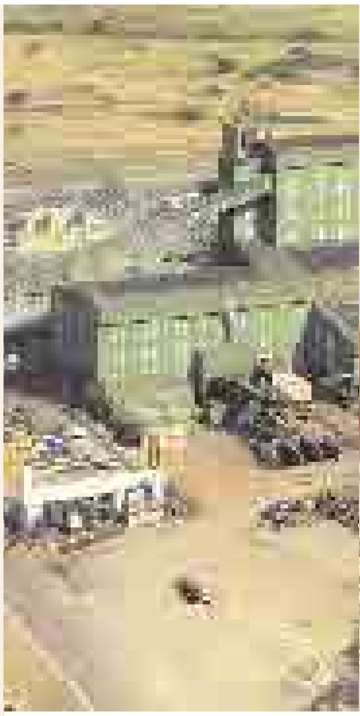


ARM
African Rainbow Minerals

2005
ANNUAL REPORT

AFRICAN RAINBOW MINERALS 2005 ANNUAL REPORT

CONTENTS

ARM
African Rainbow Minerals

This annual report is available on the internet at www.arm.co.za

Certain statements in this document constitute "forward looking statements". The reader is referred to the disclaimer appearing on the inside back cover.

ARM IS A NICHE-DIVERSIFIED MINING COMPANY WITH EXCELLENT LONG LIFE, LOW OPERATING COST ASSETS IN KEY COMMODITIES

WE OWN AND OPERATE OUR ASSETS

OUR UNIQUE MANAGEMENT STYLE, SUPPORTED BY EXPERIENCED MANAGEMENT AND ENTREPRENEURSHIP ADDS SIGNIFICANT VALUE TO OUR BUSINESS

OUR PARTNERS IN VARIOUS VENTURES MAKE VALUABLE CONTRIBUTIONS

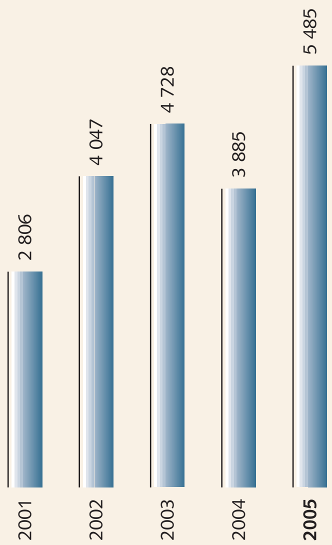
GROUP FINANCIAL SUMMARY
AND STATISTICS

African Rainbow Minerals

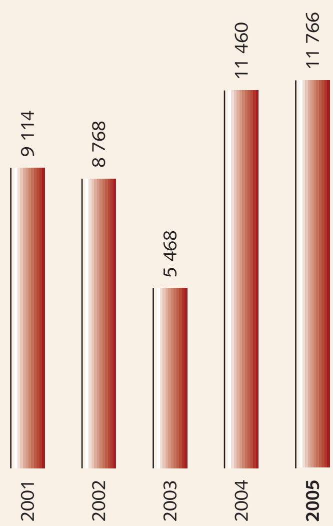
ANNUAL REVIEW

- Revenue for the year of R5,5 billion up by 41 percent from the R3,9 billion of the prior year
- Profit from operations before exceptional items increased to R1,6 billion for 2005 from R528 million for 2004
- Headline earnings of R350 million significantly higher than R47 million of the previous year
- Nickel joint venture with LionOre finalised
- Two Rivers PGM project released and construction of the mine is on schedule

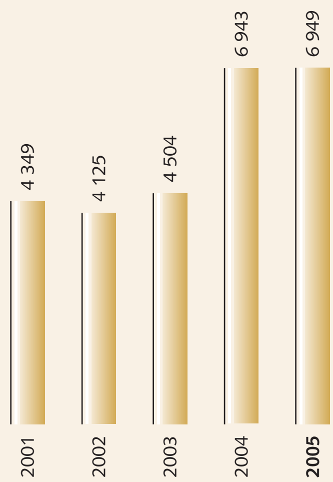
Revenue
(R million)



Total assets
(R million)



Market capitalisation
(R million)



FIVE-YEAR REVIEW – FINANCIAL SUMMARY AND STATISTICS

FOR THE YEAR ENDED 30 JUNE 2005

		Consolidated				
		Actual 2005 Rm	Actual 2004 Rm	Actual 2003 Rm	Actual 2002 Rm	Actual 2001 Rm
INCOME STATEMENT						
Revenue		**5 485**	3 885	4 728	4 047	2 806
Basic earnings/(loss) for the year		**473**	1 108	(191)	(866)	281
Headline earnings		**350**	47	197	204	281
Basic earnings/(loss) per share (cents)		**231**	865	(170)	(780)	259
Headline earnings per share (cents)		**171**	37	176	184	259
BALANCE SHEET						
Total assets		**11 766**	11 460	5 468	8 786	9 114
Total interest-bearing borrowings		**1 574**	1 831	687	2 696	2 475
Shareholders' equity		**7 972**	7 954	3 652	4 591	5 491
CASH FLOW						
Cash generated from operations		**1 661**	603	810	619	526
Cash generated from operations per share (cents)		**813**	471	723	558	485
Cash and cash equivalents		**259**	328	264	779	439
Number of employees		**6 107**	5 162	2 778	5 303	5 263
JSE LIMITED PERFORMANCE						
Ordinary shares (cents)						
– high		**3 800**	4 800	5 100	4 280	4 200
– low		**2 550**	3 250	2 900	3 100	2 280
– year-end		**3 399**	3 400	4 000	3 701	3 950
Volume of shares traded (thousands)		**51 382**	26 547	39 294	51 524	38 285
Number of ordinary shares in issue (thousands)		**204 437**	204 208	112 602	111 444	110 105
FINANCIAL STATISTICS	**DEFINITION NUMBER**					
Interest cover (times)	1	**8,6**	5,4	3,9	5,3	5,3
Return on operational assets (percent)	2	**20,8**	7,5	16.2	10,1	7,7
Return on capital employed (percent)	3	**13,6**	8,2	8,2	10,2	8,1
Return on equity (percent)	4	**5,4**	0,7	7,9	7,9	7,0
Debt: equity ratio	5	**0,20**	0,23	0,19	0,59	0,45
Net debt: equity ratio	6	**0,16**	0,19	0,12	0,42	0,37
Net asset value per share (cents)	7	**3 185**	3 246	2 230	2 314	3 640
Market capitalisation (R million)	8	**6 949**	6 943	4 504	4 125	4 349

DEFINITIONS

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

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

3 *Return on capital employed (percent)*
Profit before exceptional items and finance costs, divided by average capital employed. Capital employed comprises non-current and current assets less trade and other payables and provisions.

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

5 *Debt: equity ratio*
Total debt divided by total equity. Total debt comprises long-term borrowings, overdrafts and short-term borrowings. Total equity comprises total shareholders' interest.

6 *Net debt: equity ratio*
Total debt less cash and cash equivalents divided by total equity. Total debt comprises long-term borrowings, overdrafts and short-term borrowings. Total equity comprises total shareholders' interest.

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

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

COMPANY
PROFILE

ARM originates back to 1933 when Anglo-Transvaal Consolidated Investment Co Limited was incorporated as a mining, finance and industrial holding company. In 1998 the Group was unbundled, which allowed Anglovaal Limited to focus on its core mining operations and was followed by Anglovaal Limited changing its name to Anglovaal Mining Limited (Avmin).

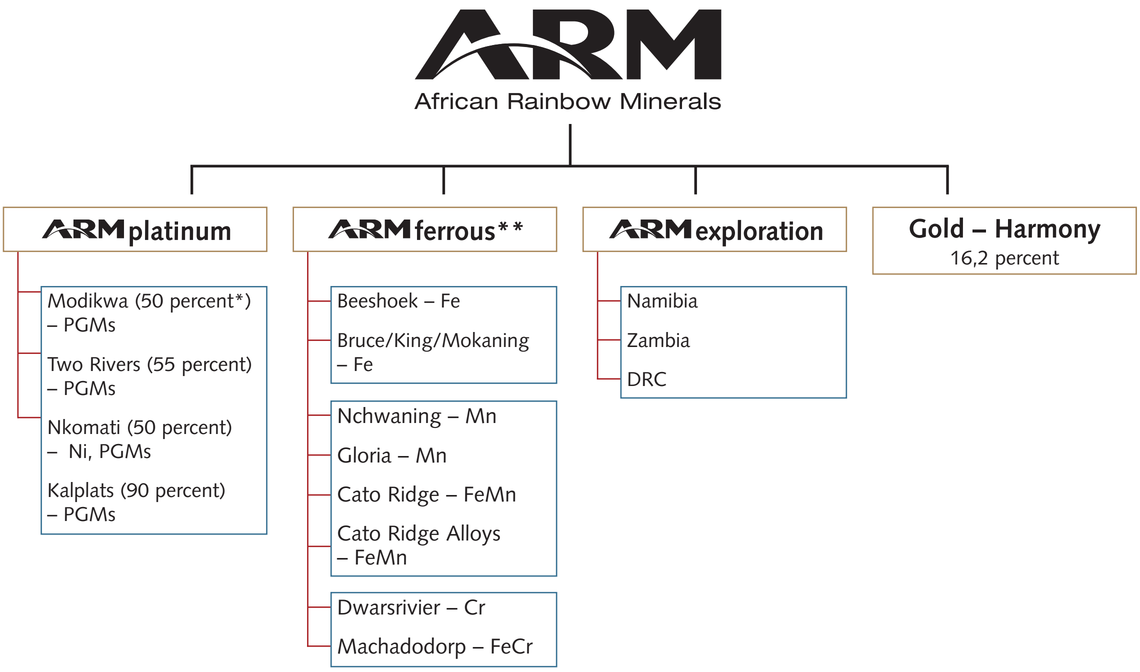
In 1994, Patrice Motsepe started Future Mining, a contract mining company which in 1997 led to the formation of ARMgold and the introduction of the 'We do it Better' management style. 2001 saw the formation of the Modikwa Platinum Joint Venture with Anglo Platinum and in May 2002, ARMgold listed on the JSE Limited with a market capitalisation of R5 billion.

In May 2003, ARMgold merged with Harmony to create the world's sixth largest gold mining company and in November 2003, an announcement was made relating to a range of indivisible transactions involving certain of the interests of Avmin, African Rainbow Minerals & Exploration Investments (Proprietary) Limited (ARMI) and Harmony.

The shareholders on 15 April 2004 approved the transaction and Avmin's name was changed to African Rainbow Minerals Limited, ARM.

Today, ARM is a niche-diversified mining company with excellent long-life, low-cost assets in key commodities.

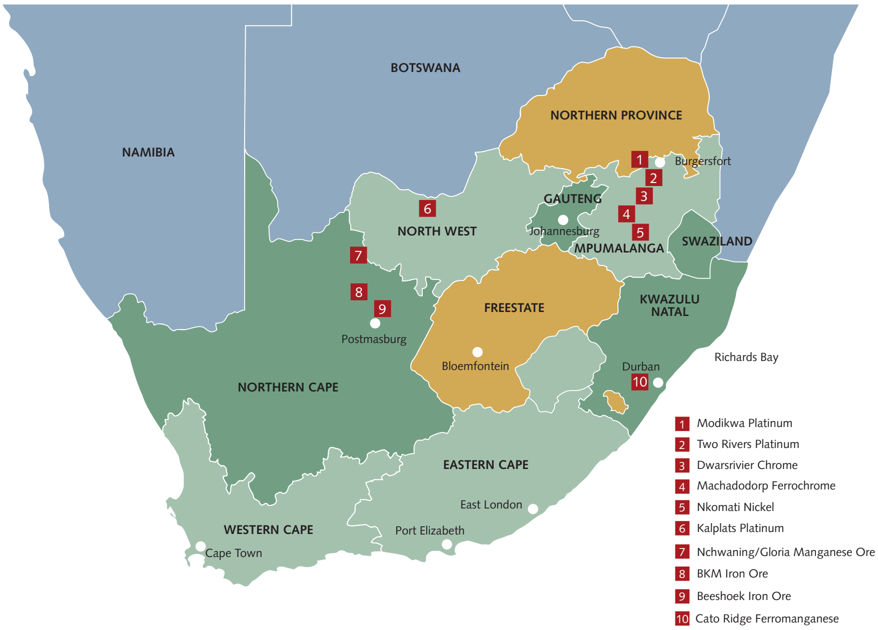
CORPORATE
STRUCTURE



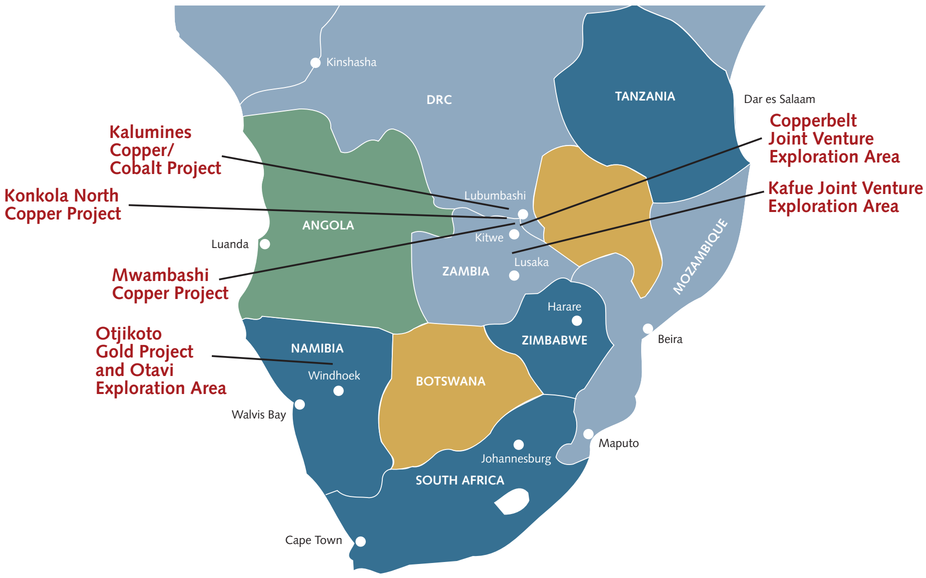
** Asset held through the ARM Mining Consortium Limited, effective interest at 41,5 percent*
*** Assets held through a 50,4 percent shareholding in Assmang Limited*

ASSET LOCATIONS

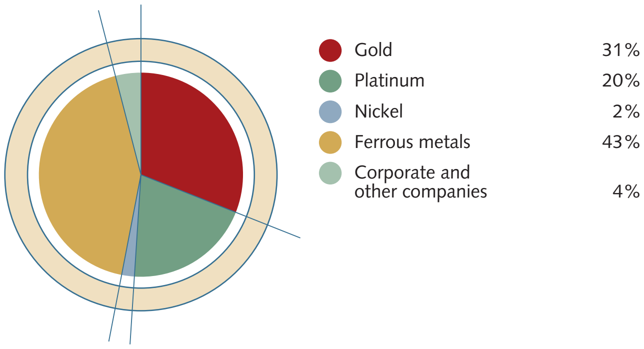
SOUTH AFRICAN OPERATIONS



EXPLORATION AND DEVELOPMENT PROSPECTS



Asset value
(June 2005)



YEAR IN REVIEW

BY EXECUTIVE CHAIRMAN

Patrice Motsepe

We have the right mix of quality, long-life resources and our "We do it Better" management style continues to deliver outstanding returns for our shareholders.

The highly satisfactory results achieved by ARM in the past financial year clearly shows that the Company is well positioned in the global mineral markets industry. We have the right mix of quality, long-life resources and our "We do it Better" management style continues to deliver outstanding returns for our shareholders.

The past year's performance has benefited from the buoyant markets as is reflected in the excellent results for the financial year ended 30 June 2005.

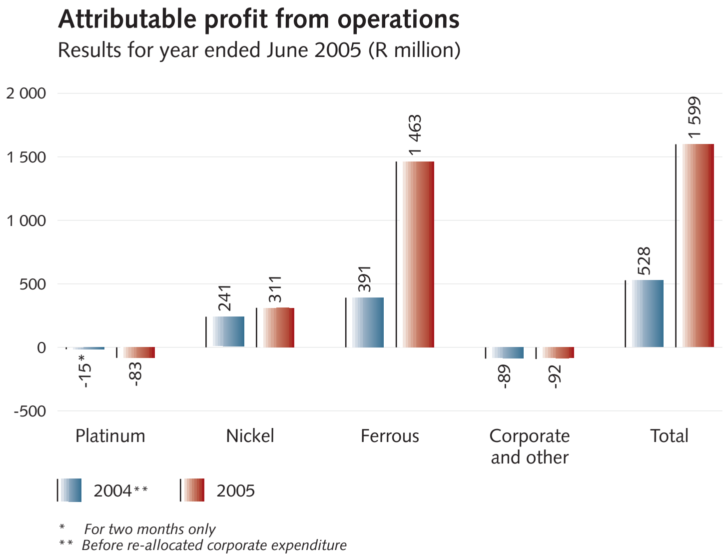
ARM has increased its revenue by 41 percent to R5,5 billion and profits from operations before exceptional items for the same twelve month period increased by more than 200 percent to R1,6 billion. This resulted in a significant increase in headline earnings from R47 million in the previous year to R350 million for the year under review. The Company also increased cash flows generated from operations significantly to R1,6 billion. ARM's results were built mainly on increased volumes, good cost control and higher metal prices, especially for manganese, iron ore and nickel. These results are especially pleasing while Rand strength continues.

The Company's record revenue, earnings and cash flow are driven by strong global demand and high commodity prices. Yet we cannot over-emphasise the importance of our "We do it Better" management style and our high-quality, long-life and low-cost operations.

Our strategy of doubling production in key commodities by 2010 is on track. We are building six new mines and upgrading two existing operations in order to achieve our aggressive organic growth targets, whilst maintaining operating efficiencies and global competitiveness. These activities reflect our confidence in our company's future and our determination to create value for our shareholders and to build wealth for our employees, the communities living near our mines, and the country as a whole.

Details of our progress in bringing these major undertakings to fruition are discussed by the Chief Executive Officer in his review as well as in the divisional operational reviews.

The exceptional earnings growth in our ferrous division highlights the strategic importance of our manganese and iron ore resources and points to a highly promising future that we are shaping in conjunction with our partners who are responsible for the marketing of the product. We are of the opinion that this commodity boom is not about to end abruptly and expect continued strong demand for our products.



Our partners in the various ventures make valuable contributions to the success of our operations. The Chief Executive Officer discusses the performance of these ventures in his report.

Our portfolio of attractive mineral exploration and development prospects in Namibia, Zambia and the Democratic Republic of the Congo also features prominently in our plans for future growth. We are in the process of raising sufficient capital to meet initial development requirements for our existing exploration projects as well as for further growth opportunities.

Our investment in Harmony reduced from 20 percent to 16 percent during November 2004 when Harmony increased its issued share capital. ARM equity accounted its Harmony investment up to that date, whereafter Harmony is treated as an investment and not as an associate company. During the year under review, on an equity accounted basis, Harmony made an attributable loss of R150 million. We are confident about the growth and value opportunities that lie ahead for Harmony post the completion of its restructuring process at its South African mines.

BROAD-BASED ECONOMIC EMPOWERMENT

In April, Harmony announced that it had disposed of 14 percent of its investment in ARM to the ARM Broad-Based Economic Empowerment Trust ("the Trust"). The Trust has been established for the purpose of inviting more broad-based empowerment entities into ARM. 42,9 percent of ARM is empowerment owned and a further 14 percent is at present empowerment controlled, effectively resulting in 56,9 percent of ARM being empowerment controlled. In addition, the approximately 80 000 residents living near Modikwa Mine are the current broad-based empowerment beneficiaries of two Section 21 companies which own 17 percent of ARM Mining Consortium which in turn owns 50 percent of the Modikwa Mine.

EMPLOYMENT EQUITY

We have made steady progress in promoting employment equity across our operations. The majority of the members on the Board and our Steering Committee are black. We have also made considerable progress in procurement and continue to devote considerable resources to skills training and the personal development of our employees.

SAFETY, HEALTH AND THE ENVIRONMENT

The safety and health of our employees and the protection and conservation of the environment where we operate is important. We are proud to report that Black Rock achieved one million fatality free shifts during the year and Dwarsrivier won the DME Mine Health and Safety Council trophy for 1 000 fatality free production shifts.

PROSPECTS

I am confident and excited about the growth opportunities within ARM. Our 2 x 2010 strategy will provide us with very exciting organic growth in our key commodities.

I believe that ARM is uniquely positioned in South Africa and Africa to pursue further value enhancing opportunities. We are an empowered company with an experienced and entrepreneurial management team, and we also have the ability to access the necessary capital to grow the Company.

DIRECTORATE

We welcome to the Board of Directors André Wilkens, who has been appointed Chief Executive Officer; Mangisi Gule, who was appointed an Executive Director and subsequently became Chief Executive of ARM Platinum; Jan Steenkamp who is an Executive Director and is also Chief Executive of ARM Ferrous; and lastly Joaquim Chissano, former President of Mozambique, who is an independent non-executive director. These individuals bring valuable experience and skills and we are honoured to have them on the ARM Board.

THANKS

I thank the members of the Board, the management and staff for their excellent services to ARM and I am confident that they will continue to take the Company to new heights.

Patrice Motsepe
Executive Chairman
19 October 2005

YEAR IN REVIEW
BY CHIEF EXECUTIVE OFFICER
André Wilkens

ARM envisages significant organic growth through our new mines and more efficient capacity.

ARM has completed a very exciting and successful financial year. Firstly, our financial results for the year have shown considerable growth and improvement in quality over that of the prior year. Operationally we continued to benefit from our drive of being a low-cost producer and in achieving increased efficiencies. Furthermore, during the 12 months under review we have been able to introduce a strategic partner of high quality and ability, in the form of LionOre, to our nickel operations and, separately, release our very exciting new platinum project, Two Rivers. In addition we continued to unlock further growth potential at each of our major operations, an area from which we will continue to benefit going forward.

We have successfully translated a 41 percent increase in revenue to R5,5 billion for the year into high quality profits from operations before exceptional items of R1,6 billion, showing over 200 percent increase from that of the prior year. The Company's highly satisfactory results were built mainly on increased sales volumes and higher metal prices, especially for manganese, iron ore and nickel, in buoyant world market conditions.

Assmang's policy of investing large sums of capital in either upgrading or establishing new infrastructure over the last few years was fully vindicated in the year under review, when we enjoyed a handsome return. Assmang achieved record headline earnings of R959 million for the year, more than quadrupling the headline earnings of R218,8 million in 2004. Turnover rose by 33,4 percent to R4,4 billion. Manganese operations contributed around 77 percent of headline earnings, largely due to significantly better margins. Iron ore contributed some 14 percent and chrome just over 9 percent.

During the past year we recorded good progress at Modikwa, especially in the latter part of the year, and the build up towards targeted production early next year is on track. The decision to change the mining layout would improve the mine's ability to handle geological features and further financial performance.

STRATEGY

A large part of our good results were built on improved operational efficiencies. We have also built a cohesive team that works towards shared goals.

This is underlain and reinforced by our strategic operational methodology – the "We do it Better" management style – which has been embedded in all our businesses. It is producing a culture that seeks continuous improvement in performance and involves an ongoing assessment of how to improve our market competitiveness.

YEAR IN REVIEW
BY CHIEF EXECUTIVE OFFICER

In the past year, the main feature of management action was a successful drive to fully unlock the growth potential within ARM, primarily through the following four strategies:

- Increasing operational efficiency to improve and maintain competitiveness
- Creating organic growth in key commodities and core assets
- Unlocking value in the exploration portfolio
- Growing the Company through acquisitions at the right time

We have implemented a strategic planning process throughout the Company, which resulted in every operation drafting detailed plans for improving operational performance and efficiencies. We have already seen the benefits of this process bearing fruit in this year's results and expect to continue our drive of efficiency and competitiveness throughout the following year.

The second strategy is to grow the Company organically in key commodities and in core assets, a goal we intend to achieve through the 2 x 2010 strategy, which is aimed at doubling the Company's production by 2010. ARM is in the process of building six new mines and upgrading two operations which will enable us to comfortably reach this strategic objective.

Our third strategy is to parcel our exploration assets together in order to increase their value, which we can leverage to help raise funds for further exploration and development of those assets.

The fourth strategy is growth through mergers and acquisitions, as explained by the Executive Chairman in his review.

OPERATIONAL OVERVIEW

The platinum division is a crucial growth point for ARM, which can best exploit its strong empowerment status through our ability to build and manage mines profitably. Our targets are to bring Modikwa to full production; to bring Two Rivers into production to operate in the lower cost quartile; and to transform Nkomati successfully into a high-volume low-cost operation, over the next few years.

The further improvements at Modikwa Platinum Mine and the construction of the Two Rivers Mine joint venture with Impala Platinum will have the effect of reducing average operating costs per ton mined by just under a third. Similarly, together with our partners Assore, we completed construction of Nchwaning 3 shaft, which reduced operating costs of the manganese operations by an average of 30 percent per ton mined. We also upgraded a number of furnaces and plants to improve efficiencies.

The finalisation of the nickel and platinum joint venture with LionOre, a global nickel and gold producer, at Nkomati Nickel Mine has introduced a partner with vast experience as well as technical and operational skills in the sector. LionOre also owns the Activox® technology, which will be required to expand the mine. We are confident that the operating efficiencies that the partnership brings will result in a long-life, low-cost operation with increased nickel and PGM production.

The ferrous division has brought Nchwaning 3 shaft into production and the second seam of manganese at Nchwaning 2 shaft provides significant blue sky potential. This could effectively yield a new mine without the need for further major capital expenditure.

Our Beeshoek iron ore mine had a very good production year and, linked with the potential development of the Bruce King Mokaning (BKM) mine, provides a tremendous growth opportunity. We are finalising the feasibility for the new BKM mine and we hope to be able to take the project to the Board for consideration by the year-end. Key to this development, however, is the availability of rail and port capacity to export our product efficiently, and we are working closely with Spoornet and Transnet to achieve this. Assmang has received letters from Transnet indicating that the required allocation will be available within the timeframe projected.

INVESTOR RELATIONS

We have launched a strategy of more actively promoting shareholder relations and during the year we allocated further resources for this task. We have begun to engage with groups of shareholders, both locally and internationally, on a regular basis and plan to be in continual contact with them. This approach has already met with considerable success and we have interested a number of investment analysts, while also welcoming a number of new shareholders.

MANAGEMENT

During the year we increased the strength of our new business team, introducing individuals with experience and skills in the platinum and ferrous industries as well as merchant banking, corporate development and business development. These executives are well acquainted with the South African business environment and possess the necessary experience to realise growth opportunities both locally and elsewhere in Africa.

We have also increased the capacity of the Steering Committee, which now has the necessary skills and experience to engage constructively with black business interests.

YEAR IN REVIEW
BY CHIEF EXECUTIVE OFFICER

MEETING THE MINING CHARTER

ARM fully subscribes to the Mining Charter, and as a leading player and role model, strives to achieve more than the minimum requirements. Extracts from this report, ie procurement, training, ownership and management are dealt with on page 28 – Responding to the Mining Charter.

SAFETY, HEALTH AND THE ENVIRONMENT

The Lost Day Injury Frequency Rate (LDIFR) for the year was 6,1 cases per million man hours worked. Although this figure is higher than the 2004 LDIFR of 4,2 cases per million man hours worked, this year's rate includes our joint venture operations – Modikwa and Two Rivers Platinum Mines – which did not previously form part of our reporting.

We are particularly pleased to report that Black Rock achieved a million fatality free shifts during the year.

Regrettably, five people lost their lives at our operations during the year. Four of the fatalities occurred at Modikwa and one fatality occurred at Nkomati. The ARM Board of Directors, management team and employees extend their condolences to the bereaved families and friends.

As owners and operators of our assets, looking after the environment in which we operate is critical. ARM has made considerable progress on environmental issues at all our operations and these are highlighted in the sustainable development report on page 50.

GROWTH AND PROSPECTS

ARM will continue to be a niche diversified mining company with long-life, low operating cost assets in key commodities.

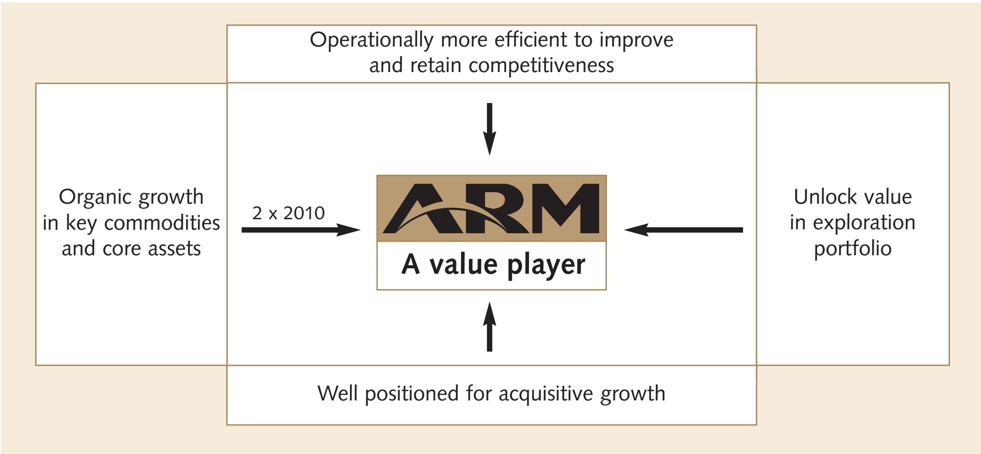
In ARM we have a company that is well positioned for the new South Africa in terms of demographics and shareholding. We select our partners on the grounds of adding value and contributing technical, marketing and financial capabilities.

As part of our strategies discussed earlier in this report, the Company envisages significant organic growth through new mines and more efficient capacity and we have a balance sheet to support the expansion we foresee.

Our growth into Africa will begin officially through the planned listing of our exploration portfolio through which we expect to raise sufficient capital for the development of existing exploration properties as well as further growth into Africa.

We do it better

- Significant organic growth expected through the building of six new mines and the upgrading of two operations
  – double production output by 2010
  – increased efficiencies, thereby continue to be a low-cost producer



We will continue to benefit from the existing commodity cycle, but will endeavour to enhance our profitability and growth rate further through a combination of operational efficiencies and organic growth.

André Wilkens

Chief Executive Officer

19 October 2005

REVIEW
OF OPERATIONS

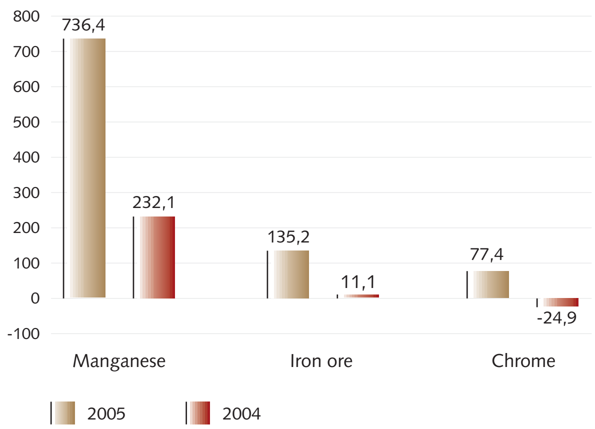
- ARM Ferrous
- ARM Platinum
- Gold – Harmony
- ARM Exploration

ARM FERROUS

ARM Ferrous (through its 50,4 percent holding in Assmang) produces, for local and international markets, manganese and iron ores from its mines in the Northern Cape and chromite ore from its mine at Dwarsrivier, Mpumalanga. The Company also produces charge chrome and ferromanganese at its smelters in Machadodorp, Mpumalanga, and Cato Ridge, KwaZulu-Natal, respectively. Most of the Company's alloy production is exported.

Sales benefitted from the increases in global crude and stainless steel production and the resultant price increases over the period under review. Total revenue for the year under review increased by 33,4 percent to R4,4 billion with earnings showing an increase of 334,7 percent to R949 million. The manganese division, in particular, showed a significant increase in attributable earnings to R736 million.

Earnings for Assmang
(R million)



The significant improvement in results can be mainly attributed to higher than expected commodity price increases in US Dollar terms across all of ARM Ferrous' products.

Manganese alloy prices peaked at record levels during the year, but by year end, had reduced to substantially lower levels. Increased sales volumes for manganese and iron ore together with the weakening of the Rand against the US Dollar towards the latter part of the financial year also impacted positively on the year's results.

PRODUCT SALES VOLUMES '000 METRIC TONS

	2005	2004
Iron ore	**5 776**	5 460
Manganese ore (excluding deliveries to the Cato Ridge alloy operation)	**1 811**	1 438
Manganese alloys	**197**	218
Charge chrome	**262**	295
Chrome ore (excluding deliveries to the Machadodorp alloy operation)	**34**	44

We have successfully contained costs through operational efficiencies and effective unit cost control programmes. By example, on-mine cost at our manganese and iron ore mines decreased by more than 15 percent year-on-year.

IRON ORE

Global demand for iron ore is still driven largely by steel production in China. The deteriorating average grade of locally produced iron ore inside China also contributed to increased external demand.

Sales volumes of iron ore from the Beeshoek Mine rose to 5,8 million tons from 5,5 million tons last year. These higher volumes were achieved through improved efficiencies at the mine, on the rail and at the harbour. With effect from April 2005, the Japanese benchmark US Dollar price of iron ore rose by 71,5 percent as a result of strong global demand.

The Northern Cape iron ore resources, near Kathu, offer significant opportunities for growth. These are currently being investigated. Assmang is finalising a feasibility study to expand its iron ore export capacity by establishing a new mine, adjacent to Sishen, on the farms Bruce, King and Mokaning (BKM). The BKM feasibility study will be ready for Board consideration towards the end of 2005 and construction of the new mine should commence during the 2006 financial year. The BKM mine will substantially replace Beeshoek which is nearing the end of its economic life. It is anticipated that the BKM mine will export roughly eight million tons a year by 2008/2009 and this will increase to an estimated 15 million tons by 2015. Again, increased exports are entirely dependent on rail and port capacities. The ramp-up to full production will run in parallel with Transnet's rail and port upgrade projects.

Transnet, in conjunction with ARM Ferrous and other iron and manganese ore producers, have worked together to achieve improved efficiencies, with the result that we saw somewhat higher capacities through the ports and on the railway lines used by Assmang in the year under review.

MANGANESE

ARM Ferrous controls one of the best quality manganese resources in the world. High quality manganese ore is mined from the Company's Nchwaning and Gloria mines at Black Rock situated near Kuruman in the Northern Cape.

Sales volumes of manganese ore increased by 26 percent to 1,8 million tons from 1,4 million tons in the previous year. Strong demand resulted in the Japanese benchmark price rising by 63 percent during April 2005.

A new shaft complex, at the Nchwaning manganese mine in the Northern Cape, was commissioned during the year. The new shaft complex will complement existing operations and will increase the total manganese run of mine production capacity to 3,5 million tons a year. Future growth will be dependent on market demand and increased capacity through the port of Port Elizabeth.

Sales volumes of manganese alloys decreased slightly to 197 000 tons from 218 000 tons in the previous year due to the reduction of demand from major contract customers in the USA and

Europe, timing of shipments and increasing stock levels to allow for furnace rebuilds. A metal from slag recovery plant was commissioned towards the end of June 2005 at the Cato Ridge Works. The plant is expected to increase output by 20 000 tons per annum.

CHROME

At the Dwarsrivier Chrome Mine in the Mpumalanga Province, opencast mining operations are almost exhausted. Construction of an underground mine, to replace the existing opencast operations, is well under way and is expected to be completed by December 2005 at a total capital cost of R222 million of which R82 million was spent in the current financial year. Production is being ramped up and when complete, the production capacity of Dwarsrivier will be 1,2 million tons of run of mine ore (840 000 tons saleable ore). The project is some seven months ahead of schedule.

Further investigations are under way to increase the run of mine production capacity at Dwarsrivier to 1,6 million tons per annum (1,1 million tons saleable ore). This will enable Assmang to export chromite ore.

Ferrochrome US Dollar prices rose during the first six months of calendar 2005 due to good initial demand and a strong Rand. However, the price reduction for the third quarter of calendar 2005 indicates a weakening in demand.

Sales volumes of charge chrome decreased in 2005 to 262 000 tons (2004: 295 000 tons) mainly as a result of furnace utilisation, with one furnace being shut down for five months due to demand conditions.

CONCLUSION

Due to ARM Ferrous being a dedicated supplier to the steel industry the businesses are exposed to the demand cycles associated with the commodities in which it operates. We are, however, confident that ARM Ferrous has unique strengths that will ensure an increasingly profitable future.

China's industrial growth shows no signs of slowing down and indications are that the country is in for long-term growth over the next two to three decades. Although it is possible that metal prices may reduce in the shorter term, Asia's buoyant economic growth should continue to result in robust demand for all of the Company's products.

As there is not a dedicated manganese export line, we are working with Transnet and other industry players to improve logistic efficiencies and capabilities throughout the supply chain from the mines in the Northern Cape to the Port Elizabeth stockpile and ship-loading facilities.

The Company has a well-established marketing network through our partners in Assore. The Company is also working closely with Government and parastatals to find solutions to increase the country's bulk ore export capacity.

ARM PLATINUM

ARM at present participates in the management of two operating mines, Modikwa Platinum Mine – a 50 percent joint venture with Anglo Platinum – and Nkomati Nickel Mine – a 50 percent joint venture with LionOre. It also manages the Two Rivers Platinum Mine – a project in which ARM holds 55 percent and Impala Platinum 45 percent. Two additional projects – the Nkomati Nickel Expansion Project and the Kalplats PGM Exploration Project – add to this division's exciting growth prospects.

ARM Platinum is engaged in an aggressive growth programme. Modikwa is currently ramping up production to achieve the designed mill throughput. Two Rivers is expanding on the successes of the trial mining undertaken and is in the process of constructing a concentrator and infrastructure which will be in full production within 18 months; and the existing Nkomati Mine's life is being extended through an Interim Phase, which is at an advanced feasibility stage, while the expansion study is being re-scoped with the input of both partners.

Further down the project pipeline is Kalplats, a joint venture with Platinum Australia which could acquire up to 49 percent of the equity on an earn-in basis. We expect a pre-feasibility report from our partners in the forthcoming year which will enable us to evaluate the first steps towards creating a new mine.

The Nkomati Mine has continued its consistent production levels whilst remaining very cost competitive. As a result we have been able to fully benefit from the strong nickel price for the year under review.

Modikwa has again showed an increase in production tonnages and we are encouraged by having achieved full milling capacity over the last three months for the period under review.

At the end of June, Two Rivers reported 300 000 tons of ore at surface with nearly 60 percent of the access decline development being completed. Furthermore, construction of the concentrator and related infrastructure has progressed according to plan.

MODIKWA PLATINUM MINE

The Modikwa Platinum Mine is situated on the eastern limb of the Bushveld Igneous Complex in the Steelpoort area of the Mpumalanga Province. Modikwa is held in an unincorporated joint venture with Anglo Platinum and is jointly managed. The ARM Mining Consortium Limited has a 50 percent stake in Modikwa with ARM owning 83 percent of the ARM Mining Consortium Limited, and the surrounding communities – through two Section 21 companies – the balance of 17 percent, giving ARM an effective 41,5 percent economic stake.

MODIKWA PLATINUM MINE – 100 PERCENT BASIS

		Six months ended		
		30 June	31 December	% Increase/
Operational statistics		**2005**	2004	(decrease)
Tons milled	million tons	**1,32**	1,14	16
Head grade (4E)	g/t	**4,13**	4,35	(2)
Platinum in concentrate	ounces	**66 112**	60 000	10
Cash cost	R/ton	**346**	373	(7)
Capex	R million	**50**	54	(8)

We expect to reach our production target of 350 000 oz of PGMs, including 160 000 oz platinum, in the 2006 financial year. The mine's build-up has been slower than initially anticipated due to unexpected geological disturbances. Furthermore, labour efficiency was lower than planned and relationships between mine management and employees were somewhat strained. However, the joint venture partners intervened and effected a number of changes which have already improved and will further improve production. Managerial changes were introduced, including the appointment of a new general manager for the mine. The new team evaluated the situation and implemented new mining methods, which involves the conversion of reef drives into footwall drives and subsequent breast mining on the reef horizon. The mine's organisational structure was also changed to a more conventional structure which will suit the new mining method and employee training and development was accelerated.

As a result of the changes, we are confident that we will reach targeted monthly production levels by early in the next calendar year. The restructuring has secured a turnaround and since March 2005 restored the mine to operating profits, excluding capex and debt. We aim to achieve our unit cost objective of R300/ton milled in the medium term, compared with R346/ton milled for the six months to June 2005. These numbers represent a significant improvement from the R373/ton milled reported for December 2004.

NKOMATI NICKEL MINE

The Nkomati Nickel Mine which is located some 300 km east of Johannesburg in the Machadodorp area of the Mpumalanga Province is one of the lowest cost producer nickel mines in the world.

In February 2005, ARM announced the formation of a 50:50 unincorporated joint venture at Nkomati with LionOre Mining International Limited, an international nickel producer based in Canada.

The mine consists of two deposits: a Massive Sulphide Body (MSB), which is currently being mined; and a larger, disseminated lower grade orebody (MMZ) which is also currently being mined, on a smaller scale, but offering significant growth potential.

Nkomati is a unique undertaking in South Africa, in that it is the country's only primary nickel mine with significant by-products such as PGMs, copper and cobalt. Despite the high average grade of the MSB currently being mined, this relatively small mine treats 30 000 tons per month.

The mining operation at Nkomati produced 5 544 tons of nickel for the year under review. Nkomati will remain a competitive low-cost operation due to the significant by-product credits mentioned above, including copper, palladium and platinum. The mine operates at an average cost of US$1,49/lb, net of by-product credits.

NKOMATI NICKEL MINE – 100 PERCENT BASIS

		2005	2004
Cash operating profit	R million	**349**	346
Tons treated	('000)	**346**	344
Grade	(% nickel)	**2,01**	2,02
On-mine cash cost tons treated	(R/ton)	**369**	361

MARKET SALES

		2005	2004
Nickel	tons	**5 291**	4 920
Copper	tons	**3 260**	2 830
Cobalt	tons	**97**	81
PGMs	oz	**39 370**	36 360

The MSB operation is expected to continue at present production levels until the third quarter of 2007. Life of mine could be extended by means of an Interim Phase, by mining increased tons from the MMZ orebody, although at lower metal production levels. These plans are currently being investigated and will be presented to the Board for consideration later in this calendar year.

Nkomati Nickel Expansion Project

During 2003, ARM conducted a feasibility study which confirmed the viability of the R2 billion (US$310 million) Nkomati Nickel Expansion Project. This will increase production significantly to some 16 500 tons of nickel a year for an additional 16 years until 2023.

On completion of the feasibility study review and the pit optimisation study later this year (jointly undertaken with LionOre), we plan to present the ARM Board with a project release plan which will include the extension of the current mine as referred to above.

LionOre successfully mines a similar disseminated ore-body at the Phoenix Mine, Tati Nickel, in Botswana. The technical and economic feasibility is now being refined and evaluated between ARM and LionOre, including the Activox® technology.

We are currently trial mining the MMZ orebody and analysing the characteristics of the tonnages to enable us to make informed decisions with reduced risk.

The nickel cycle has been on a high for the past three years which benefited our low-cost high-grade operation. In the expansion phase with its extended life, we will produce significantly higher volumes, albeit at lower grade.

TWO RIVERS PLATINUM PROJECT

The Two Rivers Platinum Project is jointly owned by ARM – 55 percent and Impala Platinum Holdings Limited (Implats) – 45 percent. The project area, situated on the farm Dwarsrivier, is located in the southern part of the eastern limb of the Bushveld Igneous Complex, and has a platinum to palladium ratio of 5:3 that compares favourably to the western limb.

Two Rivers, a brownfields project which will produce 220 000 oz of PGMs a year was released at the beginning of June 2005. The joint venture partners have contracted ARM to manage the project, while Implats will perform the processing and refining through its subsidiary Impala Refining Services (IRS).

Although the project property contains both the Merensky and UG2 reefs, the Two Rivers Platinum Project will start by exploiting the more profitable UG2 reef only. The platinum, palladium to rhodium ratio is 5:3:1.

The mining build-up has been identified as one of the major risks in new eastern bushveld operations. To alleviate or minimise this risk trial mining of this area was undertaken to evaluate different mining methods.

The Two Rivers ore-body dips at an average eight degrees with a seam width of approximately 1,8 metres. The board and pillar trackless mining method used in the trial proved very successful. A decline system is well advanced with a conveyor system capable of transporting 185 000 tons per month. An opencast mine will be commissioned in the northern area mining 40 000 tons per month. The combined monthly tonnages will be milled at the concentrator on site. A stockpile of around 300 000 tons of UG2 ore, which is available for the concentrator commissioning and production build-up, will increase to one million tons by the time the plant is commissioned. Construction of the state-of-the-art concentrator has commenced and its commissioning is scheduled for the second half of 2006. The forecast life of mine is 20 years at an underground production rate of 2.2 million tons per year using fully mechanised methods. Planned annual PGM sales will be an average of 120 000 oz of platinum, 68 000 oz of palladium and about 20 000 oz of rhodium.

Capital expenditure for the project is estimated at some R1,3 billion to commissioning of the mine. Project finance for R700 million has been secured through Absa and Nedbank, while the balance will be contributed by the partners in proportion to their holdings. The additional R300 million required for purchasing the mining fleet and building houses in Lydenburg is fully funded.

Kalplats PGM Exploration Project

ARM and Platinum Australia Limited have signed an agreement as joint venture partners to determine through further exploration and feasibility studies whether the construction of a new PGM mine can be justified. Part of the feasibility work will be the application of the Panton Process, a patented PGM recovery process, to enhance the recovery of PGMs. Pre-feasibility level results will be available during the next financial year.

HARMONY

In the year to June 2005 Harmony produced 2,97 million ounces of gold at an average operating cost of US$412 per ounce. This represented a decrease in production being mainly the result of the restructuring of the South African operations to deal with the low Rand gold price. This was achieved against a backdrop that saw total South African gold production fall.

Harmony will now enter a capital intensive phase in order to grow its production profile. For the 2006 financial year the Harmony board has approved R1,55 billion in capex of which R1,08 billion is project capex. This capital is earmarked for a range of existing and new Harmony projects that are planned to re-build the Harmony production profile to around 4,0 million ounces over the next four years, at lower cash costs.

Year ended June		**2005**	2004
Production	– kg	**92 230**	103 127
	– oz	**2 965 250**	3 315 595
Revenue	– R/kg	**84 799**	85 219
	– US$/oz	**427**	385
Working cost	– R/kg	**81 838**	79 599
	– US$/oz	**412**	360
Underground working costs – R/tonne		**474**	413
Cash operating profit – (Rm)		**273**	580
Cash earnings per share – cents		**75**	229
Earnings per share – cents		**(955)**	(206)

ARM EXPLORATION

During the 1990s ARM acquired large tracts of exploration targets across southern and central Africa, assembling a portfolio of attractive mineral exploration and development prospects in Namibia, Zambia and the Democratic Republic of Congo (DRC).

Since then the Company has performed significant exploratory work on four specific sites in the portfolio which suggests that certain projects are sufficiently encouraging to conduct further exploratory work and, pending the outcome, to proceed to feasibility stage. The feasibility studies will allow a decision to be made on bringing these assets into production between six months and three years from now in the gold, copper and cobalt sectors.

In the meantime, ARM has in South Africa, committed the full weight of its current development resources to completing the six major expansion projects at its existing mines in the platinum, nickel and ferrous businesses. These six projects are more fully described in the reviews of the Chairman and the CEO elsewhere in this document.

Similarly, the Company's status as a leading BEE mining company in South Africa and its positioning in southern Africa means that a number of other interesting strategic exploration and development opportunities are likely to come our way.

Against this background, management has been analysing the most effective strategy to bring to account the assets of the non-South African-based development and exploration portfolio at the earliest possible date. Timing is critical as the current environment is one of unusually buoyant commodity prices. The basic objective is to use this window of opportunity to move quickly and deliver additional value for shareholders.

Our aim is to generate increased value from these assets, to raise funds for further exploration and then to move into the mine development phase.

The four projects that we regard as particularly promising and close to development are the Otjikoto gold project in Namibia and the Konkola North copper project in Zambia, both wholly owned by ARM; the Mwambishi copper project, also in Zambia and 70 percent owned by ARM; and the Kalumines copper/cobalt project in the DRC, 60 percent owned by ARM.

The Otjikoto gold project lies within ARM's Otavi Exploration Area of 3 084 square kilometres where, through ARM's exploration efforts, a workable gold deposit has been discovered with a current inferred mineral resource of some 870 000 troy oz of gold, which is amenable to open pit mining and close to essential infrastructure. Extensive airborne geophysics and geological mapping have identified other promising targets close to the known deposit and there is a strong possibility that we will delineate further resources.

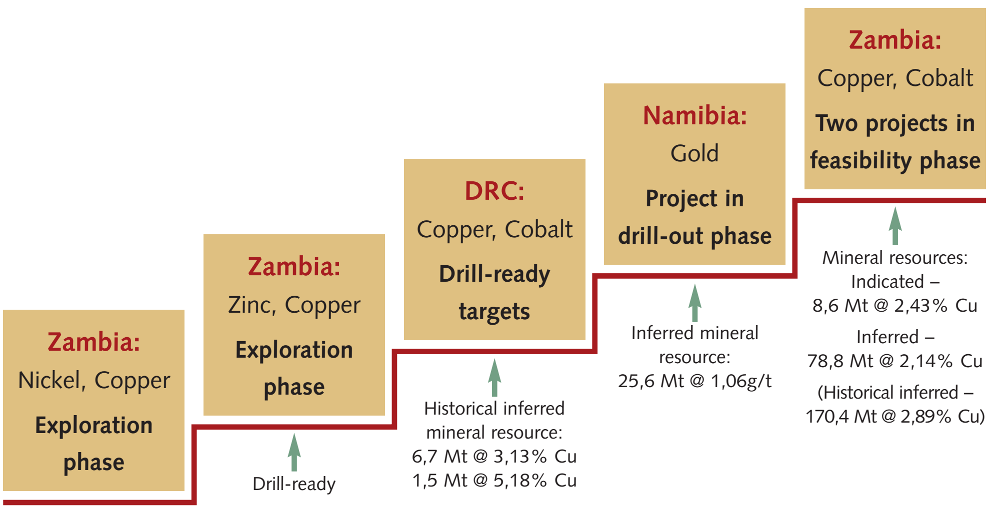
Konkola North, on the Zambian copperbelt adjacent to Konkola Mine, is a single large mining licence covering some 44 square kilometres. After an intensive drilling programme, we have identified inferred mineral resources of 78,8 million tonnes at 2,14 percent copper. Records of previous mining in the area indicate the likelihood of a further inferred resource of some 170 million tonnes at grades of 2,3 percent – 3,9 percent copper. Initial development will focus on a high-grade area with existing mining infrastructure, which, however, needs some refurbishment.

Production at the projected Mwambishi Copper open-pit operation, which falls within ARM's joint venture with Korea Zinc Company – the Copperbelt Joint Venture Exploration Area – could begin within 12 months. We have identified a resource of some 8,6 million tonnes at 2,43 percent copper and 0,05 percent cobalt. Existing processing facilities are located nearby.

The Kalumines copper/cobalt project is a joint venture with the state-owned Gécamines and covers 77 square kilometres near Lubumbashi, in the DRC. Extensive drilling, trenching and pitting over the area by previous owners show four areas of copper mineralisation with high copper and cobalt grades close to the surface that may be exploited using open-pit mining techniques. We have agreed with Gécamines to complete a feasibility study by May 2007.

ARM has identified several high-priority targets in the Copperbelt Joint Venture Exploration Area mentioned above. This area of 2 800 square kilometres is adjacent to producing copper mines. Similarly, we plan to explore several prospects in areas of base metal mineralisation indicated by airborne gravity technology in the 2 168 square kilometres Kafue Joint Venture Exploration Area in central Zambia. This particular project is a joint venture between ARM and BHP Billiton.

This intensive activity indicates that ARM is moving ahead aggressively and very quickly in the process of turning to account our highly promising exploration and development assets to deliver additional value to shareholders.



RESPONDING TO THE MINING CHARTER

HISTORICALLY DISADVANTAGED SOUTH AFRICAN (HDSA) STATUS

ARM fully subscribes to the Mining Charter, and as a role model strives to achieve more than the minimum requirements.

The Company annually submits the following reports as required by South African legislation:

- The Employment Equity Report to the Department of Labour
- The Workplace Skills Plan to the Mining Qualifications Authority and
- The Annual Training Report to the Mining Qualifications Authority

Ownership	✓	ARMI and the BBEE Trust jointly own 56,9 percent of ARM
	✓	At Modikwa, the black communities are the beneficiaries of an effective 8,5 percent of the Modikwa Mine which is held for their benefit by two Section 21 companies.
Employment equity	✓	Non-executive directors – 60 percent black, including 20 percent female
	✓	Steering Committee – 50 percent black representatives
Procurement	✓	Procurement from BEE progressing well
Training	✓	2,4 percent of payroll spent in training

ARM as a leader in empowerment in the mining sector is proud to report on the Company's initiatives, processes and structures that will assist in creating opportunities for new entrants in the mining sector, as well as in alleviating poverty in the regions in which the sector operates.

We have made considerable progress in achieving various of the targets set by the Mining Charter and have introduced further processes and plans to address all objectives comprehensively. Our aim is not purely to meet the minimum requirements, but to be the leader in meeting the mining charter's objectives.

1. Human Resource Development

Eighty-nine percent of ARM's employees are functionally literate. The majority of our operations have ABET centres at the operations and/or within the community areas. A total of 302 employees currently partake in ABET classes and an additional 38 non-employees from the surrounding communities also attend these classes.

The Company is currently spending 2,4 percent of payroll (R17 million) on training and the development of our employees and are assisted by 98 trained mentors.

2. Employment Equity

EMPLOYMENT EQUITY FIGURES AS AT 30 JUNE 2005

Occupational level	Total employees	Total EE males	% EE males	Total EE females	% EE females	% total EE
ARM						
Board of Directors	16	7	44	2	13	56
Steering Committee	11	5	45	–	–	45
Operational Committee						
– ARM Ferrous	13	4	31	1	8	31
– ARM Platinum	11	5	45	–	–	45
Consolidated						
Top management	13	3	23	–	–	23
Senior management	61	8	13	3	5	13
Professionally qualified	414	117	28	35	8	31
Skilled technically and academically qualified	1 066	495	46	58	5	49
Semi-skilled and discretionary decision-making	1 662	1 388	84	159	10	88
Semi-skilled and defined decision-making	2 891	2 746	95	122	4	99
Total	**6 107**	**4 757**	**78**	**377**	**6**	**82**

Notes: Total EE females include white females.
Total EE percent excludes white females, but includes all HDSA.
The Company currently employs 6 107 people of which 81,78 percent are employment equity appointments of our total workforce, 4 757 (77,89 percent) employees are male employment equity appointments, and 377 (6,17 percent) are female employment equity appointments).

3. Foreign labour

The Company does not have a policy of employing any migrant or foreign labour and the few individuals that are employed, possess strategic skills from foreign countries and meet all legislative requirements.

4. Housing and living conditions

The Company has moved forward drastically in its attempts to address the requirements of the Mining Charter and only Cato Ridge and Black Rock remain challenges.

In addition we have made good progress by including housing allowances, enabling all employees to either rent or purchase a house, as part of our remuneration package.

5. Procurement

ARM recognises the national imperative to contribute towards the broad-based economic transformation of South Africa. To this end ARM is committed to bringing Historically Disadvantaged South Africans (HDSAs) into the mainstream of the economy, by striving to identify, develop, facilitate and avail where possible business opportunities to black economic empowerment suppliers within all its operations.

The Company will meet its procurement targets, already achieving a 16 percent level, before considering procurement from parastatals such as Eskom and Transnet.

For the period under review, total procurement of capital goods, consumables and services amounted to R2,917 billion of which R806 million consisted of non-discretionary expenditure. Discretionary expenditure reported was R2,111 billion and 15,84 percent (R334 million) was procured from black economic empowerment suppliers.

In addition to the achievements referred to above the year's milestone achievement for ARM was to award the R132 million Two Rivers Lydenburg Housing Development building construction tender to a consortium of Mpumalanga-based black construction contractors. The consortium is broad-based and is representative of the country's youth, its women and of people with disabilities. This contract has not yet been drawn down and is not part of the 15,84 percent referred to earlier.

6. Mine community and rural development

An effective 8,5 percent of the Modikwa Mine is held through two Section 21 companies for the benefit of the Modikwa communities, and was essentially funded and made possible by ARMI. Community investment initiatives are further implemented through a number of companies previously established by ARMI and which have created numerous businesses and employment opportunities in the area.

ARM, in various levels of involvement and with due cognisance of the different Integrated Development Plans, has identified the following areas where the need for meaningful contribution is required:

- Developing and assisting in the provision of quality education to address future staff requirements, levels of education and skills development through education and training;
- Contributing to the sustained improvement of both existing infrastructure and the environment;
- Partnering the Government in providing quality service in primary health care; and
- Empowering local communities to address poverty alleviation.

ARM has spent a total of R6 million towards social investment initiatives during the past financial year.

7. Ownership and joint ventures

ARM is currently black controlled with 56,9 percent of its issued share capital held by BEE groups. Furthermore, as described above, an effective 8,5 percent of the Modikwa Mine is held for the benefit of the communities surrounding the mine.

The ARM Broad-Based Economic Empowerment Trust holds 14 percent of ARM, included in the above. ARMI holds 42,9 percent in ARM, included in the above and at present has the right to exercise the Trust's voting rights for its 14 percent. The beneficiaries of the BBEE Trust will be broad-based empowerment groups, all of whom are expected to be in place by December 2005.

8. Beneficiation

Significant beneficiation is undertaken by ARM at various of our businesses and projects, all with the objective of creating value for the Company.

Examples of increased beneficiation:

- Engineering upgrade of Furnace 1 at Machadodorp: R36 million resulting in additional capacity of 10 000 tons per annum output.
- Engineering upgrade and rebuild of Furnace 2 at Machadodorp Works: R37 million resulting in additional output of 3 500 tons per annum.

There are currently numerous plans (still to be considered by our Board) to further expand Assmang's beneficiation status, including the following key projects:

- Dense media plant and sinter plant at Gloria Mine. Project initiated to investigate 500 000 tons per annum DMS and sinter facilities at Gloria Mine at a capital cost, in 2005 money terms, of about R600 million.
- Upgrades and capacity increases on furnaces 3, 4 and 5 at the Cato Ridge Works are planned at a capital cost of approximately R128 million. An output increase of some 44 000 tons per annum is expected.
- The Nkomati Expansion Project will in future produce LME specification nickel cathodes, copper cathodes and cobalt salts.

9. Licensing

Conversion applications for Modikwa Platinum Mine and Nkomati Nickel Mine are in draft form and are expected to be submitted in the near future.

Assmang Limited, a subsidiary company of ARM, will in due course be lodging applications for conversion of its old order mining rights in relation to its iron ore, manganese and chrome mining operations. Assmang has been advised by the Department of Minerals and Energy that its application for conversion of its old order prospecting right relating to its proposed new iron ore mine in the Northern Cape has been granted.

Prior to 1 May 2005 Assmang lodged a number of applications for prospecting rights in relation to its iron ore, manganese ore and chrome ore divisions, most of which have been accepted by the DME, and the regulatory requirements in respect of which are in the process of being fulfilled.

10. Consultation, monitoring, evaluation and reporting

All reporting, evaluation and monitoring is presented to the ARM Steering Committee, the Empowerment Committee and ultimately to the Board of Directors and shareholders. These are presented on a quarterly basis.

The Company's Employment Equity Report is submitted annually to the Department of Labour. The Annual Training Report and the Workplace Skills Plan is reported annually to the Mining Qualifications Authority.

The Company maintains constant dialogue to explore alternative and creative ways of maximising the effects and achievements of the scorecard.

MINERAL RESOURCES AND
MINERAL RESERVES

Resources and reserves are quoted as at 30 June 2005. The competent person defined by both the SAMREC and JORC codes have prepared, reviewed and signed off the mineral reserves and mineral resources reported in this publication. Consulting firms routinely audit the resources and reserves of all ARM operations.

COMPETENT PERSON'S REPORT ON MINERAL RESOURCES AND MINERAL RESERVES

General statement

ARM reports its mineral resources and mineral reserves in conformity to the South African Code for Reporting Mineral Resources and Mineral Reserves (SAMREC Code) and the Australian Institute of Mining and Metallurgy Joint Ore Reserves Committee Code (JORC Code).

The convention adopted in this report is that mineral resources are reported inclusive of that portion of the total mineral resource converted to a mineral reserve. Resources and reserves are quoted as at 30 June 2005. Consulting firms routinely audit the resources and reserves of the ARM operations.

Underground resources are in-situ tonnages at the postulated mining width, after deductions for geological losses. Underground mineral reserves reflect milled tonnages while surface (dumps) mineral reserves are in-situ tonnages without dilution. Both are quoted at the grade reporting to the mill.

The evaluation method is generally ordinary kriging with mining block sizes ranging from 10 x 10 m^2 to 100 x 100 m^2 to 250 x 250 m^2 in the 2-D plain. The blocks vary in thickness from 2,5 to 50 metres. Inverse distance is used in a few instances and with similar block sizes. The Sichel-t and log-mean estimation methods are occasionally used for global estimation of resources and so is the weighted polygonal method. The evaluation process is fully computerised and generally decentralised. The software package utilised is Datamine with the resource and reserve volumes being wireframed.

The mineral resources and mineral reserves are reported on a total basis regardless of the attributable beneficial interest that ARM has on the individual projects or mines. When the attributable beneficial interest on a mine or project is less then 100 percent the actual percentage of the attributable interest is specified.

MINERAL RESOURCES AND
MINERAL RESERVES

African Rainbow Minerals Limited consists of the following operating divisions and assets.

Operating division	Operating assets	Type
Platinum Division		
	Nkomati Mine	Mine and concentrator
	Nkomati Expansion Project	Mine and concentrator, refinery
	Modikwa Mine	Mine and concentrator
	Two Rivers Mine	Mine and concentrator
	Kalplats Project	Exploration asset
Ferrous Division		
Iron Ore Division	Beeshoek Mine	Mine and concentrator
	Bruce King Mokaning Mine	Feasibility study in progress
Manganese Division	Nchwaning Mine	Mine and concentrator
	Gloria Mine	Mine and concentrator
	Cato Ridge Works	Ferro-manganese and silicon-manganese smelter
	Cato Ridge Alloys	Ferro-manganese refinery
Chrome Division	Dwarsrivier Mine	Mine and concentrator
	Machadodorp Works	Smelter and metal recovery plant
Other assets		
Exploration Properties	Otjikoto Project	Gold exploration
	Konkola North	Copper exploration
	Mwambashi Project	Copper exploration
	Mineral Rights	Various minerals
Harmony	Mines, metallurgical plants and refinery	Gold – ARM holds a 16,2 percent investment in Harmony

ARM FERROUS – ASSMANG LIMITED OPERATIONS

The attributable beneficial interest of ARM in Assmang is 50,4 percent.

MANGANESE

The manganese mines are situated in the Northern Cape Province, some 80 km west of the town of Kuruman. The site is accessed via the national N14 route between Johannesburg and Kuruman, and the provincial road R31.

The manganese ore outcrop is located on a small hillock known as Black Rock, where several large properties underlain by ore were discovered and acquired. The Black Rock area is considered to be the largest and richest manganese deposit in the world. Two manganese reefs occur on the properties. The manganese ore operations were extended and today include the Gloria and Nchwaning underground mines. Manganese are supplied locally to our smelters, but is mainly exported through the port of Port Elizabeth.

Resources and reserves

Measured Resources is classified as tons available up to 50 metres in front of the mining faces, ie all services are available. All tonnages further than 50 metres from current development is classified as Indicated Resources. Geological losses are built into the grade model. Measured Resources are converted to Proved Reserves taking a 20 percent pillar loss into account (23 percent for Gloria). In the same way Probable Reserves are obtained from the Indicated Resources. The manganese seam is up to 6 metres in thickness of which 3,5 metres is stoped, using a manganese marker zone for control, and therefore there is minimum dilution.

Nchwaning Mine

The mineral reserves at Nchwaning 1 Body decreased by 2,1 Mt to 116,5 Mt (118,6 Mt). The reason for this is the re-modelling of the orebody and the draw down by the year's production. Similarly the mineral resources at Nchwaning 1 Body decreased by 2,6 Mt to 145,6 Mt (148,2 Mt). The mineral resources at Nchwaning 2 Body stayed the same at 182,9 Mt. Currently there are no markets for 2 Body type manganese grades and this seam is not exploited.

Gloria Mine

The mineral reserves at Gloria 1 Body increased by 1,3 Mt to 72,6 Mt (71,3 Mt). The 2005 evaluation reported a slightly higher tonnage after the block model was re-build. The mineral resources at Gloria 1 Body showed an increase from 162,9 Mt to 164,6 Mt. Only limited production took place at Gloria for the year under review. The mineral resources at Gloria 2 Body stayed the same at 138,2 Mt. Currently there is no market for 2 Body type manganese grades and this seam is not exploited.

MINERAL RESOURCES AND
MINERAL RESERVES

NCHWANING MINE

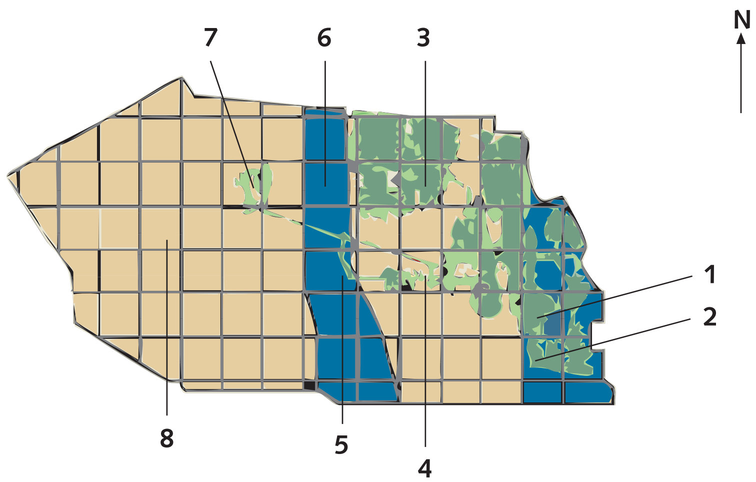
1 and 2 Body Manganese resources/reserves plan

Map code	Nchwaning 1 Body resources	Tonnes Mt	Nchwaning 1 Body reserves	Tonnes Mt	Mn%	Fe%
1	Area 1 measured	1,51	Area 1 proved	1,21	49,1	10,6
2	Area 1 indicated	5,36	Area 1 probable	4,4	38,9	6,2
3	Area 2 measured	6,79	Area 2 proved	5,43	45,9	9,0
4	Area 2 indicated	21,8	Area 2 probable	17,4	44,2	9,3
5	Graben measured	0,48	Graben proved	0,38	48,3	9,6
6	Graben indicated	15,3	Graben probable	12,2	48,8	10,3
7	Area 3 measured	2,2	Area 3 proved	1,76	48,3	9,1
8	Area 3 indicated	92,3	Area 3 probable	73,8	44,8	8,8
	Total measured	10,9	Total proved	8,78	46,9	9,3
	Total indicated	134,7	Total probable	107,7	44,9	8,9
	Total resources 1 Body	**145,6**	**Total reserves 1 Body**	**116,5**	**45,05**	**8,93**

Map code	Nchwaning 2 Body resources	Tonnes Mt	Mn%	Fe%
2	Area 1 indicated	19,8	43,6	15,9
4	Area 2 indicated	56,7	42,7	15,1
6	Graben indicated	15,9	42,7	16,6
8	Area 3 indicated	90,5	42,1	15,4
	Total indicated	182,9	42,5	15,5
	Total resources 2 Body	**182,9**	**42,5**	**15,5**

Measured resources = Immediately available tons up to 50 metres in front of mining faces, else classified as indicated.
Proved reserves = Measured resources less 20 percent pillar loss.
Probable reserves = Indicated resources less 20 percent pillar loss.

Nchwaning Mining Lease



GLORIA MINE

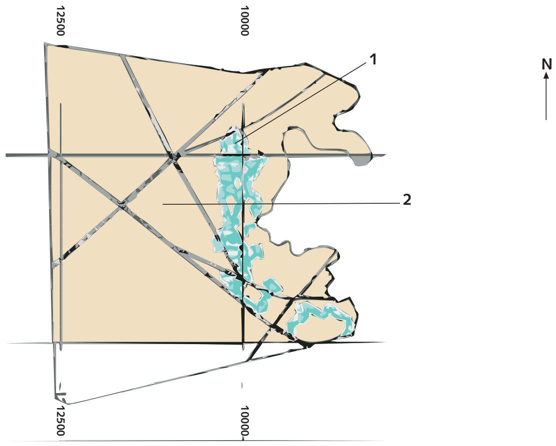
1 and 2 Body Manganese resources/reserves plan

Map code	Gloria 1 Body resources	Tonnes Mt	Gloria 1 Body reserves	Tonnes Mt	Mn%	Fe%
1	Measured	9,7	Proved	7,4	38,3	5,08
2	Indicated	84,6	Probable	65,2	38,2	5,8
	Inferred	70,3	–	–	–	–
	Total resources 1 Body	**164,6**	**Total reserves 1 Body**	**72,6**	**38,2**	**5,73**

Gloria 2 Body resources	Tonnes Mt	Mn%	Fe%
Indicated	67,9	31,9	10,98
Inferred	70,3	34,23	8,97
Total resources 2 Body	**138,2**	**33,09**	**9,96**

Measured resources = Immediately available tons up to 50 metres in front of mining faces, else classified as indicated.
Proved reserves = Measured resources less 23 percent pillar loss.
Probable reserves = Indicated resources less 23 percent pillar loss.

Gloria Mining Lease



IRON ORE

The iron ore division consists of the Beeshoek Mine located on the farms Beeshoek 448 and Olynfontein 475 and iron ore resources on the farms Bruce 544, King 561, Mokaning 560 and McCarthy 559. All properties are located in the Northern Cape, approximately 200 km west of Kimberley. The mine operation is situated 7 km west of Postmasburg and the iron ore resources are adjacent and lies south-east to Kumba Resources' Sishen mine. The Beeshoek Mine supplies iron ore for the local market, but the bulk is exported through the port of Saldanha Bay.

Resources and reserves

During the year major resource re-evaluations took place using the Unfold process to make grade predictions more accurate. This was implemented on recommendation by Snowden Mining Consultants during a bankable feasibility study on the Bruce King Mokaning (BKM) prospects. Although resource and reserve classification techniques were employed that differ from previous years' techniques, the resource tonnage estimation only differ by 6 percent. As Beeshoek is depleting its iron ore resources the Company decided to henceforth report Beeshoek and BKM separately in order for shareholders to follow the progress at BKM.

MINERAL RESOURCES AND MINERAL RESERVES

Beeshoek Mine

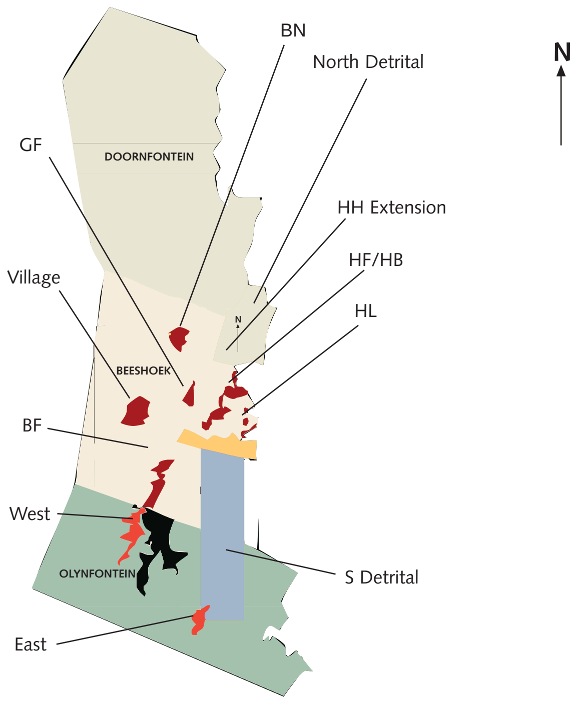
Of the 73 Mt of mineral reserves available only about 40 percent is suitable for the ordinary wash-and-screen process, limiting the Life of Mine (LOM) at Beeshoek to approximately three years, after which stock piles will be treated.

BEESHOEK MINE

Resources/reserves plan

Pit/area	Measured Mt	Measured Fe%	Indicated Mt	Indicated Fe%	Inferred Mt	Inferred Fe%	Total resource Mt	Total resource Fe%	Proved reserve Mt	Proved reserve Fe%	Probable reserve Mt	Probable reserve Fe%	Total reserve Mt	Total reserve Fe%
BN	31,7	63,57	0,001	61,88	–	–	31,7	63,57	24,3	64,25	–	–	24,3	64,25
GF	3,6	63,73	0,09	61,80	–	–	3,7	63,68	0,9	64,36	–	–	0,9	64,35
HF/HB	18,6	64,25	0,001	62,16	–	–	18,6	64,25	6,1	65,08	–	–	6,1	65,08
HH Ext	0,8	57,12	–	–	–	–	0,8	57,12	0,5	63,29	0,01	63,89	0,5	63,31
HL	5,6	65,06	–	–	–	–	5,6	65,06	0,4	65,64	–	–	0,4	65,64
N Detrital	–	–	5,9	60,00	–	–	5,9	60,00	–	–	–	–	–	–
Village	31,2	63,23	–	–	–	–	31,2	63,23	18,3	65,70	–	–	18,3	65,70
BF	17,5	63,51	0,03	63,92	–	–	17,5	63,51	9,9	63,87	0,4	63,95	10,3	63,88
West Pit	11,4	63,24	–	–	0,05	61,87	11,4	63,23	10,1	65,48	–	–	10,1	65,48
East Pit	19,5	64,58	0,03	63,76	–	–	19,6	64,57	2,1	64,93	–	–	2,1	64,93
S Detrital	–	–	7,3	60,00	–	–	7,3	60,00	–	–	–	–	–	–
Total	139,9	63,72	13,3	60,03	0,05	61,87	153,3	63,63	72,6	64,83	0,41	63,95	73,0	64,82

Beeshoek Resources



Bruce King Mokaning Project

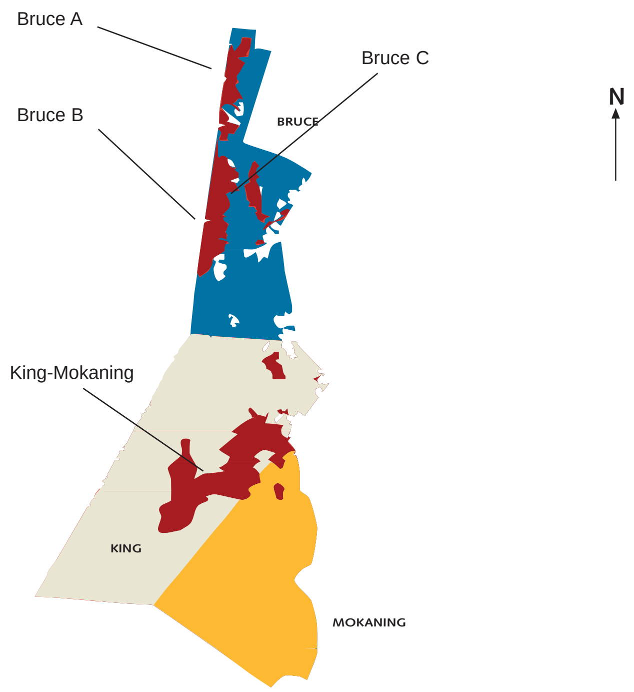
A feasibility study is in progress on this area which has vast iron ore resources adjacent to Kumba Resources' Sishen mine. The mineral resources amount to 671,5 Mt at a Fe grade of 64,5 percent. The mineral reserves amount to 444,7 Mt at a Fe grade of 64,7 percent. Resources and reserves were audited and signed-off by Snowden Mining Consultants in February 2005.

BRUCE KING MOKANING (BKM) PROJECT

Resources/reserves plan

Pit/area	Measured Mt	Measured Fe%	Indicated Mt	Indicated Fe%	Inferred Mt	Inferred Fe%	Total resource Mt	Total resource Fe%	Proved reserve Mt	Proved reserve Fe%	Probable reserve Mt	Probable reserve Fe%	Total reserve Mt	Total reserve Fe%
BRUCE A	23,6	64,91	99,0	64,54	0,8	63,37	123,4	64,60	17,1	65,20	57,2	64,70	74,3	64,80
BRUCE B	21,1	65,71	77,0	64,06	8,7	64,64	106,8	64,43	19,4	65,70	44,7	64,40	64,1	64,80
BRUCE C	37,5	65,45	6,9	65,95	1,6	64,80	46,0	65,50	34,1	65,50	1,4	65,90	35,5	65,60
KING/ MOKANING	255,7	64,55	122,7	64,48	4,9	63,03	383,3	64,51	202,5	64,50	68,3	64,60	270,8	64,60
BKM Detrital	–	–	–	–	12,0	60,00	12,0	60,00	–	–	–	–	–	–
Total	337,9	64,75	305,6	64,01	28,0	62,34	671,5	64,5	273,1	64,75	171,6	64,59	444,7	64,74

BKM Resources



MINERAL RESOURCES AND MINERAL RESERVES

CHROMITE

The chromite operations at Dwarsrivier Mine forms part of Assmang's Chrome Division. The mine is situated on the farm Dwarsrivier 372KT, approximately 30 km from Steelpoort and 60 km from Lydenburg in the Mpumalanga Province. Current open-pit operations are coming to an end and future production will be from an underground mine. Chrome production is mainly supplied to Assmang's ferro-chrome smelter at Machadodorp.

Resources and reserves

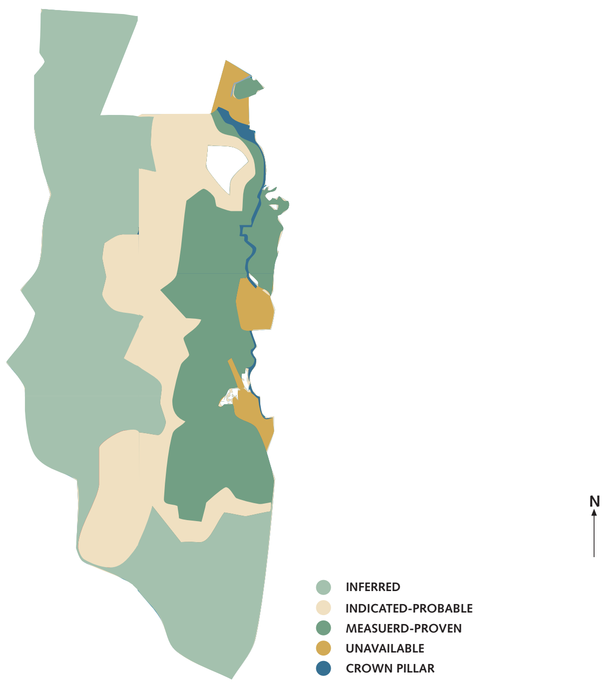
When compared to the previous financial year, the mineral reserves increased by 3,9 Mt or 14,4 percent to 31 Mt (27,1 Mt) and the mineral resources show a limited increase of 1,7 Mt or 2 percent to 88,3 Mt (86,6 Mt). The reason for the change in mineral reserves is the routine conversion of certain measured and indicated mineral resources to mineral reserves to compensate for the loss of production.

DWARSRIVIER MINE

Chrome resource/reserves plan

Chrome resources	Tonnes Mt	Cr_2O_3%	FeO%	Chrome reserves	Tonnes Mt	Cr_2O_3%	FeO%
Measured	20,4	39,67	23,34	Proved	13,3	39,65	23,3
Indicated	22,2	39,48	22,95	Probable	17,7	39,48	22,9
Inferred	45,7	38,76	23,10				
Total resources	88,3	39,15	23,12	Total reserves	31,0	39,55	23,1

Dwarsrivier Mining Lease



ARM PLATINUM

Nkomati Nickel Mine

The Nkomati Mine is situated in the Mpumalanga Province, some 300 km east of Johannesburg. Located at latitude 25O 40'S and longitude 30O 30'E, the site is accessed via the national highway N4 between Johannesburg and Machadodorp, via a provincial road R341 and the R351 tarred road.

Mining operations comprise a mechanised underground mining operation which feeds a concentrator for production of two types of concentrate (High Grade Concentrate and Bulk concentrates) both containing PGEs, nickel, copper and cobalt. Final products are transported to various third parties for toll treatment.

The mineral reserves of the Nkomati Mine decreased by 261 000 tons or 23 percent during the year to 0,893 Mt (1,154 Mt) as a result of the year's production. The mineral resources of the mine decreased to 1,24 Mt (1,87 Mt) for the same reason.

Nkomati Expansion Project

Due to a re-evaluation to incorporate additional drilling and resultant wireframe adjustments, the Nkomati Expansion Project's mineral resources increased slightly by 3,6 percent from 141 Mt to 144,3 Mt.

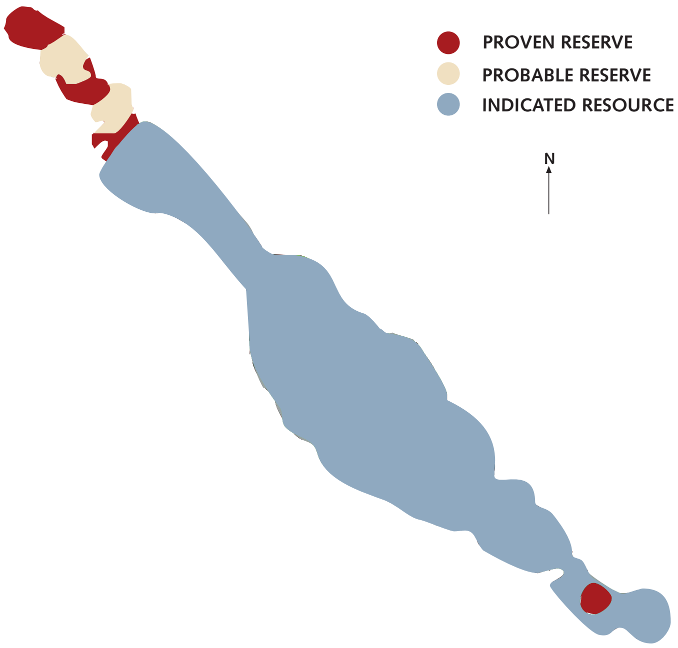
A 50:50 joint venture with LionOre Mining International was announced in February 2005. LionOre is a global nickel producer and owner of the Activox® technology, which is considered for the Project's extraction process. A feasibility study is in progress.

NKOMATI MINE AND EXPANSION PROJECT

Nickel/Cobalt producer resources/reserves plan

Ni/Co			Tons	Ni%	Cu%	Co%	3PGM +Au g/t
Mine	Reserve	Proved	818 000	1,66	0,91	0,08	5,87
		Probable	75 000	1,12	0,58	0,05	2,66
	Resource	Measured	1 188 900	1,40	0,73	0,50	4,10
		Indicated	42 000	2,28	1,25	0,11	5,93
		Inferred	13 000	2,98	0,97	0,17	5,62
		Total reserves	893 000	1,61	0,88	0,08	5,60
		Total resources	1 243 900	1,45	0,75	0,48	4,18
Expansion	Reserve	Proved	–				
		Probable	65 802 000	0,48	0,22	0,03	0,96
	Resource	Measured	–				
		Indicated	144 266 000	0,46	0,18	0,03	1,04
		Inferred					
Mine and expansion		Total reserves	66 956 000	0,50	0,23	0,03	1,02
		Total resources	144 266 000	0,46	0,18	0,03	1,04

Nkomati Resources



Two Rivers Platinum Project

The Two Rivers Platinum Project (Two Rivers) is located within the southern sector of the eastern limb of the Bushveld complex, on the farm Dwarsrivier 372KT. The UG2 and Merensky Reefs are present on the farm. In May 2005 ARM (55 percent) and Impala Platinum (45 percent) granted approval to proceed with the project.

Resources and reserves

The UG2 mineral reserves decreased by 4,5 Mt to 40,3 Mt (44,8 Mt), back to where it was in 2003. The increase in the 2004 reserves could not be substantiated by the Competent Person and is therefore reduced. The mineral resources are the same as the 2004 figure of 59 Mt. Trial mining is currently being carried out to gain experience on the mining conditions and to train operators. As at 30 June 2005 some 250 000 tons of ore were stockpiled, treatment facilities are being built and commissioning of the project is expected towards the end of 2006.

The mineral resources and reserves of the UG2 are based on 218 surface diamond holes drilled at an average spacing grid of 500 metres over the whole property and 250 metre grid spacing over the area planned for the first five years of mining. The drillhole spacing in the area of the open pit is 50 metres on dip and 100 metres on strike. The mineral resource of the Merensky Reef is based on a total of 81 surface diamond drillholes. A discount factor of 30 percent to the underground resource tonnage and 10 percent to the open pit resource tonnage has been applied to both the UG2 and Merensky Reefs in order to account for losses due to potholes, faults, dykes and replacement pegmatoids.

The resource to reserve conversion was done using the Mine 2-4D optimisation software package to select the optimum economic cut subject to the geological geotechnical and trackless mining constraints. Unplanned and off-reef dilution, followed by a 95 percent mine call factor, has been applied to the output from the optimiser to provide the fully diluted mill head grade of the reserves.

MINERAL RESOURCES AND MINERAL RESERVES

TWO RIVERS PLATINUM PROJECT

Mineral Resources UG2

		GRADE							
						(3PGE	(5PGE		
		Pt	Pd	Rh	Au	+Au)	+Au)	Pt	6E
	Mt	g/t	g/t	g/t	g/t	g/t	g/t	Moz	Moz
Measured	13,1	2,90	1,70	0,50	0,04	5,17	6,27	1,18	2,54
Indicated	46,2	2,01	1,30	0,35	0,04	3,70	4,43	2,89	6,37
Inferred	–								
TOTAL	59,28	2,21	1,39	0,38	0,04	4,02	4,83	4,07	8,91

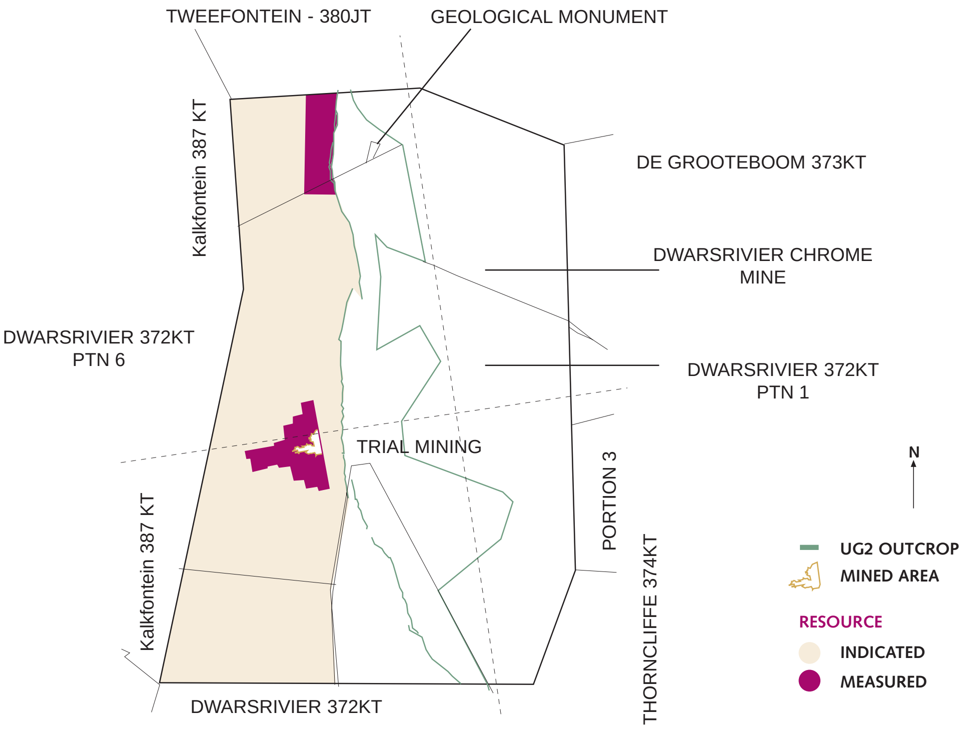
Mineral Reserves UG2

		GRADE							
						(3PGE	(5PGE		
		Pt	Pd	Rh	Au	+Au)	+Au)	Pt	6E
	Mt	g/t	g/t	g/t	g/t	g/t	g/t	Moz	Moz
Proven	10,5	2,04	1,15	0,38	0,03	3,59	4,35	0,67	1,42
Probable	29,8	1,86	1,20	0,35	0,03	3,44	4,11	1,72	3,81
TOTAL	40,3	1,91	1,19	0,36	0,03	3,48	4,18	2,39	5,23

Mineral Resources Merensky Reef

		(3PGE+Au)	6E	Pt	Pt	6E
Top zone	Mt	g/t	g/t	g/t	Moz	Moz
Measured	–	–				
Indicated	18,7	3,34	3,55	2,06	1,20	2,06
Inferred	3,9	3,16	3,36	1,95	0,24	0,41
TOTAL	22,6	3,31	3,52	2,04	1,43	2,47

Two Rivers Resources



Modikwa Platinum Mine

The Modikwa Platinum Mine is situated some 15 km north of Burgersfort and 15 km east of Steelpoort, along the border between the Mpumalanga and Limpopo Province. It started production in 2001 and is currently in a ramp-up phase. The attributable beneficial interest of ARM on Modikwa is 41,5 percent and is operated as a Joint Venture with Anglo Platinum.

The mine exploits the UG2 Reef, which has an average width of 60 cm and occurs as a chromitite layer. The Merensky Reef is also developed, and mineral resources are quoted for the first time. The UG2 mining cut is divided into three units comprising the UG2 chromitite layer, the hanging wall and the footwall. Estimation of the three sub-units in the mining cut is carried out separately and independently. Discount factors are applied to tonnages ranging from 10 percent (for measured mineral resources) up to 30 percent to account for loss of ore due to pegmatoid intrusions, faults, dykes and potholes.

Resources and reserves

The mineral reserves at Modikwa stayed the same at 15,7 Mt when compared with the 2004 statement. The mineral resources increased slightly from 266 Mt to 275 Mt due to additional drilling and re-evaluation in late 2004. Resources and reserves were adjusted to reflect June 2005 status.

MINERAL RESOURCES AND MINERAL RESERVES

MODIKWA PLATINUM MINE

UG2 and Merensky Reef resource/reserves plan

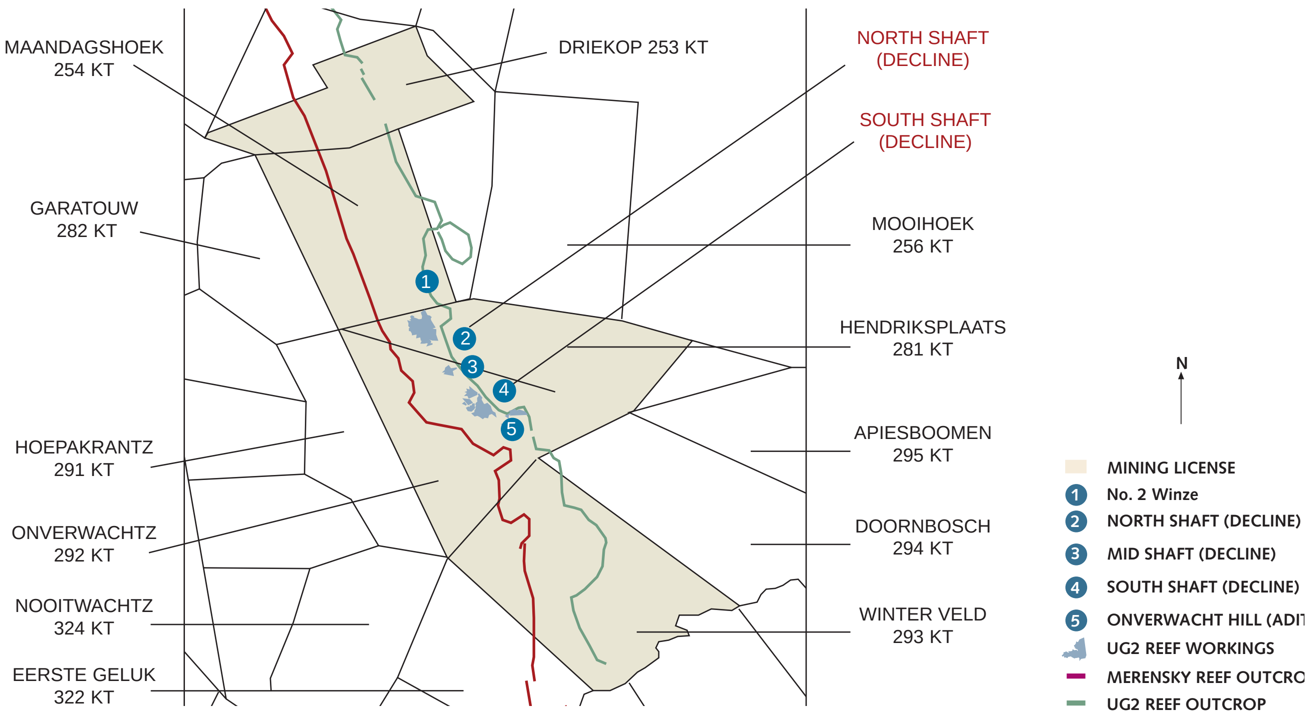
UG2 Mineral Resources/Reserves

	Mt	3PGE+Au g/t	M troy oz
Reserves			
Proved	5,83	5,28	0,99
Probable	9,89	4,64	1,47
Total	15,72	4,88	2,46
Resources			
Measured	68,6	5,56	12,3
Indicated	90,2	5,45	15,8
Inferred	115,8	5,63	20,9
Total	274,6	5,55	49,0

Merensky Reef Mineral Resources

	Mt	3PGE+Au g/t	M troy oz
Measured	–	–	–
Indicated	107,83	2,91	10,1
Inferred	94,32	2,96	8,98
Total	202,15	2,93	19,04

Modikwa Mining Lease



Kalplats PGM Exploration Project

The Kalplats Project is located in the Kraaipan greenstone belt with the PGE mineralisation hosted within the Stella layered intrusion. Three sub-parallel reef packages have been recognised and evaluated. They are the Main Reef (the highest grade reef), the Mid Reef and the LG Reef. A 15 percent metal discount was applied to all resource blocks to account for barren dykes, which are modelled within the ore blocks and would have to be mined as ore, but contain no grade. No additional work was carried out and mineral resources are the same as for 2004.

KALPLATS PGM PROJECT

Stella layered intrusion resource plan

Mineral resources

Classification	Mt	(3PGE+Au) g/t	4E Moz
Measured	–	–	–
Indicated	7,12	1,7	0,38
Inferred	68,11	1,15	2,44
Total	**75,23**	**1,20**	**2,82**

Harmony

ARM holds a 16,2 percent investment in Harmony Gold Mining Company Limited. Harmony is South Africa's third largest gold producer and is operated by its own management team. The resources and reserves of Harmony's mines are the responsibility of the Harmony team and are published in the Harmony Annual Report.

ARM EXPLORATION

The **Otjikoto Project** is a gold exploration property situated in Namibia and occurs within the Northern zone of the Damara Orogen. It is hosted within a package of marbles, albitites and biotite schists of the Karibib Formation. The resource is based on RC drillholes and diamond drillholes totalling in excess of 100. A cut-off grade of 0,5 g/t Au was applied in defining the resource.

OTJIKOTO GOLD PROJECT – NAMIBIA

Locality plan

Mineral resources

Classification	Mt	Au g/t	M troy oz
Measured	–	–	
Indicated	–	–	
Inferred	25,6	1,06	0,87
Total	**25,6**	**1,06**	**0,87**

MINERAL RESOURCES AND MINERAL RESERVES

The **Konkola North Project** is situated in the Zambian Copperbelt with the economic mineralisation being confined to the dark-grey siltstone within the Ore Shale 1 Member of the Nchanga Formation. A total of 125 diamond holes were drilled in a number of exploration phases. The orebody was divided into two zones for estimation purposes, the East Limb and the South Limb. The 3-D wireframes were defined by using a 1 percent Total Cu cut-off.

KONKOLA NORTH COPPER PROJECT – ZAMBIA

Locality plan

Mineral resources

Classification	Mt	Cu%
Measured	–	–
Inferred	78,8	2,14
Inferred	170,4	2,89
Total	**249,2**	**2,65**

The **Mambwashi Project** lies in the Zambian Copperbelt on the Western edge of the Chambishi Basin. A total of 32 RC and 7 diamond holes were drilled in the property. The resource is quoted at a 1 percent Total Cu cut-off on a block by block basis.

MWAMBASHI COPPER PROJECT – ZAMBIA

Locality plan

Mineral resources

Classification	Mt	Cu%	Co%
Measured	–	–	–
Indicated	8,6	2,43	0,05
Inferred	–	–	–
Total	**8,6**	**2,43**	**0,05**

Competence

Various competent persons as defined by the SAMREC Code and JORC Code have prepared the Mineral Reserve and Mineral Resource figures quoted in this report. They were reviewed and signed off by the ARM competent person.

The competent person with overall responsibility for the compilation of the mineral reserves and resources is Mr PJ van der Merwe, PrSciNat.

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

DEFINITIONS

The definitions of resources and reserves, quoted from the SAMREC CODE, are as follows:

A 'mineral resource' is a concentration [or occurrence] of material or economic interest in or on the Earth's crust in such form, quality or quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a mineral resource are known, estimated from specific geological evidence and knowledge, or interpreted from a well constrained and portrayed geological model. Mineral resources are subdivided, in order of increasing confidence in respect of geoscientific evidence, into inferred, indicated and measured categories.

An 'inferred mineral resource' is that part of a mineral resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that may be limited or of uncertain quality and reliability.

An 'indicated mineral resource' is that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

A 'measured mineral resource' is that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

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

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

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

SUSTAINABLE DEVELOPMENT REPORT

The ARM sustainable development philosophy is underpinned by the realisation that there is a need to turn mineral wealth into economic wealth. Through our business endeavours we seek to act as catalyst for local, national and regional development, and to make a lasting contribution to the communities in which we operate.

INTRODUCTION

The 2005 year has seen further positive steps towards strengthening the five key pillars of the ARM sustainable development policy.

The Health, Safety and Environmental Audit, recently undertaken by SRK consulting, demonstrated that all of the Company's operations, either already have good health, safety and environmental systems in place, or are working towards its implementation. The degree to which these systems are fully integrated varies across the Group and standardisation of these systems holds potential advantages. Attention now needs to be given to the realistic implementation of the systems, aimed at improving actual environmental performance further.

Besides the good results of the audit ARM is proud to accept the two prestigious awards earned by our Dwarsrivier and Black Rock operations. These awards recognised impressive fatality free periods of operation at the two mines. ARM is committed to ensuring that no loss of life occurs at any of our operations in the coming year.

The past four years has seen the roll-out of the HIV/AIDS strategy at the ARM operations. Over this period the Scorecard audit process has measured the progress of specific interventions and highlighted gaps that need to be prioritised. The Scorecard process, which is designed to ensure compliance of the King II Good Governance principles, has reported a continuous improvement in the management of HIV/AIDS by the ARM operations. The results of the baseline audit, conducted in 2001, have improved almost two fold in 2005. Nevertheless, this best practice process demands commitment to constantly progress until all intervention gaps are well managed.

Corporate Social Investment (CSI) spending amounted to approximately six million Rand over the past year. The Company is committed to ensuring that the communities surrounding its operations are empowered as a result of our presence, and that any negative impacts are more than outweighed by positive economic and developmental opportunities. We are in the process of finalising a CSI policy that will help focus CSI spending, ensuring an optimal positive impact for surrounding communities and other stakeholders.

Members of the Badplaas Grass Cutters Co-operative on the farm "Vergelegen" in the Badplaas district. The aim of the project is to organise grass cutters into a co-operative and is sponsored by Nkomati Mine.

SUSTAINABLE DEVELOPMENT POLICY

The Company's operations are located in southern Africa where the local communities are faced with many development challenges. Our sustainable development philosophy is underpinned by the realisation that there is a need to turn mineral wealth into economic wealth. Through our business endeavours we seek to act as catalyst for local, national and regional development, and to make a lasting and important contribution to the developing countries in which we operate. All our employees have a vital role to play in sustainable development.

Mission

Our mission is to convert mineral wealth into other forms of sustainable capital, to the mutual benefit of shareholders, employees, local communities, and other interested and affected parties where appropriate.

Sustainable development framework

Each ARM operation is encouraged to develop its own sustainable development policy, strategy and programme to meet its unique circumstances and to give effect to the Group's commitment to sustainable development. To this end, the policy framework is as follows:

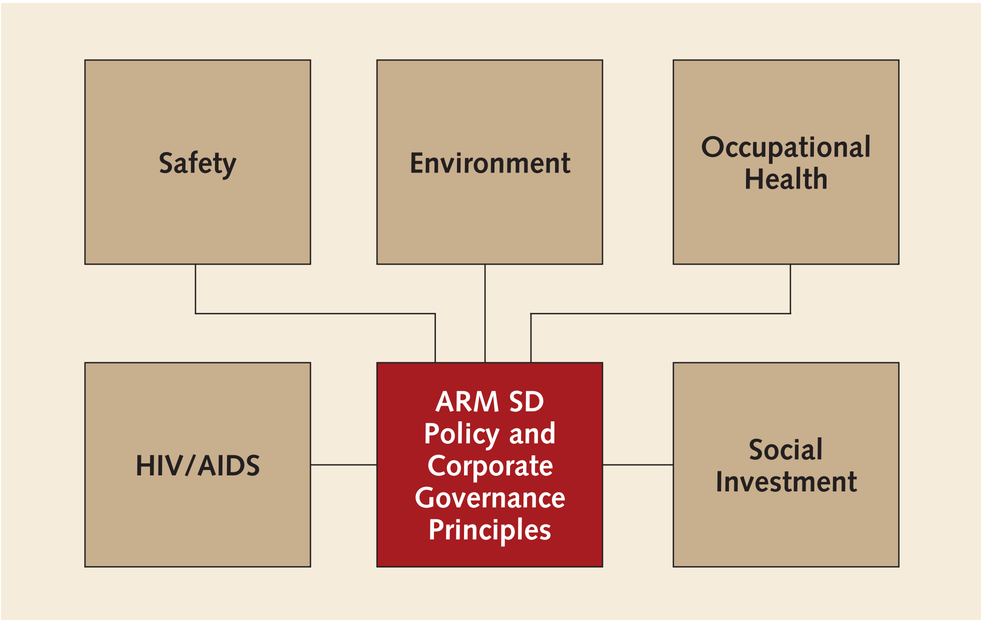
- Business case for sustainable development: a policy, strategy and programme at each operation reflecting the premise that sustainable development makes good sense, and that ultimately, it is the core of what will sustain business itself;
- Community development: the involvement of local communities and other role players in decisions impacting upon our respective needs and concerns;
- Communication: effective communication with all role players in the process of achieving "buy-in" and ownership;
- Partnership approach: implementing sustainable development programmes in a manner complementary to state planning and in partnership with Government and other role players where appropriate; and
- Roles and responsibilities: clear definition of the identity and responsibility of the various role players.

Commitment to sustainable development

- Embedding sustainable development as an integral part of our business;
- An occupational health and safety approach that views any incident in a serious light and any accident at any of the operations as unacceptable;
- The prevention and management of HIV/AIDS as a key strategic health imperative;
- An environmental goal that seeks to effectively and beneficially integrate the end use of mining land into the community and ecology;
- Legal compliance (as a minimum), including clear and effective communication with Government and the public, with third party verification of performance reports;
- Ethical and transparent behaviour and practices based on the principles of honesty, equity, freedom and opportunity for everyone;
- Willing and constructive engagement with employees on matters of mutual concern;
- Working smartly, responsibly and efficiently to effectively integrate economic, environmental and social needs as a basis for continuously improving performance and ensuring trust;
- Investing an agreed percentage of our pre-tax profit to seed and enable sustainable development initiatives in communities.

KEY ELEMENTS OF THE SUSTAINABLE DEVELOPMENT POLICY

The five components of the ARM policy on sustainable development are safety, occupational health, social and community investment, environment and HIV/AIDS. The key premise of the sustainable development policy is its ability to convert the raw ore that ARM mines (natural resource capital) into sustained shareholder income as well as new forms of capital such as economic, social and human capital, all of which are essential requirements for sustainable development to succeed.



Key components of the sustainable development policy

Sound corporate governance is becoming an overarching element in any organisation that is serious about sustainable development. The Company's corporate governance principles provide a solid base for this to take place into the future.

Corporate governance principles:
- Senior management commitment
- Legal compliance and third party verification
- Ethical and transparent behaviour and practices
- Constructive engagement with employees and other stakeholders

SUSTAINABLE DEVELOPMENT ACHIEVEMENTS – 2005

Health and safety

ARM and its operating units are taking the health and safety of its employees seriously. This diligence has paid off and we are very happy to have received the following respected awards over the past year.

- Dwarsrivier: The DME's Mine Health and Safety Council; 1 000 Fatality Free Production Shifts Trophy
- Black Rock: The Santa Barbara Trophy for One Million Fatality Free Shifts

Health and safety was also put under scrutiny when SRK consulting undertook a health, safety and environment audit. The results of this audit are discussed below.

Quality

In 2005 the following ARM operations have received, or are in the process of receiving, the following accreditation from the ISO or OHSAS.

ARM operation	ISO 9001 compliant	ISO 14001 compliant	OHSAS 18001 compliant
Dwarsrivier	YES	YES	YES
Machadodorp	YES	YES	YES
Nkomati	YES	YES	YES
Beeshoek	YES	YES	YES
Black Rock	YES	YES	YES
Modikwa	YES	YES	YES
Cato Ridge	NO	NO	NO

Cato Ridge is the only operation without ISO 14001 accreditation at present, but the environmental management system presently being implemented will lead to ISO 14001 accreditation within a year.

Environment

ARM and its operating units are taking the protection of our environments seriously. In 2005 SRK Consulting undertook a health, safety and environment audit. The environmental management performance of our operations was assessed against the Company's policies and best practice. The results of this audit are discussed below.

Corporate Social Investment (CSI)

ARM associates itself with South Africa's CSI spending. ARM contributes to this through investing in development and empowerment projects that embrace the diversity of the South African landscape. CSI is therefore an integral part of our commitment to sustainable development and critical to the Company's reputation as a responsible corporate citizen and valued partner amongst the communities within which it operates. ARM is currently considering implementing guiding principles and focus areas for inclusion into the CSI policy.

The principles guiding CSI initiatives are:

- Focused on coherent relationships between our operations and surrounding communities;
- Promoting an equitable balance between company interests and development imperatives;

- Visionary and broad based, with solid and well planned funding programmes;
- Aimed at encouraging synergistic partnerships with reputable institutions capable of generating beneficial CSI outcomes;
- Aligned with national imperatives and Government's socio-economic goals;
- Encouraging employee participation that is building unity between ARM staff and beneficiary communities;
- Compliance with corporate governance principles and guidelines of the King Report; and
- To apply an agreed percentage of profits to CSI initiatives, with more than half of this spent each year in communities related directly to our operations.

Focus areas for CSI:
- Health care promotion, particularly HIV/AIDS;
- Education, training and skills development;
- Job creation with a focus on youth and women;
- Infrastructure development including schools, clinics and orphanages;
- Sponsorship of sports teams and events;
- Sponsorship of cultural and community events;
- Capacity building programmes aimed at empowering local communities.

ARM has delivered to its undertakings by investing in CSI programmes in the focus areas listed above. Expenditure per operation per focus area is summarised below.

	Cato Ridge	Dwars-rivier	Machado-dorp	Nkomati and Modikwa	Beeshoek	Black Rock	Total
Health care	600	60 000	130 000	400 000	–	136 000	**726 600**
Education	50 422	150 000	193 000	720 000	–	134 000	**1 247 422**
Job creation	–	–	–	–	–	–	**–**
Infrastructure	2 807	50 000	100 000	1 800 750	–	–	**1 953 557**
Sporting events	7 000	–	–	40 000	–	–	**47 000**
Cultural events	–	–	10 000	–	–	–	**10 000**
Capacity building	–	130 000	36 500	30 000	1 150 000	33 000	**1 379 500**
Other	–	60 000	6 000	100 000	450 000	–	**616 000**
	60 829	450 000	475 500	3 090 750	1 600 000	303 000	**5 980 079**
Percent total	**1**	**8**	**8**	**52**	**27**	**5**	**100**

HIV/AIDS policy, strategy and plan

All ARM operations subscribe to the King II Good Governance Principles (KIIP), where the Company's Board of Directors need to:
- Ensure they understand the social and economic impact that HIV/AIDS will have on the companies business activities;
- Adopt an appropriate HIV/AIDS strategy, plan and policies to address and manage the potential impact;
- Regularly monitor and measure performance using established indicators; and
- Report to stakeholders on a regular basis.

In May 2005 the results of an HIV/AIDS scorecard process was reported to the Sustainable Development Committee. This report clearly demonstrates that ARM interventions are helping fight the serious impact of this deadly disease. This process has seen the consolidated result improve from a score of 28,9 percent in the year 2002 to 55,3 percent in 2005. The goal is a consolidated score of 75 percent in 2007.

Beeshoek and Black Rock have conducted an HIV/AIDS prevalence survey every second year since 2000 and now have three sets of results to compare and establish a trend. They both indicate a very interesting trend in that the second survey saw an expected increase in the prevalence rate; however the third survey in 2004 has seen an unexpected reduction in HIV/AIDS prevalence rates. Beeshoek from 5,3 percent in 2002 to 4,8 percent in 2004; and Black Rock from 15,1 percent in 2002 to 10,4 percent in 2004. This apparent decline in HIV infections may in part be due to a shift in the demographics of the workforce, but can also be attributed to the programs and interventions that have been implemented by management over the past few years.

Nkomati will conduct their third survey in the 2006 financial year, and Machadodorp foresee theirs in the next financial year. Cato Ridge did conduct a survey in 2000, which revealed a 15 percent prevalence rate. The survey, however, was not well supported and the result was not a true reflection of the workforce. It is probable that Cato Ridge will get the support of their workforce to conduct another baseline survey this financial year.

GROUP RISK
MANAGEMENT POLICY

ARM is committed to ensuring that sound and effective systems of internal control and risk management are developed, embedded, cost-effectively implemented and consistently reviewed at all levels within ARM.

The purpose of this commitment is to:

- create and maintain a safe working environment;
- protect and promote the health, safety and well-being of our people and the communities in which we operate;
- develop positive relationships with all stakeholders so that environmental needs and concerns are appropriately addressed; and
- preserve and enhance our assets and earnings potential.

In the implementation of this policy we are:

- actively pursuing measures to bring about further improvements in safety performance;
- consistently striving to protect the health, safety and well-being of all people affected by our operations;
- integrating environmental management into all our activities. This key performance area ensures that we operate in accordance with the principles and procedures of the environmental management programme defined in the Minerals and Petroleum Resources Development Act;
- identifying, evaluating and regularly reviewing risks facing ARM and developing and maintaining appropriate contingency plans to safeguard shareholders' investments and company assets;
- implementing and maintaining effective risk control programmes;
- retaining risk and/or self-insuring to our optimal capacity, consistent with conservative financial constraints and shareholders' interests;
- using secure insurance and re-insurance markets to finance against catastrophic incidents and losses beyond our risk retention capacity.

The ARM Corporate Risk Management (CRM) function (directed by the General Manager: Risk in consultation and conjunction with ARM and divisional executives) is responsible for coordinating and directing the overall risk management initiative within ARM. Activities include the ongoing review of strategic and business risks and the conducting and reviewing of regular, independent evaluations of risk and risk control activities in ARM. The purpose of this ongoing review is to monitor that acceptable standards are maintained and major risks are identified and managed.

CRM is also responsible for ensuring that risk-financing programmes comprehensively protect ARM against catastrophic loss and optimise the benefits of bulk buying. The Corporate Risk Management function reports to the ARM Sustainable Development and ARM Audit committees.

GROUP RISK
MANAGEMENT POLICY

The General Manager of each operation is directly responsible for all aspects of risk management in the business areas under his/her control.

Our objective is implementing this Risk Management Policy, in conjunction with the activities of the (outsourced) internal audit function and the Audit and Sustainable Development committees, is to ensure responsible and effective corporate governance and to minimise the long-term impacts of risk on ARM and all its operations.

RISK MANAGEMENT

The process of risk management is ongoing and dynamic and continues to be effectively designed, implemented, monitored and integrated into the day-to-day activities of ARM.

The processes involved in providing assurance on risk related matters include:

- The register of strategic, tactical and significant operational risks confronting ARM – this records and quantifies the risks identified together with attendant controls, the control effectiveness and management assurance providers. Risks are reviewed on an ongoing basis to ensure appropriate management focus on existing risks, risk identification and control. These risks are reported into the Audit and Sustainable Development committees. The process is periodically audited to ensure that the process is comprehensive and correctly focussed.

Physical risk management – a comprehensive risk grading programme is undertaken annually grading mines and operations against internationally accepted risk engineering standards for fire, mechanical and electrical engineering, mining, security, maintenance and commercial crime. This process has been developed into a balanced scorecard management approach this year. In addition benchmarking against similar operations worldwide is undertaken utilising independent risk consultants. These surveys and grading activities have placed the ARM operations above world average standards of risk preparedness.

CORPORATE
GOVERNANCE

ARM is a public Company and has its primary listing on the JSE Limited (JSE). The Company is subject to the listings requirements of the JSE and various regulatory requirements including the King Report on Corporate Governance for South Africa 2002 (King II).

BOARD OF DIRECTORS

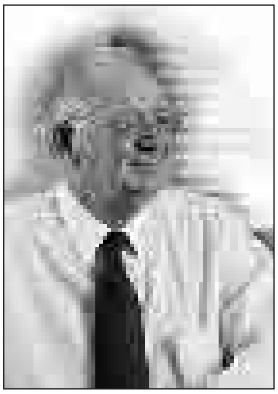
Patrice Motsepe (43)

Executive Chairman

BA (Legal), LLB

Appointed to the Board in 2003 and became Chairman during 2004.

Patrice was a partner in one of the largest law firms in South Africa, Bowman Gilfillan Inc. He was a visiting attorney in the USA with the law firm, McGuire Woods Battle and Boothe and was employed by this firm for approximately three years. In 2002 he was voted South Africa's Business Leader of the Year by the CEOs of the top 100 companies in South Africa. In the same year, he was winner of the Ernst & Young Best Entrepreneur of the Year Award. In 1994 he founded Future Mining, which grew rapidly to become a successful contract mining company. He then formed ARMgold in 1997, which listed on the JSE in 2002. ARMgold merged with Harmony in 2003 and this ultimately led to the merger with Anglovaal Mining (Avmin). Patrice is the Executive Chairman of African Rainbow Minerals Limited (ARM). He is also the non-executive Chairman of Harmony and the Deputy Chairman of Sanlam. His various business responsibilities include being President of Business Unity South Africa (BUSA), which is the voice of organised business in South Africa. He is also president of the chambers of Commerce and Industry South Africa (CHAMSA), NAFCOC and Mamelodi Sundowns Football Club.



André Wilkens (56)

Chief Executive Officer

Mine Managers Certificate of Competency, MDPA (Unisa), RMIIA

Appointed to the Board in 2004.

André Wilkens was formerly the Chief Executive of ARM Platinum, a division of ARM. Prior to this, he was Chief Operating Officer of Harmony following the merger of that company with ARMgold in 2003. He served as Chief Executive Officer of ARMgold after joining the Company in 1998. The balance of his 34 years' mining experience was gained with Anglo American Corporation of South Africa, where he commenced his career in 1969 and culminated in his appointment as mine manager of Vaal Reefs South Mine in 1993.

Frank Abbott (50)

Financial Director

BCom, CA(SA), MBL

Appointed to the Board in 2004.

Frank Abbott was appointed as financial controller to the newly formed Randgold in 1992 and was promoted to Financial Director of that group in October 1994. Until 1997, he was also a director of the gold mining companies Blyvooruitzicht, Buffelsfontein, Durban Roodepoort Deep and East Rand Proprietary Mines and a non-executive Director of Harmony, culminating in his appointment as Financial Director of Harmony in the same year. He is currently a non-executive Director of Harmony.

Mangisi Gule (53)

Chief Executive: ARM Platinum

BA (Hons) Wits, P & DM (Wits Business School)

Appointed to the Board in 2004.

Mangisi Gule was appointed Chief Executive ARM Platinum on 27 February 2005. He has extensive experience in the field of management, training, human resources, communications, corporate affairs and business development. Apart from having qualifications in business management from Wits Business School, Mangisi has proven experience in leadership and mentorship.

He has been a lecturer, Chairman of various professional bodies and a member of various executive committees and associations. He has also been an Executive Director and board member for ARMgold as well as Executive Director and board member of Harmony Gold.

Jan Steenkamp (51)

Chief Executive: ARM Ferrous

National Met Diploma, Mine Managers Certificate, MDP. Cert. Eng

Appointed to the Board in 2005.

Jan Steenkamp started his career with the Anglovaal Group in 1973. Trained as a mining engineer, he has worked at and managed group mining operations within the gold, copper, manganese, iron ore and chrome sections.

He was appointed as Managing Director of Avgold Limited in September 2002 and also serves on the board of Assmang Limited. In May 2003 Jan was appointed to the Avmin board and was appointed Chief Executive Officer of Avmin on 1 July 2003 after serving as Chief Operating Officer.

Following the approval by shareholders of the Avmin transaction on 15 April 2004 and the Company's subsequent name change to African Rainbow Minerals Limited (ARM), Jan was appointed Chief Executive Officer of ARM Ferrous in May 2004.

Rick Menell (50)

Non-executive Deputy Chairman

MA, MSc

Appointed to the Board in 1994, elected Chief Executive Officer in 1999 and became Chairman during 2002.

Rick Menell trained as an exploration geologist and worked as an investment banker with JP Morgan in New York and Melbourne. He also worked as an Executive Director of Delta Gold in Australia. He joined Anglovaal Mining in 1992, became CEO in 1999 and Executive Chairman in 2002. He is also Deputy Chairman of Harmony Gold Mining Company Limited, Chairman of the South African Tourism Board, a Director of the Standard Bank Group and Mutual & Federal, and Chairman of Village Main Reef Gold Mining Company (1934) Limited. He is a Director of the Chamber of Mines where he was President from 1999 to 2001.

Dr Manana Bakane-Tuoane (57)

Independent Non-executive Director

BA, MA, PhD

Appointed to the Board in 2004.

Dr Bakane-Tuoane has extensive experience in the economic disciplines as lecturer and professor at the University of Fort Hare, Eastern Cape. She has held various senior management positions in the public service and currently holds the post of Director-General in the North-West Provincial Government. Dr Bakane-Tuoane was appointed to the Programme Committee of the African Economic Research Consortium, Nairobi, Kenya, in 2000.

Joaquim Chissano (65)

Independent Non-executive Director

Appointed to the Board in 2005.

Joaquim Chissano is the former President of Mozambique who has served that country in many capacities initially as a founding member of the Frelimo movement during that country's struggle for independence. Subsequent to independence in 1975 he was appointed foreign minister and on the death of Samora Machel assumed the office of President. Frelimo contested and won the multi-party elections in 1994 and 1999 returning Joaquim to the presidency on both occasions. He declined to stand for a further term of office in 2004. His presidency commenced during a devastating civil war and ended with the economy in the process of being reconstructed. He served a term as Chairman of the African Union from 2003 to 2004.

Joaquim joined the Board as a non-executive Director on 21 April 2005. He joined Harmony's Board of Directors on the following day in a similar role.

BOARD OF
DIRECTORS

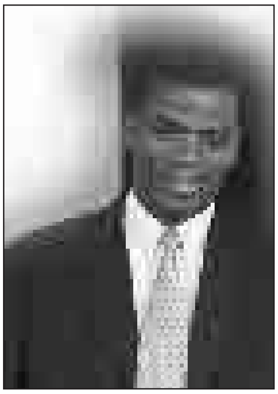
Mike King (68)

Independent Non-executive Director

CA(SA), FCA

Appointed to the Board in 2004.

Michael King served articles with Deloitte, Plender, Griffiths, Annan & Co. (now Deloitte) and qualified as a Chartered Accountant (SA). He later became a Fellow of The Institute of Chartered Accountants in England and Wales (FCA). After 13 years with the merchant bank, Union Acceptances Limited, he joined Anglo American Corporation of South Africa Limited in 1973 as a manager in the finance division and in 1979 was appointed Finance Director. In 1997, he was appointed Executive Deputy Chairman of Anglo American Corporation. He was the Executive Vice-Chairman of Anglo American plc from its formation in May 1999 until his retirement in May 2001. Mike is a non-executive Director of a number of companies including FirstRand Limited, FirstRand Bank Limited and The Tongaat Hulett Group Limited.



Alex Maditsi (43)

Independent Non-executive Director

BProc, LLB, LLM

Appointed to the Board in 2004.

Alex Maditsi is employed by the Coca-Cola Company as a Legal Director. Prior to his joining Coca-Cola, Mr Maditsi was the Legal Director for Global Business Connections in Detroit, Michigan, USA and also spent time at the Ford Motor Company in the USA, practising as an attorney. He is a Fulbright Scholar and a Member of the Harvard LLM Association.

Peter Manda (48)

Independent Non-executive Director

BJuris, LLB, LLM

Appointed to the Board in 2004.

Peter Manda is currently the Chief Executive Officer of the Mamelodi Sundowns Football Club, a position he assumed in September 2004. Prior to this he held a similar position at the Diplomacy, Intelligence, Defence and Trade Education and Training Authority. He was a director of the National Paralegal Institute and Dean of the Faculty of Law at the University of the North West.

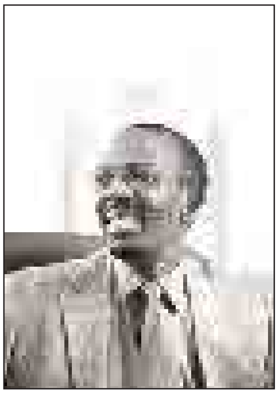
Roy McAlpine (64)

Independent Non-executive Director

BSc, CA

Appointed to the Board in 1998.

Roy McAlpine joined Liberty Life in 1969 and retired as an Executive Director in 1998 in order to diversify his interests. He is a former Chairman of the Association of Unit Trusts of South Africa and currently serves on the boards of a number of listed companies.



Dr Sibusiso Sibisi (50)

Independent Non-executive Director

BSc (Hons), PhD

Dr Sibusiso Sibisi is President and CEO of the Council for Scientific and Industrial Research, South Africa (CSIR, SA). He completed a BSc in Physics at Imperial College of Science and Technology in London in 1978, followed by a PhD at the Department of Applied Mathematics and Theoretical Physics at Cambridge University.

He joined the Department of Computational and Applied Mathematics, University of Witwatersrand in 1994. He was a Fulbright Fellow at the California Institute of Technology in 1988. He returned to Cambridge in 1989 to assume a research position at DAMTP.

In 1997, he returned to South Africa, joining Plessey South Africa as Executive Director. In January 2000 he became Deputy Vice-Chancellor for Research and Innovation, University of Cape Town and moved to his current position at the CSIR in January 2002. He serves on the National Advisory Council on Innovation, the board of Liberty Life, and is the Chairperson of Denel.

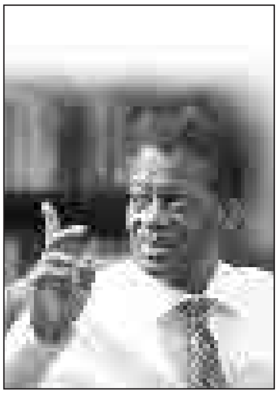
Dr Rejoice Simelane (53)

Independent Non-executive Director

BA (Econ and Acc), MA, PhD (Econ)

Appointed to the Board in 2004.

Rejoice Simelane's career commenced as a lecturer at the University of Swaziland where she lectured for 19 years. She then moved to the Departments of Trade and Industry and the National Treasury in their respective macroeconomic chief directorates, before joining the Premier's Office in the Mpumalanga Province as a Special Adviser, Economics. Rejoice, a Fulbright Fellow, is currently the Chief Executive Officer of Ubuntu-Botho Investments.



Max Sisulu (60)

Independent Non-executive Director

MPA, MSc

Appointed to the Board in 2004.

Max Sisulu joined Sasol in November 2003 as Group General Manager. Prior to this he was the Deputy Chief Executive Officer of Denel. From 2001 to 2003 he was the Chairman of the AMD (South African Aerospace, Maritime and Defence Industries). He is also a council member of the Human Sciences Research Council (HSRC). Max has led an active political life and has held various positions within the African National Congress.

Bernard Swanepoel (44)

Non-executive Director

BSc (Min Eng), BCom (Hons)

Appointed to the Board in 2003.

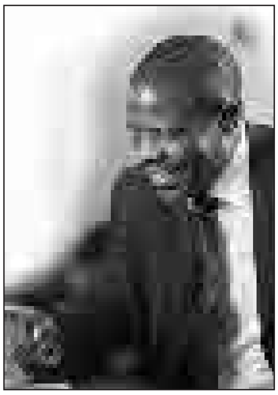
Bernard Swanepoel started his career with Gengold in 1983, culminating in his appointment as General Manager of Beatrix Mines in 1993. He joined Randgold in 1995 as Managing Director of the Harmony mine. Since Harmony became an independent company, Bernard has, as CEO, led the team behind its growth and acquisition initiatives. Bernard is a non-executive board member of Sanlam and the Vice-President of the South African Chamber of Mines.

STEERING COMMITTEE

André Wilkens
Chief Executive Officer

Frank Abbott
Financial Director

Jan Steenkamp
Chief Executive:
ARM Ferrous



Mangisi Gule
Chief Executive:
ARM Platinum

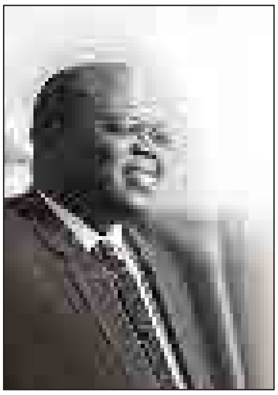
Bongani Kunene
Leader: BEE Development
and Procurement

Gerhard Potgieter
Executive: Platinum
Operations

Director Matlala
Leader: Transformation

Pieter Rörich
Executive: Corporate Development

Steve Mashalane
Senior Executive: Business Development



Sandile Langa
Executive: Shared Services

Stompie Shiels
Executive: Business Engineer

REPORT ON
CORPORATE GOVERNANCE

African Rainbow Minerals Limited (ARM or the Company) is a public company incorporated in South Africa in terms of the Companies Act, 1973, as amended (the Act). The Company's primary listing is on the JSE Limited (JSE). The Company is subject to various legislation, the JSE's Listings Requirements and various regulatory requirements, including the King Report on Corporate Governance for South Africa 2002 (King II Report).

BOARD OF DIRECTORS

Governance

The Board of Directors is ultimately accountable to the Company's shareholders and stakeholders, both individually and collectively, to ensure that a high level of corporate governance is maintained and enhanced.

The Company is committed to high standards of integrity, behaviour and ethics in dealing with all its stakeholders. All directors and employees are required to maintain high ethical standards to ensure that the Company's business practices are conducted in a reasonable manner, in good faith and in the interests of the Company and its stakeholders. The Board believes that it has in all material matters complied with the stipulated requirements of the King II Report. The exceptions are mentioned below.

Authority and responsibility

The Board of Directors' authority and responsibilities are set out in the Company's articles of association (Articles) and the board charter. These duties and responsibilities are also governed by the Act and the JSE's Listings Requirements. The Board has adopted a board charter through which it controls and monitors the business of the Group.

To ensure the Company's business is conducted in an orderly manner, the Board has reserved certain of the general powers to itself and delegated others. The principal powers that have been reserved to the Board are:

- Appointment of directors until elected by shareholders in general meeting;
- Approving and monitoring the Company's strategic plan and annual budget;
- Monitoring the implementation of the above while endeavouring to mitigate risk;
- Approving the Company's code of ethics and monitoring and reviewing compliance therewith;
- Defining levels of authority and responsibility for the various committees of the Board and that of the Chief Executive Officer and the executive directors; and
- Reviewing the Board's charter, powers reserved to the Board and amendments to the memorandum of association and the Articles.

Composition

The Board of Directors comprises 16 members. Each director's designation and his/her independence are set out below:

Executive		Non-executive		Independent Non-executive
Name	Designation	Name	Designation	Name
PT Motsepe	Executive Chairman	RP Menell	Deputy Chairman	MMM Bakane-Tuoane, Dr
AJ Wilkens	Chief Executive Officer	ZB Swanepoel		JA Chissano
F Abbott	Financial Director			MW King
WM Gule	Chief Executive ARM Platinum			AK Maditsi
				PJ Manda
JC Steenkamp	Chief Executive ARM Ferrous			JR McAlpine
				PS Sibisi, Dr
				RV Simelane, Dr
				MV Sisulu
	% Board		% Board	% Board
			12,5	56,3
Total executive	**31,2**			**Total non-executive 68,8**

Curricula vitaes for the Board members are to be found on pages 60 to 63.

ARM's Chairman, Mr PT Motsepe, is an Executive Director.

Election of directors

In terms of the Company's Articles, directors co-opted onto the Board since the last Annual General Meeting hold office until the conclusion of the next Annual General Meeting and are require to seek election, should they so wish, as directors. Messrs Chissano and Steenkamp are affected by this requirement. In addition to those directors seeking election the Articles call for one third of the previously elected directors to retire by rotation at each Annual General Meeting. The directors presently seeking re-election are Messrs Motsepe, Abbott, Menell, Swanepoel and Wilkens. The suitability of all directors seeking election and re-election has been endorsed by the Nomination Committee and supported by the Board for approval by shareholders at the forthcoming Annual General Meeting.

Directors' fees

The increase in directors' fees and attendance fees, that came into effect on 1 July 2004, was approved by the Board and the shareholders at the Annual General Meeting held on 20 January 2005. Full particulars of the fees paid to directors are provided in the directors' report.

Shareholders' approval will be sought at the Annual General Meeting to increase directors' fees and attendance fees; refer to notice of Annual General Meeting.

Directors' contracts

The remuneration of executive directors is subject to Remuneration Committee approval. During the year under review all of the executive directors entered into service contracts with ARM. In addition, the Remuneration Committee approved consultancy agreements with Messrs Chissano, Manda and Menell. There are no other contracts with directors. Details pertaining to these contracts are reflected in the directors' report.

Meetings

During the year under review four Board meetings were held. The relevant details are reflected in the meeting attendance schedule. See table on page 71.

The quorum for Board meetings is the majority of directors. In terms of the Articles the Chairman and Deputy Chairman of the Board are required to be elected annually by the directors. Messrs Motsepe and Menell were so elected for a term commencing 1 January 2005.

The agenda and supporting documents for Board meetings are prepared by the Group Company Secretary in consultation with the Chief Executive Officer and the Financial Director and are dispatched timeously to every director prior to each meeting. Health and safety matters and updates on legal and related matters likely to affect ARM are routinely included in the Board papers.

Induction of new directors

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

Advice and information

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

All directors are entitled to seek independent professional advice concerning the affairs of the Company at its expense. Members have access to the advice of the Group Company Secretary.

BOARD COMMITTEES

The Board has delegated some of its responsibilities to board committees. The granting of authority to board committees does not mitigate the Board's responsibility for the discharge of its duties to the Company's stakeholders. The membership of all the board committees was considered and the committees were reconstituted on 12 July 2004.

The non-executive directors constitute the entire membership of board committees with the one exception being the Chairman of the Nomination Committee who is the Company's Executive Chairman. Independent non-executive directors constitute the majority of members of board committees.

Audit Committee

The objective of the Audit Committee is to assist the Board in discharging its duty relating to the safeguarding of assets, the operation of adequate systems and internal controls, control processes, the preparation of accurate financial reports and statements in compliance with all applicable legal requirements, corporate governance and accounting standards as well as enhancing the reliability, integrity, objectivity and fair presentation of the affairs of the Company. The committee oversees financial and other risks in conjunction with the Sustainable Development Committee. This involves the ongoing monitoring of strategic and business risks, regular independent evaluations of risk and risk control activities, and the risk-financing programmes that comprehensively protect ARM. The Audit Committee is responsible for securing directors' and officers' insurance cover for the Group. The committee acts as a forum for communication between the Board, management and the external and internal auditors.

The Audit Committee is required to meet at least three times per year. Four meetings were held during the 2004/2005 financial year. Details of the meetings are contained in the meeting attendance schedule.

The members of the Audit Committee are Messrs MW King (Chairman), AK Maditsi, JR McAlpine and Dr RV Simelane. Dr SP Sibisi resigned as a member of the Audit Committee on 2 September 2004.

On 6 September 2005 a comprehensive framework was approved by the Audit Committee to ensure that all the tasks that have been assigned to it are considered at least once a year. Scheduling of the committee's non-routine work is therefore necessary and tasks have been assigned to the committee, external and internal auditors and management. KPMG's appointment as internal auditors was confirmed during the year. The policy on services provided by the external auditors was approved.

Empowerment Committee

The Empowerment Committee's main objective is to identify business opportunities to enable historically disadvantaged South Africans (HDSAs) to enter the mining industry as prescribed by the Minerals and Petroleum Resources Development Act, and ensuring compliance with the scorecard issued by the State.

The members of the committee are Messrs PJ Manda (Chairman), MV Sisulu and ZB Swanepoel*. Mr Manda was appointed Chairman on 10 November 2004, after Dr MMM Bakane-Tuoane resigned from this position. Meetings are held quarterly. Two meetings were held during the financial year 2004/2005. Details of the meetings are contained in the meeting attendance schedule.

Investment Committee

The objective of the Investment Committee is to consider projects, acquisitions and the disposal of assets in accordance with Board approved criteria developed by the committee.

Dr PS Sibisi (Chairman), Messrs MW King, RP Menell* and ZB Swanepoel* are the members of this committee. The Investment Committee meets when considered necessary. Two meetings were held during the past financial year. The relevant details are reflected in the meeting attendance schedule.

Nomination Committee

The Nomination Committee reviews the structure, composition and size of the Board, recommends appointments to board committees and monitors succession planning for the Chairman and Chief Executive Officer and the business' overall personnel needs. The Nomination Committee is also responsible for the development of the criteria for the selection of directors and the recommendation to the Board on the election or re-election of directors at annual general meetings. Designing the orientation programme for newly appointed directors on their responsibilities and the understanding of the Company's business is another function undertaken by the committee.

Mr PT Motsepe# is the Chairman of the Nomination Committee and Mr AK Maditsi and Dr RV Simelane are members of the committee. Meetings are convened as and when necessary. Although no formal Nomination Committee meetings were held during the 2004/2005 financial year, new appointments of directors and those directors seeking election at the forthcoming Annual General Meeting were recommended by the committee and approved by the Board.

Remuneration Committee

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

Dr MMM Bakane-Tuoane is the Chairman of the Remuneration Committee and Messrs JR McAlpine and ZB Swanepoel* are non-executive members. Dr MMM Bakane-Tuoane was appointed as Chairman 10 November 2004. Mr RP Menell* and Mr ZB Swanepoel resigned as Chairman on 12 July and 10 November 2004, respectively.

The committee considers that a minimum of two meetings is required to be held annually to undertake the responsibilities assigned to it. Two meetings were held during the past financial year. The relevant details are reflected in the meeting attendance schedule.

Executive director
* *Non-executive director*

Sustainable Development Committee

The Sustainable Development Committee's objective is to achieve and maintain world-class performance standards in safety, health (occupational), the environment, HIV/AIDS and social investment. The attainment of this objective requires the committee to advise the Board on policy issues, the efficacy of the Group's management systems for its sustainable development programmes and the progress towards the set goals, compliance with statutory, regulatory and charter requirements and to oversee the management of risk within the Group in conjunction with the Audit Committee.

The members of the Sustainable Development Committee are Mr RP Menell* (Chairman), Dr MMM Bakane-Tuoane, Messrs PJ Manda and MV Sisulu. Four meetings were held during the financial year.

The reader is referred to the sustainable development report which commences on page 50.

MEETINGS ATTENDANCE FOR THE YEAR ENDED 30 JUNE 2005

		Meetings attended/potential meeting attendances						
Director	Appointments DD/MM/YYYY	Board	Audit	Empowerment	Investment	Nomination	Remuneration	Sustainable development
PT Motsepe		4/4*				0/0*		
RP Menell		4/4			2/2			4/4*
AJ Wilkens	26/10/2004	3/3						
F Abbott		4/4						
MMM Bakane-Tuoane, Dr		3/4		1/1			2/2*	3/4
JA Chissano	21/4/2005	1/1						
WM Gule	1/12/2004	2/2						
MW King		3/4	3/4*		2/2			
AK Maditsi		3/4	3/4			0/0		
PJ Manda		4/4		2/2*				4/4
JR McAlpine		3/4	4/4				2/2	
PS Sibisi, Dr		4/4	1/1		2/2*			
RV Simelane, Dr		4/4	4/4			0/0		
MV Sisulu		4/4		1/2				2/4
JC Steenkamp	19/4/2005	1/1						
ZB Swanepoel		4/4			0/2		1/2	

** Current chairman*

MANAGEMENT COMMITTEES

Executive Committee

The Executive Chairman, in conjunction with the Board of Directors and the executive management, formulates the Company's strategy.

Steering Committee

The Steering Committee comprises the Chief Executive Officer and other ARM senior managers. The committee is charged with the implementation of the approved corporate strategy and other operational matters.

Treasury Committee

The Treasury Committee meets monthly, and if required more frequently, under the chairmanship of the Financial Director with Andisa Treasury Services (Proprietary) Limited (Andisa) to consider market conditions, treasury operations and existing and future hedging strategies. The committee's primary focus is the reduction of risk in commodities and currencies. While not performing an executive or decision role in the deliberations, Andisa implements the decisions taken. Advice is also sought from other advisors on a continuous basis.

Code of Ethics

The Company is committed to high standards of integrity, behaviour and ethics in dealing with all its stakeholders which are embraced in the Company's Code of Ethics. All directors and employees are required to maintain high ethical standards to ensure that the Company's business practices are conducted in a reasonable manner and to act in good faith and in the interests of the Company.

ADMINISTRATIVE MATTERS

Policies and procedures

A review is presently being undertaken of all Group policies and procedures, including human relations matters.

Whistle blowing facility

ARM has introduced a system whereby employees and others can anonymously report unethical and risky behaviour to an independent service provider through a variety of ways.

The system was introduced at head office by sending a circular to each individual employee and at the operations by the screening of videotapes. Posters were extensively used in the campaign.

Control of price sensitive information

ARM enforces closed periods prior to the publication of its and its subsidiary companies' interim and provisional reports. During this time directors, officers and designated persons are precluded from dealing in its and its subsidiaries and associated companies' securities. All directors and employees are provided with extracts of the Insider Trading Act and the Company's procedures in dealing in the securities of the Company twice a year, December and June.

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

DIRECTORS' RESPONSIBILITY RELATING TO ANNUAL FINANCIAL STATEMENTS

It is the directors' responsibility to prepare annual financial statements that fairly present the state of affairs and the results of African Rainbow Minerals Limited, and of its Group of companies. The external auditors are responsible for independently auditing and reporting on these annual financial statements.

The annual financial statements set out in this report have been prepared in accordance with International Financial Reporting Standards. They are based on appropriate accounting policies which have been consistently applied, and which are supported by reasonable and prudent judgements and estimates. The annual financial statements have been prepared on a going-concern basis and the directors have no reason to believe that the business of the Company and Group will not be a going concern in the year ahead.

To fulfil its responsibilities, the management maintains adequate accounting records and has developed and continues to maintain systems of internal controls. The Company and its subsidiaries' and associated companies' internal controls and systems are designed to provide reasonable but not absolute assurance as to the integrity and reliability of the annual financial statements and to adequately safeguard, verify and maintain their assets. These controls are monitored throughout the Group and nothing has come to the directors' attention to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The annual financial statements and Group annual financial statements which appear on pages 75 to 126 were approved by the directors and are signed on their behalf on 19 October 2005 by:

Patrice Motsepe
Executive Chairman

André Wilkens
Chief Executive Officer

Johannesburg
19 October 2005

CERTIFICATE BY COMPANY SECRETARY

I certify that the requirements as stated in Section 268G(d) of the Companies Act, 61 of 1973 as amended, that the Company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date, have been complied with.

Annamarie van der Merwe
Group Company Secretary

Johannesburg
19 October 2005

AUDITORS' REPORT

TO THE MEMBERS OF
AFRICAN RAINBOW MINERALS LIMITED

We have audited the annual financial statements and Group annual financial statements of African Rainbow Minerals Limited, set out on pages 76 to 126 for the year ended 30 June 2005. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the Company and the Group at 30 June 2005 and the results of their operations and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

Ernst & Young
Chartered Accountants (SA)
Registered Accountants and Auditors

Johannesburg
19 October 2005

DIRECTORS' REPORT

BUSINESS OF THE COMPANY

The business of the Company and its subsidiaries and associates is to explore, develop, operate and hold interests in the mining and minerals industry. The current operational focus is on precious and ferrous metals which include mainly platinum group metals, nickel, iron ore, manganese and chrome.

The Company provides a range of services and skills within the areas of finance, legal services and human resources. Strategic initiatives and commercial transactions are implemented and maintained by the Company which includes direct participation in, and the arrangement of finance for mineral prospecting operations and mining development.

HOLDING COMPANY

The Company's largest shareholder is African Rainbow Minerals & Exploration Investments (Proprietary) Limited (ARMI) which owns 42,9 percent of the issued ordinary share capital. A further 14 percent is owned by the ARM Broad-Based Economic Empowerment Trust (BBEE Trust). In terms of a voting agreement, ARMI has the right to exercise all the votes of the BBEE Trust's 14 percent and so has majority voting control of ARM. That right lapses on 3 May 2007 at the latest.

The voting agreement was originally entered into by ARMI and Harmony Gold Mining Company Limited (Harmony) on 16 February 2004 as part of a merger transaction with ARM, then known as Anglovaal Mining Limited (Avmin). On 20 April 2005 Harmony announced that it had disposed of its 28 614 740 shares in ARM to the BBEE Trust. The Trust now owns 14 percent of ARM.

ARM is one of the largest black-controlled mineral resources companies in South Africa with ARMI controlling 56,9 percent of the ordinary share capital of this Company. ARM is committed to the spirit and the objectives of the Mineral and Petroleum Resources Development Act, 2002 and the Broad-based Socio-economic Charter for the South African Mining Industry (the Mining Charter) and is seeking to introduce additional broad-based black economic empowerment groupings to the Company. The BBEE Trust is one such grouping established for the benefit of historically disadvantaged South Africans (HDSAs) as defined in the Mining Charter. The BEE Trust holds its 14 percent of ARM for the benefit of HDSAs who are being identified and selected by the trustees.

REVIEW OF OPERATIONS

The reader is referred to the Year in Review by the Executive Chairman and Chief Executive Officer and review of operations reflecting the results of the first year of ARM's operations subsequent to the Merger Transaction incorporating the activities and results of operations of the Group for the year ended 30 June 2005; pages 6 to 27.

DISPOSAL OF ASSETS

The only significant disposal that occurred during the year ended 30 June 2005 was the entering into the 50:50 Nkomati Nickel joint venture with LionOre.

POST-BALANCE SHEET EVENTS

It was announced on 22 September 2005 that ARM was intending to list its non-South African exploration assets on the Toronto Stock Exchange (TSX) through a newly formed subsidiary. The subsidiary's initial assets will comprise ARM's exploration portfolio located in Namibia, Zambia and the Democratic Republic of the Congo.

Subsequent to 30 June 2005 no other significant acquisitions or disposals have taken place.

FINANCIAL

The financial position of the Company and the Group and the results of their operations and cash flow are reflected in the annual financial statements for the year under review.

The Group's revenue increased by 41 percent to R5,5 billion mainly attributable to increases in US Dollar commodity prices and higher volumes of commodities produced and sold.

As a result of the increased revenue and well controlled costs the gross margin on sales rose to 31,8 (2004: 21,1) percent increasing the gross profit from R0,8 billion to R1,7 billion. The increase in revenue was partially offset by a 10 percent strengthening of the Rand against the US Dollar. Headline earnings increased from R47 million in the previous year to R350 million in the year under review.

The Group's basic earnings were lower at R473 million (2004: R1,1 billion) as the 2004 basic earnings were inflated by an exceptional profit of R1,1 billion on the sale of its interest in Avgold Limited.

The Group's net cash inflow from operating activities was R1,3 (2004: R0,5) billion of which R0,8 (2004: R0,7) billion was invested in the Group's capital expenditure programs. The remaining cash generated was utilised to repay short- and long-term borrowings of R0,5 billion. In the 2004 financial year the Group increased its borrowings by R0,3 billion to fund the Group's activities.

Group borrowings at 30 June 2005 were R1,6 billion compared to R1,8 billion at 30 June 2004.

ARM's borrowing powers are in accordance with its articles of association and are unlimited subject to any regulation that may be made by the Company in general meeting. There are at present no such regulations.

The Company's investment in Harmony reduced from 20 percent to 16 percent during November 2004 when Harmony increased its issued share capital. ARM equity accounted its Harmony investment to that date, thereafter Harmony is treated as an investment and not as an associated company.

CHANGES IN ACCOUNTING POLICIES

No changes were made to the accounting policies during the year ended 30 June 2005 and thus these policies are consistent with those applied during the previous financial year.

TAXATION

An appeal has been lodged against the assessment issued by the South African Revenue Service (SARS) on the Company's 1998 return of income. No trial date has been set although this may occur during the latter half of 2006. If our appeal is unsuccessful the Company's assessment will be R107 million plus interest.

Returns of income for financial years 2001, 2002 and 2003 have been submitted to SARS. Assessments have been received from SARS for the 1999 and 2000 returns of income and objections and appeals thereto have been made.

LOANS TO SUBSIDIARIES

The Company has advanced loans to certain subsidiary companies to finance capital expenditure and to service debt.

The Company's direct and indirect interests in its principal subsidiaries, associates and investments are reflected in separate reports; refer pages 125 and 126.

DIVIDEND

The Company is currently involved in a substantial capital expenditure programme, representing a significant and exciting project pipeline, as well as a number of other growth opportunities. As a result the Board of Directors has decided to conserve cash resources and not to declare a dividend for the year ended 30 June 2005.

SHARE CAPITAL

The authorised share capital was unchanged during the year and was at 30 June:

	2005	2004
	R million	R million
Authorised share capital		
500 000 000 ordinary shares of five cents each	**25,0**	25,0

Issued share capital movements during the year were:

	Shares	Shares
Issued share capital		
Shares in issue at 1 July	**204 208 068**	112 601 980
Shares allotted to ARMI		87 750 417
Shares allotted to Kalgold		2 000 000
Shares issued for options exercised by share incentive scheme participants	**228 489**	1 855 671
Shares in issue at 30 June	**204 436 557**	204 208 068

SHAREHOLDER SPREAD

The following are the only shareholders beneficially holding, directly or indirectly, in excess of five percent of the ordinary shares of the Company as at 30 June 2005:

Major shareholders	Beneficial shareholder Shares held	% Issued equity
African Rainbow Minerals Exploration & Investment (Proprietary) Limited	87 750 417	42,92
The ARM Broad-Based Empowerment Trust	28 614 740	14,00
Directors	102 850	0,05
Non-public shareholders	116 468 007	56,97
Old Mutual Life Assurance Company SA Limited	11 489 143	5,62
Public shareholders below five percent	76 479 407	37,41
	204 436 557	100,0

Further shareholder analyses are reflected on pages 134 and 135.

DIRECTORATE

The names and details of the directors of the Company are reflected on pages 60 to 63.

The following appointments were made during the year under review:

Director	Appointed	Appointment
JA Chissano	21/4/2005	Non-executive independent director
WM Gule*	1/12/2004	Chief Executive ARM platinum division
JC Steenkamp*	19/4/2005	Chief Executive ARM ferrous division
AJ Wilkens*	26/10/2004	Chief Executive Officer

** Executive director*

There have been no other changes to the composition of the Board to the date of this report.

At the forthcoming Annual General Meeting shareholders will be asked to consider the election of Messrs Chissano and Steenkamp, being those directors appointed onto the Board since the last Annual General Meeting held on 20 January 2005. In addition to those directors seeking election, the articles of association provide for one third of the previously elected directors to retire by rotation. The directors retiring and seeking re-election are Messrs Motsepe, Abbott, Menell, Swanepoel and Wilkens. Brief curricula vitae of the directors seeking election may be found in the Notice of Annual General Meeting.

Service contracts have been entered into between the Company and the executive directors namely Messrs Motsepe (Executive Chairman), Wilkens (Chief Executive Officer), Abbott (Financial Director), Gule (Chief Executive ARM platinum division) and Steenkamp (Chief Executive ARM ferrous division). These contracts are subject to one month calendar notice by either party.

Consultancy agreements have been entered into with:
- Mr Chissano to undertake work on behalf of ARM and TEAL. The contract is subject to one month's notice by either party.
- Mr Manda's contract with the Company is for the term starting 1 August until 31 December 2005.
- Mr Menell's contract with ARM will be terminated on the listing of TEAL on the Toronto Stock Exchange.

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

DIRECTORS' EMOLUMENTS

The detailed emoluments below were paid to directors during the year ended 30 June 2005.

All figures in R000	Board and committee fees	Salary	Accrued† bonus	Pension scheme contri-butions	Exercise of share options gains	Reim-bursive allow-ance	Consul-tancy fees	**Total 2005**	Total 2004
Executive directors									
PT Motsepe*	32	2 700	1 743	–	–	–	–	**4 475**	541
RP Menell	–	–	–	–	–	–	–	**–**	8 550
AJ Wilkens*^	–	989	1 543	169	–	362	–	**3 063**	–
F Abbott*	19	1 483	1 300	210	–	208	–	**3 220**	316
DN Campbell	–	–	–	–	–	–	–	**–**	6 327
WM Gule*+	–	489	914	–	–	254	–	**1 657**	–
JC Steenkamp*-	–	300	1 583	45	–	–	–	**1 928**	5 347
	51	5 961	7 083	424	–	824	–	**14 343**	21 081
Non-executive directors									
MMM Bakane-Tuoane Dr	119	–	–	–	–	–	–	**119**	10
JA Chissano=	18	–	–	–	–	–	125	**143**	–
DE Jowell	–	–	–	–	–	–	–	**–**	88
MW King	125	–	–	–	–	–	–	**125**	14
AK Maditsi	97	–	–	–	–	–	–	**97**	14
PJ Manda	117	–	–	–	–	–	–	**117**	14
KW Maxwell	–	–	–	–	–	–	–	**–**	124
RJ McAlpine	143	–	–	–	–	–	–	**143**	90
RP Menell	127	–	–	–	4 845#	–	1 275	**6 247**	–
DN Murray	–	–	–	–	–	–	–	**–**	3 768
MZ Nkosi Dr	–	–	–	–	–	–	–	**–**	104
PC Pienaar	–	–	–	–	–	–	–	**–**	48
PS Sibisi Dr*	108	–	–	–	–	–	–	**108**	10
RV Simelane Dr	114	–	–	–	–	–	–	**114**	14
MV Sisulu	100	–	–	–	–	–	–	**100**	10
ZB Swanepoel*	85	–	–	–	–	–	–	**85**	95
	1 153	–	–	–	4 845	–	1 273	**7 398**	4 403
Total	1 204	5 961	7 083	424	4 845	824	1 273	**21 714**	25 484

* *Acted in represented capacity; fees paid to the shareholder represented.*
Post 30 September 2004 ARM's executive directors ceded their director and committee fees to the Company.

^ *Appointed AJ Wilkens 26 October 2004*

\+ *Appointed WM Gule 1 December 2004*

\- *Appointed JC Steenkamp 19 April 2005*

= *Appointed JA Chissano 21 April 2005*

\# *Mr Menell on 1 September 2004 acquired 160 000 ARM ordinary shares on exercising share options at their strike prices making an unrealised profit of R4 845 000; see options.*

† *Accrued bonuses: These bonuses were considered and approved by the Remuneration Committee.*

Fees paid during the year ended 30 June 2005 were:

	Annual	Per meeting
Chairman	R110 000	R7 700
Directors	R66 000	R4 700

These fees are payable quarterly in arrears and were increased at the Annual General Meeting held on 20 January 2005 and were effective from 1 July 2004.

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

COMMITTEE FEES, PER MEETING

The Board approved the fees listed below during the year under review and they became operative from 1 July 2004. The fees are payable quarterly in arrears.

Committee	Chairman	Members
Audit	R11 600	R7 200
Empowerment	R8 000	R4 900
Investment	R8 000	R4 900
Nomination	R8 000	R4 900
Remuneration	R8 000	R4 900
Sustainable development	R8 000	R4 900

Two new committees were established during the year, namely, Empowerment and Investment and the Risk Committee was disbanded. The Audit and Sustainable Development committees have assumed the latter committee's functions.

On the advice of the Remuneration Committee the Board approved the following board committee meeting attendance fees payable to members with effect from 1 July 2005:
Audit Committee: Chairman R12 800, members R8 000 per meeting.
Empowerment, Investment, Nomination, Remuneration, and Sustainable Development committees: Chairmen R8 800, members R5 400 per meeting.

DIRECTORS' OPTIONS

The table below reflects share option entitlements accruing to executive directors and the transactions that occurred during the year to 30 June 2005.

Refer to Option Vesting Dates on page 84 as to the exercising of options.

Directors		PT Motsepe		F Abbott		WM Gule		RP Menell		JC Steenkamp		AJ Wilkens	
Category		Executive		Executive		Executive		Non-executive*		Executive		Executive	
		Number of options	Issue price	Number of options	Issue price	Number of options	Issue price	Number of options	Issue price	Number of options	Issue price	Number of options	Issue price
Held at 1 July 2004													
Number		Nil		Nil		Nil		606 326		409 177		Nil	
Average issue price per option								R26,99		R34,39			
Details of individual allocations:													
	Granted DD/MM/YYYY												
	1/12/1997									2 222	R7,10		
	16/3/1998									2 648	R0,05		
	7/8/1998							118 814	R0,05				
	20/10/1998									2 052	R0,05		
	25/8/1999							40 767	R16,25	7 797	R16,25		
	15/11/1999									21 410	R16,00		
	3/2/2000							4 617	R24,30				
	20/4/2000									8 000	R17,00		
	12/6/2001							72 333	R35,55	67 040	R35,55		
	18/9/2001							148 600	R33,50	50 101	R33,50		
	2/7/2002									77 732	R37,75		
	20/9/2002							184 185	R36,00	76 613	R36,00		
	5/8/2003									93 562	R39,50		
	19/8/2003							37 010	R38,00				
Granted during the year													
Number	13/12/2004	550 000		387 000		270 000				387 000		464 000	
Issue price per option			R27,00		R27,00		R27,00				R27,00		R27,00
Number	15/4/2005					117 000							
Issue price per option							R30,40						
Exercised during the year													
Number								160 000					
Date exercised	1/9/2004												
Average issue price per option								R4,24					
Gross sale price per option								R34,52					
Details of options exercised:													
	7/8/1998							118 814	R0,05#				
	25/8/1999							40 767	R16,25#				
	3/2/2000							419	R24,30#				

** RP Menell resigned as Chairman on 4 May 2004 and was elected Deputy Chairman of the Board on that date.*

 # Gross sale price per option.

DIRECTORS' OPTIONS CONTINUED

Directors	PT Motsepe		F Abbott		WM Gule		RP Menell		JC Steenkamp		AJ Wilkens	
Category	Executive		Executive		Executive		Non-executive*		Executive		Executive	
	Number of options	Issue Price	Number of options	Issue Price	Number of options	Issue Price	Number of options	Issue Price	Number of options	Issue Price	Number of options	Issue Price
Held at 30 June 2005												
Number	550 000		387 000		387 000		446 326		796 177		464 000	
Average issue price per option	R27,00		R27,00		R28,03		R35,15		R30,80		R27,00	
Latest expiry date	13/12/2012		13/12/2012		15/4/2013		19/8/2011		13/12/2012		13/12/2012	
Details of individual allocations:												
1/12/1997									2 222	R7,10		
16/3/1998									2 648	R0,05		
20/10/1998									2 052	R0,05		
25/8/1999									7 797	R16,25		
15/11/1999									21 410	R16,00		
3/2/2000							4 198	R24,30				
20/4/2000									8 000	R17,00		
12/6/2001							72 333	R35,55	67 040	R35,55		
18/9/2001							148 600	R33,50	50 101	R33,50		
2/7/2002									77 732	R37,75		
20/9/2002							184 185	R36,00	76 613	R36,00		
5/8/2003									93 562	R 39,50		
19/8/2003							37 010	R38,00				
13/12/2004	550 000	R27,00	387 000	R27,00	270 000	R27,00			387 000	R27,00	464 000	R27,00
15/4/2005					117 000	R30,40						
Granted subsequent to 30 June 2005												
10/10/2005	133 784	R37,00	94 135	R37,00	97 719	R37,00	–	–	94 135	R37,00	112 865	R37,00

** RP Menell resigned as Chairman on 4 May 2004 and was elected Deputy Chairman of the Board on that date.*

INTERESTS OF DIRECTORS

The direct and indirect and deemed interests of the directors of the Company, included after due enquiry in this regard, their family interests, in the issued share capital of the Company at 30 June 2005 were as follows:

	30 June 2005		30 June 2004	
Ordinary shares	**Beneficial**	**Non-beneficial**	Beneficial	Non-beneficial
Direct interests				
Executive directors	**–**	**–**	–	–
Non-executive directors				
RP Menell	**102 850**	**113 507**	263 149	–
Indirect interests				
Executive directors				
PT Motsepe	**–**	**87 750 417**	–	87 750 417
Non-executive directors	**–**	**–**	–	–
Total	**102 850**	**87 863 924**	263 149	87 750 417

SHARE INCENTIVE SCHEME

ARM has an employee share incentive scheme available to full-time employees. Total options outstanding under the scheme shall not exceed 10 percent of the total issued share capital of the Company from time to time.

The following are summaries of particulars required in terms of the scheme and JSE's Listings Requirements:

SCHEDULE OF MOVEMENTS	Ordinary shares in issue 2005 Shares	2004 Shares	The Scheme 2005 Options	2004 Options	Range of strike prices From	To
Ordinary shares in issue at 1 July	**204 208 068**	112 601 980				
Options previously granted at 1 July			**4 264 974***	5 340 223	**R0,05**	**R69,25**
Shares allotted						
Merger transaction	**–**	89 750 417				
Share options exercised	**228 489**	1 855 671	**(228 489)***	(1 855 671)	**R0,05**	**R33,50**
Share options						
Granted to participants#			**5 256 612***	847 281	**R27,00**	**R32,00**
Forfeited			**(711 002)**	(66 859)	**R33,50**	**R69,25**
Balance at 30 June	**204 436 557**	204 208 068	**8 582 095**	4 264 974	**R0,05**	**R39,50**
Maximum number of options permitted by the scheme			**20 443 655**	20 420 806		
Balance available to be issued in terms of the scheme			**11 861 560**	16 155 832		
Movement subsequent to year-end						
Shares allotted						
Share options exercised	**169 865**		**(169 865)**			
Share options						
Granted to participants			**1 185 319†**			
Forfeited			**(465 869)**			
Balance at 19 October 2005	**204 606 422**		**9 131 680**			

** Inclusive of options granted to current and former executive directors*
 # Refer summary of options outstanding
† Options granted on 10 October 2005 at an issue price of R37,00

SUMMARY OF OPTIONS OUTSTANDING	Number of options	Average price
Options outstanding at 30 June 2005	8 582 095	R30,58
Expiry date		
30 June 2006	23 746	R3,11
30 June 2007	17 523	R0,05*
30 June 2008	78 454	R17,05
30 June 2009	691 207	R35,15
30 June 2010	816 442	R34,97
30 June 2011	1 103 968	R36,06
30 June 2012	652 782	R38,22
Options granted during year to 30 June 2005		
30 June 2013	5 197 973	R27,59
13 December 2012	4 543 473	R27,00
23 March 2013	117 000	R30,40
15 June 2013	537 500	R32,00

** The impact on option holders of the special distribution made to shareholders in July 2000 of R27,00 per share was compensated as follows: The strike price was reduced by R27,00 per option to a minimum of R0,05 per share, being the nominal value; and in the case of options at an issue price of less than R27,00 additional options were issued at a strike price of R0,05 each in respect of the value lost between R27,00 and the original issue price.*

OPTIONS VESTING DATES

No options may be exercised prior to the first anniversary of the issue date relative to such options, up to a third of such options may be exercised each year until the third anniversary of the issue date. Options may not be exercised later than the eighth anniversary of the issue date, after which such options lapse.

	Number of options	Average issue price per option
Options outstanding at 30 June 2005	8 582 095	R30,58
Vested		
3 May 2004	3 384 122	R35,17
		Issue price per option
Vesting on		
12 December 2005	1 514 491	R27,00
23 March 2006	39 000	R30,40
15 June 2006	179 166	R32,00
12 December 2006	1 514 491	R27,00
23 March 2007	39 000	R30,40
15 June 2007	179 167	R32,00
12 December 2007	1 514 491	R27,00
23 March 2008	39 000	R30,40
15 June 2008	179 167	R32,00

SPECIAL RESOLUTIONS

No special resolutions were passed by ARM and its subsidiaries during the period 1 July 2004 to the date of this report.

STOCK EXCHANGE LISTINGS

The Company's shares are listed through a primary listing on the JSE Limited (JSE), under "Resources – Mining, Other Mineral Extractors and Mines".

ARM also has a secondary listing on the London Stock Exchange. The directors, after considering the cost and derived benefits from this listing, have decided to terminate the listing.

A sponsored American Depository Receipt programme with JP Morgan Chase Bank is also available to investors for "over the counter (level one)" or private transactions.

SECRETARY

Mr RH Phillips retired as the Group company secretary on 30 June 2005.

Mrs A van der Merwe was appointed in Mr Phillips' stead on 19 October 2005. Her business and postal addresses appear on page 138.

STRATE (SHARE TRANSACTIONS TOTALLY ELECTRONIC)

The Company's shares were dematerialised on 5 November 2001. Should you wish to trade your certificated Avmin, now ARM, shares on the JSE, you are urged to deposit them with a CSDP (Central Securities Depository Participant) or qualifying stockbroker as soon as possible. Trading in the Company's shares on the JSE is only possible if they exist in electronic format in the STRATE environment. Should you have any queries please contact the Company's transfer secretaries, Computershare Investor Services 2004 (Proprietary) Limited, whose details are reflected on page 138.

CONVENIENCE TRANSLATION INTO UNITED STATES DOLLARS

To assist international investors a translation of convenience into United States Dollars is provided for the Group financial statements. These translations are based on average rates of exchange for income statement and cash flow statement items and at those ruling at year-end for the balance sheet items. These documents are reflected on pages 127 to 131 and do not form part of the audited financial statements.

ACCOUNTING POLICIES

The consolidated annual financial statements are prepared in accordance with and comply with International Financial Reporting Standards. The consolidated financial statements have been prepared on an historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through the income statement or the statement of changes in equity.

The principal accounting policies as set out below have been consistently applied.

IFRS CHANGES

Various new and revised standards came into effect for financial years commencing 1 January 2005. The Group will have to be compliant with these new and revised standards in its interim results at 31 December 2005. The Group is busy working on the implementation of these and the other new and revised standards and no anticipated financial impact can be given at this stage.

BASIS OF CONSOLIDATION

Joint ventures

Joint ventures are contractual agreements whereby the Group has joint control over the financial and operating policy decisions of the enterprise. The Group's and Company's attributable share of the assets, liabilities, income and expenses and cash flows of such jointly controlled entities is proportionately consolidated on a line-by-line basis in the Group and Company financial statements.

Subsidiary companies

Investments in subsidiaries are accounted for at cost less impairment. The results of subsidiaries are consolidated from the date of effective control up to the date effective control ceases.

Investment in an associate

Investments in associates are accounted for at cost less impairment. The Group's investments in associates are accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture of the Group. The investments in the associates are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The income statement reflects the Group's share of the results of operations of the associates.

Inter-company transactions and balances

Consolidation principles relating to the elimination of inter-company transactions and balances and adjustments for unrealised inter-company profits are applied in all intra-Group dealings, whether it be transactions with subsidiaries, associated companies or joint ventures.

BORROWING COSTS

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

Capitalisation of borrowing costs as part of the cost of a qualifying asset commence when:

- expenditures for the asset are being incurred;
- borrowing costs are being incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are in process.

Capitalisation is suspended when the active development is interrupted and ceases when the activities necessary to prepare the asset for its use are complete.

Other borrowing costs are charged to finance cost in the income statement as incurred.

DEFERRED TAXATION

Deferred tax liabilities and assets are recognised in respect of temporary differences between the book value and tax base of balance sheet items, including items with a tax base but no book value. The resulting net deferred tax assets or net deferred tax liabilities are recognised on the balance sheet. Deferred tax is not recognised when the transaction involves the initial recognition of an asset or liability that is not subject to a business combination, and at the time of the transaction affects neither accounting nor taxable profit. Deferred tax assets are not recognised on negative goodwill and no deferred tax liability is recognised on goodwill for which amortisation is not deductible for tax purposes. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred tax is calculated at the applicable rate for mining and non-mining taxes. In the case of mining taxes for gold mines, deferred tax is calculated at the mining cost formula rate that is expected to apply to the period when the asset is realised or the liability is settled.

SECONDARY TAXATION ON COMPANIES

Secondary tax on companies (STC) is recognised on the declaration date of all dividends and is included in the taxation expense in the income statement. Unutilised STC credits are raised as deferred tax assets to the extent that a dividend is expected to be paid in the foreseeable future.

ENVIRONMENTAL REHABILITATION OBLIGATION

The estimated cost of final rehabilitation, comprising liabilities for decommissioning and restoration, is based on current legal requirements and existing technology and is reassessed annually. Cost estimates are not reduced by the potential proceeds from the sale of property, plant and equipment.

Decommissioning

The discounted present value of estimated future decommissioning obligations at the end of the operating life of an operation is included in long-term provisions. The unwinding of the obligation is included in the income statement under finance cost. The related decommissioning asset is recognised in property, plant and equipment.

Restoration

The present value of the estimated cost of restoration is included in long-term provisions. This estimate is revised annually and any movement is charged against income. Expenditure on ongoing rehabilitation is charged to the income statement as incurred.

Environmental rehabilitation trust funds

Annual payments are made to rehabilitation trust funds in accordance with statutory requirements. The trust funds are carried at amortised cost and recognised separately from the related liability on the balance sheet.

EXPLORATION EXPENDITURE

Exploration expenditure comprises expenditure incurred and advances made in respect of exploratory ventures for mining activities. The costs of exploration programmes are expensed in the year in which they are incurred, except for expenditure on specific properties which have indicated the presence of a mineral resource with the potential of being developed into a mine, in which case the expenditures are treated as mine development cost.

IMPAIRMENT

The carrying value of assets is reviewed at each balance sheet date to assess whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. Where the carrying value exceeds the estimated recoverable amount such assets are written down to their recoverable amount. If the circumstances leading to the impairment no longer exist, the appropriate portion of the impairment loss previously recognised is written back.

FINANCIAL INSTRUMENTS

Financial instruments recognised on the balance sheet include cash and cash equivalents, investments, trade and other receivables, trade and other payables and long- and short-term borrowings. Initial recognition is at cost when the Group becomes party to their contractual arrangements. Subsequent recognition is at fair value or at amortised cost. The recognition methods adopted are disclosed in the individual policy statements associated with each item. At each balance sheet date an assessment is made whether any financial assets are impaired. In the case of any impairment the asset is written down to its recoverable amount in the income statement.

Derecognition of a financial asset occurs when the Group loses control of the contractual rights that comprise the financial asset. Derecognition of a financial liability occurs when it is extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expires.

Derivative instruments

Derivatives, including embedded derivatives, are subsequently measured at fair value. Fair value adjustments are recognised in the income statement.

Forward exchange contracts are valued at the balance sheet date using the forward rate available at the balance sheet date for the remaining maturity period of the forward contract. Any gain or loss from valuing the contract against the contracted rate is recognised in the income statement unless the contract qualifies for special hedge accounting. A corresponding forward exchange asset or liability is recognised. On settlement of a forward exchange contract, any gain or loss is recognised in the income statement.

Investments

Investments other than investments in subsidiaries, associates and joint ventures, are considered to be available for sale financial assets and are subsequently carried at fair value. Increases and decreases in fair values of available for sale investments are reflected in the revaluation reserve. On disposal of an investment, the balance in the revaluation reserve is recognised in the income statement. Where regulated markets exist, fair values are determined with reference to the stock exchange quoted selling prices at the close of business on the balance sheet date. Where a reliable fair value cannot be determined, investments are carried at cost. All regular way purchases and sales of financial assets are recognised on the trade date, ie the date the Group commits to purchase or sell the asset.

Receivables

Trade receivables, which generally have 30 – 90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue cost, and any discount or premium on settlement. Gains and losses are recognised in net profit or loss when the liabilities are derecognised, as well as through the amortisation process.

Set-off

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

INTANGIBLE ASSETS

Intangible assets are reflected at cost and are amortised on a straight-line basis over the anticipated useful lives of the assets to a maximum of 20 years.

Research and development

Expenditure on research projects (or on the research phase of an internal project) is recognised as an expense when it is incurred. When the development phase of a project demonstrates that it is probable that future economic benefits will be generated, the related expenditure is recognised as an asset if:

- The technical feasibility of completing the asset demonstrates that it will be available for use or sale;
- There is an intention to complete the asset, and use or sell it;
- There is an ability to use or sell the asset;
- There are adequate technical, financial and other resources available to complete the development, and to use or sell the asset; and
- The expenditure attributable to the asset can be measured reliably.

PROPERTY, PLANT AND EQUIPMENT

Tangible assets

Tangible assets, other than land and buildings, are stated at cost less accumulated depreciation and any impairment in value.

Land and buildings

Land and buildings, other than mine properties, are valued at market value. Buildings are depreciated on a straight-line basis over their estimated useful lives to an estimated residual value, if such value is significant. The annual depreciation rates used vary between two and five percent.

External valuers value land and buildings at periodic intervals of not more than five years. Surpluses on revaluation are recognised in equity in a revaluation reserve. Any subsequent impairment is adjusted against the revaluation surplus to the extent of the available surplus and thereafter charged against operating profit. New acquisitions and additions to existing land and buildings are reflected at cost until the next periodic revaluation.

Mine development and decommissioning

Costs to develop new ore bodies, to define further mineralisation in existing ore bodies and to expand the capacity of a mine, or its current production, as well as the decommissioning thereof, are capitalised. Development costs to maintain production are expensed as incurred.

Mine development and decommissioning assets are amortised using the units-of-production method based on estimated proven and probable ore reserves. Proven and probable ore reserves reflect estimated quantities of economically recoverable reserves which can be recovered in future from known mineral deposits. These reserves are reassessed annually. The maximum period of amortisation using this method is 25 years. Where the reserves are not determinable due to their scattered nature, the straight-line method of depreciation is applied based on the estimated life of the mine to a maximum of 25 years.

Mineral rights

Mineral rights that are being depleted are amortised over their estimated useful lives using the units-of-production method based on proven and probable ore reserves. Where the reserves are not determinable, due to their scattered nature, the straight-line method is applied. The maximum rate of depletion of any mineral right is 25 years. Mineral rights that are not being depleted are not amortised. Mineral rights that have no commercial value are written off in full. The excess purchase price over the fair value paid for mineral rights is recognised as being an amount paid for the acquisition of ore reserves. This amount is capitalised and amortised over the period during which future economic benefits are expected to be obtained from these mineral rights, to a maximum of 25 years.

Plant and machinery

Mining plant and machinery is amortised using the lesser of its estimated useful life or the units-of-production method based on estimated proved and probable ore reserves. Where ore reserves are not determinable, because of their scattered nature, the straight-line method of depreciation is applied. Non-mining plant and machinery is depreciated over its useful life. The maximum life of any single item as used in amortisation calculations is 25 years.

Other

Mine properties (including houses, schools and administration blocks), motor vehicles and furniture and equipment are depreciated on the straight-line basis over their expected useful lives, to estimated residual values. The residual value is the amount expected to be obtained for the asset at the end of its useful life, after deducting expected costs of disposal.

The annual depreciation rates generally used in the Group are:

- Furniture and equipment 10 percent to 33 percent;
- Mine properties 4 percent to 7 percent;

- Motor vehicles 20 percent; and
- Mine development plant and machinery, and mineral rights 4 percent to 25 percent.

FOREIGN CURRENCY TRANSLATIONS

Foreign entities

Financial statements of foreign subsidiaries that are classified as foreign entities are translated into South African Rand using the exchange rates applicable at the reporting date, as follows:

- Assets and liabilities at rates of exchange ruling at the balance sheet date;
- Income and expenditure at the average rate of exchange for the year, except where the date of income or expense for significant transactions can be identified, in which case the income or expense are translated at the rate of exchange ruling at the date of the flow;
- Cash flow items at the average rate of exchange for the year, except where the date of cash flow for significant transactions can be identified, in which case the cash flows are translated at the rate of exchange ruling at the date of the cash flow;
- Fair value adjustments of the foreign entity are translated at the closing rate;
- Goodwill is considered to relate to the reporting entity and is translated at the rate at the date of acquisition; and
- Differences arising on translation are classified as equity until the investment is disposed of.

Foreign currency transactions and balances

Transactions in foreign currencies are converted to South African Rand at the rate of exchange ruling at the date that the transaction is recorded.

Foreign denominated monetary assets and liabilities (including those linked to a forward exchange contract) are stated in South African Rand using the exchange rate ruling at the balance sheet date, with the resulting exchange differences being recognised in the income statement.

INVENTORIES

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

- Consumables and maintenance spares are valued at average cost;
- Finished products are valued at weighted average cost including an appropriate portion of direct overhead costs;
- Work-in-process is valued at weighted average cost including an appropriate portion of direct overhead costs;
- Raw materials are valued at weighted average cost; and
- By-products are valued at the estimated variable cost associated with their production.

LEASES

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

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

EMPLOYEE BENEFITS

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

SHARE OPTIONS

Share options are accounted for at the strike price when the option is exercised and the shares in terms of this option are issued.

PROVISIONS

Provisions are recognised when the following conditions have been met:

- A present legal or constructive obligation, to transfer economic benefits as a result of past events exists; and
- A reasonable estimate of the obligation can be made.

A present obligation is considered to exist when there is no realistic alternative but to make the transfer of economic benefits. The amount recognised as a provision is the best estimate at the balance sheet date of the expenditure required to settle the obligation. Only expenditure related to the purpose for which the provision is raised is charged against the provision. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Insurance provisions
Claims (net of anticipated recoveries under reinsurance arrangements) notified but not settled at year end, and incurred at year end but not reported, have been provided for using the best information available at the time. The estimates include provision for inflation and other contingencies arising in the settlement of claims.

ESTIMATES
The preparation of the financial statements requires management to make certain estimates. The principles used are the same as in previous years. When estimates are compared to actual and variances occur the estimates are adjusted accordingly.

REVENUE RECOGNITION
Revenue which includes by-products, is recognised when the risks and rewards of ownership have been transferred and when it is probable that the economic benefits associated with a transaction flow to the Group and the amount of revenue can be measured reliably.

Dividends
Dividends are accounted for on the last day of registration for listed investments and when declared in respect of unlisted investments.

Mining products
Revenue from the sale of mining and related products is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

Interest
Interest is recognised on a time proportion basis that takes account of the effective yield on the asset and an appropriate accrual is made at each accounting reference date.

DEFINITIONS
Cash and cash equivalents
Cash and cash equivalents include cash on hand and call deposits as well as short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Overdrafts are excluded from cash and cash equivalents.

Basic earnings per share
Earnings divided by the weighted average number of shares in issue.

Headline earnings per share
Headline earnings comprise earnings for the year, adjusted for profits, losses and capital items in accordance with the requirements of Circular 7 of 2002 issued by the South African Institute of Chartered Accountants. Adjustments against earnings take account of attributable taxation and minority interests. The adjusted earnings figure is divided by the weighted average number of shares in issue to arrive at headline earnings per share.

Fully diluted earnings per share
Fully diluted earnings comprise earnings as used in calculating basic earnings per share. The earnings figure is divided by the weighted average number of ordinary shares, adjusted for any financial instruments or other contracts that may entitle the holder thereof to ordinary shares, to arrive at fully diluted earnings per share. Fully diluted headline earnings per share is calculated on the same basis as fully diluted earnings per share.

Cash generated from operations per share
Cash generated from operations divided by the weighted average number of shares in issue during the year.

Exceptional items
These are items that are of a capital nature that qualify as an adjustment to headline earnings.

FINANCIAL
STATEMENTS

This report has been prepared in accordance with International Financial Reporting Standards and in the manner required by the South African Companies Act and in line with the regulations of the JSE Limited.

Additional statistics can be accessed from the Company's website at www.arm.co.za.

Contents	Page

BALANCE SHEETS

AT 30 JUNE 2005

		GROUP		COMPANY	
	Notes	**2005 Rm**	2004 Rm	**2005 Rm**	2004 Rm
ASSETS					
Non-current assets					
Property, plant and equipment	2	**5 025**	4 674	**205**	424
Intangible assets	2	**5**	5	**–**	–
Deferred tax assets	13	**68**	7	**68**	–
Environmental rehabilitation trust funds	3	**29**	29	**4**	10
Investment in associates	4	**–**	4 338	**–**	4 905
Other investments	5	**3 708**	3	**5 935**	1 734
		8 835	9 056	**6 212**	7 073
Current assets					
Inventories	7	**1 144**	914	**6**	25
Trade and other receivables	8	**1 528**	1 162	**108**	89
Cash and cash equivalents	9	**259**	328	**48**	192
		2 931	2 404	**162**	306
Total assets		**11 766**	11 460	**6 374**	7 379
EQUITY AND LIABILITIES					
Capital and reserves					
Ordinary share capital	10	**10**	10	**10**	10
Share premium	10	**3 497**	3 495	**3 497**	3 495
Other reserves		**(783)**	(193)	**(992)**	41
Retained earnings		**3 787**	3 316	**2 824**	2 791
Shareholders interest in capital and reserves		**6 511**	6 628	**5 339**	6 337
Minority interest	11	**1 461**	1 326	**–**	–
Total shareholders' interest		**7 972**	7 954	**5 339**	6 337
Non-current liabilities					
Long-term borrowings	12	**962**	857	**391**	476
Deferred tax liabilities	13	**814**	853	**72**	252
Long-term provisions	14	**190**	151	**78**	80
		1 966	1 861	**541**	808
Current liabilities					
Trade and other payables	15	**861**	567	**102**	59
Provisions	16	**51**	41	**22**	20
Taxation	27	**304**	63	**90**	48
Overdrafts and short-term borrowings	17	**612**	974	**280**	107
		1 828	1 645	**494**	234
Total equity and liabilities		**11 766**	11 460	**6 374**	7 379

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

		GROUP		COMPANY	
	Notes	**2005 Rm**	2004 Rm	**2005 Rm**	2004 Rm
Revenue	18	**5 485**	3 885	**623**	524
Cost of sales		**(3 743)**	(3 064)	**(295)**	(252)
Gross profit		**1 742**	821	**328**	272
Other operating income		**273**	73	**150**	152
Other operating expenses		**(408)**	(343)	**(237)**	(267)
Retrenchment costs		**(8)**	(23)	**(8)**	(23)
Profit from operations before exceptional items	19	**1 599**	528	**233**	134
Income from investments	20	**22**	26	**75**	30
Finance costs	21	**(172)**	(80)	**(26)**	(14)
Loss from associates		**(150)**	(120)	**–**	–
Profit before taxation and exceptional items		**1 299**	354	**282**	150
Exceptional items	22	**155**	1 148	**(99)**	1 406
– Profit on disposal of discontinued operations		**–**	1 057	**–**	1 282
– Other exceptional items		**155**	91	**(99)**	124
Profit before taxation		**1 454**	1 502	**183**	1 556
Taxation	23	**(530)**	(291)	**(150)**	(172)
Profit after taxation		**924**	1 211	**33**	1 384
Minority interest		**(451)**	(103)	**–**	–
Basic earnings		**473**	1 108	**33**	1 384

Additional information					
Headline earnings	25	**350**	47		
Headline earnings per share (cents)	24	**171**	37		
Basic earnings per share (cents)	24	**231**	865		
Fully diluted earnings per share (cents)	24	**231**	860		
Fully diluted headline earnings per share (cents)	24	**171**	36		
Number of shares in issue at end of year (thousands)		**204 437**	204 208		
Weighted average number of shares in issue (thousands)		**204 370**	128 115		
Weighted average number of shares used in calculating fully diluted earnings per share (thousands)	24	**204 794**	128 876		
Net asset value per share (cents)	24	**3 185**	3 246		

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2005

GROUP	Note	Share capital and premium Rm	Revaluation of land and buildings Rm	Other* Rm	Retained earnings Rm	**Total Rm**
Balance at 30 June 2003		85	6	212	2 208	**2 511**
Basic earnings		–	–	–	1 108	**1 108**
Realisation of revaluation on listed investment		–	–	(133)	–	**(133)**
Revaluation of listed investments		–	–	(45)	–	**(45)**
Share options exercised	10	54	–	–	–	**54**
Shares issued for acquisitions	10	3 366	–	–	–	**3 366**
Share of associate's other reserves		–	–	(235)	–	**(235)**
Other		–	–	2	–	**2**
Balance at 30 June 2004		3 505	6	(199)	3 316	**6 628**
Basic earnings		–	–	–	473	**473**
Revaluation of listed investments		–	–	(962)	–	**(962)**
Deferred tax on revaluation of listed investments		–	–	141	–	**141**
Reversal of associate's other reserves	4	–	–	235	–	**235**
Share options exercised	10	2	–	–	–	**2**
Realisation of land and buildings		–	(6)	–	–	**(6)**
Other		–	–	2	(2)	**–**
Balance at 30 June 2005		**3 507**	**–**	**(783)**	**3 787**	**6 511**

* *Other reserves consist of revaluation of listed investments (R962 million) (2004: R nil; 2003: R178 million), insurance contingency R6 million (2004: R4 million; 2003: R4 million), general reserve of R32 million (2004: R32 million; 2003: R30 million), share of associate reserves – R nil (2004: (R235 million); 2003: R nil), deferred tax on revaluation of listed investment R141 million (2004: R nil; 2003: R nil)*

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2005

COMPANY	Note	Share capital and premium Rm	Revaluation of land and buildings Rm	Other* Rm	Retained earnings Rm	**Total Rm**
Balance at 30 June 2003		85	6	213	1 407	**1 711**
Basic earnings		–	–	–	1 384	**1 384**
Realisation of revaluation on listed investment		–	–	(133)	–	**(133)**
Revaluation of listed investments		–	–	(45)	–	**(45)**
Shares issued for acquisitions	10	3 366	–	–	–	**3 366**
Share options exercised	10	54	–	–	–	**54**
Balance at 30 June 2004		3 505	6	35	2 791	**6 337**
Basic earnings		–	–	–	33	**33**
Revaluation of listed investments		–	–	(1 199)	–	**(1 199)**
Deferred tax on revaluation of listed investments		–	–	172	–	**172**
Realisation of land and buildings		–	(6)	–	–	**(6)**
Share options exercised	10	2	–	–	–	**2**
Balance at 30 June 2005		**3 507**	**–**	**(992)**	**2 824**	**5 339**

* *Other reserves consist of revaluation of listed investments (R1 199 million) (2004: R nil; 2003: R178 million), a deferred tax on revaluation of listed investment R172 million (2004: R nil; 2003: R nil), general reserve of R35 million (2002: R35 million; 2003: R35 million)*

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

		GROUP		COMPANY	
	Note	**2005 Rm**	2004 Rm	**2005 Rm**	2004 Rm
CASH FLOW FROM OPERATING ACTIVITIES					
Cash receipts from customers		**5 297**	3 838	**660**	787
Cash paid to suppliers and employees		**(3 636)**	(3 235)	**(416)**	(558)
Cash generated from operations	26	**1 661**	603	**244**	229
Interest received		**22**	24	**10**	16
Interest paid		**(183)**	(70)	**(26)**	(3)
Dividends received		**19**	1	**65**	14
Dividends paid to minorities		**(45)**	(13)	**–**	–
Taxation paid	27	**(168)**	(70)	**(99)**	(21)
Net cash inflow from operating activities		**1 306**	475	**194**	235
CASH FLOW FROM INVESTING ACTIVITIES					
Additions to property, plant and equipment to maintain operations		**(705)**	(472)	**(13)**	(8)
Additions to property, plant and equipment to expand operations		**(297)**	(101)	**(49)**	(14)
Net cash effects of acquisitions	31	**–**	(32)	**–**	(50)
Proceeds on disposal of property, plant and equipment		**39**	7	**18**	–
Proceeds on disposal of investments		**9**	167	**9**	167
Net cash effects on disposal of 50 percent of Nkomati	29	**136**	–	**136**	–
Increase in investment loans and receivables		**–**	–	**(498)**	(224)
Investments acquired		**(8)**	–	**–**	–
Purchase of remaining portion of Nkomati	31	**–**	(260)	**–**	(260)
Net cash outflow from investing activities		**(826)**	(691)	**(397)**	(389)
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds on exercise of share options		**2**	54	**2**	54
Funding received from minority shareholders		**–**	42	**–**	–
Long-term borrowings raised		**110**	280	**30**	280
Long-term borrowings repaid		**(215)**	(127)	**(115)**	(42)
(Decrease)/increase in short-term borrowings		**(446)**	31	**142**	(163)
Net cash (outflow)/inflow from financing activities		**(549)**	280	**59**	129
Net (decrease)/increase in cash and cash equivalents		**(69)**	64	**(144)**	(25)
Cash and cash equivalents at beginning of year		**328**	264	**192**	217
Cash and cash equivalents at end of year		**259**	328	**48**	192
Cash generated from operations per share (cents)	24	**813**	471	**119**	179

1. BASIS OF PREPARATION

Refer accounting policies on page 86.

2. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Group	Mine development and decommission assets Rm	Plant and machinery Rm	Land and buildings Rm	Mineral rights Rm	Other Rm	**Total property, plant and equipment Rm**	**Intangible assets Rm**
COST							
Balance at 30 June 2003	952	1 259	218	185	470	**3 084**	**11**
Additions	356	128	10	75	115	**684**	**–**
Disposals	–	(1)	–	–	(45)	**(46)**	**–**
Subsidiaries acquired	368	232	27	962	78	**1 667**	**–**
Purchase of remaining 25 percent of Nkomati mine	25	5	–	274	5	**309**	**–**
Balance at 30 June 2004	1 701	1 623	255	1 496	623	**5 698**	**11**
Additions	516	225	77	–	219	**1 037**	**–**
Reclassifications	(1)	5	(6)	(2)	4	**–**	**–**
Disposals	(2)	(3)	(16)	(29)	(6)	**(56)**	**–**
Disposal of 50 percent of Nkomati mine	(88)	(27)	(2)	(137)	(19)	**(273)**	**–**
Balance at 30 June 2005	**2 126**	**1 823**	**308**	**1 328**	**821**	**6 406**	**11**
Accumulated amortisation and depreciation							
Balance at 30 June 2003	157	389	29	9	222	**806**	**5**
Charge for the year	42	85	8	19	63	**217**	**1**
Impairments	–	–	10	35	–	**45**	**–**
Disposals	–	(1)	–	–	(43)	**(44)**	**–**
Balance at 30 June 2004	199	473	47	63	242	**1 024**	**6**
Charge for the year	147	148	9	17	105	**426**	**–**
Reclassification	13	(14)	(3)	–	4	–	**–**
Impairments	–	31	–	4	–	**35**	
Disposals	–	(1)	(1)	–	(9)	**(11)**	**–**
Disposal of 50 percent of Nkomati mine	(56)	(23)	(1)	–	(13)	**(93)**	**–**
Balance at 30 June 2005	**303**	**614**	**51**	**84**	**329**	**1 381**	**6**
Carrying value at 30 June 2004	1 502	1 150	208	1 433	381	**4 674**	**5**
Carrying value at 30 June 2005	**1 823**	**1 209**	**257**	**1 244**	**492**	**5 025**	**5**

A Borrowing costs

Borrowing costs amounting to R7 million were capitalised in respect of mine development and decommissioning assets and plant and machinery for the year to 30 June 2005 (2004: R18 million), at prime overdraft rates applicable during the year.

B Capital work-in-progress

Included in mine development and decommissioning assets and plant and machinery above is R285 million (2004: R711 million) of assets relating to projects in progress from which no revenue is currently derived. These assets came into use in July 2005 (2004: July 2004).

2. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS CONTINUED

C Other assets

Included in other assets are vehicles and equipment held under finance lease of R17 million (2004: R21 million), mine properties of R124 million (2004: R102 million), furniture, equipment and vehicles of R313 million (2004: R222 million).

D Land and buildings

The cost of land and buildings includes a revaluation of R nil (2004: R6 million)

E Intangible assets

Intangible assets consist of patents and trade marks.

Company	Mine development and decommission assets Rm	Plant and machinery Rm	Land and buildings Rm	Mineral rights Rm	Other Rm	**Total property, plant and equipment Rm**
COST						
Balance at 30 June 2003	138	54	17	–	41	**250**
Additions	5	15	1	–	2	**23**
Purchase of remaining 25 percent of Nkomati mine	25	5	–	274	5	**309**
Disposals		–	–	–	(1)	**(1)**
Balance at 30 June 2004	168	74	18	274	47	**581**
Additions	9	45	–	–	9	**63**
Disposal of 50 percent of Nkomati mine	(88)	(27)	(2)	(137)	(19)	**(273)**
Disposals	–	–	(16)	(1)	(7)	**(24)**
Balance at 30 June 2005	**89**	**92**	**–**	**136**	**30**	**347**
Accumulated amortisation and depreciation						
Balance at 30 June 2003	56	26	1	–	35	**118**
Charge for the year	16	5	1	15	5	**42**
Disposals	–	–	–	–	(1)	**(1)**
Other	–	–	–	–	(2)	**(2)**
Balance at 30 June 2004	72	31	2	15	37	**157**
Charge for the year	32	11	1	–	10	**54**
Disposals	–	–	(2)	–	(5)	**(7)**
Impairments	–	31	–	–	–	**31**
Disposal of 50 percent of Nkomati mine	(56)	(23)	(1)	–	(13)	**(93)**
Reclassification	10	14	–	(15)	(9)	**–**
Balance at 30 June 2005	**58**	**64**	**–**	**–**	**20**	**142**
Carrying value at 30 June 2004	96	43	16	259	10	**424**
Carrying value at 30 June 2005	**31**	**28**	**–**	**136**	**10**	**205**

A register containing details of mineral and mining rights and land and buildings is available for inspection during business hours at the registered address of the Company by members or their duly authorised agents.

	GROUP		COMPANY	
	2005 Rm	2004 Rm	**2005 Rm**	2004 Rm
3. ENVIRONMENTAL REHABILITATION TRUST FUNDS				
Balance at beginning of year	**29**	22	**10**	9
Disposal of 50 percent of Nkomati mine	**(2)**	–	**(2)**	–
Contributions	**5**	5	**–**	1
Less: Work completed	**–**	(1)	**–**	(1)
Acquisition of additional 25 percent of Nkomati mine	**–**	1	**–**	1
Other movements	**(4)**	–	**(4)**	–
Interest earned	**1**	2	**–**	–
Total	**29**	29	**4**	10
Total environmental rehabilitation obligations (refer note 14)	**91**	65	**6**	10
Less: Amounts in trust funds (see above)	**(29)**	(29)	**(4)**	(10)
Net liability	**62**	36	**2**	–

4. INVESTMENT IN ASSOCIATES

During the year Harmony issued additional shares thereby diluting the Company's interest. This dilution necessitated a change in the accounting treatment from equity accounting Harmony as an associate to carrying it as an available-for-sale investment, the default classification in terms of IAS 39. At balance sheet date the Group had a 16,18 percent (2004: 19,84 percent) interest in Harmony.

During April 2003 the investment in Avgold was sold down to 42,32 percent resulting in Avgold being an associate at 30 June 2003. On 30 April 2004 the investment in Avgold was sold to Harmony. As a result, a portion of the profit on the disposal of Avgold was treated as unrealised in the June 2004 financial results and resulted in a reduction to the carrying value of the Harmony investment. This was realised in the current financial year as a result of Harmony no longer being an associate.

	GROUP 2005 Rm	GROUP 2004 Rm	COMPANY 2005 Rm	COMPANY 2004 Rm
Opening balance	**4 338**	925	**4 905**	–
Investment in associate (original cost)	**–**	4 905	**–**	4 905
Unrealised intergroup profit	**–**	(265)	**–**	–
Net costs	**4 338**	5 565	**4 905**	4 905
Loss from associate	**(150)**	(120)	**–**	–
Loss on dilution (exceptional items)	**(2)**	(7)	**–**	–
Movement in associate's reserves	**27**	(235)	**–**	–
Associate sold (Avgold)	**–**	(865)	**–**	–
Dividend received	**(19)**	–	**–**	–
Realisation of unrealised profit on sale of Avgold	**265**	–	**–**	–
Realisation of non-distributable reserves	**208**	–	**–**	–
Transfer to other investments	**(4 667)**	–	**(4 905)**	–
Total	**–**	4 338	**–**	4 905

	GROUP 2005 Rm	GROUP 2004 Rm	COMPANY 2005 Rm	COMPANY 2004 Rm
4. INVESTMENT IN ASSOCIATE CONTINUED				
Group's interest in associate's balance sheet				
Non-current assets	–	5 406		
Current assets	–	556		
Total assets	–	5 962		
Share capital and reserves	–	4 123		
Non-current liabilities	–	1 364		
Current liabilities	–	475		
Total equity and liabilities	–	5 962		
Market value of Group's interest	–	4 152		
Reconciliation of carrying amount of investment in associate with net assets				
Net assets	–	4 123		
Unrealised intergroup profit	–	(265)		
Fair value adjustment on acquisition	–	927		
Deferred tax on fair value adjustment	–	(447)		
Carrying value	–	4 338		
5. OTHER INVESTMENTS				
Listed – subsidiary companies				
Cost			**261**	261
Listed – other investments				
Opening balance	**3**	3	**2**	2
Transfer from associates	**4 667**	–	**4 905**	–
Unrealised fair value adjustment	**(962)**	–	**(1 199)**	–
Closing carrying amount	**3 708**	3	**3 708**	2
Total – listed investments	**3 708**	3	**3 969**	263
Market value of listed investments	**3 708**	3	**8 352**	1 985
Unlisted – subsidiary companies				
Costs			**481**	470
Loans* (refer page 125)			**1 485**	1 001
Total unlisted			**1 966**	1 471
Total carrying amount of other investments	**3 708**	3	**5 935**	1 734
Directors' valuation of unlisted investments – subsidiaries and other			**1 966**	1 471

⁎ A report on investments appears on pages 124 to 126.
These loans are interest free with no fixed terms of repayment

6. JOINT VENTURES

The proportionate share of the following joint ventures have been incorporated into the Group results:

- a 50 percent share in the Nkomati mine for the month of June 2005.
- a 75 percent share in the Nkomati mine for seven months up to the end of January 2004. For the period 1 February 2004 to the end of May 2005 100 percent of Nkomati mine is included in these results.
- a 50 percent share in Cato Ridge Alloys (Proprietary) Limited.

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

- a 50 percent share in the Nkomati mine for the month of June 2005.
- a 75 percent share in the Nkomati mine for seven months up to the end of January 2004. For the period 1 February 2004 to the end of May 2005 100 percent of Nkomati mine is included in these results.

The aggregate amounts of joint ventures proportionately consolidated in the financial statements are:

	GROUP		COMPANY	
	2005 Rm	2004 Rm	**2005 Rm**	2004 Rm
Income statements				
Revenue	**215**	410	**2**	260
Cost of sales	**(170)**	(232)	**(9)**	(118)
Other operating income	**5**	12	**5**	12
Other operating expenses	**(34)**	(28)	**(4)**	(19)
Income from investments	**–**	1	**–**	1
Finance costs	**–**	(3)	**–**	–
Profit before tax	**16**	160	**(6)**	136
Taxation	**(4)**	(48)	**2**	(41)
Profit for the year after taxation	**12**	112	**(4)**	95
Balance sheets				
Non-current assets	**203**	27	**179**	–
Current assets	**171**	86	**88**	–
Non-current liabilities (non-interest-bearing)	**49**	–	**49**	–
Current liabilities	**89**	48	**68**	–
Cash flow statements				
Net cash inflow from operating activities	**310**	26	**293**	9
Net cash outflow from investing activities	**(19)**	(3)	**(19)**	(5)
Net cash outflow from financing activities	**(14)**	(19)	**–**	–

7. INVENTORIES

	GROUP 2005 Rm	GROUP 2004 Rm	COMPANY 2005 Rm	COMPANY 2004 Rm
Consumable stores	**74**	65	**1**	2
Raw material	**657**	526	**–**	–
Work-in-progress	**19**	23	**5**	23
Finished goods	**394**	300	**–**	–
	1 144	914	**6**	25
Value of inventory written down to net realisable value	**53**	–	**–**	–

	GROUP		COMPANY	
	2005 Rm	2004 Rm	**2005 Rm**	2004 Rm
8. TRADE AND OTHER RECEIVABLES				
Trade receivables	**1 210**	993	**70**	79
Other receivables	**318**	169	**38**	10
	1 528	1 162	**108**	89
9. CASH AND CASH EQUIVALENTS				
Cash at bank and on deposit	**245**	320	**48**	192
Restricted cash*	**14**	8	**–**	–
	259	328	**48**	192
Cash at bank and on deposit earns interest at floating rates based on daily bank deposit rates.				
** These funds have been pledged as security for loans granted to the ARM Mining Consortium Limited R8 million and guarantee to the Department of Minerals and Energy and Eskom for Two Rivers Platinum (Proprietary) Limited R6 million.*				
10. SHARE CAPITAL AND PREMIUM				
Share capital				
Authorised				
500 000 000 (2004: 500 000 000) ordinary shares of five cents each	**25**	25	**25**	25
	25	25	**25**	25
Issued				
Opening balance	**10**	6	**10**	6
Shares issued for cash 228 489 shares at 5 cents (2004: 1 855 671 shares at five cents)	**–**	–	**–**	–
Shares issued in business combination. (2004: 89 750 417 at five cents)	**–**	4	**–**	4
204 436 557 (2004: 204 208 068) ordinary shares of five cents each	**10**	10	**10**	10
Share premium	**3 497**	3 495	**3 497**	3 495
– Balance at beginning of year	**3 495**	79	**3 495**	79
– Premium on shares issued	**2**	3 416	**2**	3 416
Total issued share capital and premium	**3 507**	3 505	**3 507**	3 505
11. MINORITY INTEREST				
Balance at beginning of year	**1 326**	1 141		
Transfer from income statement	**451**	103		
Dividends paid to minorities	**(45)**	(13)		
Interest in subsidiaries acquired	**–**	53		
Minority shareholders' loan: Two Rivers Platinum (Proprietary) Limited*	**(271)**	42		
Balance at year-end	**1 461**	1 326		

** The minority shareholders' risk capital contribution to this project has been reclassified as a long-term borrowing as the project was approved for release in June 2005.*

	GROUP		COMPANY	
	2005	2004	**2005**	2004
	Rm	Rm	**Rm**	Rm
12. LONG-TERM BORROWINGS				
Secured loans				
Loan facility 1 (Modikwa mine) This loan bears interest at a fixed rate of 15,99 percent compounded on a monthly basis. Repayments are made in biannual instalments, commencing on 30 June 2003 and ending on 30 June 2010.	**410**	495	**–**	–
Loan facility 2 (Modikwa mine) This loan bears interest at a fixed rate of 16,99 percent plus a profit share of 0,3 percent of the net operating cash flow after capital expenditure. This interest is compounded on a monthly basis. Repayments are made in biannual instalments, commencing on 30 June 2003 and ending 30 June 2010.	**115**	137	**–**	–
Loan facility 3 (Modikwa mine) This loan bears interest at variable rates plus a profit share of 0,75 percent of the net operating cash flow after capital expenditure. R10,7 million bears interest at 16,74 percent nominal annual rate compounded on a monthly basis and the remaining R35,3 million bears interest at a 11,36 percent nominal annual rate compounded on a monthly basis. Interest payments are made in biannual instalments commencing on 30 June 2003 and ending on 30 June 2010. Capital repayments commenced on 31 December 2004 in 12 equal biannual instalments.	**46**	53	**–**	–
As security for the Modikwa loan bonds, pledges and charges over mineral rights, mining titles and movable and immovable assets have been registered in favour of the lenders. The 50 percent stake in the Modikwa Platinum Mine joint venture is also included in the security given.				
ARM, for so long as the ARM Mining Consortium Limited is indebted to the lenders (a) will not accept payment for their claims from the Consortium (except for claims arising under their consultancy agreement) and (b) subordinates all its loans and claims against the Consortium without the prior written consent of the lenders.				
Preference shares	**50**	50	**–**	–

On 10 July 2002, ARM Mining Consortium Limited ("Consortium") issued 50 000 000 cumulative, redeemable, convertible preference shares with a par value of R0,01 per share, at R1,00 per share. The preference shares are redeemable after a period of ten years from the date of issue. The preference shares can be redeemed at the option of the Consortium at any time after one year from the date of issue. The preference shares will become redeemable earlier than ten years if the Group is in breach of certain obligations in terms of its other borrowings. The preference shares are convertible into ordinary shares at any time after a period of three years from the date of issue, at the option of the preference shareholder. The existing shareholders of the Company have the option to take up the converted shares at an agreed price within a period of 90 days from conversion. The dividend is payable six monthly in arrears and accrues at the prime overdraft rate.

	GROUP 2005 Rm	GROUP 2004 Rm	COMPANY 2005 Rm	COMPANY 2004 Rm
12. LONG-TERM BORROWINGS CONTINUED				
Secured loans continued				
Leases	**17**	21	**–**	–
Finance leases over property, plant and equipment with a book value of R17 million at 1,5 percent below the prime overdraft rate and are payable in varying monthly instalments over 60 months which commenced on 31 May 2004				
Unsecured loans				
Two Rivers Platinum (Proprietary) Limited	**354**	–	**–**	–
This loan is from the minority shareholder and bears no interest and has no fixed term of repayment				
Loans from subsidiaries	**–**	–	**261**	261
These loans are interest free and have no fixed term of repayment				
Loan facility (Nkomati mine)	**203**	260	**203**	260
This loan bears interest at 10,25 percent and is linked to the Jibar rate. The loan is repayable in 8 equal biannual instalments which commenced in August 2004				
Loan facility (Avalloys)	–	20	–	20
This loan facility was for R120 million but only R20 million was utilised at 30 June 2004. The loan bore interest at 9,7 percent per annum and was linked to the Jibar rate. The facility was settled during the year				
Total borrowings	**1 195**	1 036	**464**	541
Less: Repayable within one year included in short-term borrowings	**(233)**	(179)	**(73)**	(65)
Total long-term borrowings	**962**	857	**391**	476
Held as follows:				
– African Rainbow Minerals Limited	**130**	215	**391**	476
– Assmang Limited	**13**	14	**–**	–
– ARM Platinum (Proprietary) Limited	**465**	628	**–**	–
– Two Rivers Platinum (Proprietary) Limited	**354**	–	**–**	–
	962	857	**391**	476

12. LONG-TERM BORROWINGS CONTINUED

Unsecured loans continued

Interest payable and repayments

Group	Rate of interest percent	Total borrowings 2005 Rm	2006 Rm	2007 Rm	2008 Rm	2009 Rm	2010 Rm
Secured loans	11	**96**	**56**	**6**	**6**	**6**	**22**
	16	**410**	**77**	**77**	**77**	**77**	**102**
	17	**115**	**23**	**23**	**24**	**24**	**21**
		621	**156**	**106**	**107**	**107**	**145**
Finance lease	prime less 1,5	**17**	**4**	**4**	**4**	**5**	**–**
Unsecured loans							
Shareholders' loan	–	**354**	**–**	**–**	**–**	**–**	**354**
Other	11	**203**	**73**	**65**	**65**	**–**	**–**
Total borrowings		**1 195**	**233**	**175**	**176**	**112**	**499**

13. DEFERRED TAXATION

	GROUP		COMPANY	
	2005 Actual Rm	2004 Actual Rm	**2005 Actual Rm**	2004 Actual Rm
Deferred tax asset				
Provisions made, deductible only when costs are incurred/paid	**1**	7	**1**	–
Capital gains tax and revaluation of listed investment	**44**	–	**44**	–
Liabilities for healthcare benefits	**21**	–	**21**	–
Other	**2**	–	**2**	–
Deferred tax asset	**68**	7	**68**	–
Deferred tax liability				
Property, plant and equipment	**968**	864	**72**	167
Provisions	**(25)**	(10)	**–**	(1)
Investments	**–**	107	**–**	107
Inventories	**(10)**	–	**–**	–
Assessed loss	**(143)**	(74)	**–**	–
Liabilities for healthcare benefits	**–**	(26)	**–**	(21)
Other	**24**	(8)	**–**	–
Deferred tax liability	**814**	853	**72**	252

	GROUP		COMPANY	
	2005 Actual Rm	2004 Actual Rm	**2005 Actual Rm**	2004 Actual Rm
13. DEFERRED TAXATION CONTINUED				
Deferred tax liability continued				
Reconciliation of opening and closing balance				
Opening deferred tax liability	**853**	519	**252**	64
Opening deferred tax asset	**(7)**	(12)	**–**	–
Net deferred tax liability – opening balance	**846**	507	**252**	64
Reduction due to change in rate of taxation	**(23)**	–	**(5)**	–
Disposal of joint venture	**(47)**	–	**(47)**	–
Temporary differences from:	**(30)**	339	**(196)**	188
– Property, plant and equipment	**165**	379	**–**	138
– Assessed loss	**(69)**	(69)	**–**	–
– Provisions	**(15)**	(3)	**–**	2
– Investments	**(138)**	94	**(151)**	107
– Healthcare benefits	**5**	(5)	**–**	(1)
– Inventories	**(10)**	3	**–**	–
– Other	**32**	(60)	**(45)**	(58)
– Deferred tax liability	**814**	853	**72**	252
– Deferred tax asset	**(68)**	(7)	**(68)**	–
Net deferred tax liability – closing balance	**746**	846	**4**	252

Deferred tax balances are shown net of deferred tax assets and deferred tax liabilities where a legal right of offset exists at settlement.

	GROUP		COMPANY	
	2005 **Rm**	2004 Rm	**2005** **Rm**	2004 Rm
14. LONG-TERM PROVISIONS				
Environmental rehabilitation obligation				
Provision for decommissioning				
Balance at beginning of year	**27**	13	**3**	2
Acquisition of ARM Platinum (Proprietary) Limited	**–**	6	**–**	–
Provision for the year	**26**	7	**2**	–
Charge to interest	**3**	–	**–**	–
Acquisition of 25 percent of Nkomati mine	**–**	1	**–**	1
Disposal of 50 percent of Nkomati mine	**(2)**	–	**(2)**	–
Balance at end of year	**54**	27	**3**	3
Provision for restoration				
Balance at beginning of year	**38**	14	**7**	7
Payments made	**–**	(1)	**–**	(1)
Acquisition of ARM Platinum (Proprietary) Limited	**–**	1	**–**	–
Acquisition of 25 percent of Nkomati mine	**–**	1	**–**	–
Disposal of 50 percent of Nkomati mine	**(2)**	–	**(2)**	–
Provision for the year	**1**	23	**(2)**	1
Balance at end of year	**37**	38	**3**	7
Total environmental rehabilitation obligation	**91**	65	**6**	10
Post-retirement healthcare benefits				
Balance at beginning of year	**86**	84	**70**	66
Benefits paid	**(6)**	(7)	**(6)**	(6)
Service cost	**1**	3	**–**	2
Interest cost	**10**	11	**8**	10
Actuarial gain	**–**	(5)	**–**	(2)
Balance at end of year	**91**	86	**72**	70
Insurance provisions				
Provision for the year	**8**	–	**–**	–
Balance at end of year	**8**	–	**–**	–
Total long-term provisions at end of year	**190**	151	**78**	80

	GROUP		COMPANY	
	2005 Actual Rm	2004 Actual Rm	**2005 Actual Rm**	2004 Actual Rm
15. TRADE AND OTHER PAYABLES				
Trade payables	**391**	289	**11**	13
Other payables	**470**	278	**91**	46
Total trade and other payables	**861**	567	**102**	59
16. SHORT-TERM PROVISIONS				
Bonus provision				
Balance at beginning of year	**16**	14	**17**	15
Provision for the period	**21**	38	**21**	38
Payments made during the year	**(19)**	(38)	**(18)**	(37)
Acquisition of remaining 25 percent of Nkomati mine	**–**	1	**–**	1
Disposal of 50 percent of Nkomati mine	**(1)**	–	**(1)**	–
Acquisition of ARM Platinum (Proprietary) Limited	**–**	1	**–**	–
Balance at end of year	**17**	16	**19**	17
Leave pay provision				
Balance at beginning of year	**25**	18	**3**	6
Provision for the period	**11**	5	**1**	(3)
Payments made during the year	**(1)**	(3)	**–**	–
Acquisition of ARM Platinum (Proprietary) Limited	**–**	5	**–**	–
Disposal of 50 percent of Nkomati mine	**(1)**	–	**(1)**	–
Balance at end of year	**34**	25	**3**	3
Total short-term provisions	**51**	41	**22**	20
17. OVERDRAFTS AND SHORT-TERM BORROWINGS				
Overdrafts	**241**	54	**176**	–
Short-term borrowings	**138**	741	**31**	42
Current portion of long-term borrowings	**233**	179	**73**	65
	612	974	**280**	107
Overdrafts and short-term borrowings are held as follows:				
– African Rainbow Minerals Limited	**249**	76	**249**	76
– Assmang Limited	**161**	737	**–**	–
– ARM Platinum (Proprietary) Limited	**202**	161	**–**	–
– Loans from subsidiaries	**–**	–	**31**	31
	612	974	**280**	107

	GROUP		COMPANY	
	2005	2004	**2005**	2004
	Rm	Rm	**Rm**	Rm
18. REVENUE				
Mining and related products	**5 485**	3 885	**623**	524
Made up as follows:				
Local revenue	**919**	460	**249**	223
Export revenue	**4 566**	3 425	**374**	301
	5 485	3 885	**623**	524
19. PROFIT FROM OPERATIONS				
Profit from operations includes:				
Foreign exchange gains	**163**	45	**15**	38
Remuneration for technical advisory services	**–**	4	**–**	4
Amortisation and depreciation				
– land and buildings	**9**	8	**1**	1
– mine development and decommissioning assets	**147**	42	**32**	16
– mineral rights	**17**	19	**–**	15
– intangible assets	**–**	1	**–**	–
– plant and machinery	**148**	85	**11**	5
– other	**105**	63	**10**	5
Auditors' remuneration				
– audit fees	**5**	4	**2**	1
– other services	**1**	–	**–**	–
Exploration expenditure	**27**	39	**25**	33
Inventory write down	**20**	2	**–**	–
Movement in provisions				
– long term	**14**	31	**–**	4
– short term	**32**	37	**22**	30
Share transfer, secretarial and financial services	**2**	2	**2**	2
Staff costs – salaries and wages	**568**	469	**92**	95
– pension	**32**	28	**7**	7
– medical aid	**30**	19	**4**	2
– post-retirement medical benefits	**1**	3	**–**	2
– retrenchment cost	**8**	23	**8**	23

	GROUP		COMPANY	
	2005 Rm	2004 Rm	**2005 Rm**	2004 Rm
20. INCOME FROM INVESTMENTS				
Dividend income – subsidiary companies – listed	**–**	–	**46**	13
– other – listed	**–**	1	**19**	1
Interest received – subsidiary companies	**–**	–	**1**	3
– Environmental Trust Fund (refer to note 3)	**1**	2	**–**	–
– other	**21**	23	**9**	13
	22	26	**75**	30
21. FINANCE COST				
Interest on finance leases	**2**	–	**–**	–
Gross interest paid	**177**	98	**26**	14
Less: capitalised (refer to note 2)	**(7)**	(18)	**–**	–
	172	80	**26**	14
22. EXCEPTIONAL ITEMS				
Profit on disposal of Avgold (associate)	**265**	1 075	**–**	1 300
Loss on disposal of Chambishi (subsidiary)	**–**	(18)	**–**	(18)
Impairment of property, plant and equipment	**(35)**	(44)	**(31)**	(11)
Surplus on disposal of Assore shares (investment)	**–**	135	**–**	135
Loss on disposal of 50 percent of Nkomati	**(82)**	–	**(82)**	–
Other	**7**	–	**14**	–
Exceptional items per income statement	**155**	1 148	**(99)**	1 406
Taxation	**(41)**	(106)	**(72)**	(116)
Minority interest	**5**	(3)	**–**	–
Profit on sale of property, plant and equipment	**–**	5	**–**	–
Profit on sale of property, plant and equipment in associate	**4**	9	**–**	–
Profit on dilution in associate	**–**	8	**–**	–
Net exceptional items	**123**	1 061	**(171)**	1 290

	GROUP		COMPANY	
	2005 Rm	2004 Rm	**2005 Rm**	2004 Rm
23. TAXATION				
South African normal taxation				
– current year	**305**	72	**93**	49
State share of profits	**38**	21	**–**	–
Deferred taxation				
– temporary differences	**196**	186	**62**	114
– tax rate adjustment	**(23)**	–	**(5)**	–
Secondary tax on companies	**14**	3	**–**	–
Capital gains tax	**–**	9	**–**	9
	530	291	**150**	172
Dealt with as follows:				
Attributable to profit before exceptional items	**489**	185	**78**	56
Attributable to exceptional items (refer to note 22)	**41**	106	**72**	116
	530	291	**150**	172
	%	%	**%**	%
Reconciliation of rate of taxation:				
Standard rate of company taxation	**29**	30	**29**	30
Adjusted for:				
Disallowed expenditure	**4**	2	**34**	2
Exempt income	**(4)**	(23)	**(12)**	(28)
Effects of mining taxes	**3**	1	**–**	–
Deferred tax at capital gains tax rate	**4**	7	**34**	7
Secondary tax on companies	**1**	–	**–**	–
Tax losses not raised as deferred tax assets	**2**	2	**–**	–
Rate adjustment on deferred tax	**(2)**	–	**(3)**	–
Other	**(1)**	–	**–**	–
Effective rate of taxation	**36**	19	**82**	11
Estimated assessed losses available for reduction of future taxable income*	**396**	246	**–**	–
Unredeemed capital expenditure available for reduction of future mining income*	**1 742**	1 827	**–**	–

* *Deferred tax has been raised on these estimated losses*

The Group had unutilised credits in respect of secondary tax on companies of R153 million at 30 June 2005 (2004: R88 million).
The latest tax assessment for the Company relates to the year ended June 2000.
The assessments for 2001, 2002 and 2003 have not been received yet. All returns, up to June 2003, have been submitted.

24. BASIC AND HEADLINE EARNINGS PER SHARE

The calculation of basic earnings per share is based on basic earnings of R473 million (2004: R1 108 million) and a weighted average of 204 370 (2004: 128 115) thousand shares in issue during the year.

The calculation of headline earnings per share is based on headline earnings of R350 million (2004: R47 million), and a weighted average of 204 370 (2004: 128 115) thousand shares in issue during the year.

The calculation of fully diluted basic earnings per share is based on basic earnings of R473 million (2004: R1 108 million), with no reconciling items to derive at fully diluted earnings, and a weighted average of 204 794 (2004: 128 876) thousand shares calculated as follows:

	2005	2004
Weighted average number of shares used in calculating basic earnings per share (thousands).	**204 370**	128 115
Potential ordinary shares due to share options granted (thousands).	**424**	761
Weighted average number of shares used in calculating fully diluted earnings per share (thousands).	**204 794**	128 876

The calculation of fully diluted headline earnings per share is based on headline earnings of R350 million (2004: R47 million) and a weighted average of 204 794 (2004: 128 876) thousand shares.

The calculation of net asset value per share is based on net assets of R6 511 million (2004: R6 628 million) and the number of shares at year-end 204 437 (2004: 204 208) thousand shares.

The calculation of cash generated from operations per share (cents) is based on cash generated from operations of R1 661 million, (2004: R603 million) and the weighted average number of shares in issue 204 370 (2004:128 115) thousands

	GROUP		COMPANY	
	2005 Rm	2004 Rm	**2005 Rm**	2004 Rm
25. HEADLINE EARNINGS				
Basic earnings per income statement	**473**	1 108	**33**	1 384
– Loss/(profit) on sale of Chambishi (subsidiary)	**(7)**	18	**(7)**	18
– Profit on disposal of Avgold (associate)	**(265)**	(1 075)	**–**	(1 300)
– Profit on disposal of investments	**–**	(135)	**–**	(135)
– Impairment of mineral rights and land and buildings	**35**	44	**31**	11
– Loss/(profit) on dilution of associate	**2**	(8)	**–**	–
– Loss/(profit) on sale of property, plant and equipment	**6**	(5)	**(1)**	–
– Loss on disposal of 50 percent of Nkomati	**82**	–	**82**	–
– Profit on sale of property, plant and equipment in associate	**(4)**	(9)	**–**	–
– Other	**(8)**	–	**(6)**	–
	314	(62)	**132**	(22)
– Taxation	**41**	106	**72**	116
– Minority interest	**(5)**	3	**–**	–
Headline earnings	**350**	47	**204**	94

	GROUP		COMPANY	
	2005	2004	**2005**	2004
	Rm	Rm	**Rm**	Rm
26. RECONCILIATION OF NET PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS				
Profit from operations and exceptionals	**1 754**	1 676	**134**	1 540
Adjusted for:	**266**	(892)	**173**	(1 343)
– Amortisation and depreciation of property, plant and equipment	**426**	218	**55**	40
– Long- and short-term provisions	**46**	47	**22**	34
– Profit on sale of Avgold	**(265)**	(1 075)	**–**	(1 300)
– Impairment of property, plant and equipment	**35**	35	**31**	–
– Impairment of investment	**–**	9	**–**	11
– Loss/(profit) on disposal of property, plant and equipment	**6**	(13)	**(1)**	–
– Surplus on disposal of investments	**–**	(135)	**–**	(135)
– Loss on disposal of 50 percent of Nkomati	**82**	–	**82**	–
– Unrealised foreign exchange (gain)/losses	**(90)**	7	**(18)**	(1)
– Inventory write off	**20**	–	**–**	–
– Loss on sale of Chambishi	**–**	18	**–**	18
– Other non-cash flow items	**6**	(3)	**2**	(10)
Operating profit before working capital changes	**2 020**	784	**307**	197
(Increase)/decrease in inventories	**(253)**	(64)	**15**	(6)
(Increase)/decrease in receivables	**(362)**	(101)	**(94)**	84
Increase/(decrease) in payables	**256**	(16)	**16**	(46)
Cash generated from operations	**1 661**	603	**244**	229
27. TAXATION PAID				
Balance at beginning of year	**63**	28	**48**	6
Current taxation as per income statement	**357**	105	**93**	58
Normal tax	**305**	72	**93**	49
State share of profits	**38**	21	**–**	–
Capital gains tax	**–**	9	**–**	9
Secondary tax on companies	**14**	3	**–**	–
Other movements	**52**	–	**48**	5
Balance at end of year	**(304)**	(63)	**(90)**	(48)
Taxation paid	**168**	70	**99**	21

	GROUP		COMPANY	
	2005 **Rm**	2004 Rm	**2005** **Rm**	2004 Rm
28. PROCEEDS FROM DISPOSAL OF ASSOCIATE				
During 2004 the Company disposed of its holding in Avgold Limited.				
The following assets and liabilities were disposed of:				
Investments	**–**	865		
Net assets	**–**	865		
Realised profit/(loss) on disposal	**–**	1 075		
Unrealised profit on disposal	**–**	265		
Net proceeds on disposal	**–**	2 205		
Less: Non-cash share for share transaction	–	2 205		
Cash flow on disposal	**–**	–		
29. DISPOSAL OF 50 PERCENT OF NKOMATI				
During the year the Company sold 50 percent of Nkomati to LionOre South Africa (Proprietary) Limited.				
The effective date of the transaction is 1 June 2005				
Property, plant and equipment	**180**	–		
Environmental trust fund	**2**	–		
Inventory	**4**	–		
Debtors	**93**	–		
Cash and cash equivalents	**10**	–		
Deferred tax	**(47)**	–		
Long-term provisions	**(4)**	–		
Creditors	**(8)**	–		
Short-term provisions	**(2)**	–		
Net assets sold	**228**	–		
Loss on disposal	**(82)**	–		
Proceeds	**146**	–		
Cash and cash equivalents	**(10)**			
Net cash effect on sale	**136**			

	GROUP		COMPANY	
	2005 Rm	2004 Rm	**2005 Rm**	2004 Rm
30. DISCONTINUED OPERATIONS				
On 13 November 2003 it was publicly announced that through various transactions amongst others, ARM would sell its entire share holding in Avgold Limited to Harmony on a shares for shares transaction. This transaction came into effect on the 3 May 2004				
Discontinued operations included in Income Statement				
Loss from associate	–	(53)		
Earnings	–	(53)		
For total assets and liabilities disposed (refer to note 28) Profit on disposal of discontinued operations (per income statement)	–	1 057		
Profit on disposal of Avgold Limited	–	1 075		
Loss on disposal of Chambishi	–	(18)		
31. ACQUISITIONS				
During 2004 the Company acquired the remaining 25 percent of Nkomati and the entire share capital of Arm Platinum (Proprietary) Limited which has a 50 percent interest in the Modikwa joint venture				
The following assets and liabilities were bought:				
Property, plant and equipment	–	1 976	–	309
Deferred tax asset	–	2	–	–
Environmental trust fund	–	1	–	1
Inventories	–	6	–	6
Trade and other receivables	–	161	–	30
Long-term borrowings	–	(1 136)	–	–
Trade and other payables and provisions	–	(139)	–	(15)
Cash and cash equivalents	–	26	–	8
Deferred tax liability	–	(158)	–	(79)
Overdrafts	–	(168)	–	–
Minority interest	–	(53)	–	–
Net assets	–	518	–	260
Purchase price *	–	518	–	260
Cash purchase as above	–	26	–	8
Transaction costs	–	(58)	–	(58)
Net cash effect of acquisitions	–	(32)	–	(50)

* *ARM Platinum (Proprietary) Limited was bought by way of shares issued*

32. SEGMENTAL INFORMATION

Primary segmental information

Business segments

For management purposes, the Group is organised into four major operating divisions. These are gold, platinum, nickel and ferrous metals.

The gold segment includes Avgold Limited, which was sold in May 2004, and Harmony treated as an associate from 3 May 2004 to 30 November 2004 after which it is accounted for as an investment.

The platinum segment includes ARM platinum (Proprietary) Limited (Modikwa) from 3 May 2004.

The nickel segment includes Nkomati (reflected under ARM platinum in the corporate structure) at 100 percent for 11 months and 50 percent for the month of June 2005.

The Group's products predominantly reflect the risks and rewards of trading and the operating divisions are therefore identified as the primary reporting segments.

	Gold Rm	Platinum Rm	Nickel Rm	Ferrous metals Rm	Corporate and other companies Rm	**Total Rm**
Year to 30 June 2005						
Revenue						
External revenue	–	456	623	4 406	–	5 485
Cost of sales	–	(532)	(295)	(2 916)	–	(3 743)
Other operating income per income statement	–	–	46	166	61	273
Insurance premiums written non-Group companies	–	–	–	–	55	55
Other operating income	–	–	46	166	6	218
Other operating expenses per income statement	–	(7)	(63)	(193)	(153)	(416)
Reinsurance premiums non-Group companies	–	–	–	–	(59)	(59)
Exploration	–	–	–	–	(25)	(25)
Other operating expenses	–	(7)	(63)	(193)	(69)	(332)
Segment Result	–	(83)	311	1 463	(92)	1 599
Income from investments	–	2	2	2	16	22
Finance cost	–	(104)	–	(41)	(27)	(172)
Loss from associate	(150)	–	–	–	–	(150)
Exceptional items	(2)	–	–	(10)	167	155
Taxation	–	66	(94)	(465)	(37)	(530)
Minority interest	–	20	–	(471)	–	(451)
Contribution to basic earnings	(152)	(99)	219	478	27	473
Contribution to headline earnings	(155)	(99)	219	480	(95)	350
Other information						
Segment assets	3 706	2 295	269	5 069	359	11 698
Taxation	–	–	–	–	68	68
Consolidated total assets	3 706	2 295	269	5 069	427	11 766
Segment liabilities	–	1 138	17	790	731	2 676
Unallocated liabilities						1 118
Consolidated total liabilities						3 794
Cash in/(out) flow from operating activities	–	(179)	304	1 307	(126)	1 306
Cash in/(out) flow from investing activities	–	(265)	(20)	(655)	114	(826)
Cash in/(out) flow from financing activities	–	(30)	–	(577)	58	(549)
Capital expenditure	–	280	20	699	38	1 037
Amortisation and depreciation	–	85	54	285	2	426

	Gold Rm	Platinum Rm	Nickel Rm	Ferrous metals Rm	Corporate and other companies Rm	Total Rm
Primary segmental information						
Year to 30 June 2004						
Revenue						
External revenue	–	57	524	3 304	–	**3 885**
Cost of sales	–	(71)	(252)	(2 741)	–	**(3 064)**
Other operating income	–	–	42	22	9	**73**
Other operating expenses per income statement	–	(1)	(78)	(123)	(164)	**(366)**
Exploration	–	–	–	–	(32)	**(32)**
Other operating expenses	–	(1)	(73)	(194)	(66)	**(334)**
Reallocated corporate expenditure	–	–	(5)	71	(66)	**–**
Segment Result	–	(15)	236	462	(155)	**528**
Income from investments	–	–	2	2	22	**26**
Finance cost	–	(16)	–	(52)	(12)	**(80)**
Loss from associate	(120)	–	–	–	–	**(120)**
Exceptional items	–	(35)	–	–	1 183	**1 148**
Taxation	–	(1)	(77)	(124)	(89)	**(291)**
Minority interest	–	6	–	(109)	–	**(103)**
Contribution to basic earnings	(120)	(61)	161	179	949	**1 108**
Contribution to headline earnings	(137)	(26)	161	177	(128)	**47**
Other information						
Consolidated total assets	4 338	2 024	452	4 227	419	**11 460**
Consolidated total liabilities	–	935	206	1 746	619	**3 506**
Cash in/(out) flow from operating activities	–	(34)	259	265	(15)	**475**
Cash in/(out) flow from investing activities	–	(91)	(7)	(452)	(141)	**(691)**
Cash in/(out) flow from financing activities	–	81	–	207	(8)	**280**
Capital expenditure	–	92	9	493	15	**609**
Amortisation and depreciation	–	9	38	168	2	**217**

	GROUP 2005 Rm	GROUP 2004 Rm
32. SEGMENTAL INFORMATION CONTINUED		
Geographical segments		
The Group operates in one principal geographical area namely South Africa.		
Assets by geographical area in which the assets are located are as follows:		
– South Africa	**11 115**	10 652
– Europe	**346**	395
– USA	**131**	185
– Far and middle east	**174**	228
	11 766	11 460
Revenue by geographical area		
– South Africa	**810**	538
– Europe	**1 497**	1 087
– Far and middle east	**1 223**	1 292
– USA	**787**	572
– Other	**1 168**	396
	5 485	3 885
Capital expenditure		
– South Africa	**1 037**	609

33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group is exposed to certain financial risks in the normal course of its operations. To manage these risks, a Treasury Risk Management Committee monitors transactions involving financial instruments. The Group does not acquire, hold or issue derivative instruments for trading purposes. The following risks are managed through the policies adopted below:

a. Currency risk

The commodity market is predominantly priced in US Dollars which exposes the Group's cash flows to foreign exchange currency risks. Derivative instruments used to hedge the position of the Group against these risks include forward sale and purchase contracts as well as forward exchange contracts.

Financial assets		Foreign currency amount Million	Year-end exchange rate
Foreign currency denominated items included in receivables:	30 June 2005	**130 US$**	**6,65**
	30 June 2005	**11 EURO**	**8,06**
Foreign currency denominated items included in receivables:	30 June 2004	**48 EURO**	**7,63**
	30 June 2004	**61 US$**	**6,26**
Financial liabilities			
Foreign currency denominated items included in payables:	30 June 2004	**1 AU$**	**4,35**
	30 June 2004	**6 US$**	**6,34**

33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

b. Liquidity risk management

The Group's executive meets regularly to review long- and mid-term plans as well as short-term cash flow forecasts. Funding requirements are met by arranging banking facilities and/or structuring finance as applicable. All funding and related structures are approved by the Board of Directors.

c. Credit risk

Credit risk arises from possible defaults on payments by business partners or bank counter parties. The Group minimises credit risk by evaluating counterparties before concluding transactions in order to ensure the credit worthiness of such counterparties. Cash is only deposited with institutions which have exceptional credit rankings with the amounts distributed appropriately among these institutions to minimise credit risk through diversification.

d. Treasury risk management

The treasury function is outsourced to Andisa Treasury Solutions (Andisa), specialists in the management of third party treasury operations. Together with ARM executives Andisa coordinates the short-term cash requirements in the South African domestic money market.

A Treasury Committee, consisting of senior managers in the Company and representatives from Andisa meet on a regular basis to analyse currency and interest rate exposures as well as future funding requirements within the Group. The committee reviews the treasury operation's dealings to ensure compliance with Group policies and exposure limits as directed by the Board of Directors and Audit Committee.

e. Equity instruments

Equity instruments include equity and preference shares.

f. Commodity price risk

Commodity price risk arises from the possible adverse effect of fluctuations in commodity prices on current and future earnings. Most of these prices are US$ and EURO based and are internationally determined in the open market. From these base prices contracts are negotiated. ARM does not actively hedge future commodity revenues of the commodities that it produces against price fluctuations.

g. Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations. The Group manages its interest cost using a mix of fixed and variable rates. Fluctuations in interest rates give rise to interest rate risks through the impact these fluctuations have on the value of short-term cash investments and financing activities. Cash is managed to ensure that surplus funds are invested in a manner to achieve maximum returns while minimising risks.

33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

Financial assets	Book value at year-end Rm	Repricing date	Maturity date	Effective interest rate
Year ended 30 June 2005				
Cash – financial institutions	**177**		**overnight call deposit**	**6% – 8 %**
– fixed	**82**			**7% – 8,5%**
	259			
Year ended 30 June 2004				
Cash – financial institutions	120		overnight call deposit	6% – 8 %
– fixed	208			7% – 8,5%
	328			
Financial liabilities				
Year ended 30 June 2005				
Long-term borrowings				
Loan facility 1 (Modikwa mine)	**410**		**2010**	**15,99%**
Loan facility 2 (Modikwa mine)	**115**		**2010**	**16,99%**
Loan facility 3 (Modikwa mine)	**46**		**2010**	**14,23% – 16,74%**
Preference shares	**50**		**2012**	**Prime**
Leases	**17**		**2005**	**9,75%**
Shareholders loan	**354**		**–**	**Nil**
Loan facility (Nkomati mine)	**203**		**2008**	**10,25%**
	1 195			
Less transferred to short term	**(233)**			
Total	**962**			
Year ended 30 June 2004				
Long-term borrowings				
Loan facility 1 (Modikwa mine)	495		2010	15,99%
Loan facility 2 (Modikwa mine)	137		2010	16,99%
Loan facility 3 (Modikwa mine)	53		2010	14,23% – 16,74%
Preference shares	50		2012	Prime
Leases	21		2005	9,75%
Loan facility (Nkomati mine)	260		2008	10,25%
Loan facility (Avalloys)	20		2007	9,70%
	1 036			
Less transferred to short term	(179)			
Total	857			
Short-term financial liabilities				
Year ended 30 June 2005				
– Financial institutions	**612**	30/06/2005	30/06/2005	Linked to Money Market
Total	**612**			

33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

Financial liabilities	Book value at year-end Rm	Repricing date	Maturity date	Effective interest rate
Year ended 30 June 2004				
– Financial institutions	974	30/06/2004	30/06/2004	Linked to Money Market
Total	974			

Trade receivables, cash and cash equivalent and trade and other payables

Except for interest free loans given by the Company to its subsidiaries, the carrying amounts approximate fair value because of the short-term duration of these instruments

	GROUP		COMPANY	
	2005 Rm	2004 Rm	**2005 Rm**	2004 Rm
34. COMMITMENTS AND CONTINGENT LIABILITIES				
Commitments				
Commitments in respect of capital expenditure:				
Approved by directors				
– contracted for	**251**	115	**11**	2
– not contracted for	**272**	330	**1**	1
Total commitments	**523**	445	**12**	3

It is anticipated that this expenditure, which mainly relates to property, plant and equipment, will be incurred over a two-year period and will be financed from operating cash flows and by utilising available borrowing resources.

Taxation

The Company has a contingent liability arising from its dispute with the South African Revenue Service (SARS) over the deductibility of a loan stock redemption premium claimed in the Company's 1998 tax submission. The matter is currently under appeal and no trial date has yet been set by SARS. The outcome of this dispute is not clear and as such the directors of the Company are of the opinion that no provision should be raised in these results. The potential liability for tax is R107 million excluding interest. The interest thereon is estimated at R90 million to June 2005.

Guarantees

A back-to-back guarantee to Assore Limited (Assore), for Assmang, in respect of guarantees issued to bankers by Assore to secure a short-term export finance agreement facility of R180 million (2003: R180 million). Short-term export finance loans negotiated in terms of the above.

ARM Limited has provided an irrevocable and unconditional guarantee to Copper belt Energy Corporation plc (CEC) and the Development Bank of Southern Africa Limited (DBSA) for the due and punctual payment by Chambishi Metals plc (Chambishi) of the capital charge component of the power supply assets installed and owned by CEC for which financing was obtained by CEC from DBSA. The total outstanding capital charge obligation started in 2002 at $10 million and will reduce over 10 years ending June 2012 as capital charge payments are made by Chambishi. This guarantee will be replaced by the current owners of Chambishi.

Chambishi liabilities and royalties

ARM has a potential cash flow stream following the disposal of Chambishi. In terms of the accounting requirements of IAS 39 this unrealised, unearned potential future cash flow stream has been valued. Owing to the inherent uncertainties of such an exercise, conservative parameters have been used. The net present value of this potential future cash stream is estimated at US$7,7 million.

34. COMMITMENTS AND CONTINGENT LIABILITIES CONTINUED

In addition to the above and similarly linked to the Chambishi disposal, ARM also has potential future liabilities. Management estimates at balance sheet date indicate that these liabilities could amount to US$7,4 million. In terms of the agreement of sale of Chambishi, the right to set-off exists in respect of the abovementioned assets and liabilities. Due to the many variables and assumptions used in the calculation of both the liability number and the future potential cash stream and the further uncertainties regarding the earning and timing of actual recovery or payment of these linked amounts, no transaction have been processed in the accounting records of ARM in respect of these amounts.

Litigations

Claims by community (ARM platinum (Proprietary) Limited – Modikwa Joint Venture)

The current litigation commenced in 2003 when correspondence was forwarded to Modikwa by Ntuli Noble and Spoor Inc, purporting to act on behalf of the Banareng Tribal Authority. Various allegations were made regarding the Bapedi Shaft (Maandagshoek Winze), and its alleged impact on the residents of the Sehlako Village. Meetings and correspondence followed and on the 20 May 2004 an application was made in the High Court of South Africa for the claim to be heard. The application was brought by the community and the respondents are cited as Rustenburg Platinum Mine Limited (RPM), ARM Mining Consortium (ARMMC), the Minister of Minerals and Energy, the Minister of Land Affairs and the Government of the Republic of South Africa. RPM and ARMMC have submitted an answering affidavit to the High Court and a ruling is awaited. An internal task team has also been appointed to resolve these allegations in an amicable manner. It is not currently possible to quantify the exposure.

Contractor in liquidation (Assmang Limited)

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

35. LEASES (REFER NOTE 2)

Financial leases

	2005 Rm Minimum payments	**2005 Rm Present value of payments**	2004 Rm Minimum payments	2004 Rm Present value of payments
Within one year	4	**2**	7	6
After one year but not more than five years	13	**10**	14	10
Total minimum lease payments	17	**12**	21	16
Less amounts representing finance charges	(5)	**–**	(5)	–
Present value of minimum lease payments	12	**12**	16	16
Operating leases				
This is in respect of office building				
Within one year	2	**1**	2	1
After one year but not more than five years	6	**6**	8	8
Total minimum lease payments	8	**7**	10	9
Less amounts representing finance charges	(1)	**–**	(1)	–
Present value of minimum lease payments	7	**7**	9	9

36. RETIREMENT PLANS

The Group facilitates pension plans and provident funds substantially covering all employees. These are composed of defined contribution pension plans, which are governed by the Pension Fund Act, 1956, and defined contribution provident funds administered by employee organisations within the industries in which members are employed.

The benefits provided by the defined contribution plans are determined by accumulated contributions and returns on investment.

No account is taken of surpluses which may arise in the pension funds as the Company does not consider itself entitled to the benefits of such surpluses.

Periodic reviews of the plans are carried out by independent actuaries at regular intervals. Members contribute between 5,0 percent and 7,5 percent and employers between 6,2 percent and 18,12 percent of pensionable salaries to the funds.

37. POST-RETIREMENT HEALTH CARE BENEFITS

The Group has obligations to fund a portion of certain pensioners' and retiring employees' medical aid contributions based on the cost of benefits.The anticipated liabilities arising from these obligations have been actuarially determined using the projected unit credit method, and a corresponding liability has been raised.

The liability is assessed periodically by an independent actuarial survey. This survey uses the following principal actuarial assumptions:
• a discount rate of 12 percent, based on high-quality corporate bonds.
• an increase in health care costs at a rate of 8,74 percent.

The provisions raised in respect of post-retirement health care benefits amounted to R91 million (2004: R86 million) at the end of the year. Of this amount, R5 million (2004: R2 million) was charged against income in the current year (refer to note 14).

The liabilities raised based on present values of the post-retirement benefit, have been recognised in full. An actuarial valuation is carried out in respect of this liability at three yearly intervals. No new employee's get this benefit and the liability is relatively stable.The last actuarial valuation was conducted in 2004. The liability for post-retirement health care benefits is not funded. At retirement, members are given the choice to have an actuarially determined amount paid into their pension fund, to cover the expected cost of the post-retirement health cover, alternatively the Group will continue to fund a portion of the retiring employee's medical aid contributions.

38. RELATED PARTY TRANSACTIONS

Related party transactions exist between subsidiaries and the holding Company, fellow subsidiaries, associated companies, and joint ventures. A report on investments in subsidiaries, associated companies and joint ventures, that indicates the relationship and degree of control exercised by the Company, appears on pages 125 to 126.

Transactions between the holding Company, its subsidiaries, associated companies and joint ventures relate to fees, dividends, rents and interest and are regarded as intra-Group transactions and eliminated on consolidation.

	GROUP		COMPANY	
	Actual 2005 Rm	Actual 2004 Rm	**Actual 2005 Rm**	Actual 2004 Rm
Assmang Limited				
– Provision of services	**–**	3	**89**	76
– Dividends	**–**	–	**46**	13
Nkomati				
– Provision of services	**–**	–	**–**	4

REPORT ON SUBSIDIARY COMPANIES

FOR THE YEAR ENDED 30 JUNE 2005

	COMPANY 2005 Rm	COMPANY 2004 Rm
INVESTMENTS		
Listed: market value R8 352 million (2004: R1 985 million)	**3 969**	263
Unlisted	**481**	470
	4 450	733
Amounts owing by subsidiaries (refer note 5)	**1 485**	1 001
Amounts owing to subsidiaries (refer note 17)	**(31)**	(31)
	5 904	1 703
INCOME FROM SUBSIDIARIES		
Dividends	**46**	13
Fees – management advisory services	**85**	77
Fees – technical advisory services	**3**	3
	134	93
MEMBERS' AGGREGATE INTEREST IN PROFITS AND LOSSES AFTER TAXATION OF SUBSIDIARIES		
Profits	**478**	110
Losses	**99**	61
INDEBTEDNESS TO COMPANIES IN THE GROUP		
The aggregate amount of indebtedness of subsidiaries to African Rainbow Minerals Limited is:		
– included in investments	**1 485**	1 001
– included in receivables	**3**	–
	1 488	1 001
The aggregate amount of indebtedness of African Rainbow Minerals Limited to its subsidiaries is:		
– included in overdrafts and short-term borrowings	**31**	31

PRINCIPAL SUBSIDIARY COMPANIES

FOR THE YEAR ENDED 30 JUNE 2005

		Issued capital Amount		Direct interest in capital		Book value of the Company's interests: Shares		Indebtedness by/(to)	
Name	Class	**2005 Rm**	2004 Rm	**2005 %**	2004 %	**2005 Rm**	2004 Rm	**2005 Rm**	2004 Rm
African Rainbow Minerals Platinum (Proprietary) Limited platinum mining	Ord	**–**	–	**100**	100	**257**	257	**1 038**	641
Anglovaal Air (Proprietary) Limited air charter operator	Ord	**–**	–	**100**	100	**89**	89	–	–
Assmang Limited* manganese, iron ore and chrome mining and beneficiation	Ord	**2**	2	**50,4**	50,4	**261**	261	**–**	–
Atscot (Pty) Limited investment company	ord	**1**	1	**100**	100	**10**	10	**–**	–
Avmin Limited mining investment	Ord	**–**	–	**100**	100	**–**	–	**(17)**	(17)
Bitcon's Investments (Proprietary) Limited investment company	Ord	**–**	–	**100**	100	**2**	2	–	–
Jesdene Limited share dealer	Ord	**–**	–	**100**	100	**–**	–	**6**	6
Kingfisher Insurance Co Limited insurance	Ord	**–**	–	**100**	100	**35**	23	**–**	13
Lavino (Pty) Limited investment company	Ord	**–**	–	**100**	100	**4**	4	**(9)**	(9)
Letaba Copper & Zinc Corp Limited prospecting company	Ord	**1**	1	**94**	94	**–**	–	**–**	–
Mannequin Insurance PCC Limited (Cell AVL 18)** insurance	Ord	**4**	4	**100**	100	**4**	5	**–**	–
Prieska Copper Mines Limited investment company	Ord	**27**	27	**97**	97	**–**	–	**–**	–
Sheffield Minerals (Proprietary) Limited investment company	Ord	–	–	**100**	100	**–**	–	**(5)**	(5)
South African Base Minerals Limited investment company	Ord	**–**	–	**100**	100	**–**	–	**–**	–
Tasrose Investments (Proprietary) Limited mining investment	Pref	**–**	–	**100**	100	**24**	24	–	–
Two Rivers Platinum (Proprietary) Limited platinum mining	Ord	**100**	100	**55**	55	**55**	55	**433**	333
Vallum Investments (Proprietary) Limited investment company	Ord	**–**	–	**–**	100	**–**	–	**–**	–
Venture Building Trust (Proprietary) Limited property investment	Ord	**–**	–	**100**	100	**1**	1	**8**	8

Notes

Ord – Ordinary shares
Pref – Preference shares
Unless otherwise stated, all companies are incorporated and carry on their principal operations in the Republic of South Africa. Interests are shown to the extent that this information is considered material. A schedule with details of all other subsidiaries is available from the registered office or the London secretaries of the Company.
* *Listed company*
** *Incorporated in Guernsey*

REPORT ON OTHER INVESTMENTS

AS AT 30 JUNE 2005

INVESTMENTS IN ASSOCIATED COMPANIES, JOINT VENTURES AND PARTNERSHIPS

	GROUP		COMPANY		GROUP	
	Number of shares held		Number of shares held		Effective percentage holding	
Name of company	**2005**	2004	**2005**	2004	**2005**	2004
ASSOCIATED COMPANIES						
Listed						
Village Main Reef Gold Mining Company (1934) Limited Ordinary shares of 12,5 cents each	**2 292 500**	2 292 500	**2 292 500**	2 292 500	**38**	38
Harmony Gold Mining Company Limited Ordinary shares of 50 cents each	**–**	63 632 922	**–**	63 632 922	**–**	19,84
INVESTMENTS IN OTHER COMPANIES						
Listed						
Harmony Gold Mining Company Limited Ordinary shares of 50 cents each	**63 632 922**	–	**63 632 922**	–	**16,18**	–
Sub-Sahara Resources Limited	**6 265 664**	6 265 664	**6 265 664**	6 265 664	**3,9**	3,9
Unlisted						
Business Partners Limited	**323 177**	323 177	**323 177**	323 177	**0,2**	0,2
JOINT VENTURES AND PARTNERSHIPS						
Cato Ridge Alloys (Proprietary) Limited	**19 400**	19 400	**–**	–	**25,2**	25,2
Modikwa Joint Venture	**–**	–	**–**	–	**41,5**	41,5
Nkomati Joint Venture	**–**	–	**–**	–	**50**	100

CONVENIENCE TRANSLATION INTO US$

FOR THE YEAR ENDED 30 JUNE 2005

For the benefit of international investors, the balance sheet, income statement and statement of changes in equity and the cash flow statement of the Group, presented in Rands and set out on pages 92 to 96, have been translated into United States Dollars and are presented on this page and pages 128 to 131. This information is only supplementary and is not required by any accounting standard and also does not represent US GAAP.

The balance sheets are translated at the rate of exchange ruling at the close of business at 30 June each year and the income statements and cash flows are translated at the average exchange rates for the years reported except for the opening and closing cash balances of cash flows which are translated at the rate ruling at the close of business at 30 June each year. The statement of changes in equity is translated at the rate ruling at the close of business at 30 June each year.

The measurement currency for the whole Group in 2004 was ZAR. The exchange rates were as follows:

	2005 **R/US$**	2004 R/US$
Balance sheet	**R6,65**	R6,26
Income statement and cash flow statement	**R6,21**	R6,90

The Dollar denominated balance sheets, income statements, statements of changes in equity and cash flow statements should be read in conjunction with the accounting policies of the Group as set out on pages 86 to 90 and with the notes to the financial statements on pages 97 to 123.

US$ BALANCE SHEET

AT 30 JUNE 2005

CONVENIENCE TRANSLATION

		GROUP	
	Note	**2005 Actual US$m**	2004 Actual US$m
ASSETS			
Non-current assets			
Tangible assets	2	**756**	747
Property plant and equipment	2	**1**	1
Deferred tax assets	13	**10**	1
Environmental rehabilitation trust funds	3	**4**	5
Investment in associates	4	**–**	694
Other investments	5	**558**	–
		1 329	1 448
Current assets			
Inventories	7	**172**	146
Trade and other receivables	8	**230**	186
Cash and cash equivalents	9	**39**	52
		441	384
Total assets		**1 770**	1 832
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital	10	**2**	2
Share premium	10	**526**	558
Other reserves		**(118)**	(31)
Retained earnings		**569**	530
Shareholders interest in capital and reserves		**979**	1 059
Minority interest	11	**220**	212
Total shareholders' interest		**1 199**	1 271
Non-current liabilities			
Long-term borrowings	12	**145**	137
Deferred tax liabilities	13	**122**	136
Long-term provisions	14	**29**	24
		296	297
Current liabilities			
Trade and other payables	15	**129**	91
Provisions	16	**8**	7
Taxation	27	**46**	10
Overdrafts and short-term borrowings	17	**92**	156
		275	264
Total equity and liabilities		**1 770**	1 832

US$ INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2004

CONVENIENCE TRANSLATION

		GROUP	
	Note	**2005 Actual US$m**	2004 Actual US$m
Revenue	18	**883**	563
Cost of sales		**(603)**	(444)
Gross profit		**280**	119
Other operating income		**44**	11
Other operating expenses		**(66)**	(50)
Retrenchment cost		**(1)**	(3)
Profit from operations before exceptional items	19	**257**	77
Income from investments	20	**4**	4
Finance costs	21	**(28)**	(12)
Loss from associate		**(24)**	(17)
Profit before taxation and exceptional items		**209**	52
Exceptional items	22	**25**	165
– Profit on disposal of discontinued operations		**–**	153
– Other exceptional items		**25**	12
Profit before taxation		**234**	217
Taxation	23	**(85)**	(42)
Profit from ordinary activities		**149**	175
Minority interest		**(73)**	(15)
Basic earnings		**76**	160
Additional information			
Headline earnings	25	**56**	7
Headline earnings per share (cents)	24	**28**	5
Basic earnings per share (cents)	24	**37**	125
Fully diluted earnings per share (cents)	24	**37**	124
Fully diluted headline earnings per share (cents)	24	**28**	5

US$ STATEMENT OF CHANGES IN EQUITY

AS AT 30 JUNE 2005

CONVENIENCE TRANSLATION

Group	Note	Share capital and premium US$m	Other US$m	Retained profit US$m	**Total US$m**
Balance at 30 June 2003		12	29	294	**335**
Translation adjustments		1	2	76	**79**
Basic earnings		–	–	160	**160**
Realisation of revaluation in listed investment		–	(21)	–	**(21)**
Revaluation of listed investment		–	(7)	–	**(7)**
Share options exercised	10	9	–	–	**9**
Shares issued for acquisitions	10	538	–	–	**538**
Share of associate's other reserves		–	(34)	–	**(34)**
Balance at 30 June 2004		560	(31)	530	**1 059**
Translations adjustments		(32)	7	(37)	**(62)**
Basic earnings		–	–	76	**76**
Revaluation of listed investments		–	(155)	–	**(155)**
Deferred tax on revaluation of listed investment		–	23	–	**23**
Reversal of associate's other reserves	4	–	38	–	**38**
Balance at 30 June 2005		**528**	**(118)**	**569**	**979**

US$ CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2005

CONVENIENCE TRANSLATION

		GROUP	
	Note	**2005 Actual US$m**	2004 Actual US$m
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		**853**	556
Cash paid to suppliers and employees		**(586)**	(469)
Cash generated from operations	26	**267**	87
Translation adjustment		**(1)**	9
Interest received		**4**	3
Interest paid		**(29)**	(10)
Dividends received		**3**	–
Dividends paid		**(7)**	(2)
Taxation paid	27	**(27)**	(10)
Net cash inflow from investing activities		**210**	77
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to fixed assets to maintain operations		**(114)**	(68)
Additions to fixed assets to expand operations		**(48)**	(15)
Net cash effects of acquisitions	31	**–**	(5)
Proceeds on disposal of fixed assets		**6**	1
Proceeds on disposal of investments		**1**	24
Net cash effects of disposal of 50 percent of Nkomati	29	**22**	–
Investments acquired		**(1)**	–
Purchase of remaining portion in Nkomati	31	**–**	(38)
Net cash outflow from investing activities		**(134)**	(101)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceed on exercise of share options		**–**	8
Funding received from minority shareholders		**–**	6
Long-term borrowings raised		**18**	41
Long-term borrowings repaid		**(35)**	(18)
(Decrease)/increase in short-term borrowings		**(72)**	4
Net cash (outflow)/inflow from financing activities		**(89)**	41
Net (decrease)/increase in cash and cash equivalents		**(13)**	17
Cash and cash equivalents at beginning of year		**52**	35
Cash and cash equivalents at end of year		**39**	52
Cash generated from operations per share (cents)	24	**131**	68

INVESTOR RELATIONS

ARM has launched a strategy of more actively promoting the Company. We have begun to engage with groups of shareholders, both locally and internationally, on a regular basis. This approach has already met with considerable success and we have interested a number of investment analysts, while also welcoming a number of new shareholders. Our international shareholder base has increased from 5 percent in December 2004 to around 12 percent by June 2005. Liquidity in our share has already shown an improvement.

Contents

SHAREHOLDER INFORMATION

The Company's shares are listed through a primary listing on the JSE Limited under "Resources – Mining, Other Mineral Extractors and Mines".

ARM also has a secondary listing on the London Stock Exchange and a sponsored American Depository Receipt (ADR) programme with JP Morgan Chase Bank is available to investors for "over the counter (level one)" or private transactions.

SHARE CODES

JSE Limited:	ARI
London Stock Exchange:	AGM
Reuters:	ARIJ.J
Bloomberg:	ARISJ
Sector:	Other minerals extractors and mines
Nature of business:	Mining of PGMs, nickel and ferrous metals
Number of shares in issue as at 30 June:	204 436 557
Market capitalisation as at 30 June:	US$1 045 million
	R6 949 million
Closing cash price as at 30 June	R33,99
12 month high (July 2004 – June 2005)	R40,50
12 month low (July 2004 – June 2005)	R25,80

INVESTOR RELATIONS CONTACTS

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SHAREHOLDER DIARY

Financial year-end	30 June
Preliminary results released	12 September 2005
Annual financial statements issued	4 November 2005
Annual General Meeting	28 November 2005
Interim results released	February 2006

Annual General Meeting venue:

To be held on 28 November 2005 at 14:00
InterContinental Sandton Sun & Towers
Oleander Room
Corner Fifth Street and Alice Lane
Sandton
Telephone: +27 11 780 5000

SHAREHOLDER ANALYSIS

SHAREHOLDER ANALYSIS AS AT 30 JUNE 2005

	Number of shareholdings	%	Number of shares	%
Shareholder spread				
1 – 1 000 shares	2 360	68,26	749 261	0,37
1 001 – 10 000 shares	782	22,62	2 415 477	1,18
10 001 – 100 000 shares	190	5,50	7 114 127	3,48
100 001 – 1 000 000 shares	103	2,98	31 905 242	15,61
1 000 001 shares and over	22	0,64	162 252 450	79,36
	3 457	100,00	204 436 557	100,00
Distribution of shareholders				
Banks	100	2,89	20 154 951	9,86
Close corporations	43	1,24	67 686	0,03
Endowment fund	22	0,64	630 182	0,31
Individuals	2 492	72,09	3 385 015	1,66
Insurance companies	19	0,55	13 031 632	6,37
Investment companies	18	0,52	4 892 416	2,39
Mutual funds	75	2,17	16 518 422	8,08
Nominees and trusts	391	11,31	30 190 644	14,77
Other corporations	38	1,10	73 681	0,04
Pension funds	133	3,85	27 061 013	13,24
Private liability companies	109	3,15	88 307 837	43,20
Public companies	17	0,49	123 078	0,05
	3 457	100,00	204 436 557	100,00
Public/non-public shareholders				
Non-public shareholders	**7**	**0,20**	**116 539 977**	**57,01**
Directors and associates of the Company holdings	4	0,11	168 783	0,08
Strategic holdings (or more than 10 percent)	2	0,06	87 756 454	42,93
Empowerment	1	0,03	28 614 740	14,00
Public shareholders	**3 450**	**99,80**	**87 896 580**	**42,99**
	3 457	100,00	204 436 557	100,00

Beneficial shareholders holding of 5 percent or more	Number of shares	%
African Rainbow Minerals & Exploration Investments (Proprietary) Limited	87 750 417	42,92
Allan Gray Investment Council*	35 692 106	17,46
The ARM Broad Based Economic Empowerment Trust	28 614 740	14,00
Old Mutual Life Assurance Co SA Limited	11 493 310	5,62

* *For and on behalf of its clients*

TOP 20 SHAREHOLDERS AS AT 30 JUNE 2005

		Percentage of issued shares
1	African Rainbow Minerals & Exploration Investments (Proprietary) Limited – ARMI	42,92
2	Allan Gray Investment Council*	17,46
3	ARM Broad Based Economic Empowerment Trust	14,00
4	Old Mutual Asset Managers	5,62
5	Merrill Lynch Investment Managers	2,67
6	Orbis Investment Management Limited*	2,06
7	STANLIB Asset Management	2,00
8	Asset Value Investors Limited*	1,06
9	Metropolitan Asset Managers	1,04
10	Hermes Pensions Management Limited	0,68
11	Metal Industrial Beneficial Funds Administrators	0,62
12	Dimensional Fund Advisors Inc	0,60
13	Oasis Asset Management	0,59
14	Credit Suisse FB (Europe) Limited*	0,57
15	Regarding Capital Management (Proprietary) Limited	0,47
16	Gensec Bank Limited	0,45
17	Sasfin Frankel Pollak Securities	0,42
18	Sanlam Investment Management	0,41
19	Fidelity International Limited	0,39
20	Investec Asset Management	0,37

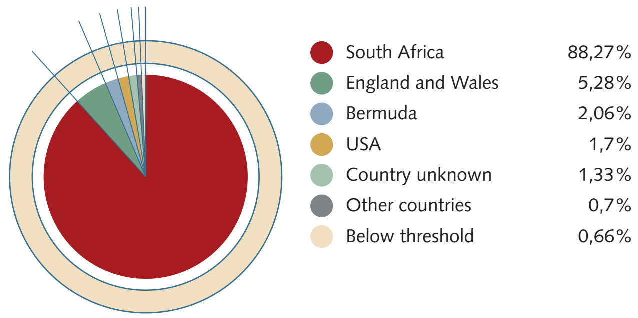
* *For and on behalf of its clients*

SHARE LIQUIDITY

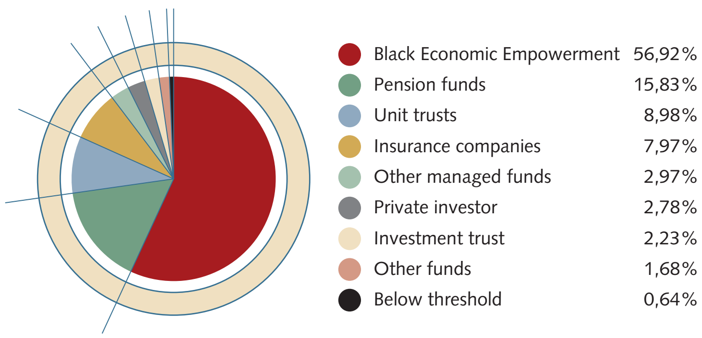
Number of shares traded on the JSE Limited

July	1 887 800
August	2 757 061
September	2 033 726
October	2 905 876
November	2 334 034
December	2 046 945
January	1 990 956
February	8 661 500
March	9 356 725
April	3 590 799
May	9 770 163
June	4 047 159
Total	**51 382 744**

Type of fund by country (%)



Type of fund by owner (%)



NOTICE OF ANNUAL GENERAL MEETING

AFRICAN RAINBOW MINERALS LIMITED

ARM
African Rainbow Minerals

(Registration number 1933/004580/06)
Share codes South Africa ARI
London Stock Exchange AGM
ISIN ZAE000054045
("the Company")

Notice is hereby given that the seventy-second Annual General Meeting of members of African Rainbow Minerals Limited will be held at the InterContinental Sandton Sun & Towers, Oleander Room, Corner Fifth Street and Alice Lane, Sandton, on Monday, 28 November 2005 at 14:00, for the following purposes:

1. To receive and consider the annual financial statements for the year ended 30 June 2005.
2. To elect the following directors in accordance with the provisions of the Company's articles of association, and who, being eligible, offer themselves for re-election, namely, Messrs F Abbott, RP Menell, PT Motsepe, ZB Swanepoel and AJ Wilkens.
   Refer footnotes for directors' curricula vitae.
3. To elect the following directors who were appointed, as such, since the last Annual General Meeting and who, being eligible, offer themselves for election, namely,
   Messrs JA Chissano and JC Steenkamp.
   Refer footnotes for directors' curricula vitae.

To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolution:

Ordinary resolution number 1

"Resolved that the remuneration to be paid to the directors shall be paid out of the funds of the Company as fees and is hereby increased from R110 000 to R121 000 per annum for the Chairman and from R66 000 to R72 600 per annum for each of the other directors, and directors' meeting attendance fees be increased from R7 700 to R8 500 per meeting for the Chairman and from R4 700 to R5 200 per meeting for each of the other directors, payable quarterly in arrears, with effect from 1 July 2005 until otherwise determined by the Company in general meeting."

4. To transact such other business as may be transacted at an Annual General Meeting.

VOTING AND PROXIES

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

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

FOOTNOTES

Directors retiring by rotation and seeking re-election

Frank Abbott (50), BCom, CA(SA), MBL. Financial Director. Appointed Financial Director on 20 April 2004.

Richard Peter Menell (50), MA, MSc. A director of companies. The non-executive Deputy Chairman of the Company and formerly the Executive Chairman of the Board of Directors. The latter position he relinquished on 4 May 2004. First appointed a director of the Company during 1994. Chairman of the Sustainable Development Committee and is a member of the Investment Committee.

Patrice Tlhopane Motsepe (43), BA (Legal), LLB. Attorney. Elected the Executive Chairman of the ARM on 4 May 2004. First appointed a director on 5 May 2003. Chairman of the Nomination Committee.

Zacharias Bernardus Swanepoel (44), BSc (Min Eng), BCom (Hons). Chief Executive Officer of Harmony Gold Mining

Company Limited. A non-executive director appointed to the Board on 5 May 2003. Presently serves as a member of the Empowerment, Investment and Remuneration committees.

Andries Jacobus Wilkens (56), Mine Managers Certificate of Competency, MDPA (Unisa), RMILI. Chief Executive Officer. Appointed to his present position on 26 October 2004.

Confirmations of appointments of directors appointed since the last Annual General Meeting

Joaquim Alberto Chissano (65). Envoy. An independent non-executive director appointed to the Board on 21 April 2005.

Jan Christiaan Steenkamp (51), National Met Diploma, Mine Managers Certificate, MDP. Cert Eng. Chief Executive of ARM Ferrous division. Re-appointed to the Board on 19 April 2005. Previously held the positions of Chief Executive Officer and Chief Operating Officer of the Company.

Certificated shareholders/dematerialised shareholders with own name registrations

Shareholders who have not yet dematerialised their shares with own name registrations (Entitled Shareholders) may appoint one or more proxies to attend, speak and vote or abstain from voting in such shareholders' stead. The person so appointed need not be a member of the Company. A form of proxy is enclosed for the use of those Entitled Shareholders who wish to be so represented. Such Entitled Shareholders should complete the enclosed form of proxy in accordance with the instructions contained therein and deposit it with the **transfer secretaries**, Computershare Investor Services 2004 (Proprietary) Limited, 7th Floor, 70 Marshall Street, Johannesburg 2001, South Africa (PO Box 61051, Marshalltown 2107, South Africa) or the **United Kingdom share registrars**, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, England BR3 4TU to be received by 14:00, South African time, on Thursday, 24 November 2005.

Dematerialised shareholders

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

By order of the Board

A van der Merwe
Group Company Secretary

19 October 2005

ADMINISTRATION

AFRICAN RAINBOW MINERALS LIMITED
Incorporated in the Republic of South Africa
Registration number 1933/004580/06
ISIN ZAE000054045

COMPANY SECRETARY
Annamarie van der Merwe

REGISTERED AND CORPORATE OFFICE
ARM House
29 Impala Road
Chislehurston
Sandton
2146

PO Box 786136
Sandton
2146

Telephone +27 11 779 1300
Telefax +27 11 779 1312
E-mail ir.admin@arm.co.za

Website
http://www.arm.co.za

UNITED KINGDOM SECRETARIES
St James's Corporate Services Limited
6 St James's Place
London SW1A 1NP
England

Telephone +44 20 7499 3916
Telefax +44 20 7491 1989

TRANSFER SECRETARIES
South Africa
Computershare Investor Services 2004 (Pty) Limited
Ground Floor
70 Marshall Street
Johannesburg
2001

PO Box 61051
Marshalltown
2107

Telephone +27 11 370 5000
Telefax +27 11 688 5222
E-mail web.queries@computershare.co.za

Website
http://www.computershare.co.za

United Kingdom
Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR34TU
England

Telephone +44 870 162 3100
Telefax +44 20 8658 3430

AUDITORS
External auditors
Ernst & Young
Internal auditors
KPMG

BANKERS
Absa Bank Limited
FirstRand Bank Limited
Nedbank Limited
The Standard Bank of South Africa Limited

SPONSORS
Deutsche Securities SA (Proprietary) Limited

DIRECTORS
PT Motsepe (Executive Chairman)
RP Menell (Deputy Chairman)*
AJ Wilkens (Chief Executive Officer)
F Abbott
Dr MMM Bakane-Tuoane**
JA Chissano (Mozambican)**
WM Gule
MW King**
AK Maditsi**
PJ Manda**
JR McAlpine**
Dr PS Sibisi**
Dr RV Simelane**
MV Sisulu**
JC Steenkamp
ZB Swanepoel*

** Non-executive*
*** Independent non-executive*

Credits
Neil Weideman Photography

FORM OF PROXY

AFRICAN RAINBOW MINERALS LIMITED
(Registration number 1933/004580/06)
Share codes South Africa ARI
London Stock Exchange AGM
ISIN ZAE000054045
("the Company")

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

FORM OF PROXY

FOR COMPLETION BY SHAREHOLDERS WHO HAVE NOT YET DEMATERIALISED THEIR SHARES OR WHO HAVE DEMATERIALISED THEIR SHARES WITH OWN NAME REGISTRATION

Shareholders who have **not yet dematerialised their shares or who have dematerialised their shares with own name registration** (Entitled Shareholders) may appoint one or more proxies to attend, speak and vote or to abstain from voting in such shareholder's stead. The person so appointed need not be a member of the Company. This form of proxy is for the use of those Entitled Shareholders who wish to be so represented. Such Entitled Shareholders should complete this form of proxy in accordance with the instructions contained herein and return it to the **transfer secretaries** or the **United Kingdom share registrars** of the Company, to be received by the time and date stipulated herein.

If you are unable to attend the seventy-second Annual General Meeting of shareholders of African Rainbow Minerals Limited convened for 28 November 2005 at 14:00, but wish to be represented thereat you should complete and return this form of proxy as soon as possible, but in any event to be received by not later than 14:00 on 24 November 2005.

I/We (name in block letters)

of (address)

being the holder of shares in the issued share capital of the Company,

do hereby appoint

or failing him/her,

or failing him/her, the Chairman of the Board of Directors, or failing him/her the Chairman of the meeting, as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 14:00 on 28 November 2005 and at any adjournment thereof and in particular in respect of the following resolutions:

* Indicate with an X in the spaces below how votes are to be cast

Resolutions	**For**	**Against**	**Abstain**
1. To re-elect the following directors, who retire by rotation: F Abbott			
RP Menell			
PT Motsepe			
ZB Swanepoel			
AJ Wilkens			
2. To confirm the appointments of the following directors made since the last Annual General Meeting. JA Chissano			
JC Steenkamp			
3. Ordinary resolution number 1 To increase directors' fees			

Number of shares	Unless this section is completed for a lesser number, the Company is authorised to insert in the said section the total number of shares registered in my/our name(s) one business day before the meeting.

Signed at on 2005

Signature

Assisted by me (where applicable)
Please see notes overleaf

NOTES TO FORM OF PROXY

INSTRUCTIONS ON SIGNING AND LODGING THE FORM OF PROXY

Please read the notes below:

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

2. Every member present in person or represented by proxy and entitled to vote shall, on a show of hands, have only one vote and upon a poll every member shall have a vote for every ordinary share held.

3. You may insert the name of any person(s) whom you wish to appoint as your proxy in the blank space(s) provided for that purpose. The person whose name appears first on the form of proxy and who is present at this meeting will be entitled to act as a proxy to the exclusion of those whose names follow.

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

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

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

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

8. The Chairman of the meeting may, in their absolute discretion, reject any form of proxy which is completed other than in accordance with these instructions.

9. Forms of proxy, powers of attorney or any other authority appointing a proxy shall be deposited at the **transfer secretaries**, Computershare Investor Services 2004 (Proprietary) Limited, 70 Marshall Street, Johannesburg 2001 (or posted to PO Box 61051, Marshalltown 2107) or to the **United Kingdom share registrars**, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, England BR3 4TU so as to be received not later than 14:00, South African time, on 24 November 2005 (in respect of the meeting) or 48 hours, excluding Saturdays, Sundays and public holidays, before the time appointed for holding of any adjourned meeting.

10. No form of proxy shall be valid after the expiration of six months from the date when it was signed except at an adjourned meeting in cases where the meeting was originally held within six months from the aforesaid date.

FORWARD LOOKING STATEMENTS

ARM
African Rainbow Minerals

Certain statements in this document constitute "forward looking statements" within the meaning of Section 27A of the US Securities Act of 1993 and Section 21E of the US Securities Exchange Act of 1934.

Such forward looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from the future results, performance or achievements expressed or implied by such forward looking statements. Such risks, uncertainties and other factors include among others: economic, business and political conditions in South Africa; decrease 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; currently devaluation; inflation and other macro-economic factors; and the impact of the AIDS crisis in South Africa. These forward looking statements speak only as of the date of publication of these pages.

The Company undertakes no obligation to update publicly or release any revisions to these forward looking statements to reflect events or circumstances after the date of publication of these pages or to reflect the occurrence of unanticipated events.

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African Rainbow Minerals

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