



PROVISIONAL
RESULTS
FOR THE YEAR
ENDED
30 JUNE

2016



We do it better

Shareholder information

Issued share capital at 30 June 2016	218 021 859 shares
Market capitalisation at 30 June 2016	ZAR20.1 billion
Market capitalisation at 30 June 2016	US\$1.4 billion
Closing share price at 30 June 2016	R92.00
12-month high (1 July 2015 – 30 June 2016)	R116.00
12-month low (1 July 2015 – 30 June 2016)	R34.81
Average daily volume traded for the 12 months	808 422 shares
Primary listing	JSE Limited
JSE Share Code	ARI
ADR ticker symbol	AFRBY

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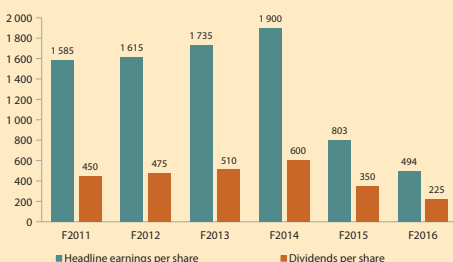
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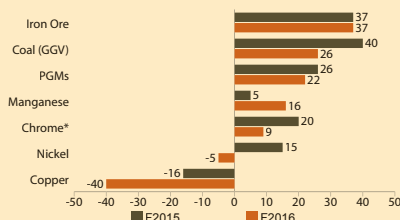
Salient features

- **Headline earnings decreased by 40% to R1 051 million (F2015: R1 744 million). Headline earnings per share were 494 cents compared to 803 cents in the previous corresponding financial year.**
- **ARM declares a tenth annual consecutive dividend of 225 cents per share (F2015: 350 cents per share).**
- **Basic earnings were a loss of R565 million (F2015: R104 million basic earnings) and were impacted mainly by an attributable impairment of R1 404 million of the Lubambe Copper Mine assets as recorded in the first half of the financial year under review.**
- **As part of the review of Lubambe Mine, all options are currently being considered to maximise value for ARM.**
- **All operations implemented cost reduction initiatives which have yielded excellent results. The iron ore, manganese ore, Modikwa, Nkomati, Lubambe and PCB operations all achieved decreases in unit production costs while Two Rivers Mine achieved a below-inflation increase in unit production costs.**
- **Record sales volumes of 17 million tonnes were achieved in iron ore and the manganese ore, platinum, nickel and PCB operations increased sales volumes.**
- **Attributable segmental capital expenditure reduced by R974 million to R2 352 million (F2015: R3 326 million).**
- **ARM and Impala Platinum Holdings Limited reached an agreement to increase ARM's shareholding in Two Rivers Mine from 51% to 54%. Completion of the agreement is awaiting a Section 11 consent to transfer ownership of mining assets from ARM to Two Rivers.**
- **ARM completed the disposal of its 50% indirect interest in Dwarsrivier Chrome Mine after the year-end and received R450 million as the purchase consideration.**
- **Restructuring of the ARM Broad-Based Economic Empowerment (BBEE) Trust (the Trust), resulting in a more permanent and sustainable funding solution for the Trust, was completed on 22 April 2016. ARM's guarantees of R850 million in favour of the Trust were cancelled.**

Headline earnings and dividends per share (cents)



Segmental EBITDA margins (%)



* The Chrome Division includes Dwarsrivier Chrome Mine which is reflected as a discontinued operation under the ARM Ferrous segmental information.

ARM operational review

The ARM Board of Directors (the Board) announces headline earnings of R1 051 million for the financial year ended 30 June 2016 (F2016). These headline earnings are 40% lower than the previous corresponding financial year ended 30 June 2015 (F2015).

All of the ARM Ferrous divisions delivered positive headline earnings. In ARM Platinum, Two Rivers Mine contributed R318 million to headline earnings while the Modikwa and Nkomati mines recorded headline losses of R84 million and R244 million respectively. The decrease in the Nkomati Mine headline earnings was mainly as a result of a 39% decline in the average US Dollar realised price (22% decline in Rand terms) for nickel. Despite attributable cash operating profit of R601 million, ARM Coal incurred a headline loss of R297 million due to lower realised US Dollar export coal prices, a decline in sales volumes and an increase in unit production costs at Goedgevonden (GGV) Mine together with higher interest charges. The ARM Copper headline loss increased by 29% to R555 million mainly due to lower US Dollar copper prices and a weaker average Rand versus US Dollar exchange rate at which the results were translated.

Headline earnings/(loss) by operation/division

12 months ended 30 June			
R million	Reviewed 2016	Audited 2015	% change
ARM Platinum	(10)	405	(102)
Two Rivers Mine	318	319	–
Modikwa Mine	(84)	(64)	(31)
Nkomati Mine	(244)	150	>(200)
ARM Ferrous	1 441	1 588	(9)
Iron ore division	1 215	1 248	(3)
Manganese division	198	289	(31)
Chrome division	55	92	(40)
Consolidation adjustment	(27)	(41)	
ARM Coal	(297)	(93)	>(200)
GGV Mine	(87)	93	(194)
PCB Operations	(210)	(186)	(13)
ARM Copper	(555)	(430)	(29)
ARM Strategic Services and Exploration	(23)	(50)	54
Gold	–	–	–
Corporate and other	495	324	53
ARM headline earnings	1 051	1 744	(40)

These results have been achieved in conjunction with ARM's partners at the various operations; Anglo American Platinum Limited (Anglo Platinum), Assore Limited (Assore), Impala Platinum Holdings Limited (Implats), Norilsk Nickel Africa (Pty) Ltd (Norilsk), Glencore Holdings South Africa (Pty) Ltd (Glencore), Vale S.A. (Vale) and Zambia Consolidated Copper Mines Investment Holdings (ZCCM-IH).

The provisional results for the year ended 30 June 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the disclosures are in accordance with IAS 34: Interim Financial Reporting.

Rounding of figures may result in minor computational discrepancies on the tabulations.

Global commodity markets continue to be challenging as evidenced by low commodity prices which have persisted over the past couple of years. In recent months US Dollar prices for most commodities have been increasing, the benefit of which has been offset by the strengthening of the Rand versus the US Dollar. The recovery in commodity prices is expected to be relatively slow.

In the financial year under review US Dollar prices for all the commodities in ARM's portfolio were lower than the previous financial year. Realised US Dollar export iron ore prices were 23% lower while realised US Dollar prices for export manganese ore decreased by 31%. PGM prices were also lower with US Dollar platinum, palladium and rhodium prices down by 23%, 28% and 40% respectively. US Dollar nickel prices were 39% lower than F2015 while US Dollar export coal prices decreased by 25%. The 27% weakening of the Rand versus the US Dollar only partially offset the decline in US Dollar prices.

ARM continues to respond proactively to the low commodity price environment by focusing on the areas within management's control. These include improving operational efficiencies and reducing unit costs, prudently deferring or reducing capital expenditure without negatively impacting the long-term value of operations, optimising working capital and restructuring loss making operations.

Volumes were higher at most operations with increases as follows:

- Iron ore sales volumes were 5% higher to a record level of 17.0 million tonnes;
- Manganese ore sales volumes (excluding intra-group sales) increased by 13% to 3.1 million tonnes;
- Dwarsrivier chrome ore sales volumes increased by 7% to 1.1 million tonnes;
- PGM production volumes (including Nkomati Mine) were 10% higher to 851 924 6E PGM ounces; and
- PCB export coal sales increased by 38% to 14.8 million tonnes.

Nickel sales volumes increased marginally to 21 592 tonnes while manganese alloy sales were reduced as a result of poor market conditions. Export coal sales volumes at GGV Mine were negatively affected by a 22% decrease in the mine's saleable production volumes mainly due to mining entering a localised geological mineralisation discontinuity and pinching area. The mine was also negatively affected by wage-related industrial action, delays in environmental approvals for the lower strip ratio pit and longer than planned downtime on equipment.

Improving operational efficiencies and reducing unit costs

ARM's operations have all implemented cost-cutting initiatives which have yielded positive results in the financial year under review. All operations, except GGV Mine and the manganese alloys operations, achieved either decreases in unit production costs or increases below the inflation rate.

The iron ore, manganese ore, PCB and Lubambe operations achieved decreases in on-mine unit production costs per tonne while Nkomati and Modikwa mines held on-mine unit production costs per tonne flat for the year. On a C1 unit cash cost net of by-products basis Nkomati Mine achieved a 14% reduction while Modikwa Mine unit costs per PGM ounce were 3% lower. Two Rivers Mine unit production costs per PGM ounce increased by only 5% while unit production costs at the manganese alloys operations were 9% higher as production volumes were strategically reduced in line with adverse conditions in the manganese alloy market.

GGV Mine unit production costs increased above inflation by 27% as a result of a 22% decrease in saleable production volumes as mentioned above.

Prudently deferring or reducing capital expenditure

Capital expenditure across all operations continues to be reviewed with the aim of reducing or deferring capital expenditure. Due consideration is given to ensure that capital expenditure deferrals or reductions do not adversely affect operations or negatively impact value in the long term.

Attributable segmental capital expenditure for F2016 reduced by R974 million or 29% to R2 352 million (F2015: R3 326 million). The largest single component of this expenditure was attributable to the Black Rock Project which will modernise the manganese ore operations optimising the exploitation of the higher grade Seam 1 and Seam 2 manganese resources in the Nchwaning mining complex and ensure greater efficiency in mining, processing and loading. The project will also create flexibility to ensure that the Black Rock Mine can effectively respond to changes in market product requirements.

Restructuring loss making operations

The Lubambe Mine continued to experience a number of operational challenges which, coupled with the decline in US Dollar copper prices, has led to the mine recording headline losses and requiring continuing cash support from the partners in the current financial year. As part of the F2016 interim results announcement in March 2016, ARM indicated that the Lubambe Mine was being placed under review. As part of this review all options are currently being considered to maximise value for ARM. Merchant bankers have been appointed in this regard and an announcement will be made when appropriate.

The ARM Coal Division recorded a headline loss despite the GGV and PCB operations delivering attributable cash operating profit of R204 million and R397 million respectively. Interest payable on the loans in ARM Coal continues to put pressure on the ARM Coal headline earnings with attributable interest paid in the financial year under review of R491 million (F2015: R413 million) for the division.

The Nkomati Mine headline loss was mainly due to the significant decline in US Dollar nickel prices. The mine implemented a number of restructuring initiatives to reduce production costs and minimise cash requirements from the partners. These include:

- Placing the high-cost underground mine on care and maintenance;
- Reducing the labour complement by 300 employees; and
- Deferring waste stripping to a minimum without impacting the annualised tonnage milled.

The Modikwa Mine encountered delays in infrastructure and construction work at the South 2 Decline. We are confident that once completed this decline will ramp up production.

Operating safely

ARM is committed to maintaining a safe and healthy work environment for all its employees. There were no fatalities in the financial year under review and ARM achieved its lowest Lost Time Injury Frequency Rate (LTIFR) of 0.32 per 200 000 man-hours (F2015: 0.35 per 200 000 man-hours). Lost Time Injuries (LTIs) for F2016 reduced to 86 from 103 in F2015.

Safety achievements in the period under review:

- ARM Ferrous achieved its lowest LTIFR at 0.22 per 200 000 man-hours;
- Nkomati Mine completed 5 million fatality-free shifts in January 2016;
- Black Rock Mine completed 4 million fatality-free shifts in September 2015;
- Two Rivers, Beeshoek, Dwarsrivier and Lubambe mines each completed 3 million fatality-free shifts during the financial year;
- Modikwa Mine completed 2 million fatality-free shifts in November 2015;
- Cato Ridge works completed 2 million fatality-free shifts in February 2016; and
- Beeshoek Mine completed 14 000 fatality-free production shifts on 22 December 2015, an achievement that took 13 years to complete.

Safety figures and statistics are reported on a 100% basis and exclude the ARM Coal operations.

Changes to mineral resources and reserves

There has been no material change to ARM's mineral resources and reserves as disclosed in the Integrated Annual Report for the financial year ended 30 June 2015, other than depletion due to continued mining activities at the operations.

Financial commentary

Headline earnings for the year to 30 June 2016 of R1 051 million were 40% less than the prior year headline earnings (F2015: R1 744 million). This equates to headline earnings of R4.94 per share (F2015: R8.03 per share).

The Board declared its tenth consecutive annual dividend of R2.25 per share (F2015: R3.50 per share) after the financial year-end.

ARM's basic earnings for F2016 were a loss of R565 million (F2015: R104 million basic earnings) and were negatively impacted by special items of R1 616 million after tax and non-controlling interest (F2015: R1 640 million loss after tax and non-controlling interest). The special items largely comprise an attributable impairment of the Lubambe Copper Mine assets of R1 404 million after non-controlling interest, as reflected in the 31 December 2015 interim results. Additional special items are set out in note 4 to the financial statements. The reconciliation of basic earnings to headline earnings is provided in note 5 to the financial statements.

Sales for the year decreased by 6% to R8.75 billion (F2015: R9.26 billion). Sales for the Assmang joint venture were almost unchanged at R10.33 billion (F2015: R10.56 billion) for the year.

The segmental EBITDA margins shown in the graph on page 37 show a decrease in F2016 when compared to F2015 with the notable exception of iron ore where margins were maintained at 37%.

Cost reduction and containment efforts have been successful at most operations with unit production cost increases being held to inflation or lower. The gross profit margins achieved at each operation may be ascertained from the detailed segment reports provided in note 2 to the financial statements.

Earnings were positively impacted by the weakening of the Rand against the US Dollar. The F2016 average Rand/US Dollar exchange rate of R14.51/US\$ was 27% weaker than the average of R11.45/US\$ for F2015. For reporting purposes, the closing exchange rate was R14.68/US\$.

Realised US Dollar commodity prices for all of ARM's commodities were lower than in F2015.

ARM's earnings before interest, tax, depreciation and amortisation (EBITDA) excluding special items and income from associates and joint ventures were R1 185 million (F2015: R2 087 million), which is 43% lower than that achieved in F2015.

The income from joint venture amounts to R1 301 million, which includes the negative impact of special items, and is essentially flat compared to last year (F2015: R1 289 million). The expanded segmental analysis for ARM Ferrous is shown in note 2 to the financial statements.

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

- The ARM Ferrous contribution to ARM's headline earnings amounted to R1 441 million (F2015: R1 588 million). This is a decrease of 9% compared to the F2015 result and is largely due to a R91 million lower contribution from the manganese division. The iron ore division achieved a very good result and contributed R1 215 million to headline earnings (F2015: R1 248 million).

The results for the Dwarsrivier Chrome Mine have been reflected as "Income from discontinued operations" in the ARM Ferrous segmental information as the sale transaction was only concluded in July 2016. The Dwarsrivier Chrome Mine assets have been disclosed as assets held for sale in the ARM Ferrous segment analysis.

- The ARM Platinum contribution, which includes the results of Nkomati Mine, was a loss of R10 million and represents a large decrease from the R405 million positive contribution for F2015. The decreased contribution is mainly due to a R394 million lower contribution from Nkomati Mine. The Two Rivers Mine maintained a strong positive contribution to headline earnings of R318 million (F2015: R319 million) which is an excellent result.
- ARM Coal reported an increased headline loss of R297 million (F2015: R93 million) largely as a result of higher finance charges in GGV and PCB and a lower cash operating profit at GGV Mine of R204 million (F2015: R418 million).
- The ARM Copper result, excluding the impairment charge of R1 404 million which was accounted for in the 31 December 2015 interim results, was a headline loss of R555 million (F2015: R430 million headline loss). This result includes interest on shareholders' loans of R230 million (F2015: R159 million). The translation of the F2016 Income Statement to Rand was calculated at the F2016 average exchange rate of R14.51/US\$ (F2015: R11.45/US\$).
- The ARM Exploration costs reduced to R23 million (F2015: R50 million) as no further costs were incurred on the Rovuma Project.

- The ARM Corporate, other companies and consolidation segment shows a positive contribution to headline earnings of R495 million for the year (F2015: R324 million). The higher contribution is largely due to increased unrealised foreign exchange gains on loans made by ARM to Lubambe, which entity's functional currency is US Dollar, resulting from the Rand versus the US Dollar exchange rate weakening from R12.16/US\$ at 30 June 2015 to R14.68/US\$ at 30 June 2016. The ARM Company loans to Lubambe amounted to US\$158 million at 30 June 2016 (30 June 2015: US\$133 million).

The ARM BBEE Trust ("the Trust") was restructured in April 2016. The restructuring comprised the following main elements:

1. A wholly-owned subsidiary of ARM bought 12.7 million ARM shares from the Trust for a consideration of R651 million.
2. ARM advanced a loan to the Trust of approximately R800 million.
3. Harmony advanced a loan of R200 million to the Trust.
4. The total of the abovementioned funds received by the Trust were used by the Trust to significantly reduce and refinance its bank loan. The bank loan to the Trust remaining after the refinance amounted to R300 million.

The consolidated results of ARM are mainly impacted by the restructuring of the Trust as follows:

- With effect from 22 April 2016 the Trust is consolidated into the ARM results.
- The number of shares to be used in any ARM "per share" calculations will exclude the 12 717 328 ARM shares owned by the wholly-owned ARM subsidiary and the 15 897 412 ARM shares owned by the Trust. As this change was effective from 22 April 2016 it only proportionately impacts the F2016 weighted and diluted average number of shares in issue.
- The Nedbank and Harmony loans to the Trust are included in the ARM consolidated long-term borrowings.
- The interest charged on the Nedbank and Harmony loans to the Trust are included in the interest paid charge in the ARM consolidated income statement.
- The guarantees from ARM to Nedbank were cancelled upon the implementation of the restructuring and are therefore no longer reflected as contingent liabilities.

The ARM consolidated cash and cash equivalents and borrowings have changed significantly as a result of the abovementioned restructuring of the Trust. At 30 June 2016 cash and cash equivalents amounted to R1 316 million (F2015: R2 257 million). This excludes the attributable cash and cash equivalents held at ARM Ferrous (50% of Assmang) of R2 399 million (F2015: R2 471 million).

Total borrowings at 30 June 2016 were R5 551 million (F2015: R3 882 million). There is no debt at ARM Ferrous (F2015: Rnil). The increase in debt is largely due to the increase in the amount owing on the ARM corporate facility of R1 400 million at 30 June 2016 (F2015: Rnil) and the inclusion of the Nedbank and Harmony loans to the ARM BBEE Trust of R501 million (F2015: not applicable). The ARM corporate facility was utilised to advance the interest-bearing loan to the Trust. Details of long and short-term borrowings are reflected in note 8 to the financial statements.

As per the statement of Financial Position, the consolidated net debt amounts to R4 235 million (overdrafts, short-term and long-term borrowings less cash and cash equivalents) and is higher in comparison to the net debt position of R1 625 million at 30 June 2015. Details of cash and borrowings are set out in notes 7 and 8 to the financial statements.

As announced on 29 July 2016 the proceeds from the sale of ARM's effective indirect 50% interest in the Dwarsrivier Chrome Mine of R450 million were received by ARM after the year-end.

Cash generated from operations decreased by R1 283 million to R1 225 million and includes an R80 million increase in working capital (F2015: decreased working capital of R163 million). The dividends received from the Assmang joint venture amounted to R875 million (F2015: R1.50 billion). Since the year-end ARM received a dividend of R750 million from Assmang.

Cash spent on capital expenditure reduced by R424 million to R852 million (F2015: R1 276 million). Attributable capital expenditure at the Assmang joint venture reduced to R1 422 million (F2015: R1 830 million).

The consolidated ARM total assets of R35.1 billion (F2015: R35.3 billion) include the increased marked-to-market valuation of ARM's investment in Harmony of R3 339 million (F2015: R992 million) at a share price of R52.47 per share (F2015: R15.59 per share). Changes in the value of the investment in Harmony, to the extent that they represent a significant or prolonged decline below the cost of the investment, are adjusted through the Income Statement, net of tax. Gains are accounted for, net of deferred capital gains tax, through the Statement of Comprehensive Income. Dividends from Harmony are recognised in the ARM Income Statement on the last day of registration following dividend declaration.

Events after the reporting date are set out in note 15 to the financial statements.

ARM Ferrous

ARM Ferrous headline earnings were 9% lower at R1 441 million compared to R1 588 million in F2015. The lower earnings were mainly as a result of a 23% decline in US Dollar export iron ore prices and a 31% decrease in export manganese ore prices which were largely offset by the weakening of the Rand versus the US Dollar, unit cost reductions and higher iron ore sales volumes.

ARM Ferrous headline earnings (on 100% basis)

12 months ended 30 June			
R million	Reviewed 2016	Audited 2015	% change
Iron ore division	2 429	2 495	(3)
Manganese division	396	577	(31)
Chrome division	111	184	(40)
Total	2 936	3 256	(10)
ARM share	1 468	1 629	(10)
Consolidation adjustments	(27)	(41)	
Total per IFRS financial statements	1 441	1 588	(9)

ARM Ferrous achieved record iron ore sales volumes of 17.0 million tonnes of which 14.1 million tonnes were sold in the export market and 2.9 million tonnes were sold locally. Iron ore production volumes were up 4% to 16.7 million tonnes.

The Khumani Mine continued to supply the export market while Beeshoek Mine secured a 3 million tonne per annum off-take agreement with a South African steel producer for three years until December 2018. Beeshoek Mine's smaller customers exited the market due to a decline in local steel prices and are expected to remain out of the market for the foreseeable future. The overall implication is that Beeshoek Mine had to revise its annual saleable production profile down from 4 million tonnes to 3 million tonnes per annum. Part of this reduction included rescheduling the exploitation rate of the Village Pit and a review of Beeshoek Mine's labour complement. This work was completed in early F2016 and a sustainable mine plan has been completed for Beeshoek Mine.

The manganese ore operations were able to increase sales volumes despite ongoing work on the modernisation of the Black Rock Mine. Sales volumes increased by 13% to 3.1 million tonnes of which 3.0 million tonnes were exported and 0.1 million tonnes sold locally. Manganese ore production volumes were 5% lower at 2.9 million tonnes.

Machadodorp Works is only recovering ferrochrome from the historical slag dump through the metal recovery plant which has approximately 12 months left. Thereafter, the operation will recover ferromanganese slag through the metal recovery plant for approximately eight months. ARM and Assore are in the process of evaluating all available options for the future of Machadodorp Works.

At the Cato Ridge ferromanganese operation only three of the six furnaces are currently operating.

A total impairment of R146 million after tax (on an attributable basis) was recorded at Cato Ridge and Machadodorp Works.

Manganese alloy sales volumes were 22% lower due to an oversupply in the global ferromanganese market.

Chrome ore produced at Dwarsrivier Mine was 8% higher at 1.2 million tonnes (F2015: 1.1 million tonnes). Chrome ore sales increased by 7% to 1.147 million tonnes.

Assmang sales volumes (on 100% basis)

12 months ended 30 June			
Thousand tonnes	2016	2015	% change
Iron ore*	17 008	16 185	5
Manganese ore *	3 090	2 736	13
Manganese alloys	175	223	(22)
Charge chrome	15	18	(17)
Chrome ore	1 147	1 068	7

* Excluding intra-group sales.

Assmang production volumes (on 100% basis)

12 months ended 30 June			
Thousand tonnes	2016	2015	% change
Iron ore	16 727	16 076	4
Manganese ore	2 934	3 087	(5)
Manganese alloys	204	319	(36)
Charge chrome	15	21	(29)
Chrome ore	1 200	1 110	8

Unit cost control continues to be a key focus at all the ARM Ferrous operations.

Khumani Mine successfully completed several safety, operational efficiency and unit cost improvement initiatives during F2016. These initiatives yielded the following results:

- Lowering of the LTIFR by 42% to 0.17 per 200 000 man-hours;
- Increasing the off-grade plant yield from 62% to 66%;
- Improving the lumpy yield produced from 53% to 54%;
- Increasing iron ore production by 7% to 13.6 million tonnes (F2015: 12.7 million tonnes);
- Reducing on-mine unit production costs by 12% to R194.10 per tonne (F2015: R221.12 per tonne);
- Reducing unit cost of sales by 4% to R497.90 per tonne (F2015: R516.80 per tonne);
- Decreasing capital expenditure by R250 million. The decrease was mainly as a result of reviewing the waste stripping ratio of the mine without compromising its long-term sustainability; and
- Establishing on-site boreholes to reduce the dependence on water supply from the Sedibeng Water Board.

Black Rock Mine's safety, operational efficiency and unit cost improvement initiatives yielded the following good results:

- Lowering the LTIFR to 0.35 per 200 000 man-hours;
- Decreasing on-mine unit production costs by 6% to R449.49 per tonne (F2015: R475.74 per tonne);
- Reducing the permanent workforce by 435 employees; resulting in an annualised cost saving of approximately R197 million;
- Substantial productivity improvement (measured in tonnes produced per day) on all shaft complexes; and
- Increasing high-grade ore production.

Assmang cost and EBITDA margin performance

Commodity group	Unit cost of sales**	On-mine unit production cost**	EBITDA margin
	% change	% change	%
Iron ore*	(2)	(8)	37
Manganese ore	(5)	(6)	22
Manganese alloys	(10)	9	(2)
Chrome ore	13	7	9

* Excluding the Khumani Mine housing element.

** Brackets refer to a decrease in unit costs while no brackets refer to an increase in unit costs in the above table.

ARM Ferrous capital expenditure (on 100% basis) was approximately R1.0 billion lower at R3.0 billion. This expenditure included R1.7 billion spent on the Black Rock Project.

Khumani Mine capital expenditure mainly comprised waste stripping at Bruce and King, infill drilling required to enhance the geological block models of the various mineable pits, the purchase of replacement mining equipment and the establishment of alternative water resources on the mine.

Beeshoek Mine capital expenditure mainly comprised the Village Pit exploitation, vehicle proximity detection and replacement capital.

The Black Rock Project (which is discussed in more detail below) represents the majority of the Ferrous Division's capital expenditure for F2016. Other capital expenditure items at Black Rock Mine included underground mining equipment, water storage dams, ongoing replacement of mining equipment and various risk mitigating projects.

Dwarsrivier Mine's capital expenditure mainly comprised equipping the North Shaft underground development and the installation of new equipment in the beneficiation plant.

ARM Ferrous capital expenditure (on 100% basis)

12 months ended 30 June		
R million	Reviewed 2016	Audited 2015
Iron ore	901	1 645
Manganese	1 928	1 983
Chrome	149	207
Total	2 978	3 835

Logistics

An agreement was reached with Transnet regarding the manganese ore export capacity as per the interim Manganese Export Capacity Allocation (MECA2) process. Synchronisation of the ramp-up of the Black Rock Mine with the longer term (MECA3) process is ongoing.

ARM Ferrous continues to experience good service levels on its 14 million tonnes per annum iron ore export supply route from Transnet.

Projects

Black Rock Project

The capital requirement for the Black Rock Project was reduced from R6.7 billion to R6.0 billion. 80% of this revised project budget has been committed to date and 56% of the project capital has been paid out to service providers, contractors and suppliers. The project is approximately 68% complete and good progress has been made with the construction of additional surface infrastructure. The shutdown to upgrade Nchwaning II Shaft is progressing well and all indications are that the planned shutdown is on schedule.

Sinking of the ventilation shaft at Gloria Mine was successfully completed in time and on budget while the equipping of the vent shaft is in progress.

The primary focus of the project remains:

- The modernisation of the mine to optimise resource exploitation and to maximise utilisation of production hours, production fleet and mining equipment;
- The cost-efficient exploitation of Seam 1 and Seam 2 manganese resources at the Nchwaning mining complex, targeting the production of high-grade manganese products;
- The modernisation of the surface plant infrastructure to ensure the cost-efficient processing and separation of the various high-grade manganese products from the two Seams;
- Creating the flexibility within the underground operations at the Nchwaning Shafts to ensure that the mine can more effectively react to changes in market product requirements;

- Creating the ability to exploit the high-grade ore within Nchwaning I; and
- Establishing the load-out capacity and efficiency required to meet the requirements as set by Transnet for the Nqura Port facility.

Beeshoek Village Pit

The Beeshoek Village Pit Project is progressing on schedule and within budget. The first iron ore was extracted successfully from the pit in April 2016. The initial ore extracted conforms to the quality specifications derived from the geological drilling work which was completed as part of the motivation for the exploitation of the Village Pit. The Village Pit Project extends the life-of-mine for Beeshoek Mine from two years to 12 years at a sustainable production rate of 3 million tonnes per annum.

The mining schedules for Village Pit are continuously under review to align the mining programme to the production output of 3 million tonnes per annum planned for Beeshoek Mine, and also to ensure that the Village Pit is exploited as cost-effectively as possible by minimising waste stripping rates whilst ensuring that the product qualities can be sustained. Work done during F2016 resulted in the stripping ratio for Beeshoek Mine being reduced from 4.8:1 to 3.1:1. This enables Beeshoek Mine to successfully compete in a low price environment.

Sakura Ferroalloys Project

The project in Malaysia has progressed well with the first furnace being handed over to operations in April 2016. The first sale of alloy took place in June 2016. The construction of the second furnace has been completed and handed over to operations who are preparing to hot commission during September 2016. Production from this unit is expected in September 2016.

The project remains within the original budget of US\$328 million.

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

The ARM Platinum mines achieved improved operational performance delivering increased production volumes and good unit production cost control.

PGM production (on a 100% basis, including Nkomati) increased by 10% to 851 924 6E ounces (F2015: 776 996 6E ounces). Nkomati Mine's nickel production increased marginally to 21 592 tonnes (F2015: 21 298 tonnes) as a result of increased milling volumes. Two Rivers Mine achieved record PGM production of 400 722 6E ounces (F2015: 372 592 6E ounces) and remains positioned at the bottom of the cost curve. The mine also achieved an 18% increase in chrome concentrate sales. Modikwa Mine's PGM volumes increased by 13% to 293 604 6E ounces (F2015: 260 037 6E ounces).

The low PGM and nickel prices negatively impacted all the ARM Platinum operations. Two Rivers Mine maintained their positive headline earnings while headline losses were recorded at both the Modikwa and Nkomati mines, resulting in an attributable headline loss of R10 million for the division (F2015: headline earnings of R405 million).

ARM Platinum attributable headline earnings/(loss)

12 months ended 30 June			
R million	Reviewed 2016	Audited 2015	% change
Two Rivers Mine	318	319	–
Modikwa Mine	(84)	(64)	(31)
Nkomati Mine	(244)	150	>(200)
Attributable headline (loss)/earnings	(10)	405	(102)

US Dollar prices for all the metals produced by ARM Platinum were significantly lower compared to the previous corresponding period. Despite a 27% weakening of the Rand against the US Dollar, Rand prices for all ARM Platinum metals were lower in Rand terms compared to F2015. The average Rand basket prices for Modikwa and Two Rivers both decreased by 6% to R315 748/kg (F2015: R336 699/kg) and R320 977/kg (F2015: R341 200/kg) respectively while the Rand nickel price decreased by 22%.

The tables below set out the relevant price comparison:

Average US Dollar metal prices

Average for the 12 months ended 30 June				
		2016	2015	% change
Platinum	US\$/oz	953	1 246	(23)
Palladium	US\$/oz	578	799	(28)
Rhodium	US\$/oz	684	1 136	(40)
Nickel	US\$/t	9 275	15 102	(39)
Copper	US\$/t	4 858	6 307	(23)
Chrome concentrate (CIF)	US\$/t	100	147	(32)

Average Rand metal prices

Average for the 12 months ended 30 June				
		2016	2015	% change
Exchange rate	R/US\$	14.51	11.45	27
Platinum	R/oz	13 834	14 270	(3)
Palladium	R/oz	8 385	9 151	(8)
Rhodium	R/oz	9 925	13 012	(24)
Nickel	R/t	134 574	172 913	(22)
Copper	R/t	70 492	72 213	(2)
Chrome concentrate (CIF)	R/t	1 445	1 685	(14)

- Nkomati Mine's on-mine unit production costs were maintained at R295 per tonne (F2015: R296 per tonne) while the C1 unit cash cost net of by-products decreased by 14% to US\$4.18/lb (F2015: US\$4.85/lb) of nickel produced.
- Two Rivers Mine managed to keep its unit cash cost well under control with only a 5% increase to R5 624/6E PGM ounce (F2015: R5 365/6E PGM ounce).
- Modikwa Mine's unit cash cost decreased by 3% to R8 244/6E PGM ounce (F2015: R8 481/6E PGM ounce).

Capital expenditure at ARM Platinum operations (on 100% basis) reduced by 34% to R1 052 million (F2015: R1 589 million).

As previously reported, market conditions necessitated Modikwa Mine's capital projects to be reviewed to reduce capital expenditure without adversely affecting the mine's future ability to ramp-up production. During F2016, the following actions were implemented:

- Deferral of capital expenditure at North Shaft 9 level;
- Restructuring of the South 1 and South 2 shafts to enable operational synergies and cost savings; and
- Continuation of the capital project at South 2 Phase 1 to improve mining flexibility – stoping commenced in June 2015.

The above steps have reduced capital expenditure at Modikwa by 56% to R282 million (F2015: R646 million) during the period under review.

Of the capital spent at Two Rivers Mine, 32% is associated with fleet replacement and refurbishment. The deepening of the Main and North declines, together with its electrical and mechanical installations, comprised 46% of the total capital expenditure.

Nkomati Mine's major capital expenditure items included a new cleaner bank for the MMZ Plant, the installation of an anchored pile wall as well as the installation of a slope stability radar system. Due to the sharp decline in base metal prices, capital spending at Nkomati was reduced substantially in the latter part of the reporting period and included a reduction in waste stripping for a period of three months.

ARM Platinum capital expenditure (on 100% basis)

	12 months ended 30 June	
	Reviewed 2016	Audited 2015
R million		
Modikwa	282	646
Two Rivers	282	277
Nkomati	137	256
Nkomati capitalised waste stripping	351	410
Total	1 052	1 589

Two Rivers Mine

Attributable headline earnings at Two Rivers Mine remained flat. Tonnes milled increased by 4% while the head grade increased by 2%, resulting in PGM ounces increasing by 8%. Of the 3.51 million tonnes milled, 81 623 tonnes were toll treated at Modikwa as part of Two Rivers' working capital reduction initiatives.

Unit costs increased by 5% to R5 624 per 6E ounce (F2015: R5 365 per 6E ounce) mainly as a result of an 11% increase in electricity cost. There was a 187 763 tonne decrease in the UG2 Run of Mine stockpile to a total of 372 558 tonnes of ore.

Two Rivers Mine increased chrome concentrate sales by 18% to 283 765 tonnes, contributing R130 million (F2015: R148 million) to cash operating profit (on 100% basis).

ARM's shareholding in Two Rivers reduced from 55% to 51% on 6 February 2015. ARM and Implats subsequently reached an agreement to increase ARM's shareholding in Two Rivers Mine from 51% to 54%. Completion of the agreement is awaiting a Section 11 consent to transfer ownership of mining assets from ARM to Two Rivers.

Two Rivers Mine operational statistics (on 100% basis)

		12 months ended 30 June		
		2016	2015	% change
Cash operating profit	R million	1 356	1 418	(4)
– PGMs	R million	1 226	1 270	(3)
– Chrome	R million	130	148	(12)
Tonnes milled	Mt	3.51	3.36	4
Head grade	g/t, 6E	4.06	3.98	2
PGMs in concentrate	Ounces, 6E	400 722	372 592	8
Chrome concentrate sold	Tonnes	283 765	240 411	18
Average basket price	R/kg, 6E	320 977	341 200	(6)
Average basket price	US\$/oz, 6E	688	927	(26)
Cash operating margin	%	35	39	
Cash cost	R/kg, 6E	180 802	172 503	5
Cash cost	R/tonne	642	595	8
Cash cost	R/Pt oz	12 125	11 519	5
Cash cost	R/oz, 6E	5 624	5 365	5
Cash cost	US\$/oz, 6E	388	469	(17)
Headline earnings attributable to ARM	R million	318	319	–

Modikwa Mine

Modikwa Mine's attributable headline loss for the period was R84 million (F2015: R64 million headline loss) mainly due to a 6% drop in the Rand basket price and R23 million of restructuring costs.

A 10% increase in milled tonnes, combined with a 2% increase in head grade, resulted in PGM production increasing by 13% to 293 604 6E ounces (F2015: 260 037 6E ounces). Consequently, unit costs decreased by 3% to R8 244 per 6E PGM ounce (F2015: R8 481 per 6E PGM ounce).

Modikwa Mine operational statistics (on 100% basis)

		12 months ended 30 June		
		2016	2015	% change
Cash operating (loss)/profit	R million	(11)	(41)	73
Tonnes milled	Mt	2.05	1.86	10
Head grade	g/t, 6E	5.27	5.17	2
PGMs in concentrate	Ounces, 6E	293 604	260 037	13
Average basket price	R/kg, 6E	315 748	336 699	(6)
Average basket price	US\$/oz, 6E	677	915	(26)
Cash operating margin	%	—	(2)	
Cash cost	R/kg, 6E	265 046	272 676	(3)
Cash cost	R/tonne	1 182	1 187	—
Cash cost	R/Pt oz	21 271	21 924	(3)
Cash cost	R/oz, 6E	8 244	8 481	(3)
Cash cost	US\$/oz, 6E	568	741	(23)
Headline loss attributable to ARM	R million	(84)	(64)	(31)

Nkomati Mine

A 22% decline in the average Rand nickel price was largely responsible for the decline in contribution to an attributable headline loss of R244 million (F2015: R150 million headline earnings) for the period under review. Attributable earnings were also negatively affected by R41 million of restructuring costs, and a 13% increase in off-mine costs directly related to the weakening in the Rand/US Dollar exchange rate.

Chrome concentrate sales decreased by 28% to 272 817 tonnes (F2015: 376 832 tonnes), but still contributed R120 million to cash operating profit. The decrease in chrome production was as a result of the chrome washing plant being stopped in November 2015 due to the decline in chrome prices.

Nkomati Mine's total tonnes milled increased by 3% to 8.24 million tonnes. Nickel units produced increased by 1% to 21 592 tonnes (F2015: 21 298 tonnes).

Nkomati Mine's C1 unit cash costs net of by-products decreased by 14% to US\$4.18/lb (F2015: US\$4.85/lb) as a result of the weakening of the R/US\$ exchange rate and increased by-product credits. Unit cost per tonne milled was maintained at R295 per tonne (F2015: R296 per tonne).

The Nkomati Mine has maintained on-mine unit production costs per tonne in the range of R285 to R310 per tonne in nominal terms for the past six years which is an excellent achievement.

In 1H F2016 ARM recorded an attributable impairment of R83 million after tax (F2015: nil) for the underground assets at the Nkomati Mine.

Nkomati Mine operational statistics (on 100% basis)

		12 months ended 30 June		
		2016	2015	% change
Cash operating (loss)/profit	R million	(112)	815	(114)
– Nickel	R million	(232)	537	(143)
– Chrome	R million	120	278	(57)
Cash operating margin	%	(2)	15	
Tonnes milled	Mt	8.24	8.03	3
Head grade	% nickel	0.36	0.36	
Nickel on-mine cash cost per tonne milled	R/tonne	295	296	–
Cash cost net of by-products*	US\$/lb	4.18	4.85	(14)
Contained metal				
Nickel	Tonnes	21 592	21 298	1
PGMs	Ounces	157 598	144 368	9
Copper	Tonnes	9 893	9 666	2
Cobalt	Tonnes	1 065	1 116	(5)
Chrome concentrate sold	Tonnes	272 817	376 832	(28)
Headline (loss)/earnings attributable to ARM	R million	(244)	150	>(200)

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

Projects

Modikwa Mine

Due to a lack of mining flexibility a decision was taken to deepen North Shaft and sink the new South 2 Shaft. The current status of these projects are detailed below:

- **Deepening of North Shaft** – This project entails the deepening of North Shaft from Level 6 to Level 9 thereby establishing three new mining levels. To curtail capital expenditure, portions of this project were deferred during F2016, resulting in current development being delayed at Level 9. Levels 7 and 8 are both fully equipped with all the required mining infrastructure, and the chairlift installation to surface will be completed by September 2016.
- **Sinking of South 2 Shaft** – This project entails the establishment of an additional new decline shaft system south of the current South Shaft infrastructure. The first phase of the project will enhance mining flexibility while also contributing to the overall production build-up of the mine. Phase one of the project will be completed in September 2016 and it will take the production capacity to 50 000 tonnes of ore per month. The second phase will follow and increase the design capacity of this shaft system to 100 000 tonnes per month.

The ARM Platinum division comprises:

- *Three operating mines:*
 - o *Modikwa – ARM Mining Consortium has an effective 41.5% interest in Modikwa where local communities hold an 8.5% effective interest. The remaining 50% is held by Anglo American Platinum.*
 - o *Two Rivers – an ARM subsidiary in which ARM has a 51% shareholding and Implats 49%. ARM and Implats have reached agreement to increase ARM's shareholding in Two Rivers by 3% from 51% to 54%. Completion of the agreement is awaiting a Section 11 consent to transfer ownership of mining assets from ARM to Two Rivers.*
 - o *Nkomati – a 50:50 partnership between ARM and Norilsk Nickel Africa.*
- *Two prospecting rights:*
 - o *The "Kalplats prospecting right" in which ARM Platinum holds 46% and Platinum Australia (PLA) holds 44%, with Anglo American holding 10%.*
 - o *The "Kalplats Extended Area prospecting right" in which ARM Platinum and PLA each have a 50% interest.*

ARM Coal

ARM Coal's attributable headline loss increased by R204 million to R297 million mainly as a result of a decline in export coal prices, higher interest paid and an increase in the amortisation charge. The export coal market remained in oversupply in the last 12 months resulting in US Dollar export coal prices declining by 25%. This decline was more pronounced in the second half of the financial year with average realised prices declining to US\$38.44/t (1H F2016: US\$43.54/t) for GGV Mine and US\$38.64/t (1H F2016: US\$44.68/t) for PCB. The 27% weakening of the Rand versus the US Dollar was not enough to offset the decline in US Dollar prices resulting in Rand export coal prices declining 5% in F2016.

ARM Coal export coal sales volumes were 17% higher mainly driven by increased volumes from the PCB operations as the Tweefontein Optimisation Project (TOP) ramped up. GGV Mine export sales volumes and unit production costs were negatively affected by a 22% decrease in saleable production volumes which was mainly as a result of mining in a lower grade area and equipment availability. GGV Mine export sales were 24% lower while unit production costs increased by 27%. The PCB operations achieved an 18% reduction in on-mine unit production costs per saleable tonne.

ARM Coal attributable profit analysis

12 months ended 30 June			
R million	2016	2015	% change
Cash operating profit	601	747	(20)
Less: Interest paid	(491)	(413)	(19)
Amortisation	(449)	(420)	(7)
Fair value adjustments	(74)	(44)	(68)
Loss before tax	(413)	(130)	>(200)
Less: Tax	116	37	214
Headline loss attributable to ARM	(297)	(93)	>(200)

GGV Mine

GGV Mine's saleable production decreased by 22% compared to F2015. In the first half of F2016 the mine's operational performance was negatively impacted by production entering localised geological mineralisation discontinuity and pinching mining area (the Pre-Karoo area) together with a 10-day wage related strike. Production was further hampered by a delay in the issuance of the amended Environment Management Programme (EMP) by the Department of Minerals Resources (DMR) which postponed mining in a low stripping ratio pit by four months. During this period mining was concentrated in higher strip ratio pits.

In addition, the planned annual dragline maintenance over-ran by seven days during which time the Hitachi EX5500 overburden stripping shovel was also down for three weeks due to a major crack on the digging stick. Availability of the larger spare parts for this machine is limited as this is the only machine in the country.

The impact of the delays in the new pit start-up and downtime in the overburden stripping machines impacted coal exposure which in turn resulted in lower run-of-mine, a reduction in saleable production and lower sales volumes, particularly export sales volumes.

On-mine costs per saleable tonne were 27% higher at R239 per tonne as a result of the lower production volumes.

Attributable cash operating profit of R204 million was 51% lower than F2015 mainly as a result of a 24% decline in export sales volumes, combined with a 5% reduction in Rand prices. The lower prices and sales volumes were partly offset by the weaker Rand and higher Eskom sales prices.

The lower cash operating profit, increased finance costs of R183 million and higher amortisation charge of R128 million resulted in GGV recording an attributable headline loss of R87 million compared to headline earnings of R93 million for F2015.

GGV Mine operational statistics

12 months ended 30 June				
		2016	2015	% change
Total production sales (100% basis)				
Saleable production	Mt	6.53	8.34	(22)
Export thermal coal sales	Mt	3.91	5.16	(24)
Eskom thermal coal sales	Mt	2.99	3.10	(4)
Attributable production and sales				
Saleable production	Mt	1.70	2.17	(22)
Export thermal coal sales	Mt	1.02	1.34	(24)
Eskom thermal coal sales	Mt	0.78	0.81	(4)
Average received coal price				
Export (FOB)	US\$/tonne	40.99	54.97	(25)
Eskom (FOT)	R/tonne	235.95	208.36	13
On-mine saleable cost	R/tonne	239.00	188.90	27
Cash operating profit				
Total	R million	783	1 606	(51)
Attributable (26%)	R million	204	418	(51)
Headline (loss)/earnings attributable to ARM	R million	(87)	93	(194)

GGV Mine attributable profit analysis

12 months ended 30 June				
R million	Reviewed 2016	Audited 2015	% change	
Cash operating profit	204	418	(51)	
Less: Interest paid	(183)	(150)	(22)	
Amortisation	(128)	(120)	(7)	
Fair value adjustments	(15)	(19)	21	
Profit before tax	(122)	129	(195)	
Less: Tax	35	(36)	197	
Headline (loss)/earnings attributable to ARM	(87)	93	(194)	

Participating Coal Business (PCB)

The mines comprising PCB reflected a 7% increase in saleable production for the year aided by the commissioning of the Tweefontein Optimisation Project (TOP). The attributable cash operating profit increased by 21% to R397 million mainly as a result of higher export sales volumes.

Export revenue was R1.02 billion higher than F2015 due to higher sales volumes (R514 million) and the weaker Rand (R502 million) but a 24% decline in US Dollar export prices impacted profits negatively by R582 million. Despite the increase in production volumes, total on-mine costs decreased by R111 million which, together with the increase in production, resulted in on-mine unit costs decreasing by 18% to R273 per tonne.

A 38% increase in export sales volumes resulted in a decrease in stock values of R208 million and an increase of R184 million in distribution costs. The amortisation charge increased by 17% due to the commissioning of the TOP project.

PCB recorded an attributable headline loss of R210 million (F2015: R186 million).

PCB operational statistics

12 months ended 30 June				
		2016	2015	% change
Total production sales (100% basis)				
Saleable production	Mt	14.63	13.61	7
Export thermal coal sales	Mt	14.76	10.73	38
Eskom thermal coal sales	Mt	1.39	1.74	(20)
Local thermal coal sales	Mt	0.83	1.03	(19)
Attributable production and sales				
Saleable production	Mt	2.96	2.75	8
Export thermal coal sales	Mt	2.98	2.17	37
Eskom thermal coal sales	Mt	0.28	0.35	(20)
Local thermal coal sales	Mt	0.17	0.21	(19)
Average received coal price				
Export (FOB)	US\$/tonne	41.66	55.12	(24)
Eskom (FOT)	R/tonne	223.13	214.64	4
Local (FOR)	R/tonne	384.24	361.99	6
On-mine saleable cost	R/tonne	272.60	333.39	(18)
Cash operating profit				
Total	R million	1 967	1 629	21
Attributable (20.2%)	R million	397	329	21
Headline loss attributable to ARM	R million	(210)	(186)	(13)

PCB attributable profit analysis

12 months ended 30 June			
R million	Reviewed 2016	Audited 2015	% change
Cash operating profit	397	329	21
Less: Interest paid	(308)	(263)	(17)
Amortisation	(321)	(300)	(7)
Fair value adjustments	(59)	(25)	(136)
Loss before tax	(291)	(259)	(12)
Less: Tax	81	73	11
Headline loss attributable to ARM	(210)	(186)	(13)

Projects

Tweefontein Optimisation Project (TOP)

TOP comprises of opencast operations which include the mining of some pillars in the old underground operations and the construction of the new and more efficient Coal Handling and Processing Plant.

As at 30 June 2016, 99% of the total project costs had been committed and spent. The project is in full production ramp-up with only some minor infrastructure items to be completed. A saving of R681 million against budget was realised.

ARM's economic interest in PCB is 20.2%. PCB consists of two large mining complexes situated in Mpumalanga. ARM has a 26% effective interest in the GGV Mine situated near Ogies in Mpumalanga.

Attributable refers to 20.2% of PCB whilst total refers to 100%.

ARM Copper

The ARM Copper headline loss increased by 29% to R555 million mainly owing to a 20% reduction in the average realised copper price from US\$6 349 per tonne in F2015 to US\$5 048 per tonne in F2016.

Production volumes at the Lubambe Mine reduced by 19% to approximately 21 000 tonnes copper as part of the revised mining plan to 80 000 tonnes per month. Despite the decline in production volumes Lubambe Mine achieved a 14% decrease in C1 unit cash costs to US\$2.41/lb of copper produced (F2015: US\$2.80/lb). Notably, during the last four months of F2016, after the reduction of targeted tonnage was implemented, the C1 unit cash cost reduced to an average of US\$2.27/lb of copper produced.

After a number of changes in the mineral royalty tax during 2015, the Government of the Republic of Zambia amended the mineral royalty tax in 2H F2016, to operate on a sliding scale from 4% to 8% as a function of the copper price.

In 1H F2016 ARM recorded an attributable impairment of R1 404 million after non-controlling interest (F2015: R784 million) for the Lubambe Mine assets.

The Lubambe Copper Mine

During 2H F2016, a number of production scenarios were evaluated with the objective of minimising cash funding requirements during the severely depressed copper market. Following the review process, it was agreed to reduce target production to 80 000 tonnes milled per month, effective from 1 March 2016.

The 80 000 tonnes per month plan minimises cash funding requirements whilst preserving the mine through the creation and build-up of mineable reserves in the high grade, long-life portion of the mine. In support of the reduced production plan the following additional cost reduction measures were implemented:

- Effective 1 March 2016, expatriate labour was reduced by 66% from 47 to 16;
- Electricity costs were reduced with the shutdown of No 2 Shaft and the VS2C ventilation fan. This has allowed Lubambe Mine to reduce maximum demand and reduce the requirement for more expensive imported electrical power;
- Mining vehicles not required to support the 80 000 tonne per month plan, have been parked; and
- Suppliers were engaged to reduce costs of consumables and spares.

The implementation of the aforementioned cost saving initiatives resulted in an improvement in C1 cash cost from \$2.47/lb (year-to-date up to February 2016) to \$2.27/lb average for March to June 2016.

The reduced production plan was achieved without compromising the ore grade, and provided an opportunity for the mine to successfully complete the transition from contractor to owner operator. Operating costs have reduced accordingly. Milled head grade during the last four months was 2.06% total copper, which is above the revised plan and indications are that this improvement is sustainable.

Various mining and processing improvement initiatives, which commenced during F2015, resulted in an enhanced copper head grade and marginally better copper concentrator recoveries. These improvements were especially pronounced in the second half of the financial year which bodes well for the 2017 financial year.

Ore development was in line with revised targets while waste development was negatively impacted by greater than anticipated ground water inflows into underground workings. A substantial upgrade of the underground pumping infrastructure is underway and will increase pumping capacity from 6 000 m³/day to 20 000 m³/day. Subsequently, an additional upgrade, will increase pumping capacity to 40 000 m³ per day. The implementation of this water infrastructure upgrade is currently on schedule and the first incremental benefits will be realised during the 1H F2017.

During F2017, the mine will operate at the revised target of 80 000 tonnes per month, with the focus being on improving mining and cost efficiencies. This will be achieved through increased productivity and lower ore dilution through the implementation of revised development and stopping techniques.

Enhancements to stope methodology, mine design and extraction optimisation, which commenced in F2015, have been successfully implemented with a subsequent increase in copper head grade and cost reductions. Further improvements are anticipated as the new mining methods are refined.

Future mine production is dependent on the ability to maintain a sustainable vertical deepening of the ramps, preventing net depletion of mining reserves. The ability to deepen the ramps at the required rate is currently impacted by the greater than anticipated influx of ground water into the ramps.

Lubambe Mine operational statistics (100% basis)

12 months ended 30 June				
		2016	2015	% change
Waste development	Metres	2 691	4 590	(41)
Ore development	Metres	4 636	4 401	5
Ore development	Tonnes	249 361	229 319	9
Ore stoping	Tonnes	971 957	1 369 881	(29)
Ore tonnes mined	Tonnes	1 221 318	1 599 200	(24)
Tonnes milled	Thousand	1 277 132	1 650 476	(23)
Mill head grade	% copper	2.01	1.93	
Concentrator recovery	%	81.5	81.1	
Copper concentrate produced	Tonnes	51 391	61 902	(17)
Copper concentrate sold	Tonnes	51 315	62 182	(17)
Average realised copper price	US\$/lb	2.29	2.88	(20)
C1 cash cost per pound of copper produced	US\$/lb	2.41	2.80	(14)
Capital expenditure	US\$000	7 993	52 814	(85)
Contained metal				
Copper produced	Tonnes	20 973	25 839	(19)
Copper sold	Tonnes	20 936	25 974	(19)
Headline loss attributable to ARM (40%)	R million	(555)	(430)	(29)

The Lubambe Extension Project

The Lubambe Extension Project has been put on hold until the copper price recovers.

The high-grade Lubambe Extension Area remains an integral part of the future development of the Lubambe ore body.

ARM owns 100% of ARM Copper. ARM Copper owns 50% of the Vale/ARM joint venture. The effective interest of ARM in the Lubambe Copper Mine is 40% as ZCCM-IH has a 20% shareholding.

ARM Strategic Services and Exploration

The ARM Strategic Services and Exploration cost reduced by 54% to R23 million (F2015: R50 million). In the financial year under review the division provided information technology, technical, strategic and project development support across the ARM operations and projects. The division also evaluated a number of exploration and new business opportunities.

Harmony Gold Mining Company Limited (Harmony)

Harmony reported a net profit of R949 million for F2016 compared to a net loss of R4.5 billion in F2015. Headline earnings amounted to 221 cents per share compared to a headline loss of 189 cents per share for F2015.

In the financial year under review Harmony's realised average Rand gold price increased by 21% to R544 984/kg (R449 570/kg in F2015) due to a 27% weakening of the Rand against the US Dollar which offset the 4% decrease in the average gold price received to US\$1 169/oz.

Overall unit cost increases were lower than inflation, with all-in sustaining cost (AISC) for operations increasing by only 3% to R467 526/kg compared to R453 044/kg in F2015. In US Dollar terms the AISC decreased by 19% to US\$1 003/oz compared to US\$1 231/oz in F2015.

Having turned around the previous year's headline loss to headline earnings, Harmony reduced its net debt by 54% to R1.08 billion and declared a dividend of 50 cents per share after ARM's year-end. The gold and currency hedge put in place by Harmony secures the margins at some of the company's higher-cost operations, creates certainty for a portion of its future cash flows and enables Harmony to further reduce its debt and strengthen its financial position. Harmony remains well positioned to continue benefiting from the improved Rand gold price.

Harmony's results for the year ended 30 June 2016 can be viewed on Harmony's website at www.harmony.co.za.

ARM owns 14.6% of Harmony's issued share capital.

Outlook

The past year has seen a good response by ARM's operations to the current low commodity price environment, specifically in the areas of cost containment and prudent planning of capital expenditure.

Mining companies globally have responded to the prevailing market supply/demand dynamics by reviewing and in many instances reducing supply of commodities. This response has not been as evident from mines operating in countries where a weak currency has to some extent protected revenue and US Dollar unit costs. These supply-side responses appear to have resulted in the apparent bottoming in US Dollar commodity prices.

It is evident that some of the biggest impacts on commodity prices result from global macro-economic events such as "Brexit" and policy decisions especially in the US, China and in the Eurozone. ARM and other mining companies respond by means of a greater focus being applied to ensure that the controllable areas in mining such as costs, volumes, capital expenditure and working capital are well managed.

ARM is focused on (i) positioning its operations to remain or to move below the 50th percentile of the global unit cost curve, (ii) addressing mining production to ensure that technical and processing efficiencies are optimised, (iii) placing under review those operations which do not have the ability to operate profitably in the next three years and (iv) considering future growth opportunities both by way of mergers and acquisitions as well as by organic growth.

ARM remains confident about the long-term future of the mining industry.

Dividends

The Board has approved and declared an annual dividend of 225 cents per share (gross) in respect of the year ended 30 June 2016 (F2015: 350 cents per share). The amount to be paid is approximately R491 million.

This dividend is consistent with ARM's commitment, as a globally competitive company, to pay dividends while retaining the ability to fund efficiency improvements and sustaining production.

The dividend will be subject to Dividend Withholding Tax. In accordance with paragraphs 11.17(a)(i) to (x) and 11.17(c) of the JSE Listings Requirements the following additional information is disclosed:

- The dividend has been declared out of income reserves;
- The South African Dividends Tax ("Dividends Tax") rate is 15% (fifteen percent);
- The gross local dividend amount is 225 cents per ordinary share for shareholders exempt from the Dividends Tax;
- The net local dividend amount is 191.25000 cents per ordinary share for shareholders liable to pay the Dividends Tax;
- As at the date of this declaration ARM has 218 032 467 ordinary shares in issue; and
- ARM's income tax reference number is 9030/018/60/1.

A gross dividend of 225 cents per ordinary share, being the dividend for the year ended 30 June 2016 has been declared payable on Monday, 3 October 2016 to those shareholders recorded in the books of the Company at the close of business on Friday, 30 September 2016. The dividend is declared in the currency of South Africa. Any change in address or dividend instruction to apply to this dividend must be received by the Company's transfer secretaries or registrar not later than Tuesday, 27 September 2016. The last day to trade ordinary shares cum dividend is Tuesday, 27 September 2016. Ordinary shares trade ex-dividend from Wednesday, 28 September 2016. The record date is Friday, 30 September 2016 whilst the payment date is Monday, 3 October 2016.

No dematerialisation or rematerialisation of share certificates may occur between Wednesday, 28 September 2016 and Friday, 30 September 2016, both dates inclusive, nor may any transfers between registers take place during this period.

Review by independent auditors

The financial information has been reviewed by the external auditors, Ernst & Young Inc. (the partner in charge is L I N Tomlinson CA (SA)) whose unqualified review report will be available for inspection at the Company's registered office.

The Integrated Annual Report containing a detailed review of the operations of the Company together with the audited financial statements will be distributed to shareholders in November 2016.

Any reference to future financial performance included in these results has not been reviewed or reported on by ARM's external auditors.

Signed on behalf of the Board:

P T Motsepe

Executive Chairman

Johannesburg

8 September 2016

M P Schmidt

Chief Executive Officer

NOTES

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Financial statements

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Group statement of financial position

at 30 June 2016

	Notes	Reviewed F2016 Rm	Audited F2015 Rm
ASSETS			
Non-current assets			
Property, plant and equipment	3	10 966	12 218
Intangible assets		137	149
Deferred tax assets		151	565
Loans and long-term receivables		40	48
Financial assets		–	1
Investment in associate		1 153	1 363
Investment in joint venture	6	14 623	14 094
Other investments		3 521	1 178
		30 591	29 616
Current assets			
Inventories		759	852
Trade and other receivables		2 453	2 542
Taxation		4	3
Financial asset		1	1
Cash and cash equivalents	7	1 316	2 257
		4 533	5 655
Assets held for sale	12	3	12
Total assets		35 127	35 283
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital		11	11
Share premium		4 217	4 183
Treasury shares	11	(2 405)	–
Other reserves		3 395	1 212
Retained earnings		18 601	20 113
Equity attributable to equity holders of ARM		23 819	25 519
Non-controlling interest		762	1 386
Total equity		24 581	26 905
Non-current liabilities			
Long-term borrowings	8	4 171	2 511
Deferred tax liabilities		2 014	1 970
Long-term provisions		665	656
		6 850	5 137
Current liabilities			
Trade and other payables		1 787	1 452
Short-term provisions		355	322
Taxation		174	96
Overdrafts and short-term borrowings – interest-bearing	8	1 380	1 371
		3 696	3 241
Total equity and liabilities		35 127	35 283

Group income statement

for the year ended 30 June 2016

	Notes	Reviewed F2016 Rm	Audited F2015 Rm
Revenue		9 600	10 227
Sales		8 745	9 263
Cost of sales		(8 147)	(7 854)
Gross profit		598	1 409
Other operating income		1 148	1 225
Other operating expenses		(1 527)	(1 594)
Profit from operations before special items		219	1 040
Income from investments		160	192
Finance costs		(375)	(250)
Loss from associate		(210)	(186)
Income from joint venture*	6	1 301	1 289
Profit before taxation and special items		1 095	2 085
Special items before tax	4	(1 860)	(1 659)
(Loss)/profit before taxation		(765)	426
Taxation	9	8	(353)
(Loss)/profit for the year		(757)	73
Attributable to:			
Non-controlling interest		(192)	(31)
Equity holders of ARM		(565)	104
		(757)	73
Additional information			
Headline earnings (R million)	5	1 051	1 744
Headline earnings per share (cents)		494	803
Basic (loss)/earnings per share (cents)		(265)	48
Diluted headline earnings per share (cents)		487	799
Diluted basic (loss)/earnings per share (cents)		(262)	48
Number of shares in issue at end of period (thousands)		218 022	217 491
Weighted average number of shares in issue (thousands)	11	212 990	217 232
Weighted average number of shares used in calculating diluted earnings per share (thousands)		215 825	218 222
Net asset value per share (cents)		10 925	11 733
EBITDA (R million)		1 185	2 087
Dividend declared after year-end (cents per share)		225	350

* Impairment included in income from joint venture R202 million before tax of R56 million (F2015: R406 million before tax of R114 million).

Group statement of comprehensive income

for the year ended 30 June 2016

	Available- for-sale reserve Rm	Other Rm	Retained earnings Rm	Total share- holders of ARM Rm	Non- controlling interest Rm	Total Rm
For the year ended 30 June 2015 (Audited)						
Profit/(loss) for the year to 30 June 2015	–	–	104	104	(31)	73
Other comprehensive income that may be reclassified to the income statement in subsequent periods						
Revaluation of listed investment	(990)	–	–	(990)	–	(990)
Deferred tax on above	184	–	–	184	–	184
Reclassification to income statement	656	–	–	656	–	656
Deferred tax on above	(122)	–	–	(122)	–	(122)
Net impact of revaluation of listed investment	(272)	–	–	(272)	–	(272)
Foreign currency translation reserve movement	–	104	–	104	–	104
Total other comprehensive (loss)/income	(272)	104	–	(168)	–	(168)
Total comprehensive (loss)/income for the year	(272)	104	104	(64)	(31)	(95)
For the year ended 30 June 2016 (Reviewed)						
Loss for the year to 30 June 2016	–	–	(565)	(565)	(192)	(757)
Other comprehensive income that may be reclassified to the income statement in subsequent periods						
Revaluation of listed investment*	2 347	–	–	2 347	–	2 347
Deferred tax on above	(448)	–	–	(448)	–	(448)
Deferred tax rate change	35	–	–	35	–	35
Net impact of revaluation of listed investment	1 934	–	–	1 934	–	1 934
Foreign currency translation reserve movement	–	101	–	101	–	101
Total other comprehensive income	1 934	101	–	2 035	–	2 035
Total comprehensive income/(loss) for the year	1 934	101	(565)	1 470	(192)	1 278

* Price of Harmony increased from R15.59 at 30 June 2015 to R 52.47 per share at 30 June 2016.

Group statement of changes in equity

for the year ended 30 June 2016

Notes	Share capital and premium Rm	Treasury share capital Rm	Available-for-sale reserve Rm	Other* Rm	Retained earnings Rm	Total shareholders of ARM Rm	Non-controlling interest Rm	Total Rm
Balance at 30 June 2014 (Audited)	4 119	–	272	986	21 311	26 688	1 511	28 199
Profit/(loss) for the year to 30 June 2015	–	–	–	–	104	104	(31)	73
Other comprehensive (loss)/income	–	–	(272)	104	–	(168)	–	(168)
Total comprehensive (loss)/income for the year	–	–	(272)	104	104	(64)	(31)	(95)
Bonus and performance shares issued to employees	45	–	–	(45)	–	–	–	–
Dividend paid	–	–	–	–	(1 302)	(1 302)	–	(1 302)
Dividend paid to Impala Platinum	–	–	–	–	–	–	(277)	(277)
Dilution in Two Rivers	–	–	–	(26)	–	(26)	183	157
Share-based payments	–	–	–	193	–	193	–	193
Share options exercised	30	–	–	–	–	30	–	30
Balance at 30 June 2015 (Audited)	4 194	–	–	1 212	20 113	25 519	1 386	26 905
Loss for the year to 30 June 2016	–	–	–	–	(565)	(565)	(192)	(757)
Other comprehensive income	–	–	1 934	101	–	2 035	–	2 035
Total comprehensive income/(loss) for the year	–	–	1 934	101	(565)	1 470	(192)	1 278
Bonus and performance shares issued to employees	34	–	–	(34)	–	–	–	–
Changes due to insurance restructuring – net of tax**	–	–	–	–	(195)	(195)	–	(195)
Dividend paid	–	–	–	–	(761)	(761)	–	(761)
Dividend paid to Impala Platinum	–	–	–	–	–	–	(370)	(370)
Restructuring of ARM BBEE Trust	11	(2 405)	–	–	–	(2 405)	(62)	(2 467)
Share-based payments	–	–	–	191	–	191	–	191
Transfer	–	–	–	(9)	9	–	–	–
Balance at 30 June 2016 (Reviewed)	4 228	(2 405)	1 934	1 461	18 601	23 819	762	24 581

*Other reserves consist of the following:

	F2016 Rm	F2015 Rm	F2014 Rm
Dilution in Two Rivers	(26)	(26)	–
Foreign currency translation on loans to foreign group entity	61	61	61
Foreign currency translation reserve – Assmang	103	–	–
Foreign currency translation reserve – Other entities	430	432	328
General reserve	28	28	28
Insurance contingency	5	14	14
Premium paid on purchase of non-controlling interest	(14)	(14)	(14)
Share-based payments	874	717	569
Total	1 461	1 212	986

** Reversal of the inter-company eliminations as a result of insurance restructuring.

Group statement of cash flows

for the year ended 30 June 2016

	Notes	Reviewed F2016 Rm	Audited F2015 Rm
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		9 671	11 093
Cash paid to suppliers and employees		(8 446)	(8 585)
Cash generated from operations	10	1 225	2 508
Interest received		111	120
Interest paid		(163)	(109)
Dividends received		1	1
Dividends received from joint venture		875	1 500
Dividend paid to non-controlling interest – Impala Platinum		(370)	(277)
Dividend paid		(761)	(1 302)
Taxation paid		(308)	(386)
Net cash inflow from operating activities		610	2 055
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment to maintain operations		(804)	(1 212)
Additions to property, plant and equipment to expand operations		(48)	(64)
Proceeds on disposal of property, plant and equipment	12	36	5
Proceeds on disposal of subsidiary		8	–
Additional investment in associate		–	(282)
Investment in RBCT		(10)	(26)
Investment in subsidiary		–	(400)
Investment in insurance cell		–	(25)
ARM BBEE Trust cash consolidated following trust restructuring		10	–
Loans and receivables received		8	24
Net cash outflow from investing activities		(800)	(1 980)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds on exercise of share options		–	30
Long-term borrowings raised		1 463	–
Long-term borrowings repaid		(881)	(36)
Repurchase of ARM shares	11	(651)	–
Short-term borrowings repaid		(489)	(298)
Net cash outflow from financing activities		(558)	(304)
Net decrease in cash and cash equivalents		(748)	(229)
Cash and cash equivalents at beginning of year		1 445	1 669
Foreign currency translation on cash balance		(30)	5
Cash and cash equivalents at end of year	7	667	1 445
Cash generated from operations per share (cents)		575	1 155

Notes to the financial statements

for the year ended 30 June 2016 (Reviewed)

1 STATEMENT OF COMPLIANCE

The Group provisional financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and contains the information required by IAS 34 – Interim Financial Reporting, requirements of the South African Companies Act and the Listings Requirements of the JSE Limited.

BASIS OF PREPARATION

The Group provisional results for the year under review have been prepared under the supervision of the financial director Mr M Arnold CA (SA). The Group provisional financial statements have been prepared on the historical cost basis, except for certain financial instruments that are fairly valued by mark to market. The accounting policies used are in terms of IFRS and are consistent with those in the most recent annual financial statements except for those listed below.

There were no new or revised standards or interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC), of the IASB that became effective 1 July 2015 to 30 June 2016.

The following amendments, standards or interpretations have been issued but are not yet effective. The effective date refers to periods beginning on or after, unless otherwise indicated.

Standard	Subject	Effective date
IFRS 2	Share-based payment (Amendment)	1 January 2018
IFRS 5	Non-current Asset Held for Sale and Discontinued Operations (Annual improvement project)	1 January 2016
IFRS 7	Financial Instruments – Disclosures (Annual improvement project)	1 January 2016
IFRS 9	Financial Instruments – Classification and Measurement (Amendment)	1 January 2018
IFRS 10	Consolidated Financial Statements (Amendment)	1 January 2016
IFRS 11	Accounting for Acquisitions of Interest in Joint Operations (Amendment)	1 January 2016
IFRS 12	Disclosure of Interest in Other Entities (Amendment)	1 January 2016
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019
IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendment)	1 January 2016
IAS 16 and IAS 41	Agriculture: Bearer Plants (Amendment)	1 January 2016
IAS 1	Disclosure initiative (Amendment)	1 January 2016
IAS 7	Disclosure initiative (Amendment)	1 January 2017
IAS 12	Disclosure initiative (Amendment)	1 January 2017
IAS 19	Employee Benefits (Annual improvement project)	1 January 2016
IAS 27	Separate Financial Statements – Equity method (Amendment)	1 January 2016
IAS 28	Investment in Associates and Joint Ventures (Amendment)	1 January 2016
IAS 34	Interim Financial Reporting (Annual improvement project)	1 January 2016

The Group does not intend early adopting any of the above amendments, standards or interpretations.

The impact of the above amendments, standards or interpretations are still being assessed.

Notes to the financial statements

for the year ended 30 June 2016

2 PRIMARY SEGMENTAL INFORMATION

Business segments

For management purposes, the Group is organised into the following operating divisions. The operating divisions are ARM Platinum (which includes platinum and nickel), ARM Ferrous, ARM Coal, ARM Copper and ARM Corporate. ARM Strategic Services and Exploration, Corporate and other and Gold are included in ARM Corporate in the table below.

	ARM Platinum Rm	ARM Ferrous* Rm	ARM Coal Rm	ARM Copper Rm	ARM Corporate Rm	Total Rm	IFRS Adjust- ment** Rm	Total per IFRS financial state- ments Rm
2.1 Year to 30 June 2016								
(Reviewed)								
Sales	7 367	10 327	797	581	–	19 072	(10 327)	8 745
Cost of sales	(6 563)	(7 870)	(798)	(794)	37	(15 988)	7 841	(8 147)
Other operating income	33	164	70	8	970	1 245	(97)	1 148
Other operating expenses	(426)	(770)	(3)	(229)	(869)	(2 297)	770	(1 527)
Segment result	411	1 851	66	(434)	138	2 032	(1 813)	219
Income from investments	32	208	–	–	128	368	(208)	160
Finance cost	(48)	(31)	(188)	(26)	(77)	(370)	31	(339)
Finance cost ZCCM:								
Shareholders' loan Vale/ARM joint operation	–	–	–	(36)	–	(36)	–	(36)
Finance cost ARM:								
Shareholders' loan Vale/ARM joint operation	–	–	–	(194)	194	–	–	–
Loss from associate	–	–	(210)	–	–	(210)	–	(210)
Income from joint venture***	–	(9)	–	–	–	(9)	1 310	1 301
Special items before tax	(125)	(194)	–	(1 754)	19	(2 054)	194	(1 860)
Taxation	(85)	(497)	35	(2)	71	(478)	486	8
Profit/(loss) after tax	185	1 328	(297)	(2 446)	473	(757)	–	(757)
Non-controlling interest	(285)	–	–	488	(11)	192	–	192
Consolidation adjustment	–	(27)	–	–	27	–	–	–
Contribution to basic earnings	(100)	1 301	(297)	(1 958)	489	(565)	–	(565)
Contribution to headline earnings	(10)	1 441	(297)	(555)	472	1 051	–	1 051
Other information								
Segment assets, including								
Investment in associate	10 059	18 897	3 553	1 692	5 199	39 400	(4 273)	35 127
Investment in associate			1 153			1 153		1 153
Investment in joint venture							14 623	14 623
Segment liabilities	2 075	1 653	1 778	1 265	3 240	10 011	(1 653)	8 358
Unallocated liabilities (tax and deferred tax)						4 773	(2 585)	2 188
Consolidated total liabilities						14 784	(4 238)	10 546
Cash inflow/(outflow) generated from operations	947	2 927	241	(131)	168	4 152	(2 927)	1 225
Cash inflow/(outflow) from operating activities	331	2 588	236	(154)	(1 303)	1 698	(1 088)	610
Cash (outflow)/inflow from investing activities	(553)	(1 796)	(226)	(66)	45	(2 596)	1 796	(800)
Cash outflow from financing activities	(68)	–	–	(23)	(467)	(558)	–	(558)
Capital expenditure	667	1 422	185	75	3	2 352	(1 422)	930
Amortisation and depreciation	614	966	143	204	5	1 932	(966)	966
Impairment	(122)	(202)	–	(1 755)	–	(2 079)	202	(1 877)
EBITDA	1 025	2 817	209	(230)	143	3 964	(2 779)	1 185

There were no significant inter-company sales.

* Refer to ARM Ferrous segment note 2.3 and note 6 for more detail.

** Includes IFRS 11 adjustments related to ARM Ferrous.

*** Impairment included in income from joint venture R202 million before tax of R56 million.

Notes to the financial statements

for the year ended 30 June 2016

2 PRIMARY SEGMENTAL INFORMATION (continued)

	ARM Platinum Rm	ARM Ferrous* Rm	ARM Coal Rm	ARM Copper Rm	ARM Corporate Rm	Total Rm	IFRS Adjust- ment** Rm	Total per IFRS financial state- ments Rm
2.1 Year to 30 June 2015 (Audited)								
Sales	7 444	10 561	1 025	794	–	19 824	(10 561)	9 263
Cost of sales	(6 128)	(7 790)	(842)	(906)	54	(15 612)	7 758	(7 854)
Other operating income	175	132	95	4	862	1 268	(43)	1 225
Other operating expenses	(537)	(875)	(5)	(249)	(803)	(2 469)	875	(1 594)
Segment result	954	2 028	273	(357)	113	3 011	(1 971)	1 040
Income from investments	39	218	–	–	153	410	(218)	192
Finance cost ****	(52)	(29)	(144)	(13)	(14)	(252)	29	(223)
Finance cost ZCCM: Shareholders' loan Vale/ARM joint operation	–	–	–	(27)	–	(27)	–	(27)
Finance cost ARM: Shareholders' loan Vale/ARM joint operation ****	–	–	–	(132)	132	–	–	–
Loss from associate	–	–	(186)	–	–	(186)	–	(186)
Income from joint venture***	–	51	–	–	–	51	1 238	1 289
Special items before tax	–	(415)	–	(1 003)	(656)	(2 074)	415	(1 659)
Taxation	(274)	(523)	(36)	(7)	(20)	(860)	507	(353)
Profit/(loss) after tax	667	1 330	(93)	(1 539)	(292)	73	–	73
Non-controlling interest	(262)	–	–	302	(9)	31	–	31
Consolidation adjustment	–	(41)	–	–	41	–	–	–
Contribution to basic earnings	405	1 289	(93)	(1 237)	(260)	104	–	104
Contribution to headline earnings	405	1 588	(93)	(430)	274	1 744	–	1 744
Other information								
Segment assets, including investment in associate	10 372	18 574	3 746	3 010	4 061	39 763	(4 480)	35 283
Investment in associate			1 363			1 363		1 363
Investment in joint venture							14 094	14 094
Segment liabilities	1 864	1 946	1 736	1 077	1 635	8 258	(1 946)	6 312
Unallocated liabilities (tax and deferred tax)						4 705	(2 639)	2 066
Consolidated total liabilities						12 963	(4 585)	8 378
Cash inflow/(outflow) generated from operations	1 991	3 204	369	(68)	216	5 712	(3 204)	2 508
Cash inflow/(outflow) from operating activities	1 479	2 967	372	(95)	(1 201)	3 522	(1 467)	2 055
Cash outflow from investing activities	(808)	(1 966)	(488)	(256)	(428)	(3 946)	1 966	(1 980)
Cash (outflow)/inflow from financing activities	(67)	–	(52)	2	(187)	(304)	–	(304)
Capital expenditure	933	1 830	259	302	2	3 326	(1 830)	1 496
Amortisation and depreciation	668	936	139	232	8	1 983	(936)	1 047
Impairment	–	406	–	980	–	1 386	(406)	980
EBITDA	1 622	2 964	412	(125)	121	4 994	(2 907)	2 087

There were no significant inter-company sales.

* Refer to ARM Ferrous segment note 2.3 and note 6 for more detail.

** Includes IFRS 11 adjustments related to ARM Ferrous.

*** Impairment included in income from joint venture R406 million before tax of R114 million.

**** Reclassification of inter-group finance costs.

Notes to the financial statements

for the year ended 30 June 2016

2 PRIMARY SEGMENTAL INFORMATION (continued)

The ARM Platinum segment is analysed further into Two Rivers Platinum Mine, ARM Mining Consortium (which includes Modikwa Platinum Mine) and Nkomati Nickel Mine.

	Nkomati Rm	Two Rivers Rm	Modikwa Rm	Platinum Total Rm
2.2 Year to 30 June 2016 (Reviewed)				
External sales	2 245	3 917	1 205	7 367
Cost of sales	(2 410)	(2 830)	(1 323)	(6 563)
Other operating income	4	16	13	33
Other operating expenses	(171)	(211)	(44)	(426)
Segment result	(332)	892	(149)	411
Income from investments	10	14	8	32
Finance cost	(13)	(31)	(4)	(48)
Special items before tax	(119)	—	(6)	(125)
Taxation	124	(254)	45	(85)
(Loss)/Profit after tax	(330)	621	(106)	185
Non-controlling interest	—	(303)	18	(285)
Contribution to basic earnings	(330)	318	(88)	(100)
Contribution to headline earnings	(244)	318	(84)	(10)
Other information				
Segment and consolidated assets	2 734	4 090	3 235	10 059
Segment liabilities	683	1 016	376	2 075
Unallocated liabilities (tax and deferred tax)				1 326
Consolidated total liabilities				3 401
Cash (outflow)/inflow generated from operations	(6)	1 109	(156)	947
Cash (outflow)/inflow from operating activities	(1)	482	(150)	331
Cash outflow from investing activities	(241)	(175)	(137)	(553)
Cash outflow from financing activities	(17)	(51)	—	(68)
Capital expenditure	244	282	141	667
Amortisation and depreciation	227	279	108	614
Impairment	(122)	—	—	(122)
EBITDA	(105)	1 171	(41)	1 025

Notes to the financial statements

for the year ended 30 June 2016

2 PRIMARY SEGMENTAL INFORMATION (continued)

	Nkomati Rm	Two Rivers Rm	Modikwa Rm	Platinum Total Rm
2.2 Year to 30 June 2015 (Audited)				
External sales	2 686	3 676	1 082	7 444
Cost of sales	(2 300)	(2 641)	(1 187)	(6 128)
Other operating income	145	13	17	175
Other operating expenses	(329)	(183)	(25)	(537)
Segment result	202	865	(113)	954
Income from investments	18	14	7	39
Finance cost	(8)	(38)	(6)	(52)
Taxation	(62)	(247)	35	(274)
Profit/(loss) after tax	150	594	(77)	667
Non-controlling interest	–	(275)	13	(262)
Contribution to basic earnings	150	319	(64)	405
Contribution to headline earnings	150	319	(64)	405
Other information				
Segment and consolidated assets	3 241	4 059	3 072	10 372
Segment liabilities	586	859	419	1 864
Unallocated liabilities (tax and deferred tax)				1 531
Consolidated total liabilities				3 395
Cash inflow/(outflow)/generated from operations	783	1 228	(20)	1 991
Cash inflow/(outflow) from operating activities	799	697	(17)	1 479
Cash outflow from investing activities	(258)	(229)	(321)	(808)
Cash inflow/(outflow) from financing activities	12	(79)	–	(67)
Capital expenditure	333	277	323	933
Amortisation and depreciation	202	381	85	668
EBITDA	404	1 246	(28)	1 622

Notes to the financial statements

for the year ended 30 June 2016

2 SEGMENTAL INFORMATION (continued)

	Iron ore division Rm	Manga- nese division Rm	Continued operation chrome division Rm	Continued operation ARM Ferrous Total Rm	*Dis- continued operation chrome division Rm	ARM Ferrous Total Rm	ARM share Rm	**IFRS adjust- ment Rm	Total per IFRS financial state- ments Rm
2.3 Pro forma analysis of the ARM Ferrous segment on a 100% basis Year to 30 June 2016 (Reviewed)									
Sales	12 110	6 651	166	18 927	1 727	20 654	10 327	(10 327)	–
Other operating income	501	242	34	777	6	783	164	(164)	–
Other operating expense	(1 196)	(571)	(9)	(1 776)	(218)	(1 994)	(770)	770	–
Operating profit	2 961	581	11	3 553	149	3 702	1 851	(1 851)	–
Contribution to earnings	2 440	104	8	2 552	103	2 655	1 328	(27)	1 301
Contribution to headline earnings	2 429	396	8	2 833	103	2 936	1 468	(27)	1 441
Other information									
Consolidated total assets	25 982	11 251	301	37 534	1 367	38 901	18 897	(4 274)	14 623
Consolidated total liabilities	5 853	2 153	223	8 229	631	8 860	1 653	(1 653)	–
Capital expenditure	901	1 928	–	2 829	149	2 978	1 422	(1 422)	–
Amortisation and depreciation	1 517	472	–	1 989	–	1 989	966	(966)	–
Cash inflow from operating activities	2 110 ***	1 181	–	3 291	134	3 425	2 588	(2 588)	–
Cash outflow from investing activities	(934)	(2 509)	–	(3 443)	(150)	(3 593)	(1 796)	1 796	–
EBITDA	4 478	1 053	11	5 542	149	5 691	2 817	(2 817)	–
Additional information for ARM Ferrous at 100%									
Non-current assets									
Property, plant and equipment						20 982		(20 982)	–
Investment in joint venture						3 036		(3 036)	–
Other non-current assets						901		(901)	–
Current assets									
Inventories						3 713		(3 713)	–
Trade and other receivables						3 558		(3 558)	–
Financial asset						72		(72)	–
Cash and cash equivalents						4 798		(4 798)	–
Asset held for sale						1 842		(1 842)	–
Non-current liabilities									
Other non-current liabilities						5 997		(5 997)	–
Current liabilities									
Trade and other payables						1 321		(1 321)	–
Short-term provisions						698		(698)	–
Taxation						213		(213)	–
Liabilities directly associated with asset held for sale						630		(630)	–

Refer note 2.1 and note 6 for more detail on the ARM Ferrous segment.

* This relates to the Dwarsrivier operation refer note 15.

** Includes consolidation and IFRS 11 adjustments.

*** Dividend paid amounting to R1.75 billion included in cash flows from operating activities.

Notes to the financial statements

for the year ended 30 June 2016

2 SEGMENTAL INFORMATION (continued)

	Iron ore division Rm	Manga- nese division Rm	Continued operation chrome division Rm	Continued operation ARM Ferrous Total Rm	Dis- continued operation chrome division Rm	ARM Ferrous Total Rm	ARM share Rm	IFRS adjust- ment* Rm	Total per IFRS financial state- ments Rm
2.3 Pro forma analysis of the ARM Ferrous segment on a 100% basis									
Year to 30 June 2015									
(Audited)									
Sales	12 197	7 128	189	19 514	1 610	21 124	10 561	(10 561)	–
Other operating income	442	195	14	651	7	658	132	(132)	–
Other operating expense	(1 257)	(654)	(4)	(1 915)	(228)	(2 143)	(875)	875	–
Operating profit	3 095	697	86	3 878	178	4 056	2 028	(2 028)	–
Contribution to earnings	2 381	94	62	2 537	122	2 659	1 330	(41)	1 289
Contribution to headline earnings	2 495	577	62	3 134	122	3 256	1 629	(41)	1 588
Other information									
Consolidated total assets	25 081	11 274	240	36 595	1 586	38 181	18 574	(4 480)	14 094
Consolidated total liabilities	6 118	2 372	292	8 782	470	9 252	1 946	(1 946)	–
Capital expenditure	1 645	1 983	–	3 628	207	3 835	1 830	(1 830)	–
Amortisation and depreciation	1 421	421	–	1 842	91	1 933	936	(936)	–
Cash inflow from operating activities	1 463**	1 326	–	2 789	104	2 893	2 967	(2 967)	–
Cash outflow from investing activities	(1 553)	(2 140)	–	(3 693)	(198)	(3 891)	(1 966)	1 966	–
EBITDA	4 516	1 118	86	5 720	269	5 989	2 964	(2 964)	–
Additional information for ARM Ferrous at 100%									
Non-current assets									
Property, plant and equipment						20 583		(20 583)	–
Investment in joint venture						2 243		(2 243)	–
Other non-current assets						902		(902)	–
Current assets									
Inventories						4 448		(4 448)	–
Trade and other receivables						3 391		(3 391)	–
Financial assets						85		(85)	–
Cash and cash equivalents						4 943		(4 943)	–
Asset held for sale						1 586		(1 586)	–
Non-current liabilities									
Other non-current liabilities						5 995		(5 995)	–
Current liabilities									
Trade and other payables						1 808		(1 808)	–
Short-term provisions						608		(608)	–
Taxation						369		(369)	–
Liabilities directly associated with asset held for sale						470		(470)	–

Refer note 2.1 and note 6 for more detail on the ARM Ferrous segment.

* Includes consolidation and IFRS 11 adjustments.

** Dividend paid amounting to R3 billion included in cash flows from operating activities.

Notes to the financial statements

for the year ended 30 June 2016

Additional information

ARM Corporate as presented in the table on pages 72 and 73 is analysed further into Corporate and other, ARM Exploration and Gold segments.

2 SEGMENTAL INFORMATION (continued)

	ARM Exploration Rm	Corporate and other* Rm	Gold Rm	Total ARM Corporate Rm
2.4 Year to 30 June 2016 (Reviewed)				
Cost of sales	–	37	–	37
Other operating income	–	970	–	970
Other operating expenses	(23)	(846)	–	(869)
Segment result	(23)	161	–	138
Income from investments	–	128	–	128
Finance cost	–	117	–	117
Special items before tax	–	19	–	19
Taxation	–	71	–	71
(Loss)/profit after tax	(23)	496	–	473
Non-controlling interest	–	(11)	–	(11)
Consolidation adjustment	–	27	–	27
Contribution to basic earnings	(23)	512	–	489
Contribution to headline earnings	(23)	495	–	472
Other information				
Segment and consolidated assets	–	1 860	3 339	5 199
Segment liabilities	–	3 240	–	3 240
Cash outflow from operating activities	(23)	(1 280)	–	(1 303)
Cash inflow from investing activities	–	45	–	45
Cash outflow from financing activities	–	(467)	–	(467)
Capital expenditure	–	3	–	3
Amortisation and depreciation	–	5	–	5
EBITDA	(23)	166	–	143

* Corporate, other companies and consolidation adjustments.

Notes to the financial statements

for the year ended 30 June 2016

2 SEGMENTAL INFORMATION (continued)

	ARM Exploration Rm	Corporate and other* Rm	Gold Rm	Total ARM Corporate Rm
2.4 Year to 30 June 2015 (Audited)				
Cost of sales	–	54	–	54
Other operating income	–	862	–	862
Other operating expenses	(50)	(753)	–	(803)
Segment result	(50)	163	–	113
Income from investments	–	153	–	153
Finance cost	–	118	–	118
Special items before tax	–	–	(656)	(656)
Taxation	–	(142)	122	(20)
(Loss)/profit after tax	(50)	292	(534)	(292)
Non-controlling interest	–	(9)	–	(9)
Consolidation adjustment	–	41	–	41
Contribution to basic earnings	(50)	324	(534)	(260)
Contribution to headline earnings	(50)	324	–	274
Other information				
Segment and consolidated assets	–	3 069	992	4 061
Segment liabilities	–	1 635	–	1 635
Cash outflow from operating activities	(50)	(1 151)	–	(1 201)
Cash outflow from investing activities	–	(428)	–	(428)
Cash outflow from financing activities	–	(187)	–	(187)
Capital expenditure	–	2	–	2
Amortisation and depreciation	–	8	–	8
EBITDA	(50)	171	–	121

* Corporate, other companies and consolidation adjustments.

Notes to the financial statements

for the year ended 30 June 2016

3 PROPERTY, PLANT AND EQUIPMENT IMPAIRMENT

3.1 At 31 December 2015 an impairment of Lubambe Copper Mine assets (included in the ARM Copper Segment) was recognised largely as a result of (i) a decline in the forecast of the short to medium term copper price (ii) a revision to the mine plan and (iii) an increase in the discount rate used in the valuation of the mine. ARM's attributable share of the impairment amounted to R1 404 million (F2015: R784 million). For the impairment calculation a pre-tax discount rate of 24.43% (F2015 : 18.9%) and the following real copper prices were used.

	2H F2016	F2017	F2018	F2019	Long-term
US\$/tonne	4 569	4 615	4 939	5 427	6 369

	F2016	F2017	F2018	F2019	Long-term
At 30 June 2015 US\$/tonne	5 159	6 605	7 181	7 574	6 617

The recoverable amount to determine the impairments was calculated using a combination of a value in use and a fair value less cost to sell model.

	Reviewed F2016 Rm	Audited F2015 Rm
3.2 The assets related to the underground operations at Nkomati (included in the ARM Platinum Segment) were impaired following the decision to cease operations in this area.	122	–
4 SPECIAL ITEMS		
Profit/(loss) on sale of property, plant and equipment	13	(23)
Profit on sale of subsidiary	4	–
Impairment of property, plant and equipment – Nkomati	(122)	–
Impairment of property, plant and equipment – Lubambe	(1 755)	(980)
Unrealised impairment of available-for-sale listed investment – Harmony	–	(656)
Special items per income statement before taxation effect	(1 860)	(1 659)
Impairment on property, plant and equipment accounted for directly in joint venture – Assmang	(202)	(406)
Profit/(loss) on sale of property, plant and equipment accounted for directly in joint venture – Assmang	8	(9)
Special items before taxation effect	(2 054)	(2 074)
Taxation accounted for in joint venture – impairment at Assmang	56	114
Taxation accounted for in joint venture – loss on sale at Assmang	(2)	2
Taxation on impairment of available-for-sale investment – Harmony	–	122
Taxation on other special items	33	–
Special items after taxation effect	(1 967)	(1 836)
Non-controlling interest – Lubambe impairment	351	196
Total amount adjusted for headline earnings	(1 616)	(1 640)
5 HEADLINE EARNINGS		
Basic (loss)/earnings attributable to equity holders of ARM	(565)	104
– Impairment on property, plant and equipment – Lubambe	1 755	980
– Impairment on property, plant and equipment in associate – Nkomati	122	–
– Impairments of property, plant and equipment in joint venture – Assmang	202	406
– Profit on sale of subsidiary	(4)	–
– (Profit)/loss on sale of property, plant and equipment in joint venture – Assmang	(8)	9
– (Profit)/loss on disposal of property, plant and equipment	(13)	23
– Unrealised impairment of available-for-sale listed investment – Harmony	–	656
	1 489	2 178
– Taxation on impairment of available-for-sale investment	–	(122)
– Taxation accounted for directly in joint venture	(54)	(116)
– Taxation on other special items	(33)	–
	1 402	1 940
Non-controlling interest	(351)	(196)
Headline earnings	1 051	1 744

Notes to the financial statements

for the year ended 30 June 2016

	Reviewed F2016 Rm	Audited F2015 Rm
6 INVESTMENT IN JOINT VENTURE		
The investment relates to ARM Ferrous and comprises Assmang as a joint venture which includes iron ore, manganese and chrome operations.		
Opening balance	14 094	14 305
Income for the period	1 328	1 330
Consolidation adjustment	(27)	(41)
Net income for the period	1 301	1 289
Foreign currency translation reserve	103	-
Less: Dividend received for the period	(875)	(1 500)
Closing balance	14 623	14 094
Refer note 2.1 and 2.3 for more detail on the ARM Ferrous segment		
7 CASH AND CASH EQUIVALENTS		
– African Rainbow Minerals Limited	129	909
– ARM BBEE Trust	2	-
– ARM Coal Proprietary Limited	1	1
– ARM Finance Company SA	12	11
– ARM Platinum Proprietary Limited	32	23
– Kingfisher Insurance Co Limited	35	121
– Nkomati	-	195
– Two Rivers Platinum Proprietary Limited	12	12
– Vale/ARM joint operation	27	25
– Venture Building Trust Proprietary Limited	2	2
– Restricted cash	1 064	958
Total as per statement of financial position	1 316	2 257
Less: Overdrafts (refer note 8)	(649)	(812)
Total as per statement of cash flows	667	1 445
8 BORROWINGS		
Long-term borrowings are held as follows:		
– African Rainbow Minerals Limited	1 400	-
– ARM BBEE Trust	501	-
– ARM Coal Proprietary Limited (partner loan)	1 423	1 428
– ARM Finance Company SA	88	426
– Nkomati	23	46
– Two Rivers Platinum Proprietary Limited	24	37
– Vale/ARM joint operation	16	28
– Vale/ARM joint operation – ZCCM (partner loan)	696	546
	4 171	2 511
Short-term borrowings		
– Anglo Platinum Limited (partner loan)	114	114
– ARM Coal Proprietary Limited (partner loan)	123	32
– ARM Finance Company SA	426	328
– Nkomati	12	14
– Two Rivers Platinum Proprietary Limited	39	52
– Vale/ARM joint operation	17	19
	731	559
Overdrafts (refer note 7)		
– African Rainbow Minerals Limited	3	290
– ARM Mining Consortium Limited	29	93
– Nkomati	24	-
– Two Rivers Platinum Proprietary Limited	354	226
– Vale/ARM joint operation	219	183
– Other	20	20
	649	812
Overdrafts and short-term borrowings	1 380	1 371
Total borrowings	5 551	3 882

Notes to the financial statements

for the year ended 30 June 2016

	Reviewed F2016 Rm	Audited F2015 Rm
9 TAXATION		
South African normal taxation		
– current year	290	418
– mining	243	319
– non-mining	47	99
– prior year	1	(4)
Foreign tax	4	2
Deferred taxation	(303)	(63)
	(8)	353
10 CASH GENERATED FROM OPERATIONS BEFORE WORKING CAPITAL MOVEMENTS		
Cash generated from operations before working capital movement	1 305	2 345
Working capital changes	(80)	163
Movement in inventories	118	96
Movement in receivables	140	821
Movement in payables and provisions	(338)	(754)
Cash generated from operations (per cash flow)	1 225	2 508
11 RESTRUCTURING OF THE ARM BBEE TRUST		
Following the restructuring of the ARM BBEE Trust, the ARM BBEE Trust is consolidated into the ARM consolidated financial results, as ARM now controls the Trust for reporting purposes. The consolidation of the ARM BBEE Trust results in ARM shares bought back by Opilac, a wholly-owned subsidiary of ARM, and the remaining shares owned by the Trust, reducing the number of shares used in the calculation of headline, basic and diluted earnings per share. The number of shares in issue are however not affected. The treasury shares are excluded, effectively from 22 April 2016, in the weighted average and diluted average number of shares.		
The carrying value of the treasury shares are as follows:		
12 717 328 shares bought from the ARM BBEE Trust by Opilac Proprietary Limited	651	–
15 897 412 shares held in the ARM BBEE Trust	1754	–
	2 405	–
12 ASSETS HELD FOR SALE	3	12
The underground operations at Nkomati following the decision to cease operations in this area (refer notes 3.2, 4 and 5) resulted in some assets being transferred to held for sale.		
During F2015, ARM entered into a sale agreement for the sale of the investment property. During the reporting period the investment property was sold.		
13 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	118	239
– not contracted for	67	9
Total commitments	185	248

Notes to the financial statements

for the year ended 30 June 2016

14 CONTINGENT LIABILITIES

On 13 May 2016, the Johannesburg High Court ordered the certification of a silicosis class and tuberculosis (TB) class, which are to proceed as a single class against mining companies acted in the application. The companies requested leave to appeal to the Supreme Court of Appeal, which was granted on 24 June 2016. ARM submitted its notice of appeal in respect of the transmissibility of the general damages order in July 2016.

Due to the limited information available on the above claim and potential other claims, and the uncertainty of the matter, no costs estimation can as yet be made for the possible obligation.

The guarantees in favour of the ARM BBEE Trust have been cancelled after the restructuring of the Trust that was concluded and announced on 22 April 2016.

There have been no other significant changes in the contingent liabilities of the Group as disclosed in the 30 June 2015 integrated annual report.

15 EVENTS AFTER REPORTING DATE

The Dwarsrivier transaction was concluded after year-end – refer announcement on 29 July 2016.

No other significant events have occurred subsequent to the reporting date that could materially affect the reported results.

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NOTES

Contact details and administration

African Rainbow Minerals Limited

Incorporated in the Republic of South Africa
Registration number 1933/004580/06
ISIN code: ZAE000054045

Registered office

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Deutsche Securities (SA) Proprietary Limited

Forward-looking statements

Certain statements in this report constitute forward-looking statements that are neither reported financial results nor other historical information. They include but are not limited to statements that are predictions of or indicate future earnings, savings, synergies, events, trends, plans or objectives. Such forward-looking statements may or may not take into account and may or may not be affected by known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from the future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other important factors include among others: economic, business and political conditions in South Africa; decreases in the market price of commodities; hazards associated with underground and surface mining; labour disruptions; changes in government regulations, particularly environmental regulations; changes in exchange rates; currency devaluations; inflation and other macro-economic factors; and the impact of the HIV and 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.

Directors

P T Motsepe (Executive Chairman)
M P Schmidt (Chief Executive Officer)
F Abbott*
M Arnold
Dr M M M Bakane-Tuoane*
T A Boardman*
A D Botha*
J A Chissano (Mozambican)*

W M Gule*
A K Maditsi*
H L Mkatshana
Dr R V Simelane*
Z B Swanepoel*
A J Wilkens

* Independent Non-executive

