next calendar day after the injury, regardless of the injured person's next rostered shift, a lost time injury is deemed to have occurred.
MHSA	Mine Health and Safety Act
Mining Charter	Broad-based Socio-economic Empowerment Charter
MMZ	Main Mineralised Zone
MPRDA	Minerals and Petroleum Resources Development Act
MSB	Massive Sulphide Body
NPI	Nickel Pig Iron
NUM	National Union of Mineworkers
NUMSA	National Union of Metal Workers
OHSA	Occupational Health and Safety Act
PCB	Participating Coal Business: Xstrata Coal South Africa existing operations, excluding Goedgevonden
PCMZ concentrator	Chromotitic Peridotite Mineralised Zone concentrator
PCR	Chromotitic Peridotite
PGMs	Platinum Group Metals
PLA	Platinum Australia
RBCT	Richards Bay Coal Terminal
RIFR	Reportable Injury Frequency Rate
SAMREC Code	South African Code for Reporting Mineral Resources and Mineral Reserves
SHE	Safety, Health and Environment Department
SME	Small and Medium-sized Enterprise
SMME	Small, Medium and Micro Enterprise
STC	Secondary Tax on Companies
UASA	United Association of South Africa
UG2	Upper group 2 – second level of three chrometite layers
Vale	Companhia Vale do Rio Doce
VCT	Voluntary counselling and testing
XCSA	Xstrata Coal South Africa
XSA	Xstrata South Africa
ZCCM-IH	ZCCM Investment Holdings Plc

*Note: A detailed Glossary of Terms and Acronyms can be accessed on **www.arm.co.za***

NOTICE OF ANNUAL GENERAL MEETING

AFRICAN RAINBOW MINERALS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1933/004580/06)
JSE share code: ARI ISIN: ZAE000054045
("ARM" or "the Company")

Notice is hereby given that the 76th Annual General Meeting of members of African Rainbow Minerals Limited will be held in the Magnolia Room, Sandton Sun Hotel, corner Fifth and Alice Streets, Sandton, on Friday, 27 November 2009 at 14:00, South African time, for considering and, if deemed fit, passing, with or without modification, the resolutions set out below:

Ordinary business

Adoption of financial statements

Ordinary resolution number 1 is proposed to receive and adopt the consolidated annual financial statements for the Company and the Group for the most recent financial year. The financial statements are included in the Annual Report.

Ordinary resolution number 1

1. "Resolved that the consolidated annual financial statements for the year ended 30 June 2009 and the Directors' and auditors' reports thereon be and are hereby received and adopted."

Re-election of Directors

Ordinary resolutions numbers 2 – 6 are proposed to re-elect Directors who retire by rotation in accordance with the provisions of the Company's Articles of Association, and who, being eligible, offer themselves for re-election. The Directors' *curricula vitae* appear in the Annual Report on pages 132 and 133. The ARM Board of Directors (the "Board") recommends the re-election of these Directors.

Ordinary resolution number 2 – Re-election of Mr P T Motsepe

2. "Resolved that Mr P T Motsepe, who retires in terms of the Company's Articles of Association and who is eligible and available for re-election, be and is hereby re-elected as a Director of the Company."

Ordinary resolution number 3 – Re-election of Mr A J Wilkens

3. "Resolved that Mr A J Wilkens, who retires in terms of the Company's Articles of Association and who is eligible and available for re-election, be and is hereby re-elected as a Director of the Company."

Ordinary resolution number 4 – Re-election of Mr J A Chissano

4. "Resolved that Mr J A Chissano, who retires in terms of the Company's Articles of Association and who is eligible and available for re-election, be and is hereby re-elected as a Director of the Company."

Ordinary resolution number 5 – Re-election of Mr J R McAlpine

5. "Resolved that Mr J R McAlpine, who retires in terms of the Company's Articles of Association and who is eligible and available for re-election, be and is hereby re-elected as a Director of the Company."

Ordinary resolution number 6 – Re-election of Dr R V Simelane

6. "Resolved that Dr R V Simelane, who retires in terms of the Company's Articles of Association and who is eligible and available for re-election, be and is hereby re-elected as a Director of the Company."

Election of Directors

Ordinary resolutions numbers 7 and 8 are proposed to elect Directors who were appointed Directors since the previous Annual General Meeting and whose office terminates in accordance with the Company's Articles of Association at this Annual General Meeting. The Board recommends the election of Messrs Arnold and Botha.

Ordinary resolution number 7 – Election of Mr M Arnold

7. "Resolved that Mr M Arnold, whose period of office as a Director terminates in accordance with the Company's Articles of Association on the date of this Annual General Meeting and who being eligible and having made himself available for election, be and is hereby elected as a Director of the Company."

Ordinary resolution number 8 – Election of Mr A D Botha

8. "Resolved that Mr A D Botha, whose period of office as a Director terminates in accordance with the Company's Articles of Association on the date of this Annual General Meeting and who being eligible and having made himself available for election, be and is hereby elected as a Director of the Company."

Re-appointment of external auditors and confirmation of designated auditor

Ordinary resolution number 9 is proposed to approve the re-appointment of Ernst & Young Incorporated as the external auditors of the Company and to confirm Mr M C Herbst as the person designated to act on behalf of the external auditors.

Ordinary resolution number 9 – Re-appointment of auditors

9. "Resolved that the re-appointment of Ernst & Young Incorporated as the external auditors of the Company be and is hereby approved and that Mr M C Herbst be and is hereby confirmed as the designated auditor."

Remuneration of Directors

Ordinary resolutions numbers 10 and 11 are proposed to ensure that Directors' remuneration attracts and retains Directors.

Ordinary resolution number 10 – Increase to annual retainer fees

10. "Resolved that with effect from 1 July 2009, the annual retainer fees of Directors be increased by 8% per annum from R250 000 to R270 000 per annum for Independent Non-executive Directors and from R200 000 to R216 000 per annum for Non-executive Directors."

Ordinary resolution number 11 – Increase in the Board meeting attendance fees

11. "Resolved that with effect from 1 July 2009, the per Board meeting attendance fees of Directors be increased by 8% per annum from R12 000 to R12 960 per meeting."

Control of the authorised but unissued shares – ARM Share Plan

Ordinary resolution number 12 is proposed to allow Directors to fulfil the Company's obligations in terms of The African Rainbow Minerals Limited 2008 Share Plan (the "ARM Share Plan"), which was approved by shareholders in November 2008, and to comply with sections 221(2) and 222 of the Companies Act.

Ordinary resolution number 12

12. "Resolved that the authorised but unissued ordinary shares in the share capital of the Company, be and are hereby placed under the control of the Directors of the Company as a specific authority in terms of sections 221(2) and 222 of the Companies Act for allotment and issue by them in accordance with the terms and conditions of the ARM Share Plan."

    In terms of the JSE Listings Requirements, votes in terms of the shares held by the ARM Share Plan will not be taken into account at the Annual General Meeting in respect of this resolution.

Control of the authorised but unissued shares – ARM Share Incentive Scheme

Ordinary resolution number 13 is proposed to allow Directors to fulfil the Company's obligations in terms of the African Rainbow Minerals Limited Share Incentive Scheme (the "ARM Share Incentive Scheme"), which was approved by shareholders in 1998, and to comply with sections 221(2) and 222 of the Companies Act as the authority granted to Directors at that time to issue shares has reached its limit.

Ordinary resolution number 13

13. "Resolved that the authorised but unissued ordinary shares in the share capital of the Company, be and are hereby placed under the control of the Directors of the Company as a specific authority in terms of sections 221(2) and 222 of the Companies Act for allotment and issue by them in accordance with the terms and conditions of the ARM Share Incentive Scheme."

    In terms of the JSE Listings Requirements, votes in terms of the shares held by the ARM Share Incentive Scheme will not be taken into account at the Annual General Meeting in respect of this resolution.

Authorisation of Directors

Ordinary resolution number 14 is proposed to allow Executive Directors to implement the resolutions approved by shareholders.

Ordinary resolution number 14

14. "Resolved that subject to the passing of the above resolutions, any one Executive Director of the Company be and is hereby authorised to do, or cause to be done, all such things and sign, or cause to be signed, all such documents and take all such action as considered necessary to implement the resolutions set out in this Notice of Annual General Meeting."

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.

Certificated shareholders/dematerialised shareholder with own name registrations

Shareholders who have not yet dematerialised their shares with own name registrations ("Entitled Shareholders") may appoint one or more proxies to attend, speak and vote or abstain from voting in such shareholders' stead. The person so appointed need not be a member of the Company. A form of proxy is attached for the use of those Entitled Shareholders who wish to be represented. Such Entitled Shareholders should complete the attached form of proxy in accordance with the instructions contained therein and deposit it at the transfer secretaries. Computershare Investor Services (Pty) Limited, 7th Floor, 70 Marshall Street, Johannesburg 2001, South Africa (or posted to PO Box 61051, Marshalltown 2107, South Africa) (or faxed to the Proxy Department Fax +27 11 688 6238).

Dematerialised shareholders

Shareholders who have dematerialised their shares (other than those with own name registrations) should provide their Central Securities Depository Participant ("CSDP") or broker with their voting instructions in terms of the custody agreement entered into with the relevant CSDP or broker. Should such shareholders wish to attend the Annual General Meeting or send a proxy to represent them at the Annual General Meeting, they should inform their CSDP or broker timeously and request their CSDP or broker to issue them with the necessary letter of representation to attend.

By order of the Board

A N D'Oyley (Ms)
Company Secretary
7 October 2009

NOTES

FORM OF PROXY

African Rainbow Minerals Limited
(Incorporated in the Republic of South Africa)
(Registration number 1933/004580/06)
JSE share code: ARI ISIN: ZAE000054045
("ARM" or "the Company")

A shareholder is entitled to appoint one or more proxies (none of whom need to be a shareholder of ARM) to attend, speak and vote or abstain from voting in the place of that shareholder at the Annual General Meeting.

Shareholders who have dematerialised their shares (other than those with own name registrations) should provide their Central Securities Depository Participant ("CSDP") or broker with their voting instructions in terms of the custody agreement entered into with their relevant CSDP or broker. Should such shareholders wish to attend the Annual General Meeting of the Company, they should inform their CSDP or broker timeously and request their CSDP or broker to issue them with the necessary letter of representation to attend and vote their ARM shares.

For completion by shareholders who have not yet dematerialised their shares or who have dematerialised their shares with own name registration. Shareholders who have not yet dematerialised their shares or who have dematerialised their shares with own name registration ("Entitled Shareholders") may appoint one or more proxies to attend, speak and vote or to abstain from voting in such shareholder's stead. The person so appointed need not be a 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 76th Annual General Meeting of shareholders of African Rainbow Minerals Limited convened for Friday, 27 November 2009 at 14:00, South African time, but wish to be represented thereat you should complete and return this form of proxy as soon as possible, but in any event to be received by not later than 14:00, South African time, on Wednesday, 25 November 2009.

I/We ______________________________ (name in block letters)

of ______________________________ (address)

being the holder of ______________________________ shares in the issued share capital of

the Company, do hereby appoint ______________________________

______________________________ or failing him/her

______________________________ or failing him/her,

the Chairman of the Board of Directors, or failing him/her the Chairman of the meeting, as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 14:00, South African time, on Friday, 27 November 2009 and at any adjournment thereof and in particular in respect of the following resolutions:

Indicate with an X in the spaces below how votes are to be cast.

Ordinary Resolutions	For	Against	Abstain
1. To adopt the consolidated annual financial statements for the year ended 30 June 2009 and the Directors' and auditors' reports thereon.			
2. To re-elect Mr P T Motsepe as a Director			
3. To re-elect Mr A J Wilkens as a Director			
4. To re-elect Mr J A Chissano as a Director			
5. To re-elect Mr J R McAlpine as a Director			
6. To re-elect Dr R V Simelane as a Director			
7. To elect Mr M Arnold as a Director			
8. To elect Mr A D Botha as a Director			
9. To re-appoint Ernst & Young Incorporated as external auditors and to confirm Mr MC Herbst as the person designated to act on behalf of the external auditors			
10. With effect from 1 July 2009, the annual retainer fees of Directors be increased by 8% per annum			
11. With effect from 1 July 2009 the per Board meeting attendance fees of Directors be increased by 8% per annum			
12. That the authorised but unissued ordinary shares in the share capital of the Company, be and are hereby placed under the control of the Directors of the Company as a specific authority in terms of sections 221(2) and 222 of the Companies Act, 1973, as amended, for allotment and issue by them in accordance with the terms and conditions of the ARM Share Plan.			
13. That the authorised but unissued ordinary shares in the share capital of the Company, be and are hereby placed under the control of the Directors of the Company as a specific authority in terms of sections 221(2) and 222 of the Companies Act, 1973, as amended, for allotment and issue by them in accordance with the terms and conditions of the ARM Share Incentive Scheme.			
14. That subject to the passing of the above resolutions, any one Executive Director of the Company be and is hereby authorised to do, or cause to be done, all such things and sign, or cause to be signed, all such documents and take all such action as considered necessary to implement the resolutions set out in this Notice of Annual General Meeting.			

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 ______________________________ 2009

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 in the blank space(s) provided for that purpose. The person whose name appears first on the form of proxy and who is present at this meeting will be entitled to act as a proxy to the exclusion of those whose names follow.
4. When there are joint holders of shares, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders for which purpose seniority will be determined by the order in which the names stand in the register of members in respect of the joint holding. Only that holder whose name appears first in the register need sign this form of proxy.
5. If the form of proxy is signed under the authority of a power of attorney or on behalf of a company or any other juristic person, then it must be accompanied by such power of attorney or a certified copy of the relevant enabling resolution or other authority of such company or other juristic person, unless proof of such authority has been recorded by the Company.
6. If the Entitled Shareholder does not indicate in the appropriate place on the face hereof how he or she wishes to vote in respect of a resolution, his or her proxy shall be entitled to vote as he or she deems fit in respect of that resolution.
7. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alteration must be signed, not initialled.
8. The Chairman of the meeting may, in his or her absolute discretion, reject any form of proxy which is completed other than in accordance with these instructions.
9. Forms of proxy, powers of attorney or any other authority appointing a proxy shall be deposited at the transfer secretaries, Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg 2001 (or posted to PO Box 61051, Marshalltown, 2107) (or faxed to the Proxy Department +27 11 688 5238) so as to be received not later than 14:00, South African time, on Wednesday, 25 November 2009 (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.

CONTACT DETAILS AND ADMINISTRATION

African Rainbow Minerals Limited
Incorporated in the Republic of South Africa
Registration number: 1933/004580/06
Share code: ARI
ISIN code: ZAE 000054045

Registered and corporate office
ARM House, 29 Impala Road
Chislehurston, Sandton, 2196

PO Box 786136, Sandton, 2146

Tel: +27 11 779 1300
Fax: +27 11 779 1312
E-mail: ir.admin@arm.co.za
Web: http://www.arm.co.za

Company secretary
Alyson D'Oyley
Tel: +27 11 779 1480
E-mail: alyson.doyley@arm.co.za

New business development
Stompie Shiels
Executive Director: Business Development
Tel: +27 11 779 1476
E-mail: stompie.shiels@arm.co.za

Auditors
External auditors: Ernst & Young Incorporated
Internal auditors: KPMG

Sponsors
Deutsche Securities (SA) (Proprietary) Limited

Investor relations
Monique Swartz
Corporate Development and Head of Investor Relations
Tel: +27 11 779 1507
E-mail: monique.swartz@arm.co.za

Corné Dippenaar
Corporate Development
Tel: +27 11 779 1478
E-mail: corne.dippenaar@arm.co.za

Ursula Anyamene
Corporate Development & Investor Relations Assistant
Tel: +27 11 779 1466
E-mail: ursula.anyamene@arm.co.za

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

Transfer secretaries
Computershare Investor Services (Pty) Limited
Ground Floor, 70 Marshall Street
Johannesburg 2001

PO Box 61051, Marshalltown, 2107

Tel: +27 11 370 5000
Fax: +27 11 688 5222
E-mail: web.queries@computershare.co.za
Web: http://www.computershare.co.za

Directors

P T Motsepe – Executive Chairman
A J Wilkens – Chief Executive Officer
M Arnold – Financial Director
F Abbott*
Dr M M M Bakane-Tuoane**
A D Botha**
J A Chissano (Mozambican)**
W M Gule
M W King**
A K Maditsi**
K S Mashalane
J R McAlpine**
L A Shiels
Dr R V Simelane**
J C Steenkamp
Z B Swanepoel*

* *Non-executive* ** *Independent Non-executive*

FORWARD LOOKING STATEMENTS

Certain statements in this report constitute forward looking statements that are neither reported financial results nor other historical information. They include but are not limited to statements that are predictions of or indicate future earnings, savings, synergies, events, trends, plans or objectives. Such forward looking statements may or may not take into account and may or may not be affected by known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from the future results, performance or achievements expressed or implied by such forward looking statements. Such risks, uncertainties and other important factors include among others: economic, business and political conditions in South Africa; decreases in the market price of commodities; hazards associated with underground and surface mining; labour disruptions; changes in government regulations, particularly environmental regulations; changes in exchange rates; currency devaluations; inflation and other macro-economic factors; and the impact of the 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.

African Rainbow Minerals

www.arm.co.za