African Rainbow Minerals

Provisional results for the year ended 30 June 2010

We do it better

Shareholder information

Issued share capital at 30 June 2010	212 692 376
Market capitalisation at 30 June 2010	ZAR34 billion
Market capitalisation at 30 June 2010	US$4.5 billion
Closing share price at 30 June 2010	R161.40
12 month high (1 July 2009 – 30 June 2010)	R205.99
12 month low (1 July 2009 – 30 June 2010)	R116.51
Average volume traded for the 12 months	550 761 shares per day
Primary listing	JSE Limited
Ticker symbol	ARI

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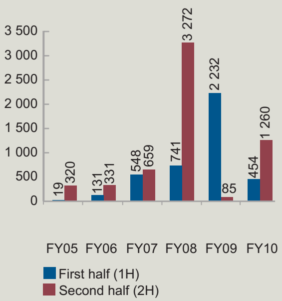
Salient features

- Headline earnings down 26% to R1.7 billion from R2.3 billion mainly due to a 16% stronger Rand and lower commodity prices (headline earnings per share of 807 cents per share compared to 1 094 cents per share in the previous financial year)
- Second half (2H F2010) headline earnings substantially up 178% to R1.26 billion from the first half year (1H F2010) headline earnings of R454 million
- Significant increase in the 2H F2010 headline earnings to R1.26 billion compared to the corresponding six month period (2H F2009) headline earnings of R85 million
- ARM declares an increased dividend of 200 cents per share (F2009: 175 cents per share)
- Significant increases in sales volumes across all commodities except domestic thermal coal
- Decrease in unit costs of iron ore, nickel and platinum group metals (PGM) reflects a strong focus on continuing cost control
- Cash and cash equivalents of R3.0 billion; net debt to equity of 1.7%
- Approval of the development of Konkola North Copper Project in Zambia. The mine will be developed in conjunction with ARM's partner Vale at project cost of US$380 million (on a 100% basis)
- Successful conclusion of 2 X 2010 growth strategy
- Continuation of aggressive growth in ARM's portfolio of commodities

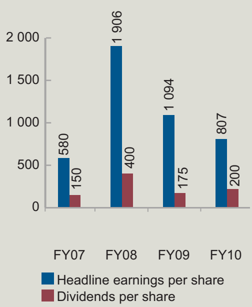
Good recovery in second half earnings

Headline earnings (R million)



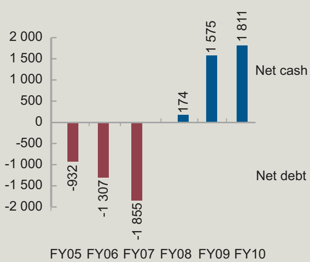
Declaration of fourth consecutive dividend

Headline earnings and dividends per share (cents per share)



Strong financial position

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



ARM operational review

Against the background of the decline in commodity prices and the strengthening of the Rand against the US Dollar, ARM's Board of Directors ("the Board") is pleased to announce good operational results for the financial year ended 30 June 2010 (F2010). ARM has successfully completed its 2 X 2010 production growth strategy which commenced in 2005 and is continuing with its aggressive growth strategy in its portfolio of commodities. Headline earnings for the year were R1 714 million or 807 cents per share and represent a 26% decrease compared to the 2009 financial year (F2009). The 2H F2010 headline earnings of R1 260 million are 178% more than the R454 million achieved for 1H F2010.

The provisional results for the year ended 30 June 2010 have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the disclosures are in accordance with IAS 34: Interim Financial Reporting.

Contribution to headline earnings

Commodity group	12 months ended 30 June		
	Reviewed	Audited	
R million	**2010**	2009	% change
Platinum Group Metals	**315**	(348)	
Nkomati nickel and chrome	**206**	29	610
Ferrous metals	**1 364**	3 150	(57)
Coal	**(17)**	135	(113)
Exploration	**(143)**	(689)	79
Corporate and other	**(11)**	40	
ARM headline earnings	**1 714**	2 317	(26)

These results have been achieved in conjunction with ARM's partners at the various operations, Anglo Platinum Limited ("Anglo Platinum"), Assore Limited ("Assore"), Impala Platinum Holdings Limited ("Implats"), Norilsk Nickel Africa (Pty) Limited ("Norilsk"), Xstrata Coal ("Xstrata") and Vale S.A. ("Vale").

Volume growth

Conditions in commodity markets continued to be challenging especially in the first six months of the financial year as the global economy continued to be affected by the economic slowdown that began in the latter part of the 2009 calendar year. Notwithstanding this ARM managed to increase annual sales volumes across all commodities except domestic thermal coal. Operational features for the year (on a 100% basis) include:

- 516% increase in chrome concentrate sales to 313 735 tonnes (Nkomati Mine only)
- 112% increase in nickel sales to 8 697 tonnes
- 103% increase in ferromanganese sales to 238 thousand tonnes
- 44% increase in manganese ore sales to 3.1 million tonnes
- 32% increase in iron ore sales volumes to 9.8 million tonnes
- 31% increase in ferrochrome sales to 272 thousand tonnes
- 11% increase in PGM sales to 688 957 ounces
- 6% increase in export thermal coal sales to 11.9 million tonnes

ARM's headline earnings were negatively impacted by both lower US Dollar commodity prices, especially in iron ore and manganese, as well as the strengthening of the average Rand exchange rate against the US Dollar by 16% relative to F2009. The Platinum Division (which includes the nickel mine) showed a significant improvement by increasing from a headline loss of R319 million in F2009 to headline earnings of R523 million in F2010 owing to an improvement in US Dollar platinum prices, increased sales volumes and rigorous cost control.

In the period under review, consistent with ARM's strategy to get each of the mining operations below the 50th percentile of the global cost curve by 2012, ARM continued to focus on cost containment. Unit production cost reductions were achieved at the Khumani Iron Ore mine, Nkomati Nickel mine as well as at the Modikwa and Two Rivers Platinum mines. Above inflation cost increases at the manganese operations were as a result of reduced mine production at the Nchwaning and Gloria mines. The ferromanganese and ferrochrome operations were impacted by increases in electricity tariffs and by the price of reductants. Through the restructuring of ARM Exploration and the benefit of sharing costs with ARM's joint venture partner, Vale, the headline loss from ARM Exploration was reduced substantially by 79% to R143 million.

2 X 2010 growth

The financial year 2010 represents a significant milestone for ARM as the company successfully completed its 2 X 2010 growth strategy to double production volumes from 2005 in its portfolio of commodities including iron ore, nickel and coal. The Khumani Iron Ore Expansion to 10 million tonnes per annum (mtpa) was successfully completed on time and within budget. The project is now fully ramped up to name plate capacity. Phase 2a of the Nkomati Large Scale Expansion Project which involved the building of a 375 thousand tonnes per month (ktpm) plant was commissioned on time and within budget in September 2009. The Goedgevonden Coal Mine was also commissioned in October 2009 and is currently ramping up to its name plate capacity of saleable 6.7 mtpa. Since 2005 ARM has spent approximately R13.5 billion (on an attributable basis) on growth projects and maintenance capital expenditure. This includes R2.7 billion spent in the 2010 financial year.

Further growth is planned at all operations in addition to those opportunities which present themselves through corporate action and partnerships.

ARM is well positioned financially given that the Company's growth is supported by a robust balance sheet with low gearing. At end June 2010 ARM's net debt to equity percentage had been maintained at below 2% year on year.

Konkola North Copper Project

ARM's strategy is to continue to pursue profitable growth opportunities vigorously. In August 2010 the ARM Board approved the development of the Konkola North Copper Project in Zambia. Development of the project has commenced and will be at a capital cost of US$380 million, in July 2010 terms, to produce 45 000 tonnes of contained copper in concentrate per annum with potential for significant expansion.

Financial commentary

Headline earnings for the six month period to 30 June 2010 were R1 260 million (1H F2010: R454 million) and total R1 714 million for the full year (1H F2009: R2 232 million; 2H F2009: R85 million, F2009 total of R2 317 million) reflecting a continuing improvement since the massive economic downturn which commenced approximately four months into the 2009 financial year.

The F2010 average Rand/US Dollar exchange rate of R7.59/$ was 16% stronger than the average for the previous financial year of R9.03/US$ and negatively impacted earnings.

Sales for the year of R11 billion were 9% higher than sales in F2009. This comprises sales of R4.2 billion for 1H F2010 and R6.8 billion for 2H F2010 (1H F2009: R6.4 billion and 2H F2009: R3.7 billion). The increase in 2H F2010 when compared to 1H F2010 is largely attributable to increased sales volumes and commodity prices.

The gross profit margin for F2010 reduced to 32.1% (F2009: 40.1%) as increased sales volumes and unit cost improvements were impacted particularly by lower average Rand manganese and iron ore prices, while Rand PGM prices remained largely constant. The 2H F2010 gross profit margin was 35.6%. ARM's earnings before interest, tax, depreciation and amortisation (EBITDA) excluding exceptional items and income from associates were R3.9 billion, which represents a decrease of 13% relative to F2009. The 2H F2010 EBITDA of R2.7 billion is however R1.5 billion (or 123%) higher than that achieved in 1H F2010.

The detailed segmental contribution analysis is provided in note 2 to the financial statements.

- The largest contributor to ARM's headline earnings for the reporting period was the Ferrous Division which contributed R1 364 million (F2009: R3 150 million).
- The Platinum Division contribution amounted to R521 million which represents a significant improvement over the F2009 results which reflected a loss of R319 million. The previous year's results were negatively impacted by the R547 million realised marked-to-market loss on the opening balance for debtors (at 30 June 2008) which resulted from the sharp fall in the Rand price of PGMs and nickel during 1H F2009. The F2010 results include a realised gain on the 30 June 2009 debtors of R50 million.
- The contribution from ARM Coal was a loss of R17 million (F2009: R135 million profit). This significant decline is largely due to lower sales volumes and Rand export prices realised at the Participating Coal Business (PCB).
- ARM Exploration costs were significantly lower than previous periods as a result of (i) the restructuring initiatives in 2H F2009, (ii) an increased focus on costs and (iii) the benefit of sharing costs with ARM's partner, Vale. The impact on headline earnings for the year was a negative R143 million (F2009: R689 million loss), an improvement of R546 million.
- ARM corporate and other costs reflect a loss of R43 million for the year (F2009: R40 million profit).
- ARM received a dividend of R32 million in October 2009 from its investment in Harmony Gold Mining Company Limited ("Harmony") relating to their F2009 results (ARM F2009: nil).

The effective taxation charge for the year was 34% which is lower than the 39% for F2009 as a result of the lessened impact on this calculation of non-deductible expenditure (exploration costs much lower in F2010) and reduced STC amounts.

The Mineral Royalty tax which was payable for the period 1 March 2010 to 30 June 2010 is included in Other Operating Expenses and amounts to R19 million for the period. The calculation of this tax differs for each operation and commodity as it is a function of many variables including (i) a sales value dependent on the specified condition and point of sale for each commodity, (ii) the cost structure at the operation, (iii) the amount of capital expenditure as well as the tax status on previously unredeemed capital expenditure.

ARM's earnings for the F2010 year approximate the reported headline earnings for F2010 as exceptional items amounted to only a R98 million gain as compared to a R551 million gain for the previous financial year, which related largely to the R557 million gain on the TEAL restructuring transaction.

Financial commentary

The net debt position at 30 June 2010 of R307 million reflects a marginal increase of R76 million relative to the previous year after attributable capital expenditure of R2.7 billion (F2009: R3.3 billion) and represents an improvement of R1.1 billion since 31 December 2009.

- The net debt to equity percentage is 1.7% at 30 June 2010 (F2009: 1.4%). The total debt at 30 June 2010 of R3.3 billion includes an amount R2.1 billion advanced by ARM's partners (Implats: R343 million; Anglo Platinum: R114 million; Xstrata: R1.66 billion) and therefore the net cash amount excluding partner loans at 30 June 2010 is R1.8 billion (F2009: net cash R1.6 billion).
- Cash and cash equivalents were R3.0 billion at 30 June 2010 (F2009: R3.5 billion).
- The only significant external bank debt at 30 June 2010 is in ARM where the year-end balance on the corporate loan was R784 million (F2009: R967 million). This loan is repayable in August 2012.
- The Company has agreed terms with a financial institution for a US$80 million term loan commencing on 1 July 2011 to assist with the funding of the Konkola North Copper Project.

Cash generated from operations, after working capital adjustments, amounted to R3.4 billion (F2009: R6.7 billion). The working capital adjustments during the past year have been significant as operations increased production and sales activity levels. The working capital funding requirement in F2010 utilised R598 million compared to the release of working capital in F2009 of R1 616 million. The details of these movements are shown in Note 9 to the financial statements.

The consolidated ARM total assets of R28.2 billion (F2009: R25.5 billion) include the marked-to-market valuation of ARM's investment in Harmony of R5.2 billion at a share price of R81.40 per share (F2009: R5.1 billion; share price of R80.00 per share).

Safety

We believe that a safe and healthy workplace is every employee's right and this value is an integral part of the way we run our business. Safety awareness, risk assessment and responsible supervision have led to reduction of fatalities in ARM to one during the past financial year, compared to five fatalities during the previous financial year.

Regrettably one fatality was reported during the financial year ending 30 June 2010 at Machadodorp Works. On 10 April 2010 Mr Erick Maluka was fatally injured during slinging operations. ARM and its Board of Directors convey their deepest condolences to Mr Maluka's family, friends and colleagues.

The number of Lost Time Injuries (LTIs) increased slightly, while the Lost Time Injury Frequency Rate (LTIFR) for the year was 0.770 (per 200 000 man hours) compared to 0.736 in the previous year.

Achievements

- Beeshoek Mine achieved 7 000 fatality-free production shifts in the DMR competition on 2 August 2009.
- Khumani Iron Ore Mine was the winner and Cato Ridge Works was the runner-up in the ARM Internal 'Excellence in Safety' competition during the financial year 2010.
- Modikwa Platinum Mine achieved 6 000 000 fatality-free shifts on 2 December 2009; to date the mine has completed 52 months fatality free.
- On 16 April 2010, Nkomati Mine achieved 1 000 000 fatality-free shifts and received the ARM internal St Barbara floating trophy.
- Two Rivers Platinum Mine surpassed 1 500 000 fatality-free shifts during January 2010.

Safety figures and statistics in this report are presented on a 100% basis and currently exclude the ARM Coal operations. A Sustainable Development Report, which will contain a detailed section on employee health and safety, will be available in October 2010.

ARM Ferrous

For the financial year ended 30 June 2010, Assmang Limited ("Assmang") reported a 57% decrease in headline earnings to R2.7 billion (F2009: R6.3 billion). Despite challenging market conditions, especially pronounced in the first half of the financial year under review, Assmang achieved increased sales volumes across all commodities. The decrease in earnings was due mainly to the decline in dollar commodity prices and a strengthening of the Rand versus the US Dollar. Realised prices decreased in US Dollar terms for iron ore (14%), manganese (57%), ferromanganese (49%) and ferrochrome (17%) when compared to the 2009 financial year.

Iron ore sales volumes increased by 32.3% to 9.8 million tonnes, whilst sales of manganese ore increased by 43.8% to 3.1 million tonnes.

Manganese export sales are limited by export capacity from Port Elizabeth, Assmang has successfully secured additional export capacity through Durban and Richards Bay to take advantage of improving market conditions and increasing demand. This additional export capacity however incurs higher logistics cost.

There was a marked improvement in prices and thus headline earnings in the last quarter of the financial year. Iron ore prices increased by 42% in the second half of the year while manganese, ferromanganese and ferrochrome prices increased by 15%, 33% and 27% respectively owing to an improvement in market conditions. Assmang's headline earnings in the second half of the year increased by 252% to R2 127 million when compared to the first half year earnings of R604 million.

The iron ore operations achieved a decrease in unit production costs of 6% owing to increased production at the Khumani mine as the 10 mtpa expansion ramped up. On mine production unit costs at the manganese operations increased as a result of lower mined production with the increase in sales of manganese ore achieved from inventory. Above inflation cost increases at the manganese alloys and charge chrome operations were due mainly to an increase in electricity and reductants.

Total capital expenditure was R3.3 billion (F2009: R2.8 billion). The main expenditure items include the ongoing infrastructure development at the Khumani 16 mtpa Expansion Project (R2.1 billion) and the upgrading of the beneficiation plant at Nchwaning Mine (R305 million), while development at the Nchwaning Mine amounted to R63 million. At Cato Ridge and Machadodorp Works, R258 million was spent on rebuilding furnaces, with a further R46 million incurred at Machadodorp Works on the conversion of a chrome furnace to a manganese furnace. The remaining capital was spent on IT related projects, vehicles and other equipment replacements.

Assmang headline earnings

100% basis	12 months ended 30 June		
	Reviewed	Audited	
R million	**2010**	2009	% change
Iron ore division	**1 436**	2 160	(34)
Manganese division	**1 478**	3 927	(62)
Chrome division	**(185)**	213	(187)
Total	**2 729**	6 300	(57)
Headline earnings attributable to ARM (50%)	**1 364**	3 150	(57)

Assmang product sales

100% basis	12 months ended 30 June		
Thousand tonnes	**2010**	2009	% change
Iron ore	**9 799**	7 409	32
Manganese ore*	**3 095**	2 152	44
Manganese alloys*	**238**	117	103
Charge chrome	**189**	144	31
Chrome ore*	**272**	256	6

**Excluding intra-group sales*

Assmang cost and EBITDA margin performance

Commodity group	Rand per tonne cost change %	EBITDA margin %
Iron ore	(6.0)	50.9
Manganese ore	20.1	45.6
Manganese alloys	13.6	23.9
Charge chrome	16.8	0.2

Assmang capital expenditure

100% basis	12 months ended 30 June	
R million	**2010**	2009
Iron ore	**2 304**	1 529
Manganese	**743**	854
Chrome	**289**	397
Total	**3 336**	2 780

Khumani Expansion Project

The Khumani Expansion to 10 mtpa was completed successfully on time and within budget. The mine is now at full production. The expansion project to 16 mtpa is underway and is expected to be completed ahead of the scheduled date of July 2012 and within budget.

Nchwaning beneficiation plant

The plant at the Nchwaning section of Black Rock Mine was successfully commissioned during May 2010. The new plant has a capacity of 5.0 mtpa which is 2.0 mtpa more than the old plant.

Logistics

Assmang's rail capacity throughput for iron ore export was affected by the Transnet strike that occurred during May 2010. Assmang has an agreement with Transnet to increase its iron ore export to 14 mtpa from 2012.

The iron and manganese ore industries together with Transnet have embarked on a joint project to expand the current Orex line beyond 60 mtpa.

The main agreement for the export of manganese ore through Port Elizabeth harbour has been signed and will expire on 31 March 2013. Manganese ore stockpile capacity has also been secured at Durban and Richards Bay harbours until June 2013.

Assmang is endeavouring to reduce the current amount of road transport being used for both raw materials and final product. This is heavily dependent on operational service levels achieved by Transnet.

The ARM Ferrous operations, held through its 50% investment in Assmang, consist of three divisions: iron ore, manganese and chrome. Assore Limited, ARM's partner in Assmang, owns the remaining 50%.

ARM Platinum

ARM Platinum's operations benefited from the improvement in the global economy during the year under review. Cash operating profits were recorded at all operations, resulting in ARM Platinum contributing R521 million to ARM's headline earnings, an increase of R840 million when compared to F2009. The attributable PGM production (including Nkomati) for F2010 increased by 11% to 359 316 ounces (F2009: 323 259 ounces) in concentrate as a result of increased production and recoveries at Two Rivers, grade improvements at Modikwa and the commissioning of the 375 ktpm plant at Nkomati. ARM Platinum focused on initiatives to improve unit costs and achieved an annual reduction in costs across all operations, positioning them within the 50th percentile of the respective cost curves.

The increase in commodity prices was offset by the strengthening of the Rand against the US Dollar resulting in the basket prices for both Modikwa and Two Rivers remaining similar at R225 865/kg and R247 323/kg respectively. Realising the debtors at 30 June 2009 did however result in a positive adjustment of R50 million, as reported in December 2009.

The table below sets out the relevant price comparison:

Average metal prices

		Average for 12 months ended 30 June		
		2010	2009	% change
Platinum	$/oz	**1 453**	1 148	27
Palladium	$/oz	**393**	239	65
Rhodium	$/oz	**2 173**	2 620	(17)
Nickel	$/t	**20 285**	13 312	52
Exchange rate	R/$	**7.59**	9.03	(16)

Modikwa's tonnes milled decreased by 8% due to the restructuring of the mining operations. This decrease was partially offset by a 5% improvement in the built-up head grade as a result of improved mining and discontinuing of the Merensky trial mining, resulting in metal in concentrate being marginally lower at 339 623 PGM ounces. The unit cost decreased by 10% to R639 per tonne milled, whereas Rand unit cost per 6E* PGM ounce decreased by 14% to R4 269. This has moved Modikwa substantially down the unit cost curve and is well within the 50th percentile of the cost curve. Modikwa achieved 52 months fatality free on 12 August 2010, and reached 6 000 000 consecutive fatality-free man shifts worked on 2 December 2009; a remarkable achievement in the industry.

At Two Rivers, the successful concentrator plant optimisation programme, combined with a 12% increase in tonnes milled, yielded a 20% growth in 6E PGM ounces produced to 296 760 PGM ounces. At year end, the surface stockpile was 22 193 tonnes. Costs were well contained, with only a 6% increase in unit cost to R425 per tonne milled (F2009: R399 per tonne milled), whilst the Rand unit cost per 6E PGM ounce decreased by 2% to R4 174. This is a first quartile unit cost mine producing approximately 300 000 PGM ounces and over 140 000 ounces platinum per annum. During January 2010, Two Rivers surpassed 1 500 000 fatality-free shifts.

The earnings of Two Rivers were negatively affected by interest charged on the shareholders' loans from ARM and Implats. Interest was charged at a rate of 8% per annum as at 30 June 2010 (F2009: 11.5%).

After the commissioning of the 375 ktpm concentrator plant in September 2009, Nkomati achieved a 163% increase in tonnes milled and contained nickel production increased by 115% to 9 666 tonnes (F2009: 4 495 tonnes). Copper production showed a 130% increase to 5 210 tonnes. Chrome ore sales decreased to 502 281 tonnes (F2009: 661 336 tonnes), offset by a 262 811 tonnes increase in chrome concentrate sales. The conversion to a high volume, low grade operation caused the Rand per tonne unit cost to decrease 38% to R242, whilst the cash cost net of by products (C1 cash cost) increased by 32% to $3.26/lb. The increase in the C1 cash cost is in line with the anticipated cost as per the feasibility study and places Nkomati in the 40th percentile on the cost curve.

Nkomati achieved 1 000 000 fatality-free shifts on 16 April 2010.

** 6E includes platinum, palladium, rhodium, gold, ruthenium and iridium*

The capital expenditure at ARM Platinum was R1.4 billion (R749 million attributable) of which 86% was spent on the Nkomati Large Scale Expansion Project. The capital spent at Two Rivers and Modikwa was largely to sustain operations. Extensions of the declines and ore reserve development recommenced during F2010.

ARM Platinum capital expenditure

100% basis	12 months ended 30 June		
R million	**2010**	2009	% change
Modikwa	**102**	368	(72)
Two Rivers	**97**	346	(72)
Nkomati	**1 202**	1 756	(32)
Total	**1 401**	2 470	(43)

Modikwa operational statistics

100% basis		12 months ended 30 June		
		2010	2009	% change
Cash operating profit/(loss)	R million	**665**	(286)	
Tonnes milled	Mt	**2.27**	2.46	(8)
Head grade	g/t, 6E	**5.53**	5.25	5
PGMs in concentrate	Ounces, 6E	**339 623**	348 866	(3)
Average basket price	R/kg, 6E	**225 865**	227 006	(1)
Cash operating margin	%	**31**	(20)	
Cash cost	R/kg, 6E	**137 241**	160 507	(14)
Cash cost	R/tonne	**639**	708	(10)
Cash cost	R/Pt oz	**11 025**	12 798	(14)
Cash cost	R/PGM oz, 6E	**4 269**	4 992	(14)
Cash cost	$/oz, 6E	**564**	553	2
Headline earnings/(loss) attributable to ARM (41.5%)	R million	**135**	(129)	

Two Rivers operational statistics

100% basis		12 months ended 30 June		
		2010	2009	% change
Cash operating profit/(loss)	R million	**837**	(83)	
Tonnes milled	Mt	**2.92**	2.62	12
Head grade	g/t, 6E	**3.95**	4.10	(4)
PGMs in concentrate	Ounces, 6E	**296 760**	246 295	20
Average basket price	R/kg, 6E	**247 323**	246 680	0
Cash operating margin	%	**40**	(8)	
Cash cost	R/kg, 6E	**134 213**	136 288	(2)
Cash cost	R/tonne	**425**	399	6
Cash cost	R/Pt oz	**8 792**	8 846	(1)
Cash cost	R/PGM oz, 6E	**4 174**	4 239	(2)
Cash cost	$/oz, 6E	**551**	469	17
Headline earnings/(loss) attributable to ARM (55%)	R million	**180**	(219)	

Nkomati operational statistics

100% basis		12 months ended 30 June		
		2010	2009	% change
Cash operating profit	R million	**916**	181	406
Cash operating profit/(loss) – Nickel Mine	R million	**584**	(253)	
Cash operating profit – Chrome Mine	R million	**332**	433	(23)
Cash operating margin	%	**38**	17	124
Tonnes milled	Thousand	**3 308**	1 259	163
Head grade	% nickel	**0.45**	0.54	(17)
Nickel on-mine cash cost per tonne milled	R/tonne	**242**	389	(38)
Cash cost net of by-products*	$/lb	**3.26**	2.48	31
Contained metal				
Nickel	Tonnes	**9 666**	4 495	115
PGMs	Ounces	**52 574**	26 727	97
Copper	Tonnes	**5 210**	2 268	130
Cobalt	Tonnes	**578**	244	137
Chrome ore sold	Tonnes	**502 281**	661 336	(24)
Chrome concentrate sold	Tonnes	**313 735**	50 925	516
Headline earnings attributable to ARM (50%)	R million	**206**	29	610

**This reflects US Dollar cash costs net of by-products (PGMs and chrome) per pound of nickel produced*

Nkomati Nickel Large Scale Expansion Project

The 375 ktpm MMZ concentrator plant was completed during the year and commissioning commenced on 15 September 2009. Since commissioning, this plant produced 5 359 tonnes of nickel while production ramp-up is continuing. Teething problems continued with the new primary crusher and overland conveyor system as equipment failures affected production causing a lack of ore supply. The situation is closely monitored and to ensure ore supply, interim measures were put in place. Management is currently performing test work on ore and will implement a long-term solution towards the end of the 2010 calendar year. The project cost for this phase is currently below budget and board approvals for closure are in progress.

The upgrade of the current 100 ktpm plant to 250 ktpm PCMZ plant was released for implementation and construction started during August 2009. The 100 ktpm plant was stopped as planned on 30 June 2010 and will be offline for the upgrade and commissioning of the new PCMZ plant. The project is on target to achieve the scheduled completion date of December 2010, within budget.

Total funds committed at 30 June 2010 on the expansion project amount to R3.3 billion of the R3.7 billion approved for the capital project.

The Eskom power supply project for the 375 ktpm MMZ plant is complete and two of the three new 40MVA transformers have been installed and energised. The third 40MVA transformer will be commissioned in November 2010. The next phase of the Eskom power supply project is the upgrade of the 132kV overhead distribution lines and we anticipate this to be completed by calendar year end 2011. This will improve the mine’s back-up power supply position.

Kalplats PGM Exploration Project

ARM Platinum approved the prefeasibility study completed by Platinum Australia (“PLA”) for the Kalahari Platinum Project (“Kalplats”) in January 2010. PLA is in the process of completing a bankable feasibility study. The transfer of 12% ownership to PLA, earned from the completion and approval of the prefeasibility study, awaits approval from the Department of Mineral Resources.

The ARM Platinum division comprises three operating mines, Modikwa, Two Rivers and Nkomati. It has an effective 41.5% interest in Modikwa where local communities hold an 8.5% effective interest. The remaining 50% is held by Anglo Platinum. Two Rivers is an incorporated joint venture with Implats, with ARM holding 55% and Impala (“Implats”) 45%. Nkomati is a 50:50 partnership with Norilsk Nickel Africa. ARM Platinum also has an interest in two joint ventures with PLA. The first is the “Kalplats Platinum Project” in which ARM Platinum owns 90% (while Anglo American owns 10%) and PLA can earn-in up to 49% by completing a bankable feasibility study. The second joint venture, “Kalplats Extended Area Project” is a 50:50 partnership between ARM Platinum and PLA.

ARM Coal

ARM Coal experienced a challenging year which resulted in cash operating profit and attributable headline earnings declining by 41% to R376 million and 113% to a loss of R17 million respectively. The major portion of this decline resulted from a stronger Rand, lower realised US Dollar export sales prices, and lower volumes at the PCB operations. This was to some extent offset by an increase in cash operating profit at the Goedgevonden Coal Mine ("GGV").

Goedgevonden Coal Mine ("GGV")

Run of mine (ROM) production at GGV increased by 50% during the current financial year as the mine transformed from a project to an operational mine. This performance was negatively affected by excessive rainfall, causing the pit to be water logged on a number of occasions during the financial year.

Problems experienced during the commissioning as well as the late commissioning of the second module of the plant resulted in plant production not increasing in line with ROM production. Raw coal inventories increased as the feed to the plant was restricted by design issues detected during commissioning. Most of these issues were rectified by the end of F2010. Saleable production in F2011 should reach the full design capacity of 6.7 million sales tonnes per annum (mtpa).

Export sales volumes increased by 142% during the year and although domestic sales volumes decreased by 27%, increased volumes of higher quality coal were sold during the current financial year in terms of the new long-term agreement concluded with Eskom. The underperformance of Transnet Freight Rail ("TFR") affected both export and domestic sales volumes at GGV during the current year.

Cash operating profit was R112 million (53%) higher than the previous financial year due to an increase in revenue resulting from higher sales volumes. The increase in sales volumes was however reduced by the effects of a stronger Rand and lower export coal prices.

Cash costs per saleable ton increased to R141.03 (F2009: R90.42) as the long-term cost per saleable ton (which is used to determine the amount of working costs to be capitalised) was recalculated. The first-time capitalisation of working costs was impacted by large volumes of in-pit inventory being exposed during the development stage of the mine which is not valued. The mine will benefit from having this inventory available in its future mining operations.

Goedgevonden operational statistics

100% basis		12 months ended 30 June		
		2010	2009	% change
Total production sales				
Saleable production	Mt	**2.73**	2.54	7
Export thermal coal sales	Mt	**1.19**	0.49	143
Domestic thermal coal sales	Mt	**1.17**	1.61	(27)
Attributable production and sales				
Saleable production	Mt	**0.71**	0.66	8
Export thermal coal sales	Mt	**0.31**	0.13	138
Domestic thermal coal sales	Mt	**0.30**	0.42	(29)
Average received coal price				
Export (FOB)	$/tonne	**67.84**	65.15	4
Domestic (FOR)	R/tonne	**171.76**	99.35	73
Exchange rate	R/$	**7.59**	9.06	(16)
On mine saleable cost	R/tonne	**141.03**	90.42	56
Cash operating profit				
Total	R million	**430**	279	54
Attributable (26%)	R million	**112**	73	53
Headline earnings attributable to ARM	R million	**34**	15	143

Attributable profit analysis

	12 months ended 30 June		
	2010	2009	% change
Cash operating profit	**112**	73	53
Less: interest paid	**(5)**	(15)	(67)
: amortisation	**(47)**	(34)	38
: fair value adjustments	**(13)**	(2)	550
Profit before tax	**47**	22	114
Tax	**(13)**	(7)	85
Headline earnings attributable to ARM	**34**	15	127

Participating Coal Business ("PCB")

The PCB operations experienced a challenging year. Exceptionally high rainfall during the year and industrial action at some of the operations reduced saleable production by 6% compared to last year. Export sales volumes were lower than the previous financial year due to continued under performance by TFR. Domestic demand continued to decline and had a negative impact on domestic sales volumes.

Attributable cash operating profit was R299 million lower than the previous financial year due to a reduction of R350 million in revenue caused by a stronger Rand, lower coal prices and lower sales volumes. A defensive marketing strategy was adopted whereby coal was sold forward on contract at levels of approximately 65% of sales volumes in the first six months and 72% of sales volumes in the second six months. On mine costs were well controlled which led to a reduction of 3% in on mine unit costs. The result of the above was negative attributable earnings of R51 million (F2009: R120 million profit).

Participating Coal Business ("PCB") operational statistics

		12 months ended 30 June		
100% basis		**2010**	2009	% change
Total production sales				
Saleable production	Mt	**18.20**	19.32	(6)
Export thermal coal sales	Mt	**10.67**	10.74	(1)
Domestic thermal coal sales	Mt	**7.03**	7.67	(8)
Attributable production and sales				
Saleable production	Mt	**3.68**	3.90	(6)
Export thermal coal sales	Mt	**2.15**	2.17	(1)
Domestic thermal coal sales	Mt	**1.42**	1.55	(8)
Average received coal price				
Export (FOB)	$/tonne	**66.88**	69.24	(3)
Domestic (FOR)	R/tonne	**114.37**	160.24	(29)
Exchange rate	R/$	**7.59**	9.04	(16)
On mine saleable cost	R/tonne	**250**	257	(3)
Cash operating profit				
Total	R million	**1 306**	2 787	(53)
Attributable (20.2%)	R million	**264**	563	(53)
(Loss)Income from associate attributable to ARM	R million	**(51)**	120	(143)

Attributable profit analysis

	12 months ended 30 June		
	2010	2009	% change
Cash operating profit	**264**	563	(53)
Less: interest paid	**(64)**	(87)	(26)
: amortisation	**(234)**	(300)	(22)
: fair value adjustments	**(37)**	(10)	270
Profit/(loss) before tax	**(71)**	166	
Tax PCB	**20**	(47)	
Headline earnings attributable to ARM	**(51)**	120	

ARM's economic interest in XCSA (PCB) as at 30 June 2010 remains at 20.2%. PCB consists of 12 mines all situated in Mpumalanga. ARM has a 26% effective interest in the GGV Thermal Coal Mine situated near Ogies in Mpumalanga.

ARM Copper

The Vale/ARM JV ("the JV") has completed an additional resource definition drilling campaign during the financial year to update and enhance the confidence level of the resources associated with the South and East Limb ore bodies on the Konkola North property, Copperbelt, Zambia. In addition to various further technical investigations, the JV has updated the capital budget estimate, the life of mine planning and costing, and a final feasibility study has been completed and submitted to the Government of Zambia and ZCCM-Investment Holdings.

Both ARM and Vale have approved the release of the Konkola North Copper Project in Zambia.

The development of the Konkola North copper project adds a new commodity to ARM's portfolio. This will also be the first time ARM's operational interests extend beyond South Africa. ARM sees this as early development for a copper growth strategy in sub-Saharan Africa. The newly developed mine will be housed in a new division, ARM Copper.

Work commenced with the pre-approved capital expenditure in August 2010, commissioning of the concentrator plant is expected 27 months later and full production is expected to be reached in 2015.

The project capital expenditure in July 2010 terms is $380 million. The mine's throughput design is 2.5 mtpa of ore at an average mill head grade of 2.3% copper, yielding 45 000 tonnes of contained copper in concentrate to be toll smelted in Zambia.

The expected life of mine will be 28 years. A further three year exploration programme to evaluate area "A" which has potential to double the output to 100 000 tonnes copper per annum in concentrate is in progress. Initially the South and East Limb Mines will be developed, after which the deeper, higher grade and wider reef areas will be mined.

The Vale/ARM joint venture has completed 86 000 metres of exploration drilling and defined 300 million tonnes at an average grade of 2.57% total copper as defined in the AMEC 2010 Resource Statement below:

Classification	**Measured**			**Indicated**			**Inferred**		
Resource area	**Mt**	**%TCu**	**%AsCu**	**Mt**	**%TCu**	**%AsCu**	**Mt**	**%TCu**	**%AsCu**
South & East Limb	5.13	2.60	0.72	52.28	2.40	0.40	23.9	2.32	0.36
Area 'A'	–	–	–	0.0	0.00	0.00	219.5	2.64	1.09
Total	5.13	2.60	0.72	52.28	2.40	0.40	243.4	2.61	1.02

ZCCM-Investment Holding PLC ("ZCCM") has a buy-in right into the project company of either 15% or 20% with 5% thereof being a free carry. In addition, ZCCM may elect to have their portion of the non-free carry equity funding provided by the controlling shareholders; such financing will be interest bearing.

The JV has commenced an extensive drilling programme in Area 'A' South, situated about 5 km south of the planned mine development on the Konkola North property. Drilling in the recent past has defined a substantial copper resource in Area 'A', and the planned drilling will further enhance this resource base.

ARM Exploration

On the Kalumines mining licence property in the DRC, in close proximity to Lubumbashi, the JV has defined copper and cobalt resources through an extensive drilling campaign. Further drilling and metallurgical test work is in progress to evaluate the possible development of these copper/cobalt resources.

During the financial year the JV sold its interest in the Otjikoto Gold Project in Namibia for a net consideration of US$26 million.

The loss attributable to ARM decreased to R143 million in F2010 (F2009: R689 million loss). This was largely due to the stringent cost control initiatives implemented by the JV partners and the benefit of sharing costs with ARM's partner, Vale. F2009 included once off stock write down and restructuring costs, not repeated in F2010. ARM further benefited from a strengthening of the Rand/US$ which impacted on the translation of the ARM Exploration results.

ARM Exploration's main objective is to identify and assess exploration and mineral business opportunities for base metals, ferrous metals; PGM's and coal in sub-Saharan Africa. A key focus area for ARM Exploration is the development of the ARM/Vale JV assets.

Harmony Gold Mining Company Limited

Harmony reported a decrease in headline earnings from R1 260 million to R4 million in the year ended June 2010 from continuing operations. This decline was due to a combination of a 4% decrease in the gold sold as well as a 16% increase in cash costs as Harmony continued to execute its stated strategy to restructure its asset base to deliver safe, profitable and sustainable ounces. As part of this strategy Harmony closed six shafts as the ore bodies reached the end of their economic lives. The headline earnings were also significantly impacted by once-off employment termination and restructuring costs, as well as impairments associated with the implementation of the strategy.

There was however an improvement in the Harmony results in the quarter ended 30 June 2010 (4Q F2010) as the loss in headline earnings from continuing operations was reduced to 6 cents per share from 24 cents per share in the third quarter (3Q F2010). This was as a result of a 6% increase in gold sold and an 11% increase in the gold price received.

Harmony continues to focus on growth and thus investment in exploration. In August 2010 Harmony announced a significant increase in the mineral resource in its Walfi-Golpu porphyry copper-gold project in Papua New Guinea ("PNG"). This project is part of Harmony's joint venture with Newcrest Mining Limited and contains 16 million ounces of gold and 4.8 million tonnes of copper (expressed in gold equivalent ounces the resource amounts to 38.5 Moz of gold*). In addition Harmony's international exploration programme has led to the discovery of a new zone of mineralisation adjacent to the main Golpu resource in PNG.

For their financial year ended 30 June 2010 Harmony declared a maintained dividend of 50 cents per share (Harmony F2009: 50 cents per share). ARM will account for this dividend in its F2011 results.

The ARM balance sheet at 30 June 2010 reflects a marked-to-market investment in Harmony of R5.2 billion which is based on a Harmony share price of R81.40 per share. Changes in the value of the investment in Harmony are accounted for by ARM through the statement of comprehensive income net of deferred capital gains tax. Dividends are recognised in the ARM income statement on the last day of registration following a dividend declaration.

ARM owns 14.8% of Harmony's issued share capital.

** Gold equivalents based on US$950 oz Au, $4 412/t Cu at 100% recovery for both metals*

Corporate action

In May 2010, ARM announced the successful disposal of the Otjikoto Gold Project in Namibia to BC Limited Consortium. The interest in the company owning the mineral rights was sold for a net consideration of US$26 million. The funds from the sale will be utilised towards the development of the Konkola North Project in Zambia.

Outlook

The past financial year and especially the second half of the year has seen a remarkable recovery in commodity markets, tempered to some extent by sovereign debt issues in Europe and elsewhere. In addition, fears that fiscal stimulus packages in the US and in Europe will not sustain the recovery have resulted in market sentiments being increasingly volatile.

While the overall recovery in commodity markets is expected to continue and to benefit especially export oriented economies, it is expected that recovery in domestic demand driven economies will be much slower during the next year.

We believe demand for ferrous commodities will be driven by the development of steel manufacturing capacity in China, India, Brazil and other developing economies seeking to build infrastructure, while supply growth will be constrained by infrastructure limitations. Our three new mines which are currently ramping up are coming into steady state production at an opportune time. We will increase our copper exposure in order to take advantage of the improved prices. Our operating teams will continue to deliver projects on time and within budget and will continue to contain unit costs.

ARM is confident about the future as it is well positioned financially to continue to grow a profitable asset base with its focus on long-life, low cost mines. The planned attributable capital spend is about R10 billion over the next three years to June 2013 (F2008 – F2010: R8.7 billion) which includes the development of the first phase of its investment into copper. This capital expenditure is expected to be funded from operating cash flows and by utilising available cash and borrowing resources.

The continuing low gearing of the ARM balance sheet provides increased opportunity for growth beyond that currently planned.

Dividends

The ARM Board is pleased to declare its fourth annual dividend of 200 cents per share. The amount to be paid will be R425 million (F2009: R371 million). This declaration of a dividend is a 14% increase on the F2009 dividend and is in line with ARM's commitment as a globally competitive company to pay dividends to shareholders while continuing to grow the company for the future.

The last day to trade in ARM shares to participate in this dividend (*cum*-dividend) will be Thursday, 16 September 2010 and ARM shares will trade *ex*-dividend from Friday, 17 September 2010. The record date will be Thursday, 23 September 2010 with payment of the dividend occurring on Monday, 27 September 2010. No dematerialisation or rematerialisation of share certificates may occur between Friday, 17 September and Thursday, 23 September 2010, both days inclusive.

Review by independent auditors

The financial information has been reviewed by Ernst & Young whose unqualified review opinion is available for inspection at the Company's registered office.

The annual report containing a detailed review of the operations of the company together with the audited financial statements will be posted to shareholders in October 2010.

Signed on behalf of the Board:

PT Motsepe
Executive Chairman

AJ Wilkens
Chief Executive Officer

Johannesburg

30 August 2010

NOTES

Financial statements

Contents

Group statement of financial position
as at 30 June 2010

R million	Note	Reviewed 2010	Audited 2009
ASSETS			
Non-current assets			
Property, plant and equipment		**13 256**	11 500
Investment property		**12**	12
Intangible assets		**212**	213
Deferred tax asset		**44**	32
Loans and long-term receivables		**51**	134
Financial assets		**84**	78
Inventories		**148**	169
Investment in associate		**1 292**	1 327
Other investments		**5 191**	5 101
		20 290	18 566
Current assets			
Inventories		**1 834**	1 854
Trade and other receivables		**3 026**	1 565
Taxation		**44**	1
Cash and cash equivalents	5	**3 039**	3 513
		7 943	6 933
Total assets		**28 233**	25 499
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital		**11**	11
Share premium		**3 803**	3 759
Other reserves		**728**	600
Retained earnings		**13 223**	11 779
Equity attributable to equity holders of ARM		**17 765**	16 149
Non-controlling interest		**764**	602
Total equity		**18 529**	16 751
Non-current liabilities			
Long-term borrowings	6	**2 582**	1 364
Deferred tax liabilities		**2 961**	2 277
Long-term provisions		**500**	401
		6 043	4 042
Current liabilities			
Trade and other payables		**2 315**	1 637
Short-term provisions		**268**	158
Taxation		**314**	531
Overdrafts and short-term borrowings	7	**764**	2 380
		3 661	4 706
Total equity and liabilities		**28 233**	25 499

Group income statement

for the year ended 30 June 2010

R million	Note	Reviewed 2010	Audited 2009
Revenue		**11 423**	10 674
Sales		**11 022**	10 094
Cost of sales		**(7 480)**	(6 048)
Gross profit		**3 542**	4 046
Other operating income		**408**	916
Other operating expenses		**(1 030)**	(1 255)
Profit from operations before exceptional items		**2 920**	3 707
Income from investments		**209**	414
Finance costs		**(192)**	(385)
(Loss)/income from associate*		**(51)**	147
Profit before taxation and exceptional items		**2 886**	3 883
Exceptional items	3	**97**	514
Profit before taxation		**2 983**	4 397
Taxation	8	**(1 009)**	(1 727)
Profit for the year		**1 974**	2 670
Attributable to:			
Non-controlling interest		**162**	(198)
Equity holders of ARM		**1 812**	2 868
		1 974	2 670

Additional information			
Headline earnings (R million)	4	**1 714**	2 317
Headline earnings per share (cents)		**807**	1 094
Basic earnings per share (cents)		**854**	1 355
Diluted headline earnings per share (cents)		**798**	1 079
Diluted basic earnings per share (cents)		**844**	1 336
Number of shares in issue at end of year (thousands)		**212 692**	212 068
Weighted average number of shares in issue (thousands)		**212 289**	211 707
Weighted average number of shares used in calculating diluted earnings per share (thousands)		**214 763**	214 737
Net asset value per share (cents)		**8 352**	7 615
EBITDA (R million)		**3 907**	4 484
*Exceptional items included in income from associate (R million)		**–**	27
Dividend declared after year end (cents per share)		**200**	175

Group statement of comprehensive income

for the year ended 30 June 2010

Group	Available-for-sale reserve Rm	Other Rm	Retained earnings Rm	**Total shareholders of ARM Rm**	Non-controlling interest Rm	**Total Rm**
For the year ended 30 June 2009 (audited)						
Profit for the year	–	–	2 868	**2 868**	(198)	**2 670**
Other comprehensive income						
Revaluation of listed investment	(954)	–	–	**(954)**	–	**(954)**
Deferred tax on revaluation of listed investment	134	–	–	**134**	–	**134**
Net impact of revaluation of listed investment	(820)	–	–	**(820)**	–	**(820)**
Realignment of currency	–	(43)	–	**(43)**	–	**(43)**
Foreign currency translation reserve realised	–	19	–	**19**		**19**
Other	–	2	–	**2**	–	**2**
Total comprehensive income for the year	(820)	(22)	2 868	**2 026**	(198)	**1 828**
For the year ended 30 June 2010 (reviewed)						
Profit for the year	–	–	1 812	**1 812**	162	**1 974**
Other comprehensive income						
Revaluation of listed investment	89	–	–	**89**	–	89
Deferred tax on revaluation of listed investment	(13)	–	–	**(13)**	–	**(13)**
Net impact of revaluation of listed investment	76	–	–	**76**	–	**76**
Foreign exchange reversal on loans	–	(6)	–	**(6)**	–	**(6)**
Cashflow hedge reserve	–	16	–	**16**	–	**16**
Realignment of currency	–	(2)	–	**(2)**	–	**(2)**
Total comprehensive income for the year	76	8	1 812	**1 896**	162	**2 058**

Group statement of changes in equity

for the year ended 30 June 2010

Group	Share capital and premium Rm	Available-for-sale reserve Rm	Other* Rm	Retained earnings Rm	Total share-holders of ARM Rm	Non-controll-ing interest Rm	Total Rm
Balance at 30 June 2008 (audited)	3 744	1 190	176	9 766	**14 876**	800	**15 676**
Profit for the year	–	–	–	2 868	**2 868**	(198)	**2 670**
Other comprehensive income	–	(820)	(22)	–	**(842)**	–	**(842)**
Total comprehensive income for the year	–	(820)	(22)	2 868	**2 026**	(198)	**1 828**
Share-based payments	–	–	64	–	**64**	–	**64**
Share options paid in cash	–	–	(25)	–	**(25)**	–	**(25)**
Share options exercised	26	–	–	–	**26**	–	**26**
Share appreciation rights: TEAL – non-controlling interest share	–	–	14	–	**14**	–	**14**
Premium paid on purchase in non-controlling interest	–	–	15	–	**15**	–	**15**
Dividend paid	–	–	–	(847)	**(847)**	–	**(847)**
Other	–	–	8	(8)	**–**	–	**–**
Balance at 30 June 2009 (audited)	3 770	370	230	11 779	**16 149**	602	**16 751**
Profit for the year	–	–	–	1 812	**1 812**	162	**1 974**
Other comprehensive income	–	76	8	–	**84**	–	**84**
Total comprehensive income for the year	–	76	8	1 812	**1 896**	162	**2 058**
Share-based payments	–	–	47	–	**47**	–	**47**
Share options exercised	44	–	–	–	**44**	–	**44**
Dividend paid	–	–	–	(371)	**(371)**	–	**(371)**
Other	–	–	(3)	3	**–**	–	**–**
Balance at 30 June 2010 (reviewed)	3 814	446	282	13 223	**17 765**	764	**18 529**

** Other reserves consist of the following:*	***2010 Rm***	*2009 Rm*	*2008 Rm*
General reserve	***32***	*32*	*32*
Insurance contingency	***15***	*18*	*8*
Share-based payments	***267***	*220*	*167*
Cash flow hedge reserve	***16***	*–*	*–*
Foreign exchange reversal on loans	***(6)***	*–*	*–*
Foreign currency translation reserve (FCTR)	***(28)***	*(26)*	*(2)*
Premium paid on purchase of non-controlling interest	***(14)***	*(14)*	*(29)*
Total	***282***	*230*	*176*

Group statement of cash flows

for the year ended 30 June 2010

R million	Note	Reviewed 2010	Audited 2009
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		**9 992**	13 432
Cash paid to suppliers and employees		**(6 562)**	(6 754)
Cash generated from operations	9	**3 430**	6 678
Interest received		**176**	406
Interest paid		**(135)**	(328)
Dividends received		**33**	118
Dividend paid		**(371)**	(847)
Taxation paid		**(612)**	(1 977)
Net cash inflow from operating activities		**2 521**	4 050
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment to maintain operations		**(519)**	(927)
Additions to property, plant and equipment to expand operations		**(1 981)**	(2 337)
Proceeds on disposal of property, plant and equipment		**13**	9
Net proceeds on disposal of 15% in TEAL		**–**	120
Proceeds on disposal of Otjikoto in Vale/ARM joint venture		**107**	–
Decrease in investment loans and receivables		**56**	–
Net cash outflow from investing activities		**(2 324)**	(3 135)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds on exercise of share options		**44**	27
Share options settled in cash		**–**	(25)
Long-term borrowings raised		**848**	259
Long-term borrowings repaid		**(834)**	(312)
Decrease in short-term borrowings		**(787)**	(120)
Net cash outflow from financing activities		**(729)**	(171)
Net (decrease)/increase in cash and cash equivalents		**(532)**	744
Cash and cash equivalents at beginning of year		**3 325**	2 594
Foreign currency translation on cash balance		**(2)**	(13)
Cash and cash equivalents at end of year	5	**2 791**	3 325

Notes to the financial statements

for the year ended 30 June 2010 (reviewed)

1. STATEMENT OF COMPLIANCE

The consolidated Group provisional financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), requirements of the South African Companies Act, 1973 as amended, the AC 500 standards, as issued by the Accounting Practices Board or its successor and the Listing Requirements of the JSE Limited.

BASIS OF PREPARATION

The consolidated Group provisional financial statements have been prepared on the historical cost basis, except for certain financial instruments that are fairly valued by marking to market. The accounting policies used are consistent with those in the most recent annual financial statements except for those listed below and comply with IFRS and are in terms of the disclosure requirements of IAS 34: Interim Financial Reporting.

The following new and revised accounting standards were adopted by ARM but have had no financial impact on the provisional financial statements other than as noted below and certain disclosure changes.

IFRS 1:	First-time adoption International Financial Reporting Standards – Cost of an investment in a subsidiary, jointly controlled entity or associate (Amendment).
IFRS 2:	Share-based payment – Vesting conditions and cancellations (Amendment)
IFRS 3:	Business combinations (Revised)
IFRS 7:	Financial instruments: Disclosures (Amendment)
IFRS 8:	Operating segments (new standard)
IAS 1:	Presentation of financial statements (Revised) – (Disclosure impact)
IAS 23:	Borrowing costs (Revised)
IAS 27:	Consolidated and separate financial statements – Cost of an investment in a subsidiary, jointly controlled entity or associate (Amendment)
IAS 27:	Consolidated and separate financial statements (Amendment)
IAS 32:	Financial instruments: Presentation and IAS 1: Presentation of financial statements – Puttable financial instruments and obligations arising on liquidation (Amendment)
IAS 39:	Financial instruments: Recognition and measurement – Eligible hedged items (Amendment)
IFRIC 15:	Agreement for the construction of real estate
IFRIC 16:	Hedges of a net investment in a foreign operation
IFRIC 17:	Distributions of non-cash assets to owners
IFRIC 18:	Transfers of assets from customers

Financial impact of adopting IAS 27

The revised IAS 27 par 28 requires losses incurred by subsidiaries to be allocated to non-controlling shareholders for their share thereof. The effect of this change was a benefit of R21 million attributable after tax for the current year.

2. 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 This 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.

Notes to the financial statements

for the year ended 30 June 2010 (reviewed) (continued)

2. PRIMARY SEGMENTAL INFORMATION (continued)

	ARM Platinum Platinum Rm	ARM Platinum Nickel Rm	ARM Ferrous Rm	ARM Coal Rm	ARM Exploration Rm	*Corporate and other Rm	Gold **Rm**	**Total**
2.1 **Year to 30 June 2010 (reviewed)**								
Total sales	3 156	1 224	6 435	212	1	–	–	**11 028**
Inter-Group sales to ARM Ferrous	–	6	–	–	–	–	–	**6**
Sales	3 156	1 218	6 435	212	1	–	–	**11 022**
Cost of sales	(2 294)	(896)	(4 160)	(157)	–	27	–	**(7 480)**
Other operating income	11	37	148	–	–	212	–	**408**
Other operating expenses	(79)	(72)	(423)	(1)	(120)	(335)	–	**(1 030)**
Segment result	794	287	2 000	54	(119)	(96)	–	**2 920**
Income from investments	23	7	86	–	–	61	32	**209**
Finance cost	(38)	(2)	(7)	(7)	(46)	(1)	–	**(101)**
Finance cost Implats: Shareholders' loan Two Rivers	(41)	–	–	–	–	–	–	**(41)**
Finance cost ARM: Shareholders' loan Two Rivers	(50)	–	–	–	–	–	–	**(50)**
Loss from associate	–	–	–	(51)	–	–	–	**(51)**
Exceptional items	–	(2)	3	–	96	–	–	**97**
Taxation	(199)	(85)	(715)	(13)	1	2	–	**(1 009)**
Non-controlling interest	(174)	–	–	–	21	(9)	–	**(162)**
Contribution to basic earnings	315	205	1 367	(17)	(47)	(43)	32	**1 812**
Contribution to headline earnings	315	206	1 364	(17)	(143)	(43)	32	**1 714**
Other information								
Segment assets, including investment in associate	5 717	2 385	9 572	3 270	348	1 761	5 180	**28 233**
Investment in associate	–	–	–	1 292	–	–	–	**1292**
Segment liabilities	1 540	213	1 171	1 746	59	1 700	–	**6 429**
Unallocated liabilities (tax and deferred tax)								**3 275**
Consolidated total liabilities								**9 704**
Cash inflow/(outflow) from operating activities	760	365	1 322	23	(137)	188	–	**2 521**
Cash (outflow)/inflow from investing activities	(116)	(557)	(1 534)	(259)	149	(7)	–	**(2 324)**
Cash (outflow)/inflow from financing activities	(295)	(150)	1	239	(8)	(516)	–	**(729)**
Capital expenditure	148	601	1 601	339	44	5	–	**2 738**
Amortisation and depreciation	316	144	459	60	6	2	–	**987**
Impairment	–	3	–	–	7	–	–	**10**
EBITDA	1 110	431	2 459	114	(113)	(94)	–	**3 907**

** Corporate, other companies and consolidation adjustments*

Notes to the financial statements
for the year ended 30 June 2010 (reviewed) (continued)

2.	**PRIMARY SEGMENTAL INFORMATION** (continued)	ARM Platinum Platinum Rm	ARM Platinum Nickel Rm	ARM Ferrous Rm	ARM Coal Rm	ARM Exploration Rm	*Corporate and other Rm	Gold Rm	**Total Rm**
2.2	**Year to 30 June 2009 (audited)**								
	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 per income statement	8	24	615	1	–	268	–	**916**
	Other operating expenses per income statement	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)**
	Non-controlling 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	5 334	1 791	8 292	2 973	483	1 535	5 091	**25 499**
	Investment in associate	–	–	–	1 327	–	–	–	**1 327**
	Segment assets, including investment in associate								
	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*

Notes to the financial statements

for the year ended 30 June 2010 (reviewed) (continued)

2. PRIMARY SEGMENTAL INFORMATION (continued)

The ARM platinum segment is analysed further into Two Rivers Platinum (Pty) Limited and ARM Mining Consortium Limited which includes Modikwa Platinum Mine.

		Two Rivers Rm	Modikwa Rm	**Platinum Total Rm**
2.3	**Year to 30 June 2010 (Reviewed)**			
	Sales			
	External sales	2 099	1 057	**3 156**
	Cost of sales	(1 507)	(787)	**(2 294)**
	Other operating income	10	1	**11**
	Other operating expenses	(23)	(56)	**(79)**
	Segment result	579	215	**794**
	Income from investments	3	20	**23**
	Finance cost	(35)	(3)	**(38)**
	Finance cost Implats: Shareholders' loan Two Rivers Platinum (Pty) Limited	(41)	–	**(41)**
	Finance cost ARM: Shareholders' loan Two Rivers Platinum (Pty) Limited	(50)	–	**(50)**
	Taxation	(130)	(69)	**(199)**
	Non-controlling interest	(146)	(28)	**(174)**
	Contribution to basic earnings	180	135	**315**
	Contribution to headline earnings	180	135	**315**
	Other information			
	Segment and consolidated assets	3 046	2 671	**5 717**
	Segment liabilities	1 007	533	**1 540**
	Unallocated liabilities (tax and deferred tax)			**871**
	Consolidated total liabilities			**2 411**
	Cash inflow from operating activities	551	209	**760**
	Cash outflow from investing activities	(75)	(41)	**(116)**
	Cash outflow from financing activities	(275)	(20)	**(295)**
	Capital expenditure	97	51	**148**
	Amortisation and depreciation	238	78	**316**
	EBITDA	817	293	**1 110**

Notes to the financial statements

for the year ended 30 June 2010 (reviewed) (continued)

2. PRIMARY SEGMENTAL INFORMATION (continued)

		Two Rivers Rm	Modikwa Rm	Platinum Total Rm
2.4	**Year to 30 June 2009 (Audited)**			
	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 Platinum (Pty) Limited	(70)	–	**(70)**
	Finance cost ARM: Shareholders' loan Two Rivers Platinum (Pty) Limited	(86)	–	**(86)**
	Exceptional items	1	–	**1**
	Taxation	131	21	**152**
	Non-controlling 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)**

Notes to the financial statements

for the year ended 30 June 2010 (reviewed) (continued)

2. PRIMARY SEGMENTAL INFORMATION (continued)

Additional Information

2.5 Pro forma analysis of the Ferrous segment

	100%				50%
Year to 30 June 2010 (Reviewed)	Iron ore Division Rm	Manganese Division Rm	Chrome Division Rm	**Total Rm**	**Attri-butable to ARM Rm**
Sales	4 993	6 088	1 789	**12 870**	**6 435**
Other operating income	119	187	29	**335**	**148**
Other operating expense	201	436	248	**885**	**423**
Operating profit	2 003	2 235	(239)	**3 999**	**2 000**
Contribution to earnings	1 437	1 480	(185)	**2 732**	**1 367**
Contribution to headline earnings	1 436	1 478	(185)	**2 729**	**1 364**
Other information					
Consolidated total assets	8 729	8 922	1 920	**19 571**	**9 572**
Consolidated total liabilities	2 532	2 596	722	**5 850**	**1 171**
Capital expenditure	2 304	743	289	**3 336**	**1 601**
Amortisation and depreciation	544	250	142	**936**	**459**
Cash inflow/(outflow) from operating activities	1 985	(122)	(219)	**1 644**	**1 322**
Cash outflow from investing activities	(2 133)	(666)	(267)	**(3 066)**	**(1 534)**
Cash inflow/(outflow) from financing activities	–	4	(1)	**3**	**1**
EBITDA	2 547	2 485	(97)	**4 935**	**2 459**

2.6 **Year to 30 June 2009 (Audited)**

Year to 30 June 2009 (Audited)	Iron ore Division Rm	Manganese Division Rm	Chrome Division Rm	**Total Rm**	**Attri-butable to ARM Rm**
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**

Notes to the financial statements

for the year ended 30 June 2010 (reviewed) (continued)

R million	Reviewed 2010	Audited 2009
3. EXCEPTIONAL ITEMS		
Surplus on dilution in TEAL to 50%	**–**	557
Profit on sale of Otjikoto	**103**	–
Profit on sale of fixed assets	**3**	–
Capital portion of insurance claim at Nkomati	**1**	
Impairments of property, plant and equipment	**(10)**	(43)
Exceptional items per income statement	**97**	514
Taxation	**1**	–
Profit on asset swap in the DTJV – ARM Coal	**–**	27
Capital portion of insurance claim at Cato Ridge	**–**	14
Loss on disposal of property, plant and equipment	**–**	(4)
Total amount adjusted for headline earnings	**98**	551
4. HEADLINE EARNINGS		
Basic earnings per income statement	**1 812**	2 868
– Surplus on dilution in TEAL to 50%	**–**	(557)
– Impairments of property, plant and equipment	**10**	43
– Capital portion of insurance claim at Cato Ridge	**–**	(14)
– Capital portion of insurance claim at Nkomati	**(1)**	–
– Profit on sale of Otjikoto	**(103)**	–
– (Profit)/loss on disposal of property, plant and equipment	**(3)**	4
– Profit on asset swap in the DTJV – ARM Coal	**–**	(27)
	1 715	2 317
– Taxation	**(1)**	–
Headline earnings	**1 714**	2 317
5. CASH AND CASH EQUIVALENTS		
– African Rainbow Minerals Limited	**903**	1 287
– Assmang Limited	**897**	1 624
– ARM Platinum (Pty) Limited	**248**	247
– Kingfisher Insurance Co Limited	**126**	77
– Mannequin Insurance PCC Limited	**58**	63
– Nkomati	**82**	53
– Two Rivers Platinum (Pty) Limited	**7**	21
– Vale/ARM joint venture	**115**	5
– Other	**38**	36
– Restricted cash	**565**	100
Total as per statement of financial position	**3 039**	3 513
Less: Overdrafts	**248**	188
Total as per statement of cash flows	**2 791**	3 325
6. LONG-TERM BORROWINGS		
– African Rainbow Minerals Limited	**784**	–
– Assmang Limited	**3**	6
– ARM Platinum (Pty) Limited	**1**	3
– ARM Coal (Pty) Limited	**1 657**	1 135
– Two Rivers Platinum (Pty) Limited	**137**	160
– Vale/ARM joint venture	**–**	60
	2 582	1 364

Notes to the financial statements

for the year ended 30 June 2010 (reviewed) (continued)

R million	Reviewed 2010	Audited 2009
7. OVERDRAFTS AND SHORT-TERM BORROWINGS		
– African Rainbow Minerals Limited	**–**	967
– Assmang Limited	**4**	7
– ARM Platinum (Pty) Limited	**123**	138
– ARM Coal (Pty) Limited	**4**	–
– Nkomati	**–**	149
– Vale/ARM joint venture	**–**	335
– Two Rivers Platinum (Pty) Limited – Bank asset financing	**252**	208
– Implats	**343**	539
– Other	**38**	37
	764	2 380
8. TAXATION		
South African normal taxation		
– current year	**271**	979
– mining	**213**	814
– non-mining	**58**	165
– prior year	**(52)**	50
State's share of profits	**80**	234
Deferred taxation	**659**	248
Secondary Tax on Companies	**51**	216
	1 009	1 727
9. CASH GENERATED FROM OPERATIONS BEFORE WORKING CAPITAL MOVEMENTS		
Cash generated from operations (per cash flow)	**3 430**	6 678
Working capital changes	**598**	(1 616)
Movement in receivables	**1 393**	(2 374)
Movement in payables	**(756)**	(164)
Movement in inventories	**(39)**	922
Cash generated from operations before working capital movement	**4 028**	5 062
10. COMMITMENTS		
Commitments in respect of future capital expenditure, which will be funded from operating cash flows and by utilising available cash and borrowing resources, are summarised below:		
Commitments		
Commitments in respect of capital expenditure:		
Approved by directors		
– contracted for	**2 921**	4 707
– not contracted for	**505**	915
Total commitments	**3 426**	5 622

Notes to the financial statements

for the year ended 30 June 2010 (reviewed) (continued)

11. CONTINGENT LIABILITIES

11.1 The Vale/ARM joint venture has a potential contingent liability of US$15 million (US$7,5 million attributable to ARM) arising from the DRC government review of a mining licence granted.

The ultimate potential liability will only be the present value of the above amount that will need to be accrued in the capital cost of the mine, with payments in incremental instalments thereafter, should a decision be made by the Vale/ARM joint venture to develop a mine on this property.

11.2 There have been no other significant changes in the contingent liabilities of the group as disclosed in the 30 June 2009 annual report.

12. EVENTS AFTER REPORTING DATE

No reportable events.

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Contact details and administration

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(ISIN code: ZAE 000054045)

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Forward looking statement

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.

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African Rainbow Minerals

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