Contents

The Board and management of ARM appreciate the importance of communicating clearly and transparently to all our stakeholders. Our Integrated Annual Report for the financial year ended 30 June 2010 reflects this commitment and features new and expanded sections containing pertinent information on ARM, its operations and activities. New sections are indicated below with an asterisk (*).

About this report

This Integrated Annual Report covers the strategy, review of performance against objectives and financial results of African Rainbow Minerals (ARM) for the financial year ended 30 June 2010 (F2010). The ARM Board (the Board) approved the financial and non-financial information contained in this report on 15 October 2010.

We have aimed to provide a balanced and complete assessment of ARM's performance to enable all our stakeholders to properly assess our progress in the last year, in accordance with the relevant statutory frameworks. These include, but are not limited to, the Company's Act and JSE Listings Requirements, as well as all legislation, regulations and codes of practice applicable to the South African mining sector and in the countries in which we operate.

The Group and operational commentary provided covers the management approaches and actions taken in the last year of ARM's five-year strategic planning cycle, which ended in 2010, in relation to the macro-economic dynamics, key performance indicators, opportunities and risks for ARM as a whole and in each of our core businesses and joint ventures (including those in which we have a non-controlling interest and over which we do not exercise management control). It also includes management targets and priorities as the Group moves into the future. The Company structure provided in our corporate summary on page 2 indicates ARM's ownership in each of these businesses, thereby illustrating the scope of this report, and the significant entities with whom we partner in each case.

For easy reference and comparability, the structure of this year's report follows that presented to our broad base of stakeholders in our Annual Report last year. In line with the reporting recommendations of the King Report on Governance for South Africa 2009 (King III), which comes into effect for JSE-listed companies for financial years ending after 1 March 2011, we will seek to become progressively more integrated in our approach going forward. In August 2010, ARM completed a gap analysis on its compliance with King III and will report more fully on its compliance with King III in next year's Annual Report.

The consistent improvement in ARM's reporting over the last two years has been recognised in the rankings obtained in the Ernst & Young Excellence in Corporate Reporting Awards. Last year's report was ranked in the "excellent" category. In the review of ARM's Annual Report 2009, University of Cape Town's Geoff Everingham stated: "There has … been a commendable improvement over the years … this progress is largely due to the increased emphasis given to forward-looking information and the efforts made in sustainability reporting."

We are conscious of the need to continuously improve our reporting to stakeholders and this year we believe we have made further progress, especially in how our sustainable development reporting has responded to the principles of inclusivity, materiality and responsiveness.

In addition to the abridged Sustainability report, which is in our Integrated Annual Report, a printed standalone version has been published. The comprehensive report includes a further level of detail and relevant case studies to demonstrate the Local Economic Development and Corporate Social Investment initiatives in which ARM is involved. Printed copies of the full version of the Sustainability Report are available on request from our Investor Relations Department (contact details are provided on the inside back cover) or electronically on our corporate website (**www.arm.co.za**). Further detail on the scope and boundaries of our Sustainability report is provided on page 97 of the Integrated Annual Report.

Shareholders are directed to the notice and proxy form for the Annual General Meeting to be held on Friday, 3 December 2010, starting on page 268.

We invite and value feedback from our stakeholders on all our reporting mechanisms, across different media types, particularly as a way to confirm that we are covering the issues they view as most material. Stakeholders are encouraged to provide their feedback on this year's report using the contact details on the inside back cover. Additional information regarding investor relations and communication with stakeholders may be found in the Investor Relations report on pages 262 to 265 and in the Sustainability report on pages 97 to 148.

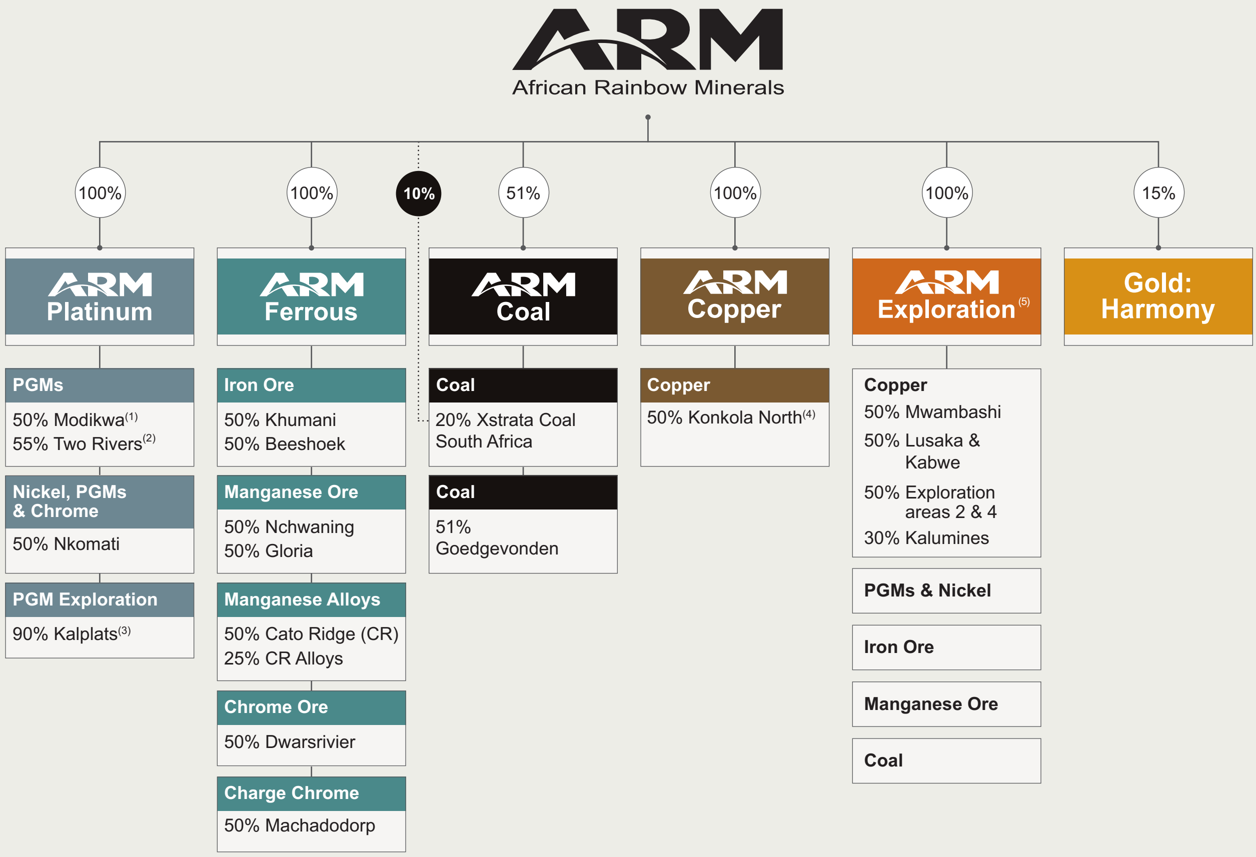
The Integrated Annual Report has been extensively cross-referenced to enable readers to find additional information easily, while attempting to keep the level of repetition to a minimum.

All monetary values in the report are given in South African Rand (R) unless otherwise stated. Rounding figures may result in computational discrepancies on management and operational review tabulations.

Corporate summary

African Rainbow Minerals is a leading South African diversified mining and minerals company, with world-class long-life, low-cost assets. ARM's business model centres on forging mutually beneficial partnerships with major players in the resource sector.

ARM in its current form was created in 2004 to operate, develop, explore and hold significant interests in the South African and African mining industries. By the end of its 2010 financial year, ARM had successfully achieved its 2 x 2010 growth strategy of doubling production volumes in its portfolio of commodities while concurrently sharpening its focus on cost control, expansion into Africa and growing the Company through targeted acquisitions and partnerships.



(1) *Assets held through ARM Mining Consortium's effective interest of 41.5%, the balance held by local communities.*
(2) *ARM shareholding in Two Rivers will reduce to 51% once the transfer of Kalkfontein portions 4, 5 and 6 and Tweefontein prospecting rights has been effected.*
(3) *Platinum Australia earned in 12% ownership on completion and approval of the prefeasibility study. The transfer of this ownership is awaiting approval from the Department of Mineral Resources. Platinum Australia will earn up to 49% on completion of a bankable feasibility study. In the event that the JV acquires Anglo American's 10%, Platinum Australia has the right to acquire 49% of the acquired 10%.*
(4) *Konkola North is subject to a buy-in right of up to 20% (5% free-carried interest) by state-owned ZCCM Investment Holdings plc.*
(5) *ARM Exploration is involved in identifying and assessing exploration and mineral business opportunities in sub-Saharan Africa.*

Share information:

Issued share capital at 30 June 2010	**212 692 376 shares**
Market capitalisation at 30 June 2010	**ZAR34 billion**
Market capitalisation at 30 June 2010	**US$4.5 billion**
Closing share price at 30 June 2010	**R161.40**
Average volume traded for the 12 months ended 30 June 2010	**550 761 shares per day**
Primary listing	**JSE Limited**
Ticker symbol	**ARI**

ARM Platinum

ARM Ferrous

ARM Coal

ARM Copper

ARM Exploration

Gold: Harmony

The Investment Analyst Society (IAS)/SAMREC Awards are given annually, after an adjudication of JSE listed Mining and Exploration Company Annual Reports by judges selected from the minerals industry.

*African Rainbow Minerals (ARM) was awarded the **"2009 SAMREC award for the best Exploration Section".***

Integrated salient features

"ARM has achieved good operational results with significant volume growth and continues to control its costs. We have delivered on our 2 x 2010 growth strategy and are continuing with an aggressive growth strategy in our portfolio of commodities. ARM's financial position remains robust."

Patrice Motsepe, ARM Executive Chairman

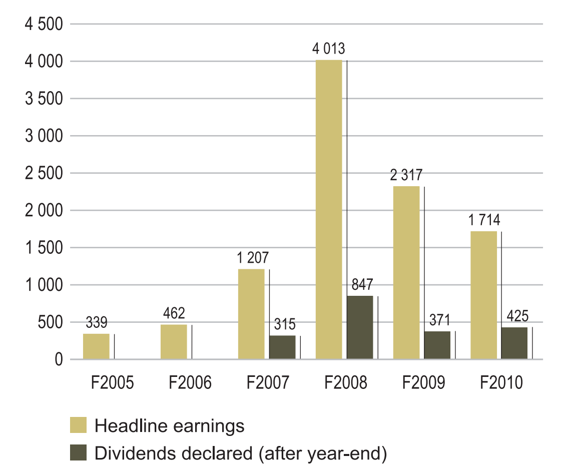
Financial

- Headline earnings down 26% to R1.7 billion from R2.3 billion mainly due to a 16% stronger Rand and lower commodity prices. Headline earnings per share of 807 cents per share compared to 1 094 cents per share in the previous financial year.
- Second half (2H F2010) headline earnings substantially up 178% to R1.26 billion from the first half-year (1H F2010) headline earnings of R454 million.
- Significant increase in the 2H F2010 headline earnings to R1.26 billion compared to the corresponding six-month period (2H F2009) headline earnings of R85 million.
- ARM pays an increased fourth annual dividend of 200 cents per share (F2009: 175 cents per share paid).
- Cash and cash equivalents of R3.0 billion; net debt to equity of 1.7%.

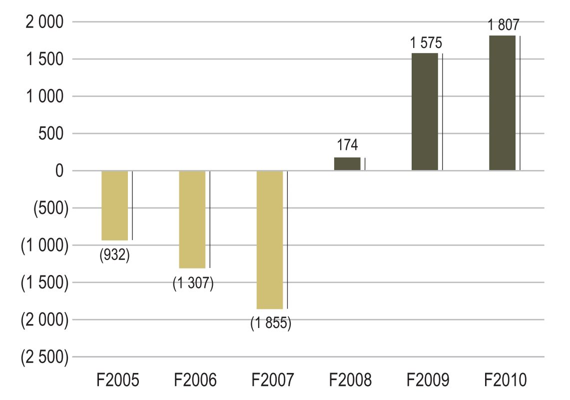
Operational

- Significant increases in sales volumes across all commodities except for domestic thermal coal.
- Decrease in unit costs of iron ore, nickel and platinum group metals (PGM) reflects a strong focus on continuing cost control.
- Approval of the development of Konkola North Copper Project in Zambia. The mine will be developed in conjunction with ARM's partner Vale at a project cost of US$380 million (on a 100% basis).
- Successful conclusion of 2 x 2010 growth strategy.
- Continuation of aggressive growth in ARM's portfolio of commodities.

Headline earnings and dividends
(R million)



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

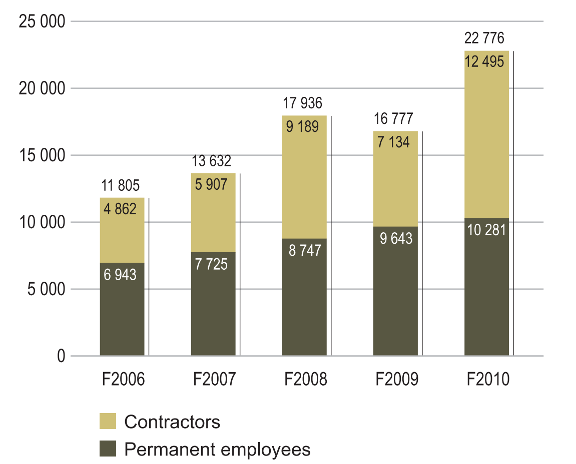


Sustainability

- Regrettably, one fatality was reported at Machadodorp Works.
- Modikwa achieves 6 million fatality-free shifts.
- Safety performance: Slight increase in Lost Time Injury Frequency Rate (LTIFR) to 0.770 (per 200 000 man hours).
- Continuous improvement in implementation of HIV & Aids management programme.
- Community upliftment and social investment (CSI, LED, SLP and ARM BBEE Trust) of R72.9 million.
- Improvement in employment equity and gender diversity – Mining Charter Targets continue to be exceeded.
- Nkomati achieves 1 million fatality-free shifts.

Nkomati PCMZ plant construction

Total labour
(Number of full-time employees and contractors – 100% basis)



Underground safety awareness talk

Key performance indicators

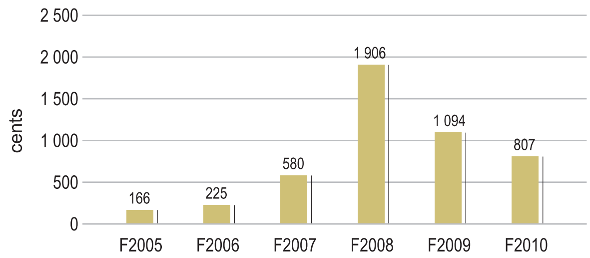
Overview of ARM's key performance indicators covering both financial and sustainability performance for F2010, including comparable indicators for preceding years. The definitions of the indicators are included where appropriate.

Financial

Headline earnings per share (HEPS)

F2010 HEPS declined to 807 cents from 1 094 cents in F2009 mainly due to a stronger Rand and lower realised US Dollar commodity prices.

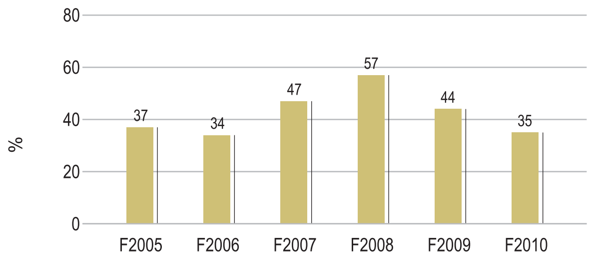
Headline earnings comprise earnings adjusted for items of a capital nature. This is then divided by the weighted average number of shares in issue to arrive at HEPS.



EBITDA margin

The average EBITDA margin reduced to 35% from 44% in F2009 as realised prices, especially for ferrous commodities, were lower than the previous year.

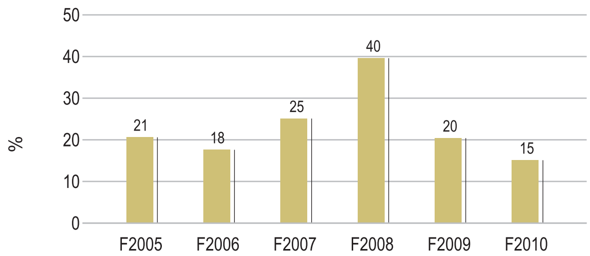
The EBITDA margin is earnings before interest, taxation depreciation and amortisation, excluding exceptional items and income from ARM's associates, divided by sales.



Return on operational assets

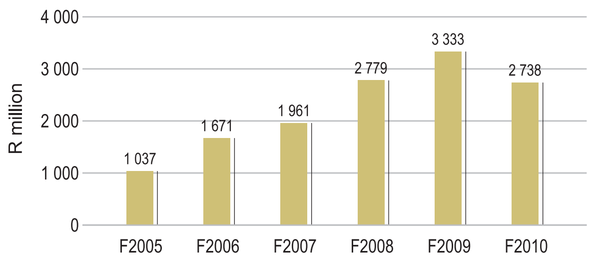
Return on operational assets declined from 20% in F2009 to 15% in the current year.

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



Capital expenditure (capex)

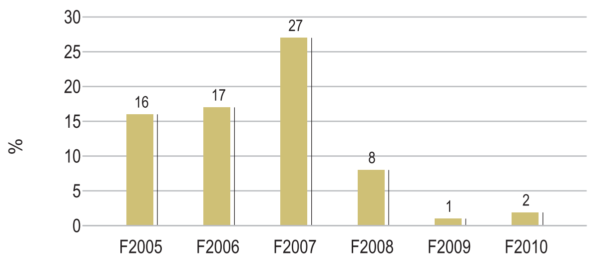
Capex attributable to ARM decreased 17% to R2.7 billion. A large portion of the F2010 capital expenditure was spent on the growth projects in the Ferrous, Platinum and Coal Divisions. Expenditure on growth is expected to continue supported by ARM's strong financial position.



Net debt to equity

ARM's net debt to equity percentage increased only marginally from 1.4% to 1.7% as the Company mainly utilised operational cash flows and cash resources to reduce external debt and to fund capital expenditure.

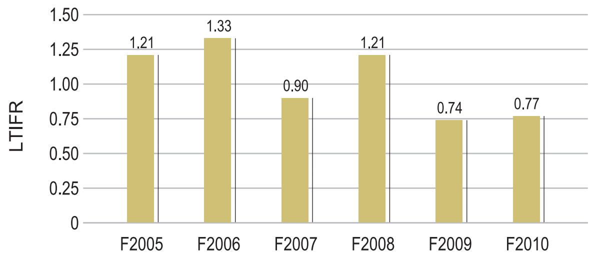
The net debt to equity ratio is total debt less cash and cash equivalents, divided by total equity.



Non-financial

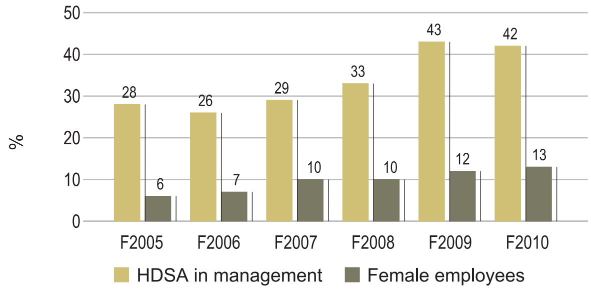
Safety

- Regrettably, one fatality occurred during the year under review. On 10 April 2010, Mr Erick Maluka was fatally injured during slinging operations at the Machadodorp Works.
- The number of lost time injuries (LTIs) increased slightly, while the Lost Time Injury Frequency Rate (LTIFR) for the year was 0.770 (per 200 000 man hours) compared to 0.736 in the previous financial year.



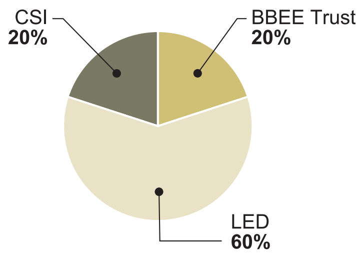
Employment Equity (EE)

- Continued progress in terms of employment equity, including gender diversity.
- Historically Disadvantaged South Africans (HDSA) in management has decreased to 42% from 43% in F2009.
- Total number of female employees at 13% vs 12% in F2009, thereby exceeding the Mining Charter target of 10%.



Community upliftment and social investment

- During F2010, approximately R58.3 million was spent in terms of Social and Labour Plans (SLPs), Local Economic Development (LED) and Corporate Social Investment (CSI) – (similar to F2009 spend of R60 million).
- In addition, the ARM BBEE Trust spent R14.6 million (in F2010) on projects towards upliftment and benefit of rural communities in the provinces in which ARM has operations.
- Total social responsibility investment was R72.9 million during the year.



Implementation of HIV & Aids management programme

- Continued progress in implementation of the HIV programme in alignment with the primary aims of the National Strategic Plan for South Africa (2007 – 2011).
- ARM is actively participating in the National HIV Counselling and Testing campaign as proposed by SANAC (South African National Aids Council):
  - 6 991 employees and 2 088 contractors counselled during the year (40%) and 5 830 employees and 1 404 contractors tested during the year (32%) of the total workforce.

Energy efficiency

As a signatory to the National Energy Efficiency Campaign, management of energy use remains a focus since energy utilisation impacts on costs and greenhouse gas (GHG) emissions.

Climate change

Collected GHG emissions data for F2009, analysed the Company's carbon footprint and made submission to CDP (Carbon Disclosure Project).

Operational overview

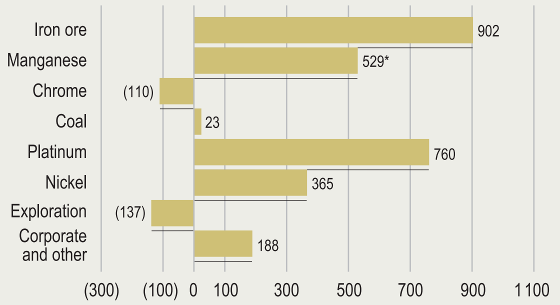
ARM's "We do it better" management style brings entrepreneurial flair to the businesses it manages and is invested in. ARM's partners provide access to markets, skills and value generating growth opportunities.

ARM Total

		F2010	F2009	% change
Headline earnings	Rm	1 714	2 317	(26)
EBITDA margin	%	35	44	
EBITDA	Rm	3 907	4 484	(13)

Total attributable capex: **R2.7 billion**
Total labour in F2010: **22 776** *(Excludes ARM Coal)*

Net cash inflow/(outflow) from operating activities
(R million attributable)



** Manganese cash from operating activities excluding dividends paid to ARM*

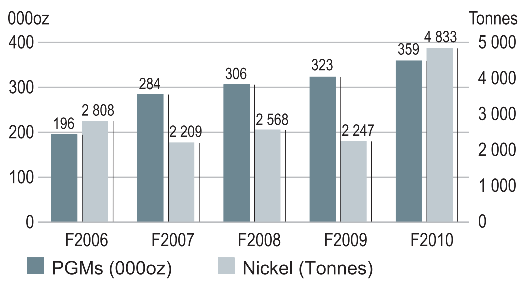
ARM Platinum

ARM Partners: Anglo Platinum, Norilsk Nickel, Impala Platinum

		F2010	F2009	% change
Headline earnings	Rm	521	(319)	
EBITDA margin	%	35	(8)	
EBITDA	Rm	1 541	(180)	

Attributable capital expenditure: **R0.7 billion**
Total labour in F2010: **10 247**
Key investments during the year: **Nkomati Nickel Expansion**

Key attributable operational production volumes



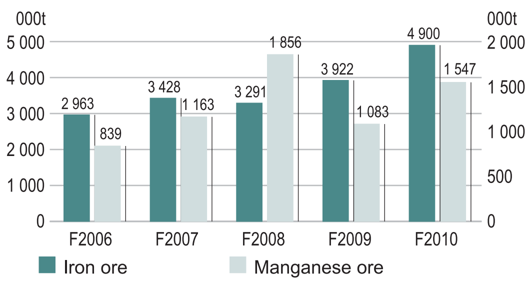
ARM Ferrous

ARM Partner: Assore

		F2010	F2009	% change
Headline earnings	Rm	1 364	3 150	(57)
EBITDA margin	%	38	67	
EBITDA	Rm	5 146	5 146	(52)

Attributable capital expenditure: **R1.6 billion**
Total labour in F2010: **12 360**
Key investments during the year: **Khumani Iron Ore, Nchwaning Manganese Ore Plant**

Key attributable operational production volumes



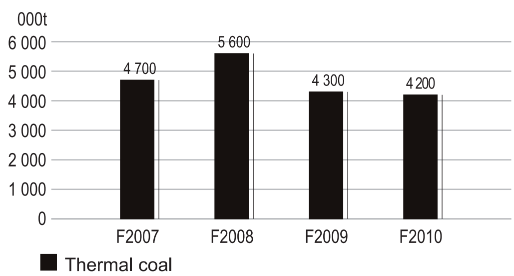
ARM Coal

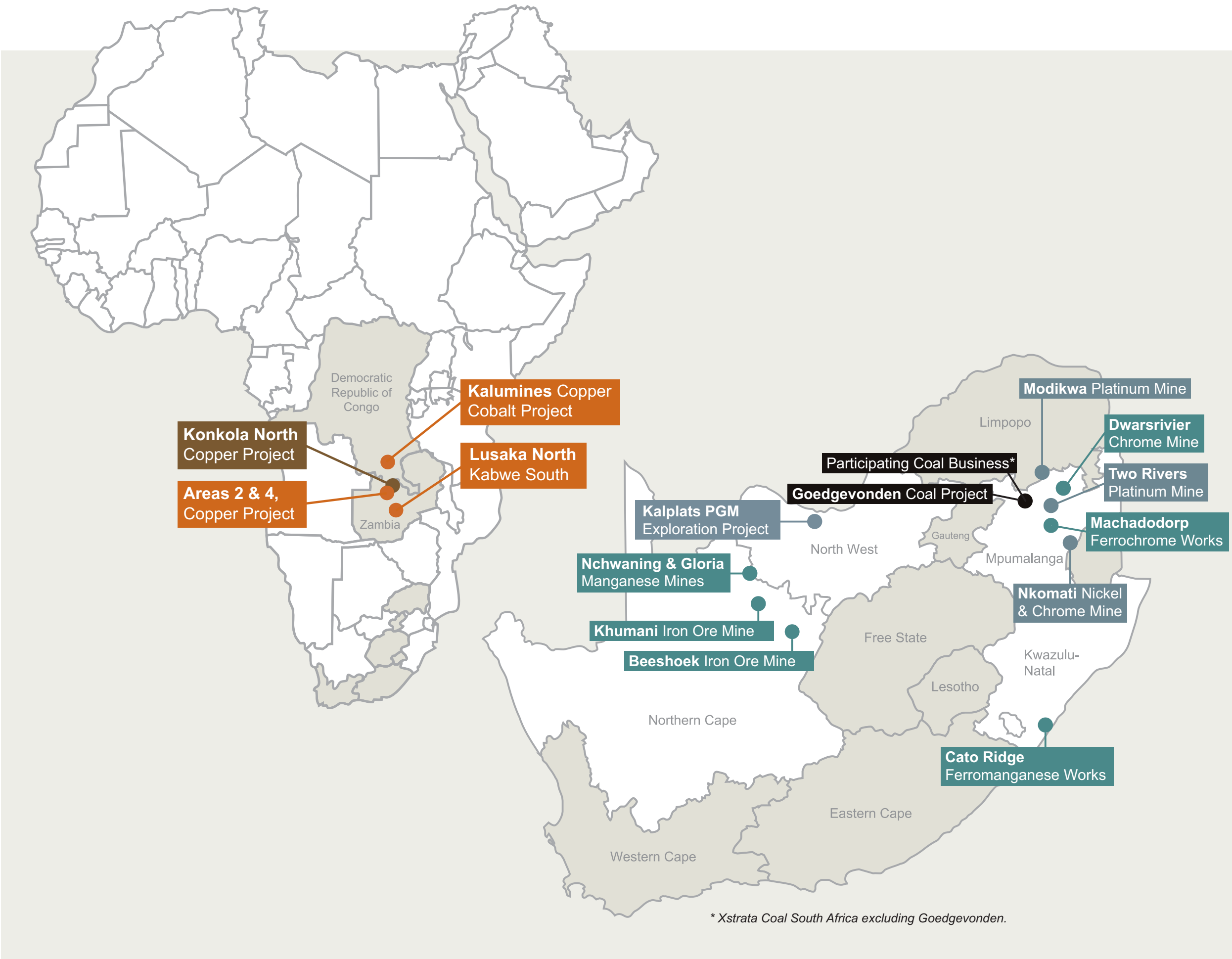
ARM Partner: Xstrata Coal South Africa

		F2010	F2009	% change
Headline earnings	Rm	(17)	135	(113)
EBITDA margin	%	54	60	
EBITDA	Rm	114	73	56

Attributable capital expenditure: **R0.3 billion**
Total labour in F2010: **7 686**
Key investments during the year: **Goedgevonden Thermal Coal Mine**

Attributable operational sales volumes





ARM Copper

ARM Partner: Vale S.A.

Konkola North Copper Project

- Measured and Indicated ore resource of 57.4 million tonnes at 2.42% copper.
- 2.5 million tonnes milled, yielding 45 000 tonnes of copper in concentrate per annum.
- Commission concentrator: December 2012, full production 2015.
- Life-of-mine: 28 years.
- Total capital expenditure: US$380 million in July 2010 terms.
- C1 cash cost: US$1.07/lb (45th percentile: 2015).
- Potential to increase output to 100 000 tonnes copper per annum (Area "A" resource).

ARM Exploration

ARM Partner: Vale S.A.

2005 – 2006

TEAL listed to raise funding to further African exploration

- ARM creates TEAL to advance projects outside of South Africa.
- ARM dilutes ownership to 65% to facilitate TSX listing and fundraising.

2006 – 2008

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

Dec 2008 – Feb 2009

ARM announces proposed JV with Vale

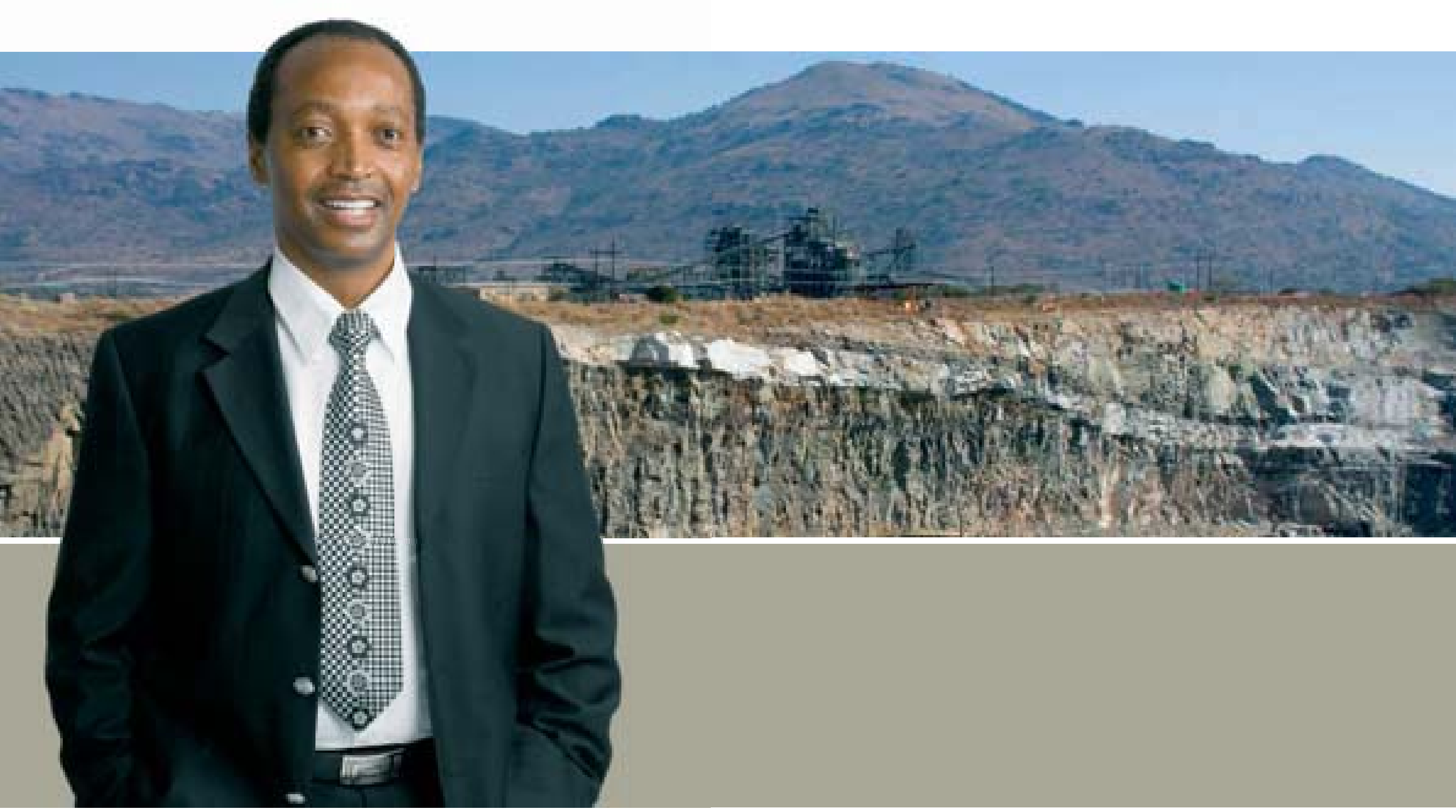
- 15 December 2008: TEAL minorities offered a 123% premium based on 120-day volume-weighted average price.
- 13 Feb 2009: TEAL shareholders vote in favour of transaction – TEAL delisted.
- ARM effectively sells 15% to Vale.
- Future funding shared by 50% JV partner, Vale.

1 March 2009 – current

Transaction concluded

- ARM receives R137 million for 15% sale.
- Bank debt repaid by partners of US$85 million.
- Konkola North project is JV's near-term focus.
- Drilling commences to expand and define resources.
- Bankable feasibility study for the Konkola North Copper Project East/South Limb ore bodies completed. Project released by ARM and Vale.
- Pre-feasibility study completed for the Konkola North Area "A" resource.
- Pre-feasibility study completed for the development of the Kalumines ore bodies.

Executive Chairman's report



Patrice Motsepe Executive Chairman

ARM achieved impressive operational results over the past financial year and is proceeding with its aggressive growth strategy despite the challenging and inconsistent global economic environment.

Our world class management team continued with their effective cost containment and productivity enhancement measures.

The significant growth in sales volumes could not fully offset the 16% strengthening of the Rand against the US Dollar, as well as lower US Dollar commodity prices received for certain of our commodities. The net result was a 26% decrease in headline earnings to R1.7 billion, or 807 cents per share. What is pleasing however, is that the headline earnings for the second half of the year, of R1.3 billion was 178% higher than the R454 million for the first half of the financial year.

This past year has been gratifying as we achieved a significant milestone which is the successful completion of our 2 x 2010 growth strategy. In terms of this strategy we undertook in 2005, to double production volumes by 2010, in our portfolio of commodities, including iron ore, manganese ore, nickel, platinum group metals and coal. This strategy culminated in the delivery of seven new mines over the last 5 years.

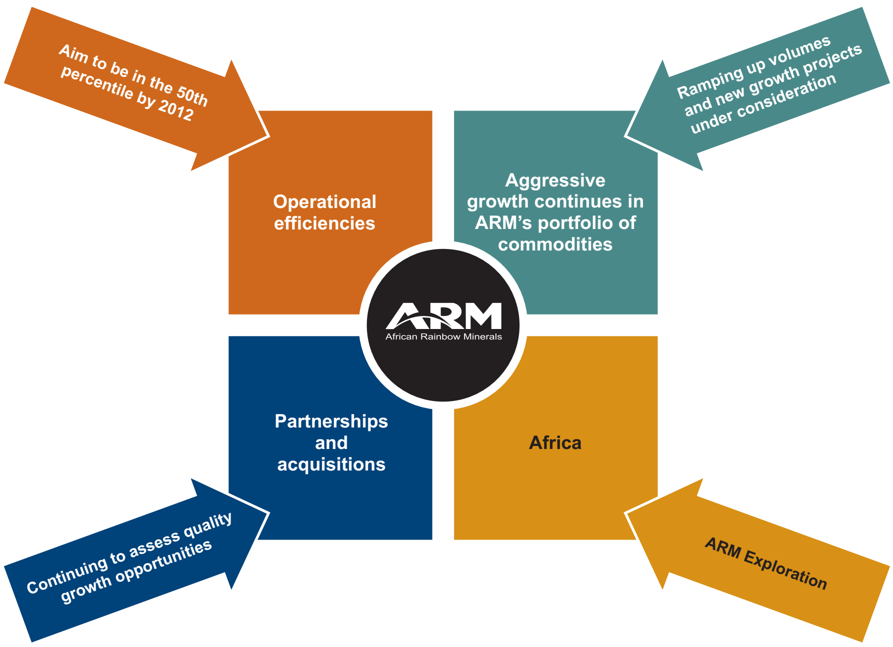
Our diverse and quality portfolio of commodities will stand ARM in good stead as demand in commodity markets improves. Furthermore the benefits of our cost control measures and the huge increases in our volumes will significantly contribute to ARM's long-term profits.

Since the initiation of our growth strategy in 2005, ARM has spent approximately R13.5 billion on an attributable basis on our growth projects, which includes R2.7 billion in the last financial year.

Our aggressive growth continues. Expansions are currently underway at various operations and ARM continues to explore opportunities that are available through corporate action and partnerships.

ARM is well placed financially given that the Company's growth is supported by a robust financial position with low gearing. At 30 June 2010, ARM's net debt to equity had been maintained at below 2% year-on-year; a level that supports the Company's aggressive growth ambitions.

ARM STRATEGY: FIRING ON ALL CYLINDERS



Global Economic Environment

Conditions in commodity markets continued to be challenging, especially in the first six months of the financial year, as the global economy continued to be affected by the slowdown that began in the latter part of the 2008 calendar year. Notwithstanding this, ARM managed to increase annual sales volumes across all commodities, except domestic thermal coal. At the same time, ARM's management and employees have controlled costs and repositioned the Company to benefit from the global economic recovery.

Whilst the distinct change in profitability in the second half of the year was as a result of improved market conditions, the difficult decisions we took in 2009 to proactively restructure our operations, also contributed to the profits of the Company.

2 x 2010 Growth Strategy

The overriding objective of successfully achieving our 2 x 2010 growth strategy ensured that during the past two years we did not reduce the capital expenditure on our growth projects. While we continued to proactively manage our financial position to ensure an acceptable risk level, we were determined to achieve an appropriate balance between profitability and continued growth.

Since the inception of our 2 x 2010 growth strategy, ARM successfully built seven mines at Modikwa, Two Rivers, Goedgevonden, Nkomati, Khumani, Nchwaning 3 and Dwarsrivier. Most of these are large mines, each with a life-of-mine of more than 25 years. In addition, we increased capacity and improved efficiencies at 2 of our processing plants.

At Black Rock we built a new manganese metallurgical plant and increased the output capacity of the plant from 3 mtpa to 5 mtpa. The Two Rivers processing plant was successfully optimised and has improved recoveries as well as increased annual tonnages at the plant.

Our senior management has now built up significant experience in developing and delivering major projects timeously and within budget.

Through our 2 x 2010 strategy we have doubled volumes in our portfolio of commodities as follows (on a 100% basis):

Executive Chairman's report continued

- Iron ore sales volumes increased from 5.8 to 9.8 million tonnes
- Manganese ore sales volumes increased from 1.8 to 3.1 million tonnes
- PGM sales volumes increased from 320 to 689 thousand ounces
- Nickel sales volumes increased from 5.3 to 8.7 thousand tonnes.

In addition to the above increases, we added two new commodities to our portfolio. Coal was added and attributable sales volumes increased to 2.5 million tonnes for export coal and 1.7 million tonnes for domestic coal in 2010. We also added chrome ore and chrome concentrate at Nkomati and increased sales volumes to 502 thousand tonnes and 314 thousand tonnes respectively.

Aggressive Growth Continues

We are entering another exciting period of growth and ARM's strategy is to continue to pursue profitable new opportunities.

ARM and Vale recently approved the development of the Konkola North Copper Project in Zambia. Development of the project has already commenced and will be at a capital cost of US$380 million in July 2010 terms and will produce 45 000 tonnes of contained copper in concentrate per annum. The project has significant potential for expansion. Exploration to evaluate Area "A" of the project, is already underway.

The release of this project represents a significant milestone for ARM as it adds a new commodity to the ARM portfolio and is our first operational investment outside South Africa. Our share of the newly developed mine will be housed in a new division, ARM Copper which we expect to grow in the future.

Our internal growth pipeline also includes, amongst others, the following growth projects:

- The Khumani Iron Ore Mine expansion to 16 mtpa.
- The Nkomati Nickel Mine which will increase production from 9 666 tonnes of nickel produced in concentrate in 2010 to 20 500 tonnes by 2013.
- The Goedgevonden Coal Mine which is expected to reach full production of 6.7 mtpa in 2011.

We are also evaluating the following prospects:

- An enlarged Platinum Mine at Modikwa.
- The Kalumines Copper Project.
- The Kalplats Platinum Project.

ARM has a 77-year operational history which augurs well for its objective of continuing to be a globally competitive, world-class mining company. We can only succeed in this regard if we retain, motivate and appropriately reward our highly skilled and experienced management team.

Partnerships and Joint Ventures

ARM has positioned itself as the partner of choice within the South African and African mining industry. In our partnerships we seek to have at least 50% ownership of the asset or group of assets. Where we own less than 50% we seek to ensure a process that enables us to increase our shareholding, over time to at least 50%.

Our strategy of being an owner operator, allows us to introduce our management culture and skills to the development of our assets while sharing in the extensive knowledge and experience of our partners; especially in the sales and marketing of our products.

Our success in our joint ventures is reflected in the world-class partnerships formed with global mining companies most of whom are leaders in their respective commodities. We are pleased to grow our relationship with Vale with the release of the Konkola North Project. This is further evidence of the mutual benefit of our collaborations.

Sustainability and Safety

Our primary objective remains the continued creation of value for our shareholders. We always ensure that this is done in a sustainable manner that minimises any environmental impact and prioritises the health and safety of the 22 000 employees and contractors that make up ARM.

We are committed to managing our operations and developing new projects in a manner that creates long-lasting economic and social benefits for the communities neighbouring our mines and ensuring that safety standards are of the highest level.

We believe that a safe and healthy workplace is every employee's right. Safety awareness, risk assessment and responsible supervision are crucial to the ongoing success of ARM.

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

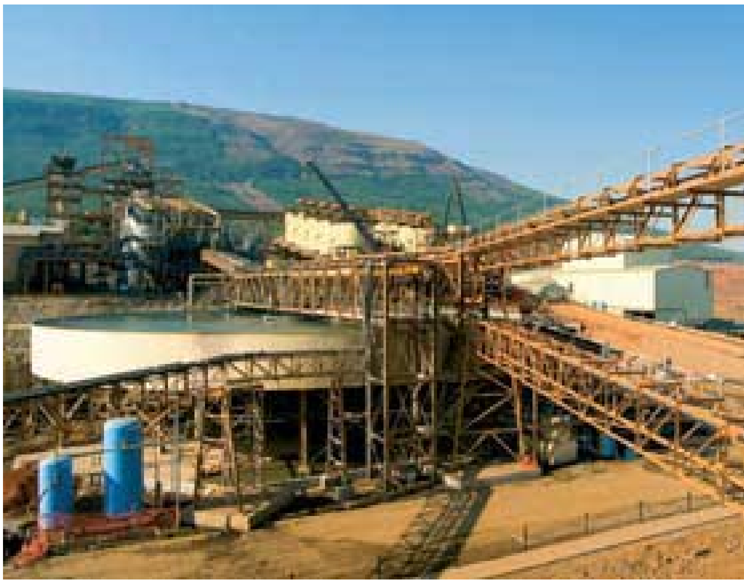
The Future

While the past financial year, particularly the second half, has seen a remarkable recovery in commodity markets, sentiment is still cautious as the timing of the recovery of the American and other developed economies remains uncertain.

Whereas the global recovery is expected to continue and benefit export oriented economies, it is anticipated that the recovery in certain demand driven economies will be much slower during the forthcoming year.

There remains much speculation about commodity consumption and specifically about the demand from China. We produce high quality iron ore and manganese which is in demand and is used as blend material for lower grade ore from China, India and other developing economies. We are in a small high quality niche market. The medium-term fundamentals are compelling. We remain firmly of the view that a supply shortage could materialise in certain markets, particularly in commodities such as platinum and copper.

ARM remains confident and is well positioned financially and operationally to continue to create value for its shareholders from its long-life and low cost mines. The planned attributable capital spend over the next three years to June 2013, is approximately R10 billion and includes the development of the first phase of our investment in copper. This capital expenditure is expected to be funded from operating cash flows and by utilising available cash and borrowing resources.



Tailings thickener Nkomati Nickel Mine

Conclusion

We paid an increased fourth annual dividend to shareholders of 200 cents per share involving a cash outflow of R425 million (F2009: R371 million). ARM remains committed to being a dividend paying Company whilst implementing its aggressive growth strategy.

The ARM Board experienced a number of changes in the current year. Mr Max Sisulu resigned as an Independent Non-executive Director of the board and became Speaker of the South African Parliament. I would like to express my sincere gratitude to Max for his service to the board and wish him well with his new responsibilities.

We welcomed Mr Mike Arnold to the board. Mike was appointed Financial Director effective 1 August 2009, a position previously held by Mr Frank Abbott who remains on the board as a Non-executive Director. Mr Anton Botha was appointed as an Independent Non-executive Director and Mr Bernard Swanepoel who was previously a Non-executive Director became an Independent Non-executive Director of the board.

We recognise that mining has been and continues to be a crucial sector within the South African economy. As we create shareholder value, we are committed to ensuring that we do so in a manner which allows us to contribute meaningfully to our workforce, the communities within which we operate and to the South African economy.

Since 2005, we have more than doubled the number of employees at the operations from 10 969 to 22 776.

The upliftment of communities within which we operate remains a key imperative for ARM. In the preceding five years we have invested approximately R165 million in the development of our communities. R14.6 million of this was distributed through the ARM Broad Based Economic Empowerment (ARM BBEE) Trust and invested in projects identified by the communities for their upliftment and development. These projects have been in education, health and the development of sustainable enterprises that benefit the communities.

I would like to express my gratitude to my fellow Board members for their invaluable contributions and wise counsel throughout the year.

At the end of a particularly eventful year, I would like to thank Andre Wilkens, our excellent management team, all our employees and their families, for their support and dedication. I am equally grateful to our diverse stakeholders for the tremendous support and the relationships that we have built over many years.

I would also specifically like to thank our various joint venture partners; Anglo Platinum Limited, Assore Limited, Impala Platinum Holdings Limited, Norilsk Nickel Africa (Pty) Limited, Xstrata Coal and Vale S.A.

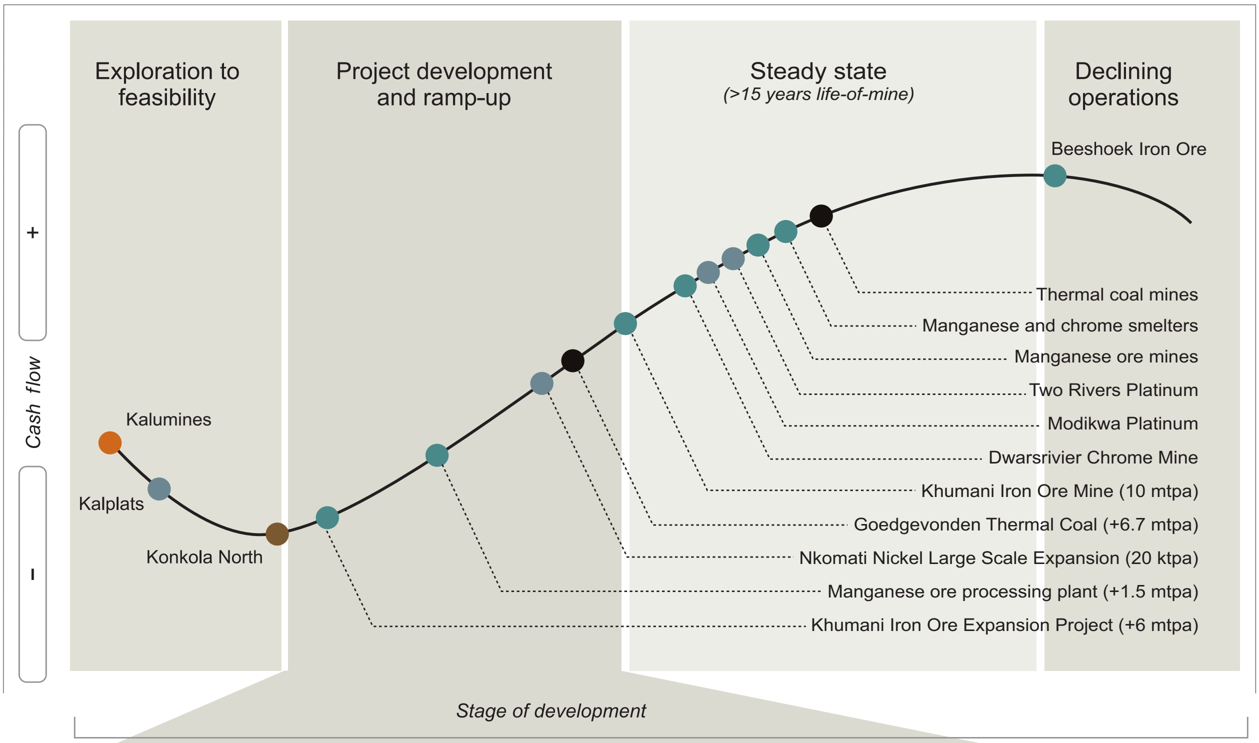
I am confident that ARM will continue to be competitive and create value for our shareholders and contribute to the improvement of the living conditions of the communities living near our mines and our various stakeholders.

Patrice Motsepe
Executive Chairman

15 October 2010

Key growth projects

Project pipeline and operations



Key growth projects

	Khumani Iron Ore (10 – 16 mtpa)	Goedgevonden Thermal Coal	Nkomati Nickel Large Scale Expansion	Konkola North Copper Project
Steady state	10 mtpa (+6 mtpa)	3.5 Mt local; 3.2 Mt export	20 500 t contained nickel	45 000 t copper
Capex committed	100% (20%)	97%	90%	2%
Stage	Ramp-up (building)	Ramp-up	100 000 tpm upgrading	Construction
Position on cost curve	30th percentile	25th percentile	40th percentile	45th percentile
Commissioning (calendar year)	2008 (2012)	2009	2009	2012
Full production (financial year)	2010 (2013)	2012	2013	2015
Comment	More efficient low unit cost	Dragline opencast operation	C1 cash cost net of unit cost by-products of US$3.80/lb	New commodity in portfolio and first mine outside South Africa

A balanced, growing portfolio

- **Konkola North copper** – bankable feasibility study completed, project released by joint venture partners after year-end
- **Kalplats platinum** – bankable feasibility study under way
- **Furnace expansion feasibilities completed** – on hold pending more favourable market and regulatory environment
- **Modikwa platinum expansion** – pre-feasibility under way
- **Thermal coal** – various coal properties under consideration with our partners
- **Zambia copper** – drilling continues at Konkola North Area “A” and Area “A” extension
- **DRC copper** – drilling and evaluation continues at Kalumines; Kasonta and Lupoto
- **Nkomati nickel** – Doornhoek exploration continuing

Chief Executive's report

André Wilkens Chief Executive Officer

ARM's businesses have delivered a strong and exceptionally pleasing operating performance in a year which was effectively a recovery year from the economic downturn experienced in the second half of 2009. It is pleasing that the value of our portfolio of assets was preserved and, in many cases, enhanced.

With realised commodity prices in Rand terms significantly lower than F2009, we have been focused on streamlining our operations with an objective to improve efficiencies and enhance margins. As a result, almost all our mining operations are positioned in the lower half of their respective industry cost curves, with long life mines and extensive growth options.

Sales for the year of R11 billion were 9% higher than last year. This is despite realised Rand commodity prices, especially for manganese (57%) and iron ore (14%), being lower than F2009. This increase in sales can be attributed purely to the strong sales volume growth achieved by the different business units. Sales volumes across the commodities increased as follows (on a 100% basis):

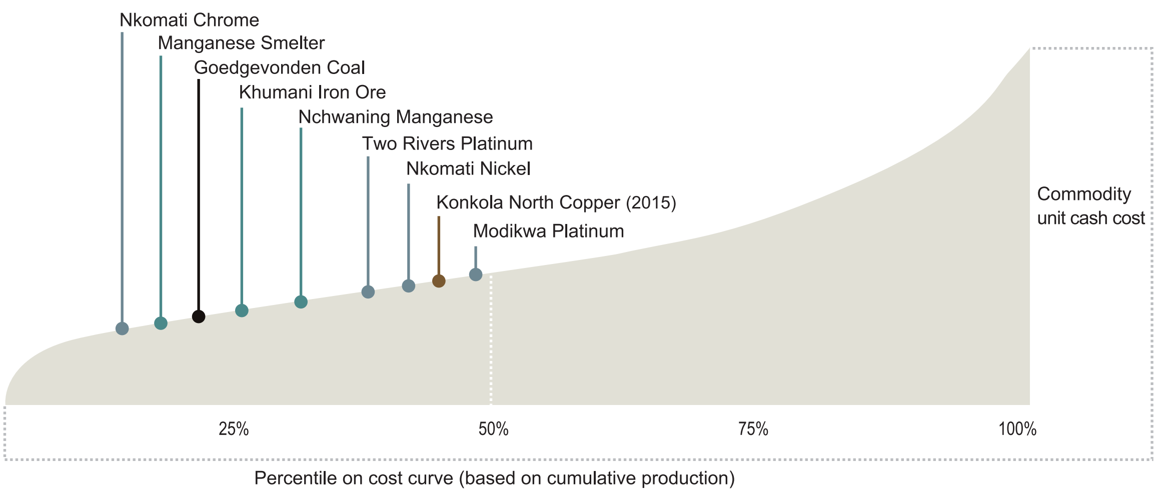
- 516% increase in chrome concentrate sales to 313 735 tonnes (Nkomati Mine only).
- 112% increase in nickel sales to 8 697 tonnes.
- 103% increase in ferromanganese sales to 238 000 tonnes.
- 44% increase in manganese ore sales to 3.1 million tonnes.
- 32% increase in iron ore sales to 9.8 million tonnes.
- 31% increase in ferrochrome sales to 189 000 tonnes.
- 11% increase in PGM sales to 688 957 ounces.
- 6% increase in export thermal coal sales to 11.9 million tonnes.

Sales in the first half of the year totalled R4.2 billion and R6.8 billion was reported for the second half of the year. The increase in the second half of the year demonstrates the significant recovery in commodity prices in the latter half of the financial year.

For the year to 30 June 2010, headline earnings totalled R1.7 billion, compared to R2.3 billion last year. There was a dramatic improvement in the second six-month period of 2010 with headline earnings of R1.2 billion, against first half

Chief executive's report continued

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



headline earnings of R0.5 billion. As a comparison, in the first six months of the previous financial year, ended 31 December 2008, earnings were R2.2 billion and over the following six months ended 30 June 2009, earnings totalled a mere R85 million.

The largest contributor to ARM's headline earnings was ARM Ferrous with earnings of R1.4 billion (F2009: R3.2 billion), while ARM Platinum's share of headline earnings amounted to R521 million. This is a significant improvement following the loss of R319 million reported by ARM Platinum last year. This turnaround can be attributed to the significant increase in volumes at Nkomati and Two Rivers. Lower sales volumes and decreased Rand export prices resulted in ARM Coal reporting a loss of R17 million (R135 million profit in F2009). ARM Exploration's costs were significantly reduced through restructuring initiatives in the second half of 2009, an increased focus on costs as well as the benefit of sharing costs with our new partner, Vale S.A. (Vale). ARM received a dividend of R32 million from its investment in Harmony Gold Mining Company Limited (Harmony).

Response to economic slowdown

In my report last year, I discussed a number of strategic imperatives that our operations were implementing to ensure continued profitability. Driven by varying commodity demand factors, we reduced production volumes for certain commodities, costs were contained throughout the ARM Group, and we enhanced the philosophy of ensuring cash generation at all operations.

A number of positive aspects have emerged from these challenging times; firstly our management teams ensured that our actions did not weaken the valuable growth options that we have within our portfolio and, secondly our financial position is now especially robust with net debt at 30 June 2010 of R307 million. This reflects a marginal increase of R76 million relative to the previous year after attributable capital expenditure of R2.7 billion. The net debt to equity percentage at 30 June 2010 was 1.7%.

Licence to operate

ARM has successfully converted its old order mining rights for the Khumani, Goedgevonden and Participating Coal Business (PCB) operations, whilst the new order mining right application for the manganese operations has been approved by the Department of Mineral Resources (DMR) and is in the process of being executed. The conversion of the mining rights of our platinum, nickel and chrome operations is in process and should be completed soon.

Continued focus on growth

ARM has consistently pursued a strategy of value creation through growth and asset improvement. This has largely focused on: operational efficiencies; organic growth (which had become known as our 2 x 2010 strategy); pursuing partnerships and acquisitions where appropriate; and an initiative to expand into the rest of the African continent.

In F2010 we increased our workforce by 35.7% and expect the increasing trend to continue going forward as we realise our ambitious growth plans. There were no retrenchments in the year under review, and our employment equity and gender diversity levels exceeded targets set out in the Mining Charter for a second year in a row.

Chrome stockpile

Bench cutting at Dwarsrivier

Operational efficiencies: ARM's objective to ensure that each of the operating units is placed below the 50th percentile of the global cost curve by 2012, has materialised with unit production cost reductions being achieved at the Khumani Iron Ore Mine, Nkomati Nickel Mine as well as at the Modikwa and Two Rivers Platinum Mines. ARM's management teams are continually looking to enhance value and to strive for continuous improvements. I am very pleased that our teams consistently deliver real cost savings and productivity enhancements. This has been achieved whilst simultaneously improving health, safety and environmental performance and proactively engaging with our broad and diverse stakeholder groupings.

Above inflation cost increases at the manganese operations were as a result of planned reduction in production volumes at the Nchwaning and Gloria Mines, while the ferromanganese and ferrochrome operations were impacted by increases in electricity tariffs, higher prices of reductants and lower production volumes.

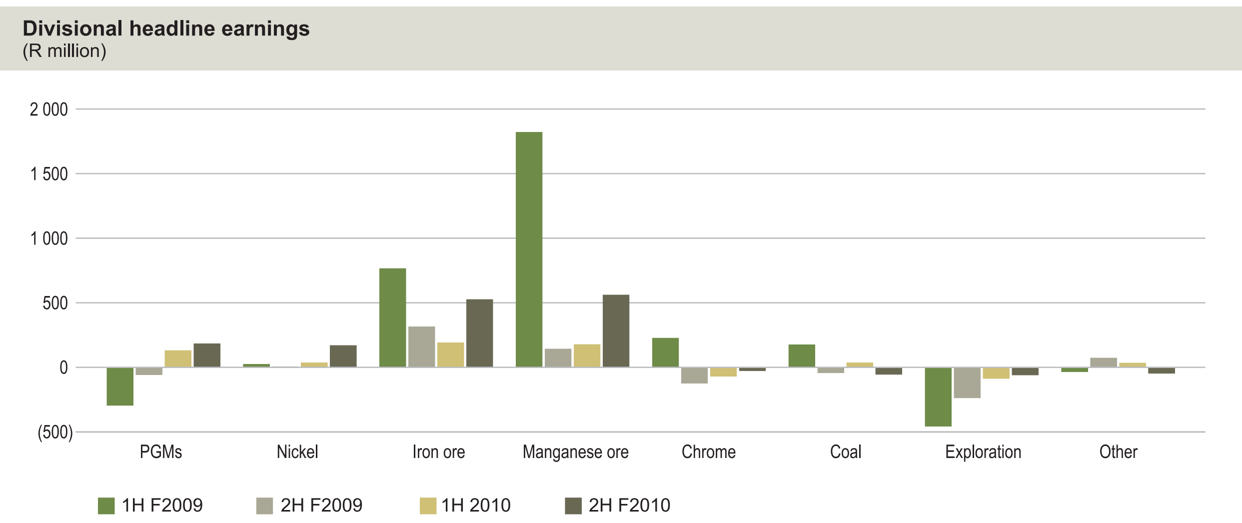
2 x 2010: This strategy, which started in 2005, was focused on the transformation of our operations to ensure increased commodity output at low cost through an owner-operator culture. The past financial year has represented a significant milestone as we successfully completed our 2 x 2010 growth strategy and doubled production volumes in iron ore, manganese ore, platinum group metals, nickel, coal and chrome. This has provided an excellent platform to move forward and continue with further organic growth prospects in the coal, platinum, copper and ferrous metals. Each of these projects is focused on the delivery of robust returns using ARM's in-house, and fairly conservative, long-term commodity price scenarios.

Aggressive growth continues: The 2 x 2010 projects have formed a solid base for the next phase of our Company's growth transformation. We continue to pursue aggressive growth in our portfolio of assets. ARM Ferrous is currently exploring opportunities to increase iron ore production beyond 16 mtpa and manganese ore production beyond 3 mtpa. Such expansions are contingent on export capacity on the Saldanha export channel being increased beyond 60 mtpa. We also have expansion ambitions for our manganese alloy production. With the successful conversion of one of our ferrochrome furnaces to a ferromanganese production furnace in F2010, we are now exploring the conversion of two additional furnaces to take advantage of the higher margins associated with ferromanganese. We have aggressive growth ambitions for our ARM Platinum operations, and are working on a feasibility study to explore the expansion of our Modikwa Mine. We will ensure that we grow the new mining operations in line with all stakeholders requirements for appropriate and responsible social and economic development.

By the end of 2013, ARM's portion of capital invested, including the ramp-up to commissioning, over a nine-year period will have amounted to some R23 billion, with our partners having contributed an additional R19 billion.

Partnerships and acquisitions: While further growth is being planned at specific operations, we are also assessing opportunities that are continually presented through corporate action and partnerships. Acquisitions and take-overs will continue to play a role in our growth and development strategy as we continue to build a quality mining company. Our approach to continue to partner with the best in the industry will also play a major role in the assessment and final decision of any new initiatives.

Chief executive's report continued



Expansion into Africa: The Vale/ARM Joint Venture (the JV) has approved the release of the Konkola North Copper Project in Zambia. ARM sees this as early development of a copper growth strategy in sub-Saharan Africa. Our portion of the newly developed mine will be housed in a new division, ARM Copper. Work has already commenced with the pre-approved capital expenditure in August 2010, commissioning of the concentrator plant is expected 27 months later and full production is expected to be reached in 2015. The project capital expenditure, in July 2010 terms, is US$380 million, and the mine's throughput design is 2.5 million tonnes a year of ore at an average mill head grade of 2.3% copper, yielding 45 000 tonnes of contained copper in concentrate, which will be toll smelted in Zambia. The expected life-of-mine will be 28 years.

A key focus area for ARM Copper will also be to continue with a further three-year exploration programme to evaluate Konkola North's Area "A". This has the potential to double the output to 100 000 tonnes copper per annum in concentrate. Area "A" is situated about six kilometres south of the planned mine development on the Konkola North property. Our drilling has defined a substantial copper resource, and planned drilling will further enhance this resource base.

At the Kalumines mining licence property in the Democratic Republic of Congo, the JV has defined copper and cobalt resources through an extensive drilling campaign. Further drilling and metallurgical test work is in progress to evaluate the possible development of these copper/cobalt resources.

ARM Exploration's objective remains identifying and assessing exploration and mineral business opportunities for base metals, ferrous metals, PGMs and coal in sub-Saharan Africa.

The JV has sold its interest in the Otjikoto Gold prospect in Namibia for a net consideration of US$26 million.

Kalumines drilling

Outlook

It has become obvious that the volatile commodity environment that we have experienced over the last two years has changed certain aspects of our business. Some of the change is for the good, whilst other aspects need further consideration. ARM's determined focus on efficiencies and the containment of its operational costs is commendable.

As a consequence of the financial crisis, the industry's significant capital reduction on exploration and projects has postponed new output. This implies that demand from developing economies such as China, Brazil and India may not be met.

We believe demand for certain commodities will be driven by the development of iron and steel manufacturing capacity in these countries and other developing economies seeking to build infrastructure, while supply growth will also be constrained by infrastructure limitations. We believe this will result in a deficit for commodities in the Ferrous Division in the short term. In the medium to long-term we forsee PGMs and copper will have a serious deficit, since projects have been delayed and will take some five to seven years to get to full production. There are a number of supply constraints in the industries, that take time to be addressed.

Our three new mines which are currently ramping up are coming into steady state production at an opportune time. We will also increase our copper exposure in order to take advantage of the improved prices.

ARM remains well positioned to benefit in this environment. Our carefully planned development and acquisition initiatives over recent years have delivered a well-balanced portfolio that is delivering production output which is exceeding our expectations. We now have the scale and capability to further develop new mining and processing operations.

As we enter into this next phase of ARM's transformation, I am confident that the prospects for the Company remain very encouraging, and will continue to be rewarding over many years to come.

Working together

I wish to thank everyone at ARM for their tremendous efforts during the last year. Your contribution toward a solid foundation for our Company is much appreciated. I believe we can continue to sustain this in the long-term by meeting all stakeholders' expectations regarding social and environmental impact in addition to delivering a strong operational and financial performance.

My sincere thanks to our Executive Chairman for his leadership, guidance and entrepreneurial thinking.

I want to thank our shareholders and business partners for their support over the last year and together with all ARM employees, I look forward to working on your behalf to justify your continued confidence in us.

André Wilkens
Chief Executive Officer

15 October 2010

Financial review

Mike Arnold Financial Director

Overview

The ARM headline earnings of R1 714 million for F2010 (headline earnings per share of 807 cents) represent a firm recovery from the steep economic decline experienced in the first half of the 2009 financial year. These headline earnings are 26% lower than the R2 317 million achieved for F2009 (headline earnings per share of 1 094 cents). The headline earnings for the six-month period to 30 June 2010 were R1 260 million and are 178% higher than those of 1H F2010 which were R454 million. To better illustrate the decline and recovery, information is provided in this section, and elsewhere in the Annual Report, on the relative performance over the past two years in six-month periods.

It is quite evident from the table that ARM headline earnings for 2H F2009 were only slightly better than breakeven at R85 million and were R2.15 billion less than the headline earnings for 1H F2009. In this context, the headline earnings for 1H F2010 of R454 million and R1 260 million for 2H F2010 represent a big recovery in the space of only a year.

Headline earnings

Commodity group R million	1H F2010 Rm	2H F2010 Rm	Total F2010 Rm	1H F2009 Rm	2H F2009 Rm	Total F2009 Rm
Ferrous	**302**	**1 062**	**1 364**	2 812	338	3 150
Platinum	**131**	**184**	**315**	(293)	(55)	(348)
Nickel	**36**	**170**	**206**	24	5	29
Coal	**36**	**(53)**	**(17)**	176	(41)	135
Exploration	**(85)**	**(58)**	**(143)**	(454)	(235)	(689)
Corporate and other	**34**	**(45)**	**(11)**	(33)	73	40
Total	**454**	**1 260**	**1 714**	2 232	85	2 317

The cumulative annual growth rate in headline earnings for ARM since June 2005 was 38%.

The results for the year to June 2010 were negatively impacted by the significant 16% strengthening in the average Rand/US Dollar exchange rate to R7.59/US$ from the average in F2009 of R9.03/US$.

Basic earnings for the year were R1 812 million (basic earnings per share of 854 cents); R98 million more than headline earnings, largely as a result of a R107 million exceptional gain realised in the Exploration segment from the sale of its gold interest at Otjikoto. The F2009 basic earnings were R551 million higher than headline earnings for that year due largely to the once-off gain on ARM's sell down of its stake in TEAL to 50% and the introduction of Vale as a 50:50 partner.

The ARM Ferrous Division has been the major contributor to ARM's headline earnings for the past three years owing to strong performances from its iron ore and manganese divisions. In F2010 their contribution declined by 57% to R1 364 million (F2009: R3 150 million). Details of ARM Ferrous results may be obtained from the segmental reports in the financial statements note 2.3. From these reports it is evident that the largest fall in the contribution from ARM Ferrous occurred in the manganese division which reduced by R2.4 billion from R3.9 billion in F2009 to R1.5 billion in F2010, at 100%. Smaller declines were recorded at both iron ore and chrome when compared to F2009. The overall reduction occurred despite sales volume increases in iron ore, manganese ore and ferromanganese alloys. The average US Dollar sales prices for all the ARM Ferrous commodities fell in F2010 when compared to the averages for F2009 exacerbated by the abovementioned strengthening in the average Rand/US Dollar exchange rate.

The Platinum Division achieved a significant turnaround in F2010 as the divisional headline earnings contribution increased to R521 million from a loss of R319 million in F2009; a turnaround of R840 million. The improvement in these results is largely due to significant sales volume increases of 11% in PGMs and 115% in nickel while total chrome sales increased by 103 755 tonnes. It should also be noted that the F2009 results for the Platinum Division were adversely affected by the R547 million negative realised adjustment to the 30 June 2008 debtors balance which manifested itself during the first four months of the F2009 year. The comparative adjustment in F2010 on the 30 June 2009 debtors is a realised R50 million gain.

The Coal Division's contribution to ARM's headline earnings fell by R152 million to a loss of R17 million largely as a result of lower export thermal coal prices and the impact of the stronger Rand/US Dollar exchange rate and lower sales volumes at the participating coal business (PCB). The contribution from Goedgevonden (GGV) to some extent ameliorated the PCB decline as the new mine ramps up production.

The contribution of ARM Corporate, other and Gold was a charge of R11 million as compared to a gain of R40 million in F2009. This variance largely relates to increased staff costs and consolidation adjustments less the F2009 Harmony dividend recognised in F2010.

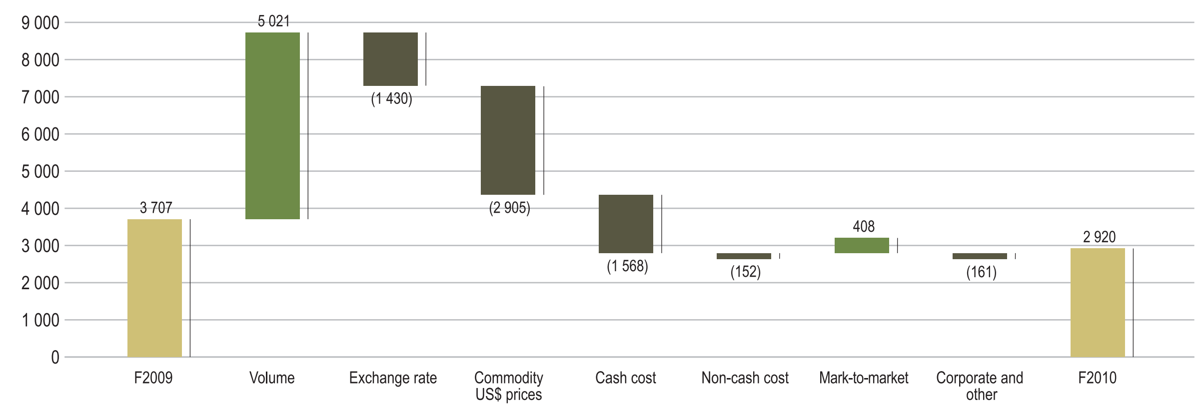
The ARM Exploration Division costs were significantly lower than previous periods as a result of: (i) the restructuring initiatives in 2H F2009; (ii) an increased focus on costs; and (iii) the benefit of sharing costs with ARM's partner, Vale. The impact on headline earnings for the Exploration Division was a negative R143 million (F2009: R689 million loss), a very significant improvement of R546 million.

The unaudited profit variance analysis below indicates how ARM's results were impacted by various factors during the year at the level of profit from operations before exceptional items.

Sales were largely impacted by the following variances:

- The major positive variance amounts to R5 billion which arises from the improvement in sales volumes across ARM's operations.

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



Financial review continued

Summarised income statement

R million	F2010	F2009	% change
	Year ended 30 June		
Sales	**11 022**	10 094	9
Profit from operations (before exceptional items)	**2 920**	3 707	(21)
Income from investments	**209**	414	(50)
Finance costs	**(192)**	(385)	(50)
Income/(loss) from associate	**(51)**	147	(135)
Exceptional items	**97**	514	
Taxation	**(1 009)**	(1 727)	(42)
Non-controlling interest	**(162)**	198	
Profit after tax and non-controlling interest	**1 812**	2 868	(37)
Headline earnings	**1 714**	2 317	(26)
Headline earnings cents per share	**807**	1 094	(26)
EBITDA	**3 907**	4 484	(13)

Summarised statement of financial position

R million		F2010	F2009
Non-current assets		**20 290**	18 566
Property, plant, equipment and other		**13 807**	12 138
Investments		**6 483**	6 428
Current assets		**7 943**	6 933
Other		**4 904**	3 420
Cash and cash equivalents		**3 039**	3 513
Total assets		**28 233**	25 499
Total equity		**18 529**	16 751
Non-current liabilities:	Long-term borrowings	**2 582**	1 364
	Other	**3 461**	2 678
Current liabilities:	Short-term borrowings	**764**	2 380
	Other	**2 897**	2 326
Total equity and liabilities		**28 233**	25 499

- The fall in commodity prices in US Dollar terms and the strengthening of the Rand against the US Dollar account reduced by the mark-to-market positive variance accounts for the remaining negative variance of R3.9 billion.
- The negative cash cost variance of R1.6 billion is due to the absolute increase in mining costs to produce the additional sales volumes achieved.

Consolidated income statement

Sales for the year of R11.0 billion were 9% higher than sales in F2009. The increase in 2H F2010 when compared to 1H F2010 is largely attributable to increased sales volumes and commodity price increases (manganese and iron ore).

The contribution to sales by segment varied as follows for F2010 as compared to F2009:

- ARM Ferrous sales fell by 16% to R6.4 billion.
- Platinum sales increased by 80% to R3.2 billion.
- Nkomati Nickel increased by 125% to R1.2 billion.
- ARM Coal increased by 75% to R0.2 billion.

The gross profit margin for the year reduced to 32.1% (F2009: 40.1%) as increased sales volumes and good unit cost improvements were impacted, particularly by lower average Rand manganese and iron ore prices, while Rand PGM prices remained fairly constant. The average gross profit margins for the individual operations for F2010 and F2009 are:

Gross profit margin by operation

	F2010 %	F2009 %
Assmang	**35**	62
Two Rivers	**28**	(34)
Modikwa	**26**	(29)
Nkomati	**26**	9
Coal	**26**	30
Group	**32**	40

Cost increases during the year which had a noteworthy impact on cost of sales were:

- Electricity and reductant cost increases at the ferromanganese and ferrochrome smelters.
- Mining cost inflation of between 8% and 14%.
- Attributable amortisation has increased by R200 million as new operations ramp-up at Khumani Iron Ore, GGV Coal and Nkomati Nickel.

Other operating income decreased by R508 million to R408 million. In the Corporate and other segment this income comprises largely management fees received (F2010: R200 million and F2009: R120 million) while in the operational segments the income is largely due to foreign exchange gains. In F2010 as a result of the strengthening of the Rand during the year (in F2009 the average exchange rate increased during the year), the amount of these gains was less than in F2009 by R340 million. Other income in F2009 included R100 million from the partial settlement of the Cato Ridge furnace explosion insurance claim which is not repeated in F2010.

Other operating expenses decreased by R225 million in comparison to F2009. This decrease is largely due to the fall in costs in the Exploration segment reduced by an increase in the Corporate and other segment of approximately R100 million related to increased staff related costs.

The newly introduced Mineral Royalty Tax was payable for the period from 1 March 2010 to 30 June 2010. This cost is included in other operating expenses as it is not a tax and is also not directly attributable to the sales process. An amount of R20 million was incurred for the four-month period and is lower than might be expected due to the high levels of capital expenditure and unredeemed capital expenditure at most operations for this period.

Profit from operations before exceptional items reduced to R2.9 billion from R3.7 billion as a result of the lower gross profit and the net impact of changes in other income and other expenses outlined above.

Income from investments amounted to R209 million for the year and includes a dividend received from Harmony of R32 million in October 2009 relating to their F2009 results. Interest income has reduced in comparison to F2009 due to the fall in average interest rates of about 4% during the year and the reduction in average cash balances held across the various operations, particularly at ARM Company and at ARM Ferrous.

While total interest-bearing borrowings have remained fairly constant during the year, finance costs are R193 million lower in F2010 due to the fall in interest rates during the year.

Consolidated statement of financial position

The ARM financial position remains strong and effectively un-geared with net debt to equity remaining at below 2% year-on-year.

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

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

Total assets increased by 10.7% largely as a result of the R2.7 billion capital expenditure during the year. The detail of this expenditure is included in the operational reviews as well as in the segmental analysis on pages 208 to 213.

Additional key features include:

- Other investments, which largely comprise the 14.8% stake which ARM has in Harmony, remained largely unchanged at R5.2 billion as the share price at which the investment is marked-to-market of R81.40/share in F2010 was similar to the 30 June 2009 figure of R80.00/share. ARM holds 63.6 million shares in Harmony.
- Within current assets the largest change was in accounts receivable which increased by R1.46 billion as sales levels increased during the year. This impacted negatively on working capital requirements as reflected in note 33 to the financial statements. Inventory levels remained at F2009 levels.
- Total interest-bearing borrowings fell by R398 million to R3 346 million at 30 June 2010. During the year, bank debt at TEAL (R335 million repaid in full), Nkomati (R149 million repaid in full) and ARM Company were repaid or reduced. The partner loans from Xstrata increased during the year by R526 million as Xstrata continued to fund the development of the Goedgevonden Thermal Coal Mine.
- Trade and other payables increased by R678 million to R2.3 billion. This increase impacted positively on working capital requirements and thus to some extent countered the increase in accounts receivable.

Consolidated statement of cash flows

Cash generated by operations were R3.2 billion less than in F2009 mainly owing to a R2.2 billion negative swing in the working capital movements when comparing F2010 to F2009. Refer note 33 to the financial statements. In F2009 there was a R1.7 billion release of working capital following the dramatic slowdown in business activity during the global recession.

As a result of the above decrease, offset by lower taxes and the dividend paid by ARM in F2010, the net cash inflow from operating activities fell by R1.5 billion to R2.5 billion from R4.1 billion in F2009.

Capital expenditure outflows were mainly for expansionary purposes (79% or R2.0 billion) and to a lesser extent on maintenance capital expenditure (21% or R519 million). The level of maintenance capital expenditure was reduced following the cash preservation strategies, particularly at Platinum. These levels are expected to increase in F2011. Expansion capital expenditure was largely spent at Khumani Iron Ore, Goedgevonden Thermal Coal and Nkomati Nickel.

Financial review continued

There was a net outflow on financing activities of R729 million (F2009: R171 million) mainly due to loans being reduced as explained above.

The closing cash position of R3.0 billion (at 30 June 2009: R3.5 billion) was held primarily at ARM Company (R903 million; at 30 June 2009: R1 287 million), at ARM Ferrous (R897 million; at 30 June 2009: R1.6 billion). Restricted cash increased by R465 million due to an increase in cash paid into environmental trust funds as well as increased cash held at the two ARM insurance captives.

Segmental analysis

The graphs and charts in this financial review indicate certain key elements of the segmental contributions to the ARM results. In addition, detailed segmental results which include income statement, statement of financial position and cash flow information are provided on pages 208 to 213 of the financial statements.

Significant accounting matters

1. The new Mineral Royalty Tax (MRT) which became effective on 1 March 2010 is described earlier in this report under the section dealing with the consolidated income statement.

   The calculation of this tax cost differs for each operation and commodity as it is a function of many variables including (i) a sales value at the mine gate dependent on the specified condition of each commodity as detailed in the legislation, (ii) the cost structure at the operation, (iii) the amount of capital expenditure as well as the tax status on previously unredeemed capital expenditure. There is no MRT payable by the smelter operations in ARM Ferrous. Within ARM all entities liable for MRT are treated as producing unrefined products where the minimum MRT rate is 0.5% and the maximum is 7%.

   The current State Share of Profits tax payable by the manganese ore mines will be replaced by the MRT as soon as the mining conversions for the manganese mines are registered.

2. The ARM Board approved the release of the Konkola North Copper Project, after the year-end, in August 2010. From the date of release, all expenditure on the project is to be capitalised.

3. The ARM Ferrous Division has instituted legal proceedings against the local reinsurers for 40% of their claims arising from the explosion at Cato Ridge in 2007. The claim amount is for approximately R800 million. ARM Ferrous reported in F2009 that a settlement had been reached with the overseas reinsurers for 60% of the claim. As the outcome of the legal action is not certain there has been no accrual for any recovery from the local reinsurers.

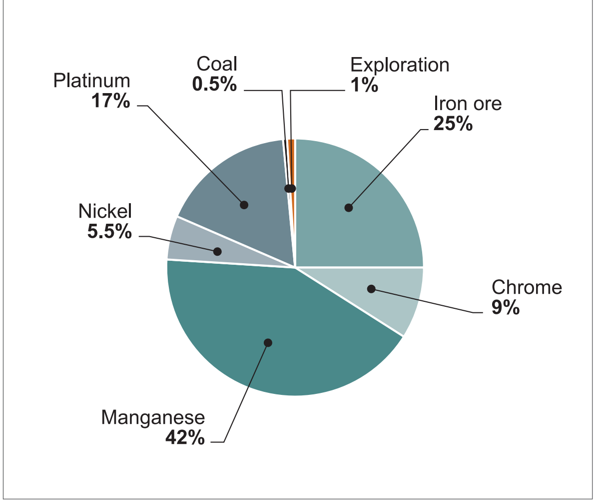
Financial risk management

ARM has an established risk management programme which is more fully described in a separate section on pages 160 to 161 of this report.

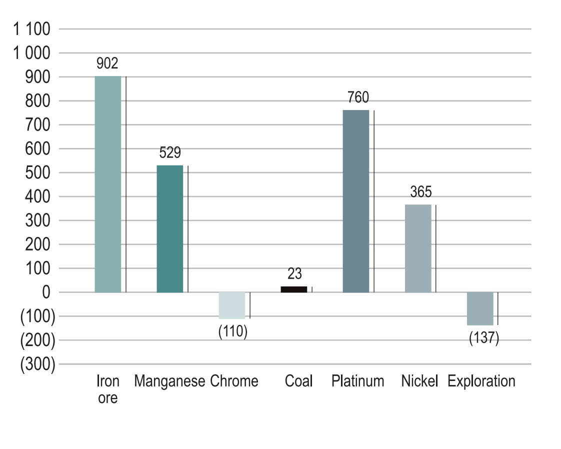
Specific risks which have a financial bias include currency, commodity price, interest rate, counterparty, credit and acquisition risk. A detailed analysis of ARM's approach to these risks is provided on pages 237 to 242 of the financial statements.

A sensitivity analysis is provided on page 242 of the financial statements. In particular, the sensitivity analysis reflects the closing prices used in the provisional valuation of accounts receivable for the ARM Platinum and Nkomati Nickel segment.

F2010 revenue contribution per commodity



F2010 cash flow from operating activities
(R million)



Dwarsrivier open-pit

The ARM financial position has remained effectively un-geared since 30 June 2009 and during the year surplus cash has been largely utilised to repay external bank debt. The only significant external bank debt at 30 June 2010 is held by ARM Company through its corporate facility which had a balance outstanding of R784 million which is due for repayment or refinancing in August 2012. This position does not mean that ARM is risk averse but rather that the Company is well positioned to continue to grow aggressively in the future. Planned attributable capital expenditure for the three-year period to June 2013 is approximately R10 billion (refer graphical analysis on this page). The Company has a position that a net debt to equity ratio of up to 30% would be considered by the Company provided that the related debt levels can be serviced from operational cash flows.

Dividend

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

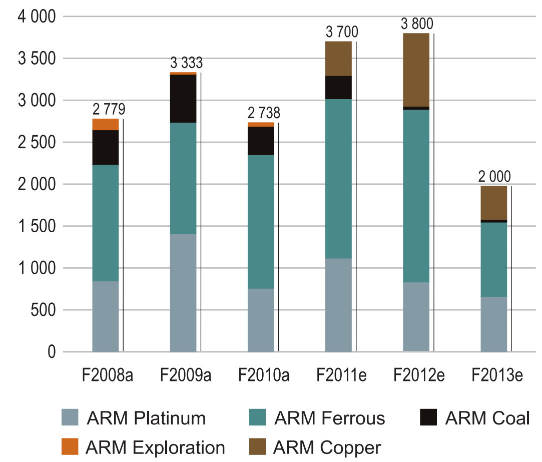
ARM had minimal gearing at 30 June 2010 and sufficient cash and cash equivalents and borrowing resources to fund both the planned maintenance and expansion of operations. Management continually reviews Company plans and forecasts every quarter.

The fourth annual dividend declared by ARM on 30 August 2010 of R2.00 per share represents an increase of 14% over the F2009 dividend and is in line with ARM's commitment as a globally competitive company to pay dividends to shareholders while continuing to grow the Company for the future.

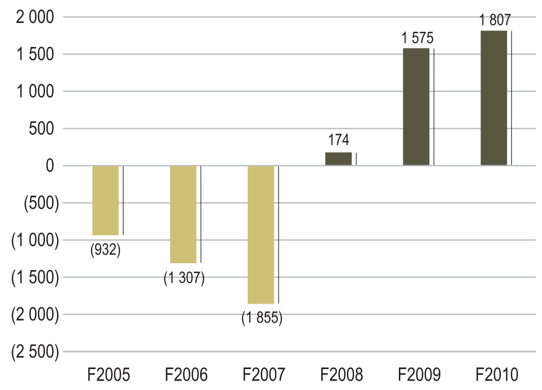
Mike Arnold
Financial Director

15 October 2010

Attributable capital expenditure
(R million)



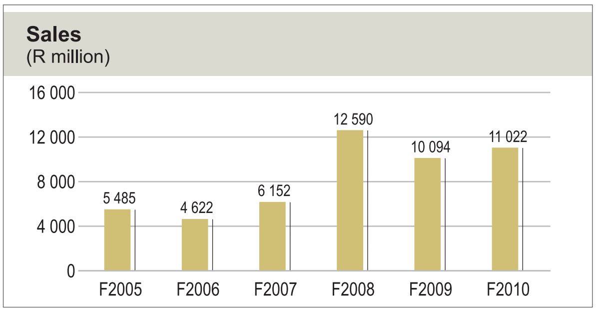
Net cash/(net debt) excluding partner loans
(R million)

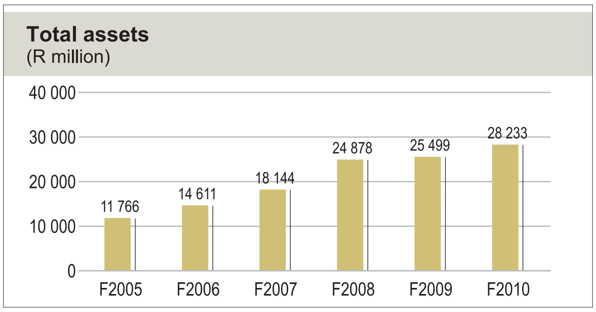


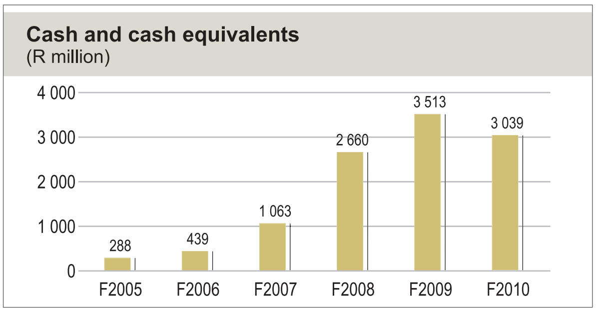
Financial summary and statistics

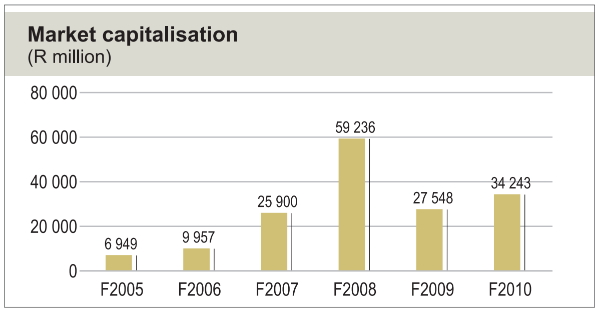
		Group						
R million, unless stated otherwise	Compounded annual growth rate %	F2010 Rm	F2009 Rm	F2008 Rm	F2007 Rm	F2006 Rm	F2005 Rm	F2004 Rm
Income statement								
Sales	19	**11 022**	10 094	12 590	6 152	4 622	5 485	3 885
Headline earnings	82	**1 714**	2 317	4 013	1 207	462	339	47
Basic earnings per share (cents)	0	**854**	1 355	2 131	586	293	225	865
Headline earnings per share (cents)	67	**807**	1 094	1 906	580	225	166	37
Dividend declared after year-end per share (cents)		**200**	175	400	150	n/a	n/a	n/a
Statement of financial position								
Total assets	16	**28 233**	25 499	24 878	18 144	14 611	11 766	11 460
Cash and cash equivalents	43	**3 039**	3 513	2 660	1 063	439	288	357
Total interest-bearing borrowings	11	**3 346**	3 744	3 978	4 044	2 252	1 574	1 831
Shareholders' equity	15	**18 529**	16 751	15 676	11 218	10 393	7 972	7 954
Statement of cash flows								
Cash generated from operations	34	**3 430**	6 678	5 175	2 537	1 243	1 661	603
Net cash outflow from investing activities	22	**(2 324)**	(3 135)	(2 427)	(2 691)	(1 444)	(826)	(691)
Net cash (outflow)/inflow from financing activities		**(729)**	(171)	(175)	1 562	893	(549)	280
Number of employees	12	**10 281**	9 643	8 747	7 725	6 943	6 107	5 162
Number of contractors	27	**12 495**	7 134	9 189	5 907	4 862	NR	NR
Exchange rates								
Average rate US$1 = R	2	**7.59**	9.03	7.30	7.20	6.40	6.21	6.90
Closing rate US$1 = R	3	**7.67**	7.72	7.83	7.07	7.16	6.65	6.26
JSE Limited performance								
Ordinary shares (Rands)								
– high	27	**206**	291	307	138	52	38	48
– low	24	**117**	76	103	53	32	25	32
– year-end	30	**161**	130	280	123	48	34	34
Volume of shares traded (thousands)	32	**138 241**	113 690	84 678	40 203	39 711	51 382	26 547
Number of ordinary shares in issue (thousands)	1	**212 692**	212 068	211 556	209 730	206 367	204 437	204 208
Financial statistics	Definition number							
Liquidity ratios (x)								
Current ratio	1	**2.2**	1.5	1.8	1.5	1.4	1.6	1.5
Quick ratio	2	**1.7**	1.1	1.5	1.1	1.0	1.0	0.9
Cash ratio	3	**5.89**	1.6	1.6	0.8	0.8	0.8	0.4
Profitability (%)								
Return on operational assets	4	**15.2**	20.4	39.6	25.1	17.6	20.6	7.5
Return on capital employed	5	**12.5**	18.2	36.3	16.4	9.2	8.2	8.2
Return on equity	6	**9.6**	14.3	27.0	11.1	4.5	5.2	0.7
Gross margin	7	**32.1**	40.1	56.2	45.7	28.5	31.8	21.1
Operating margin	8	**26.5**	36.7	53.0	40.3	24.1	29.0	13.6
Debt leverage								
Interest cover (x)	9	**16.0**	11.1	16.7	6.9	8.5	8.5	5.4
Debt to equity ratio (%)	10	**18**	25	25	36	22	20	23
Net debt to equity ratio (%)	11	**2**	1	8	27	17	16	19
Other								
Net asset value per share (R/share)	12	**84**	76	70	52	50	32	32
Market capitalisation	13	**34 243**	27 548	59 236	25 900	9 957	6 949	6 943
Dividend cover (X)	14	**4.04**	6.25	4.76	3.87	n/a	n/a	n/a
EBITDA	15	**3 907**	4 484	7 229	2 887	1 552	2 025	725
EBITDA margin (%)	16	**35**	44	57	47	34	37	19
Effective tax rate	17	**34**	39	30	36	33	37	19

The financial information above is in accordance with International Financial Reporting Standards.
The comparison above is given from F2004 which is when the current ARM was formed.
Various corporate transactions were entered into during the past seven years, therefore direct comparison is not always meaningful.
NR refers to figures not reported.









Definitions

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

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

Financial summary (US Dollar)

	Group						
	F2010 US$m	F2009 US$m	F2008 US$m	F2007 US$m	F2006 US$m	F2005 US$m	F2004 US$m
Income statement							
Sales	**1 452**	1 118	1 725	854	722	883	563
Headline earnings	**226**	257	550	168	72	55	7
Basic earnings per share (cents)	**113**	150	292	81	46	36	125
Headline earnings per share (cents)	**106**	121	261	81	35	27	5
Dividend declared after year-end per share (cents)	**26**	23	51	n/a	n/a	n/a	n/a
Statement of financial position							
Total assets	**3 682**	3 304	3 178	2 576	2 041	1 769	1 831
Cash and cash equivalents	**396**	455	340	150	61	43	57
Shareholders' equity	**2 416**	2 171	2 002	1 587	1 452	1 199	1 271
Statement of cash flows							
Cash generated from operations	**451**	739	709	352	194	267	97
Net cash outflow from investing activities	**306**	348	334	374	226	133	100
Net cash (outflow)/inflow from financing activities	**(96)**	(19)	(24)	217	140	(88)	41
JSE Limited performance							
Ordinary shares (cents)							
– high	**2 714**	3 217	4 205	1 917	816	612	696
– low	**1 542**	842	1 414	739	500	411	471
– year-end	**2 099**	1 683	3 576	1 747	674	511	543

Principal risks and uncertainties

The risks set out below represent selected issues that may impact on ARM's results and operations in the future.

For a detailed analysis of financial instruments and risk management issues refer note 37 to the financial statements, and for risk management procedures and processes refer to pages 160 to 161 of the corporate governance section.

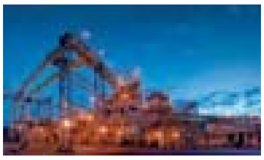
RISK	IMPACT	MITIGATION ACTION TAKEN BY ARM
Financial risk		
Commodity price volatility		
ARM's revenue, earnings and cash flows are dependent upon prevailing commodity prices determined by the supply of and demand for commodities, linked to global economic conditions.	Fluctuation in the commodity price for the range of commodities may have a material impact on ARM's financial results.	• Maintains a diversified portfolio of commodities. • Follows a general policy not to engage in commodity price hedging. • Constantly monitors commodity markets and matches production with market demand and commodity prices. • Focuses on containing and reducing operating expenses.
Fluctuations in currency exchange rates		
ARM's products are mostly sold in US Dollars.	Fluctuations in the exchange rate of the South African Rand against the US Dollar may have a material impact on ARM's financial results.	• Foreign exchange hedging is limited to specific items of capital expenditure on major projects. Rand movement provides both an opportunity and a risk.
Inflation/increased costs/cost control		
ARM is unable to directly set the prices it receives for the commodities it produces. Extraction and processing costs of raw materials and consumables, such as reductants, reagents, power, fuels, labour, transport and equipment, are susceptible to inflationary and supply and demand pressures.	ARM's ability to contain costs in an inflationary environment and maintain low cost efficient operations can have a significant impact on its profitability. The competitiveness of its products and its long-term profitability can negatively impact ARM's earnings.	• Ability to contain/reduce costs and maintain operational efficiency is a measure of the quality of ARM's operational management and asset stewardship. • Cost performance are key measures of management performance and operational efficiency. • Aim, by 2012, to be within the 50th percentile of the global cost curve (based on steady-state production). • Regular audits of operations identify potential inefficiencies.
Financing		
High debt levels, combined with a significant project pipeline could reduce ARM's ability to grow its operations and to take advantage of business opportunities.		• As a result of focus on cash conservation and debt reduction, ARM has a strong financial position with low gearing, which ensures ARM can proceed with funding key growth projects.
Operational risk		
ARM's operations are affected by the availability of raw materials, water and power. Other operating risks range from: unusual or unexpected geological features, ground conditions or seismic activity to technical failures, fires, explosions and other incidents at mines and smelters.	Any of these could adversely affect our ability to operate cost efficiently or meet production levels.	• An effective, well-developed and entrenched risk management process is in place. • Comprehensive and effective risk management remains an imperative at all levels within ARM and its operations. • An integrated approach to risk management not only helps to ensure appropriate corporate governance compliance, but also provides a practical and effective tool for the management of risk.
Health and safety		
Although ARM is not significantly exposed to deep level mining operations, mining remains a hazardous industry and is subject to extensive and increasingly more stringent health, safety and environmental legislation and regulations.	Failure to provide a safe working environment and/or non-compliance with legislation and regulation could impact negatively on employee safety, health, employee and community relations and profitability. Injury or loss associated with any safety breach, breach of regulations or non-compliance could damage ARM's reputation.	• The Group Sustainable Development Reporting Manager, reporting directly to the Chief Executive Officer, ensures oversight of the process. • ARM participates in industry forums in which health and safety best practices are shared with a view to improving performance in these areas. • Medical surveillance is performed in compliance with legislation. • Wellness programmes which create awareness and provide input on methods of treatment of chronic diseases (including Tuberculosis, sexually transmitted diseases and other HIV-related opportunistic infections) are run by each operation. • ARM has an advanced HIV and Aids Management Programme.
Environment		
The environmental challenges facing ARM include its impact on climate change. This impact is primarily through greenhouse gas emissions resulting from the generation of the energy it consumes and its use of reductants; biodiversity conservation and land management; resource management, in particular water and energy; emissions; dust from its operations; waste and tailings management; and closure planning and closed site management.	Estimated rehabilitation provisions based on the best information available and provided for over the life of our operations may subsequently need to be increased. This could impact on earnings.	• Water management is a priority at all ARM operations and of particular importance to sustain both our operations and the surrounding communities. • ARM's operations have environmental management programmes based on ISO 14001. • Integrated air quality management plans, including emission inventories are in place at the two smelters; both Cato Ridge and Machadodorp have emission reduction projects.

RISK	IMPACT	MITIGATION ACTION TAKEN BY ARM
Operational risk continued		
Project development		
ARM has a significant pipeline of growth projects which require strong project management skills.	Ineffective management of projects could result in cost overruns and delays.	• ARM's managed businesses have a proven track record of project delivery (on time and within budget).
Reserves and resources		
Mine reserves decline as commodities are extracted. There is also the possibility that some reserves cannot be mined as profitably as anticipated.	Exploitation of existing reserves; successful exploration and development activities and acquiring access to economically recoverable reserves are essential for ARM's future.	• Existing operations have substantial reserves that may be exploited via organic growth projects. • ARM continues to assess quality growth opportunities; actively focuses on opportunities to explore and develop new ventures to increase and diversify its portfolio of assets.
Security of energy supply		
ARM's mining operations, and more particularly, its ferromanganese and ferrochrome smelters, are intensive users of electricity. Electricity constraints have reduced the reliability of the energy supply in South Africa and increased prices.	The lack of a sustainable supply of energy may negatively impact on our ability to operate and influence future expansion prospects. The considerable increase in electricity costs in South Africa may affect our ability to contain costs.	• Energy efficiency plans have been implemented at all our operations. • ARM continues to explore potential co-generation opportunities.
Emission and climate change		
Climate change and weather-related events. Legislation relating to climate change is likely to result in restriction of industrial emissions, and the imposition of added costs for emissions that exceed permitted levels and increase costs for monitoring, reporting and accounting for emissions.	Climate change may result in weather-related events or other physical threats that may hamper production or damage assets. Failure to meet and exceed best practice for monitoring and reporting emissions could have a reputational impact on ARM and affect our ability to operate.	• Climate change issues are a priority for ARM management who are continually working to: – improve our understanding of ARM's carbon footprint; and – reduce the carbon intensity of our operations and activities. • Emission inventories are being compiled and monitored for all ARM smelters. • Every effort is being made to reduce our consumption of electricity by enhancing efficiency.
Social risk		
Community and corporate social investment		
ARM's operations and future projects can have an impact on communities in the vicinity in which we operate.	Support of local communities for our activities is essential for the successful completion of projects. Lack of community support could have a negative impact on productivity and consequently on profitability. Communities may become dependent on our operations.	• ARM's Corporate Social Investment (CSI) and Local Economic Development (LED) plans focus on the upliftment of historically disadvantaged communities in the vicinity of our operations with the aim of building capacity. • ARM strives to earn the trust of local communities through extensive stakeholder engagement with these communities. • ARM uses its investment in local communities to enhance the socio-economic capacity of the communities in which it operates, and to avoid them becoming dependent on ARM's operations after closure.
Labour relations		
From time to time our operations experience limited work stoppages and industrial action.	Work stoppages result in production interruptions and could have a material impact on ARM's financial results.	• The majority of ARM's workforce is unionised. ARM has and actively seeks to foster good relations with employees and unions.
Key employees		
The loss of key employees.	This could have an adverse effect on the Group. As we develop and expand, our future success will depend on our ability to attract and retain highly skilled and qualified personnel.	• ARM aims to be the employer of choice in its industry. Levels of remuneration are regularly and aggressively benchmarked against peers. ARM makes a concerted effort to retain and manage the Group's talent pool. In 2010, ARM spent an equivalent of 3.5% of its salary spend on training and skills development. • Learnerships, primarily focusing on technical disciplines, increased to 216 in 2010 with the aim of increasing the skills levels of employees. • ARM's graduate training programme is an important part of human resource development strategy. Bursaries and study assistance allowances for graduates were provided to 125 people in 2010.

Operational summary

ARM Platinum

Modikwa (100% basis)		F2010	F2009	%
PGMs in concentrate	Ounces	**339 623**	348 866	(3)
Cash cost	R/kg	**137 241**	160 507	(14)
EBITDA margin	%	**28**	(18)	



Two Rivers (100% basis)		F2010	F2009	%
PGMs in concentrate	Ounces	**296 760**	246 295	20
Cash cost	R/kg	**134 213**	136 288	(2)
EBITDA margin	%	**39**	(10)	

Nkomati (100% basis)		F2010	F2009	%
Contained nickel	Tonnes	**9 666**	4 495	115
Chrome ore/concentrate sold	000t	**816**	712	15
C1 cash cost net of by-products	US$/lb	**3.26**	2.48	32
EBITDA margin	%	**35**	10	

ARM Ferrous

Iron ore (100% basis)		F2010	F2009	%
Sales tonnes	000t	**9 799**	7 409	32
Change in costs compared to previous year	%	**(6)**	(7)	
EBITDA margin	%	**50**	70	

Manganese ore (100% basis)		F2010	F2009	%
Sales tonnes (excluding intra-group sales)	000t	**3 095**	2 152	44
Change in costs compared to previous year	%	**20**	19	
EBITDA margin	%	**45**	81	

Manganese alloys (100% basis)		F2010	F2009	%
Sales tonnes (excluding intra-group sales)	000t	**238**	177	103
Change in costs compared to previous year	%	**13**	38	
EBITDA margin	%	**23**	62	

Charge chrome (100% basis)		F2010	F2009	%
Sales tonnes	000t	**189**	144	31
Change in costs compared to previous year	%	**16**	37	
EBITDA margin	%	**0.2**	21	

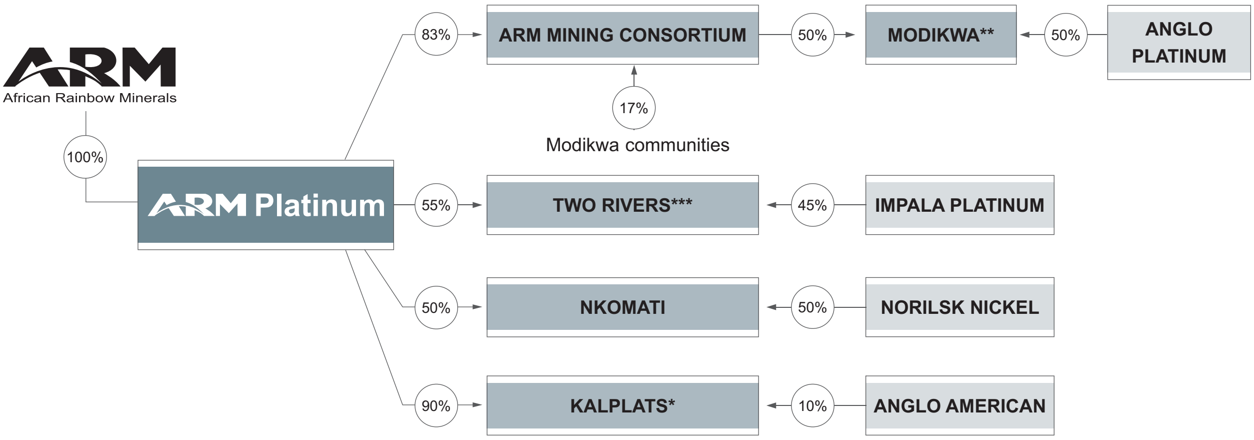
ARM Coal

Thermal coal (Attributable)		F2010	F2009	%
Total sales	Mt	**4**	4	(3)
On-mine saleable cost	R/tonne	**195**	228	(15)
Operating margin	%	**31**	38	

ARM Platinum

Steve Mashalane Chief Executive: ARM Platinum

Divisional structure



* *Platinum Australia earned in 12% ownership on completion and approval of the prefeasibility study. The transfer of this ownership is awaiting approval from the Department of Mineral Resources. Platinum Australia will earn up to 49% on completion of a bankable feasibility study. In the event that the JV acquires Anglo American's 10%, Platinum Australia has the right to acquire 49% of the acquired 10%.*

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

*** *ARM shareholding in Two Rivers will reduce to 51% once the transfer of the Kalkfontein portions 4, 5 and 6 and Tweefontein prospecting rights has been effected.*

Geography and locality

Scorecard

F2010 objectives	F2010 performance	F2011 objectives
Modikwa		
Achieve 350 000 6E Platinum Group Metals (PGM) oz (4E: 310 000 oz). Focus on moving down on the global PGM cost curve.	Achieved 339 623 6E PGM oz. Modikwa is now below the 50% quartile on the global PGM cost curve.	Achieve 360 000 6E PGM oz. Continue to focus on cost containment.
Initiate feasibility study on appropriate scenario of the modular and incremental increase of production.	Feasibility study complete.	Complete bankable feasibility study to increase production.
Two Rivers		
Improve concentrator plant recoveries, increase 6E PGM production to 260 000 oz. Focus on moving down on the global PGM cost curve.	Concentrator plant recoveries improved substantially from 72% to 80%. 6E PGM ounces increased to 296 760 ounces. Two Rivers remains below the 50% quartile on the global PGM cost curve.	Achieve 300 000 6E PGM oz. Continue to focus on cost containment.
Nkomati		
Improve recoveries on the 100 ktpm plant.	Recoveries remained constant. This plant was stopped on 30 June 2010 for the upgrade to the 250 ktpm PCMZ plant.	Commission the 250 ktpm PCMZ plant by December 2010.
Operate 375 ktpm plant at steady state by end of F2010.	Successfully commissioned the 375 ktpm plant, resulting in a 163% increase in tonnes milled. Ramp-up on this plant is continuing.	Improve recoveries on the 375 ktpm plant.
Enter into nickel off-take agreement for full production.	Full nickel off-take agreement entered into with Metal Trade Oversees (MTO).	Secure off-take agreements for PCMZ chrome concentrate.
Sales of 550 000 tonnes of chrome for F2010 (includes 230 000 tonnes of concentrate) depending on grade requirement from market.	Sold 816 016 tonnes of chrome (including 313 735 tonnes of concentrate).	Chrome sales of 650 000 tonnes, including 460 000 tonnes of concentrate.
Kalplats		
Assessment of feasibility study.	Reviewed pre-feasibility study completed by PLA in January 2010.	External review of bankable feasibility study.

6E includes platinum, palladium, rhodium, gold, ruthenium and iridium. 4E includes platinum, palladium, rhodium and gold.

Operational overview – attributable to ARM

		F2010	F2009	% change	Operational target F2011
Modikwa – PGM production	Ounces 6E	**169 812**	174 433	(3)	→
Two Rivers – PGM production	Ounces 6E	**163 218**	135 462	20	→
Nkomati Nickel Mine					
Nickel	Tonnes	**4 833**	2 247	115	↗
PGMs	Ounces	**26 286**	13 374	97	↗
Copper	Tonnes	**2 605**	1 134	130	↗
Chrome ore sold	000t	**251**	331	(24)	↙
Chrome concentrate sold	000t	**157**	25	516	↗
ARM Platinum PGM production (including Nkomati)	Ounces	**359 316**	323 259	11	↗
ARM Platinum cash operating margin	%	**36**	(5)		
Headline earnings/(loss) contribution to ARM	R million	**521**	(319)		

ARM Platinum continued

Review of the year

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

The increase in commodity prices was offset by the strengthening of the Rand against the US Dollar from R9.03/$ to R7.59/$, resulting in the basket prices for both Modikwa and Two Rivers remaining similar at R225 865/PGM oz and R247 323/PGM oz respectively. Realising the debtors at 30 June 2009 did, however, result in a positive adjustment of R50 million, as reported in December 2009.

Modikwa Platinum Mine

Modikwa's tonnes milled decreased by 8% due to the restructuring of the mining plan. This decrease was partially offset by a 5% improvement in the built-up head grade as a result of improved mining and discontinuing of the Merensky trial mining, resulting in metal in concentrate being marginally lower at 339 623 PGM ounces. The unit cost decreased by 10% to R639 per tonne milled, whereas Rand unit cost per 6E PGM ounce decreased by 14% to R4 269. This has moved Modikwa substantially down the unit cost curve and is well within the 50th percentile.

Two Rivers Platinum Mine

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

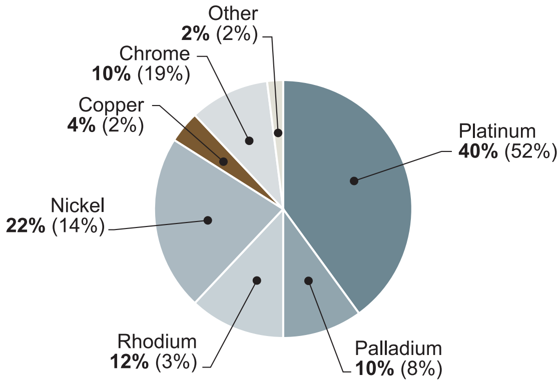
The earnings of Two Rivers were negatively affected by interest charged on the shareholders' loans from ARM and Implats. Interest was charged at a rate of 8% per annum as at 30 June 2010 (F2009: 11.5%).

Nkomati Mine

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

F2010 ARM Platinum revenue contribution per commodity (100% basis)

(F2009 comparative in brackets)



The Nkomati management team is currently addressing problems with the variability of the open-pit ore feed into the plant. The variability in the hardness of the rock is resulting in fragmentation, crushing and flotation challenges at the mine.

Nkomati underground ore has not experienced such variability problems, and it is likely that this will be a two to three-year concern, due to the proximity of the ore to surface.

Short-term contingency plans have been implemented and research is being conducted to find a sustainable long-term solution. This is likely to have an impact on the production costs in the medium term and could potentially increase the C1 cash cost net of by-products cost to US$3.80/lb.

The 100 ktpm plant was stopped on 30 June 2010, in preparation for the upgrade to the 250 ktpm PCMZ plant, due for commissioning in December 2010.

Mining rights status

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

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

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

Safety

ARM Platinum's dedicated focus on creating a safe and healthy workplace has led to two of the operations achieving significant milestones during F2010.

Modikwa achieved 52 months fatality-free on 12 August 2010 and reached 6 million consecutive fatality-free man shifts worked on 2 December 2009; a remarkable achievement in the industry. The Lost Time Injury Frequency Rate (LTIFR) was reported at 1.1 on the same level as F2009.

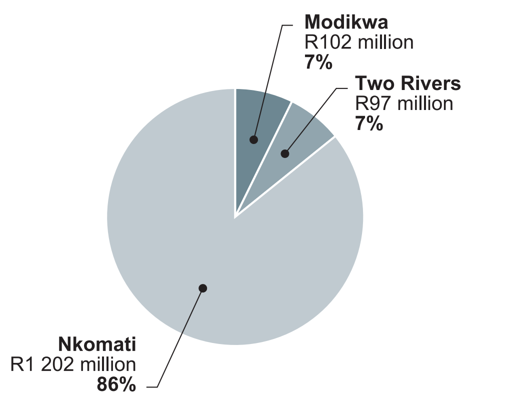
During January 2010, Two Rivers surpassed 1.5 million fatality-free shifts, and realised a LTIFR of 0.6 for the year, on the same level as F2009.

Nkomati attained 1 million fatality-free shifts on 16 April 2010, and achieved a LTIFR of 0.5 (F2009: 0.2).

Capital expenditure

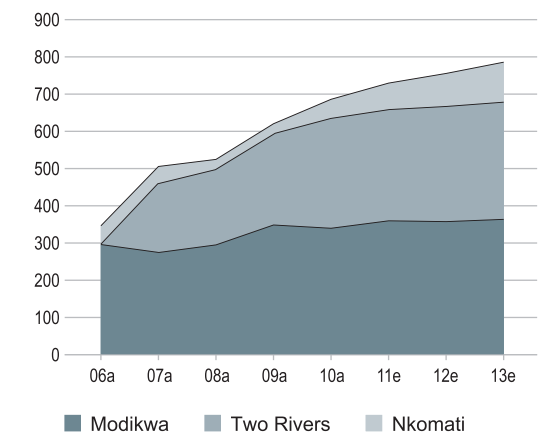
The capital expenditure at ARM Platinum was R1.4 billion (R749 million attributable) of which 86% was spent on the Nkomati Expansion Project. The capital spent at Two Rivers and Modikwa was largely to sustain operations. Decline extensions and ore reserve development recommenced during F2010 at both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

F2010 ARM Platinum capital expenditure
(100% basis)

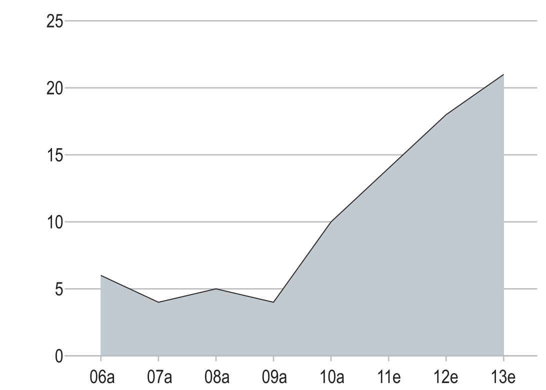


ARM PLATINUM VOLUMES FROM 2005 TO 2013

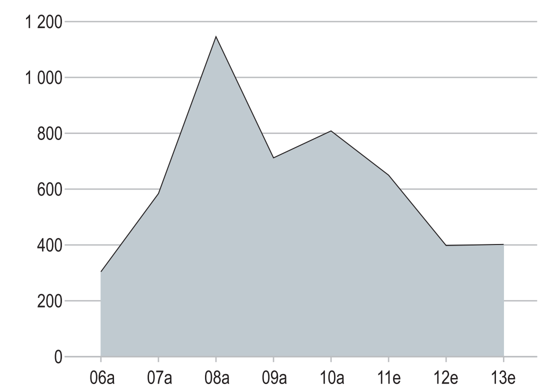
ARM PGM production
(100% basis) (000oz)



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



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



ARM Platinum continued

Modikwa Platinum Mine development end drilling

Market review

The global economy seems to be recovering, albeit at a moderate pace. PGM demand appears likely to increase, but uncertainty remains in the automotive and industrial sectors. With the exception of the Nkomati expansion, production levels are expected to remain constant for F2011.

Platinum

The platinum markets moved into surplus in 2009 from a deficit of 220 000 in 2008. The surplus was due mainly to a softening in automotive and industrial demand which dropped 39% to 2.23 million in 2009. This was partially offset by an increase in jewellery demand and the booming Chinese domestic economy. Identifiable physical investment demand for platinum increased by 18.9% in 2009 to 660 000 ounces. Despite purchasing of large bars in Japan being weaker than in 2008, total holdings of metal within the European Exchange Traded Funds (ETFs) rose substantially following their decline in the second half of the previous year.

Gross purchases of platinum for jewellery manufacture climbed by 46.1% in 2009 to 3.01 million ounces worldwide. The reduced price of platinum led to a fall in recycling of scrap jewellery by 18.7% to 565 000 ounces, resulting in net global demand of 2.445 million ounces, a rise of 79.1%. In China, the booming economy and a lower average platinum price (compare to 2008) boosted gross demand to a record 2.08 million ounces. The rebuilding of stocks of metal and finished jewellery throughout the trade contributed to the increase.

The supply of platinum remained largely unchanged, decreasing by 0.3% relative to 2008.

The price of platinum rose soundly throughout F2010 but declined in mid-May 2010. ARM Platinum achieved an average price of US$1 453/oz during F2010 (F2009: US$1 148/oz), with the highest price (US$1 752/oz) occurring on 26 April 2010. Concerns linger over the slow recovery of the global economy; nonetheless, the platinum market seems to return closer to balance as demand grows. We foresee a deficit in the 2010 calendar year that will persist due to supply constraints.

Palladium

Palladium demand in the automotive sector declined worldwide, with the exception of China, resulting in the market remaining in oversupply. The weakened demand requirement in the jewellery, electronics and dental sectors was offset by the increase in investment demand mainly due to the behaviour of ETF investors. The average price achieved by ARM Platinum for F2010 was US$393/oz (F2009: US$239/oz). Demand seems certain to increase in most sectors, deriving from the prospects of economic recovery.

Rhodium

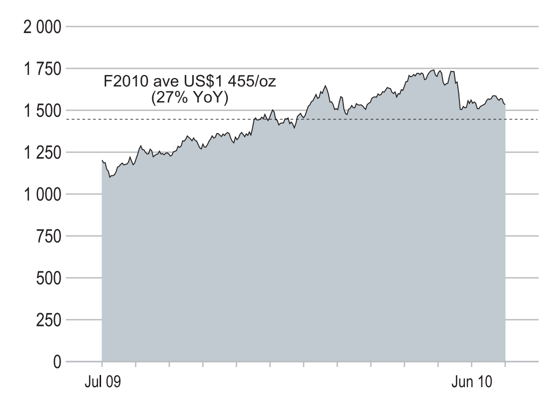
Rhodium was in surplus as a result of weak automotive purchasing and extensive destocking; however, the price performed robustly throughout F2010, only weakening during May 2010. ARM Platinum sold rhodium at an average price of US$2 173/oz (F2009: US$2 620/oz). Demand for rhodium remains greatly dependent on the automotive industry. This is gradually recovering, though it is improbable that vehicle output will reach pre-crisis levels in most regions in the short term.

Nickel

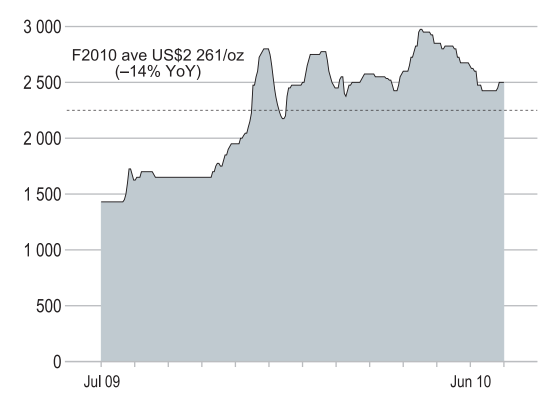
Both demand and supply of nickel declined during the first six months of F2010, while stocks at the LME built up steadily. Nickel demand improved during the last six months of F2010 as a result of the recovery in the automotive and steel markets. As demand for nickel increases across the globe, production is likely to follow suit. The average price achieved by ARM Platinum increased by 52% to US$20 285/t (F2009: US$13 312/t). The nickel market is anticipated to be in oversupply for the next two years. This is, however, expected to be offset by the expected growth in the automotive industry, with prices likely to remain stable at current levels.

PLATINUM PRICING TRENDS FOR F2010 (JULY 2009 TO JUNE 2010)

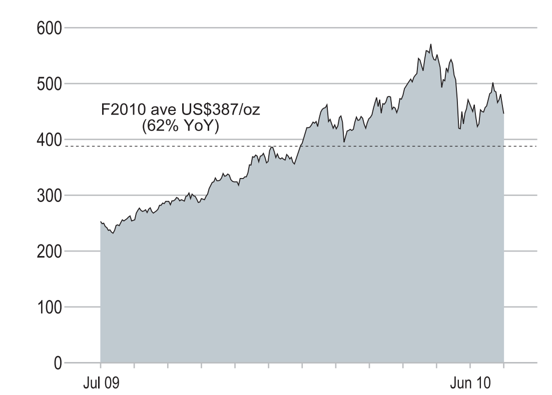
Platinum*
(US$/oz)



Rhodium*
(US$/oz)



Palladium*
(US$/oz)



Nickel*
(US$/t)

** Source: Inet Bridge*

ARM Platinum continued

Modikwa Platinum Mine

Management:	The mine is jointly managed, via a joint management committee, between Anglo Platinum and ARM.					
Reserves and resources: (100% basis)		**Measured and Indicated Resources**		**Proved and Probable Reserves**		
		Mt	**g/t 4E**	**Mt**	**g/t 4E**	**Moz**
	UG2	149.01	5.86	47.57	4.94	7.55
	Merensky	72.00	2.78	–	–	–
	4E = Platinum + Palladium + Rhodium + Gold					
Refining:	All metal produced is smelted and refined by Anglo Platinum.					
Total labour:	4 584 (includes 860 contractors)					

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

100% Basis		**F2007**	**F2008**	**F2009**	**F2010**	**F09/10 % change**
Metal production						
Platinum	Ounces	124 121	133 890	136 083	**131 502**	(3)
Palladium	Ounces	121 245	129 872	132 110	**128 863**	(2)
Rhodium	Ounces	25 238	27 089	27 518	**27 299**	(1)
Gold	Ounces	3 570	3 870	3 836	**3 384**	(12)
Ruthenium	Ounces	35 845	38 899	39 664	**38 952**	(2)
Iridium	Ounces	8 674	9 443	9 654	**9 623**	
PGMs	Ounces 6E	318 692	343 062	348 866	**339 623**	(3)
Nickel	Tonnes	674	768	753	**663**	(12)
Copper	Tonnes	413	478	460	**410**	(11)
Operational statistics						
Tonnes milled	Mt	2.32	2.46	2.46	**2.27**	(8)
Head grade	g/t 6E	5.11	5.22	5.25	**5.53**	5
Average number of own employees	Number	3 837	4 186	3 880	**3 724**	(4)
Average number of contractors	Number	1 710	2 236	835	**860**	3
Financial indicators						
Cash cost	R/tonne	476	538	708	**639**	(10)
Cash cost	R/Pt oz	8 917	9 882	12 798	**11 025**	(14)
Cash cost	R/PGM oz 6E	3 389	3 857	4 992	**4 269**	(14)
Cash cost	R/kg 6E	108 943	123 995	160 507	**137 241**	(14)
Basket price	R/kg 6E	251 476	341 356	227 006	**225 865**	(1)
Net sales revenue	R million	2 029	3 161	1 456	**2 115**	45
Cash operating cost	R million	1 080	1 323	1 742	**1 450**	(17)
Cash operating (loss)/profit	R million	923	1 837	(286)	**665**	
Cash operating margin	%	47	58	(20)	**31**	
Capital expenditure	R million	204	379	368	**102**	(72)

Refer to page 211 for Modikwa Platinum Mine segmental information.

Two Rivers Platinum Mine

Management:	The mine is managed by ARM.					
Reserves and resources: (100% basis)		**Measured and Indicated Resources**		**Proved and Probable Reserves**		
		Mt	**g/t 4E**	**Mt**	**g/t 4E**	**Moz**
	UG2	55.65	4.67	35.92	3.54	4.09
	Merensky	18.70	3.55			
	6E = Platinum + Palladium + Rhodium + Ruthenium + Iridium + Gold					
Refining:	All metal produced is smelted and refined by Implats subsidiary, Impala Refining Services Limited (IRS).					
Total labour:	2 740 (includes 2 031 contractors)					

100% Basis		F2007	F2008	F2009	F2010	F09/10 % change
Metal production						
Platinum	Ounces	87 934	98 621	118 023	**140 908**	19
Palladium	Ounces	50 479	56 411	67 390	**81 587**	21
Rhodium	Ounces	14 501	16 130	19 136	**23 634**	24
Gold	Ounces	1 190	1 301	1 627	**1 909**	17
Ruthenium	Ounces	24 342	27 683	32 577	**39 235**	20
Iridium	Ounces	5 651	6 345	7 541	**9 487**	26
PGMs	Ounces 6E	184 099	206 491	246 295	**296 760**	20
Nickel	Tonnes	250	298	365	**438**	20
Copper	Tonnes	118	143	190	**219**	15
Operational statistics						
Tonnes milled	Mt	2.04	2.37	2.62	**2.92**	12
Head grade	g/t 6E	4.24	4.00	4.10	**3.95**	(4)
Average number of own employees	Number	479	583	774	**709**	(8)
Average number of contractors	Number	1 445	1 612	2 078	**2 031**	(2)
Financial indicators						
Cash cost	R/tonne	246	340	399	**425**	6
Cash cost	R/Pt oz	5 724	8 161	8 846	**8 792**	(1)
Cash cost	R/PGM oz 6E	2 734	3 898	4 239	**4 174**	(2)
Cash cost	R/kg 6E	87 906	125 319	136 288	**134 213**	(2)
Basket price	R/kg 6E	268 928	362 935	246 680	**247 323**	
Net sales revenue	R million	1 408	2 362	1 022	**2 098**	105
Cash operating cost	R million	425	805	1 044	**1 239**	19
Cash operating (loss)/profit	R million	945	1 485	(83)	**837**	
Cash operating margin	%	69	63	(8)	**40**	
Capital expenditure	R million	464	357	346	**97**	(72)

Refer to page 211 for Two Rivers Platinum Mine segmental information.

ARM Platinum continued

Nkomati Mine

Management:	The mine is managed as a 50:50 unincorporated joint venture with Norilsk Nickel Africa (Pty) Limited.					
Reserves and resources: (100% basis)		**Measured and Indicated Resources**		**Proved and Probable Reserves**		
		Mt	**Ni%**	**Mt**	**Ni%**	
	Nickel	266.03	0.34	129.51	0.34	
		Mt	**Cr_2O_3%**	**Mt**	**Cr_2O_3%**	
	Chrome	2.00	31.63	2.00	31.63	
		Mt	**g/t 4E**	**Mt**	**g/t 4E**	**Moz**
	PGMs	266.03	0.84	129.51	0.87	3.62
	4E = Platinum + Palladium + Rhodium + Gold					
Refining:	All metal is smelted and refined by Metal Trade Oversees (MTO).					
Total labour:	2 923 (includes 2 100 contractors)					

100% Basis		**F2007**	**F2008**	**F2009**	**F2010**	**F09/10 % change**
Metal Production						
Nickel	Tonnes	4 418	5 136	4 495	**9 666**	115
Copper	Tonnes	2 788	2 605	2 268	**5 210**	130
Cobalt	Tonnes	208	276	244	**578**	137
PGMs	Ounces	46 101	40 813	26 727	**52 574**	97
Chrome ore sold	000t	584	1 146	661	**502**	(24)
Chrome concentrate sold	000t	–	–	51	**314**	516
Operational Statistics						
Tonnes milled	Thousand	318	1 070	1 259	**3 308**	163
Head grade	% nickel	1.57	0.70	0.54	**0.45**	(17)
Average number of own employees	Number	254	306	560	**823**	47
Average number of contractors	Number	1 362	1 190	2 060	**2 100**	2
Financial Indicators						
Nickel on-mine cash cost per tonne treated	R/tonne	503	339	389	**242**	(38)
Cash cost net of by-products	US$/lb	(1.10)	(4.45)	2.48	**3.26**	32
Net sales revenue	R million	1 404	1 996	1 086	**2 439**	124
Cash operating cost	R million	180	363	490	**801**	64
Cash operating (loss)/profit – Total	R million	1 011	1 192	181	**916**	407
Cash operating (loss)/profit – Nickel mine	R million	934	518	(253)	**584**	
Cash operating (loss)/profit – Chrome mine	R million	77	674	433	**332**	(23)
Cash operating margin	%	71	60	17	**38**	126
Average nickel price	US$/t	37 929	28 507	13 312	**20 285**	52
Capital expenditure	R million	398	584	1 756	**1 202**	(32)

Refer to pages 209 to 210 for Nkomati Nickel Mine segmental information.

Nkomati Nickel Large Scale Project update

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

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

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

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

Nkomati Mine open-pit

Nkomati open-pit blast hole drilling

Nkomati PCMZ chrome spiral plant

ARM Platinum continued

NKOMATI NICKEL LARGE SCALE PROJECT UPDATE

Total nickel in concentrate: 20 500 tpa
Average grade: 0.35% Ni; total plant capacity: 625 000 tpm

PCMZ nickel in concentrate: 5 000 tpa
Average grade: 0.25% Ni
PCMZ plant: 250 000 tpm

MMZ nickel in concentrate: 15 500 tpa
Average grade 0.45% Ni
MMZ plant: 375 000 tpm

Chrome: a significant value contributor

- ±500 000 tpa chrome (market dependent)

Other by-products include:

- 110 000 ounces of PGM (Pt:Pd 1:2.7)
- 10 000 tpa copper
- 300 tpa cobalt

Project released September 2007 → **Opencast mine expected to produce at a steady state C1 cash cost of $3.80/lb** → **Ramp-up: 2009 Full production: 2013**

Capital cost of R3.7 billion 90% committed, shareholders to contribute balance of funding requirement

Kalplats PGM Exploration Project

Management	Both projects are currently managed by PLA.	
Reserves and resources (100% basis)	**Measured and Indicated Resources**	
	Mt	**g/t 3E**
	64.95	1.49
	3E = Platinum + Palladium + Gold	

Nkomati secondary ball mill of the PCMZ plant

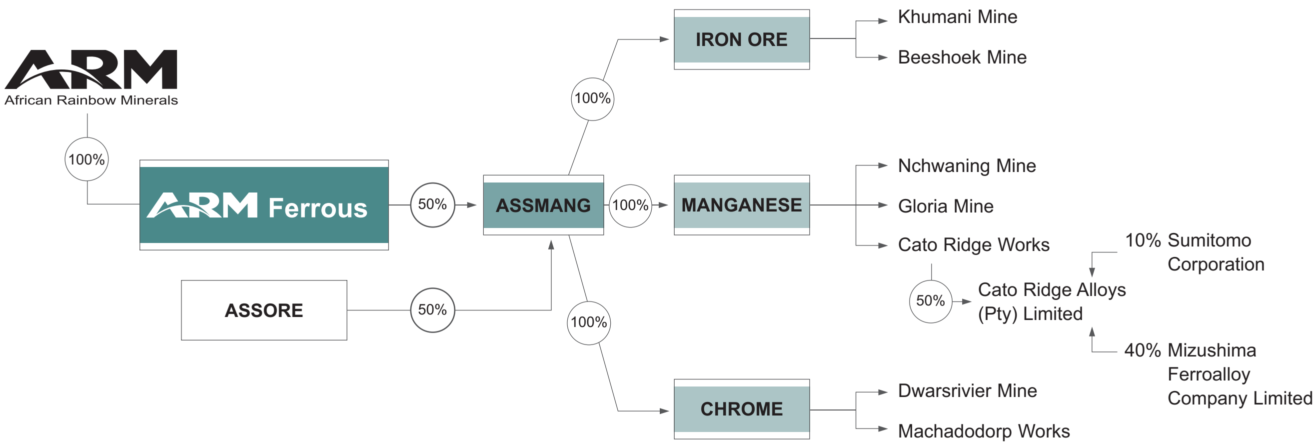
Kalplats PGM Exploration Project

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

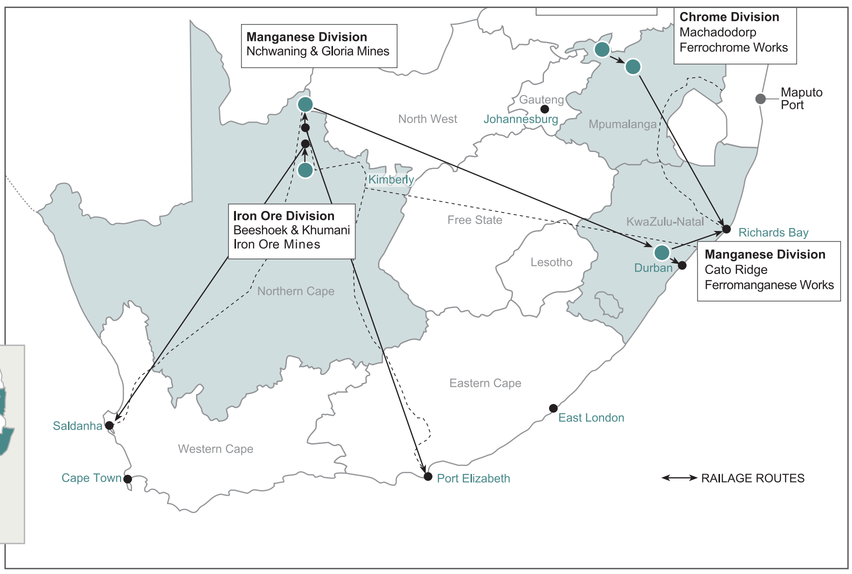
ARM Ferrous

Jan Steenkamp Chief Executive: ARM Ferrous

Divisional structure



Geography and locality



Scorecard

F2010 objectives	F2010 performance	F2011 objectives
Iron ore		
Achieve 10 mtpa production at Khumani mine.	The Khumani Mine has ramped up to 10 mtpa capacity.	Continue with the construction of the 16 mtpa Khumani Mine.
Continue expanding Khumani Mine, ensuring project remains on time and within budget.	Construction progressed well and ahead of schedule.	Project construction to continue on budget and ahead of schedule.
Finalise the Transnet contract for the additional 4 mtpa export allocation.	Contract reviewed with Transnet in the process of finalisation.	Agreement to be signed.
Explore options for Beeshoek Mine in terms of local market opportunities.	Options identified.	Options to be evaluated and final decisions to be made.
Investigate expansion of the Saldanha export capacity from 60 mpta to 93 mtpa, including export of manganese ore.	Industry and Transnet forum has been established and consultants appointed to complete pre-feasibility.	Conclude study and evaluate the viability for ARM Ferrous to invest in further expansion.
Manganese		
Finalise manganese export contract with Transnet to commence in November 2009.	Contract finalised for export of manganese ore through the port of Port Elizabeth until March 2013.	As above for the expansion of capacity through the port of Saldanha Bay that will include manganese ore.
Complete construction of the new 5 mtpa ore processing plant at Nchwaning Mine.	Completed on time and on budget	Optimise utilisation of new plant.
Re-evaluation of economic viability of additional furnace (No 7), and finalisation of Environmental Impact Assessment (EIA) process.	Viability study completed.	Finalise options for future ferromanganese expansion.
Chrome		
Commence process of converting Dwarsrivier Chrome Mine from contractor operator to owner operator.	Completed.	Establish the ARM culture of operating.
Convert ferrochrome furnace No 5 to a ferromanganese furnace.	Conversion construction completed.	Produce 40 000 tonnes per annum of ferromanganese from the newly converted furnace.
		Investigate the conversion of an additional two ferrochrome furnaces to ferromanganese.

New Nchwaning processing plant

ARM Ferrous continued

Operational overview – attributable to ARM

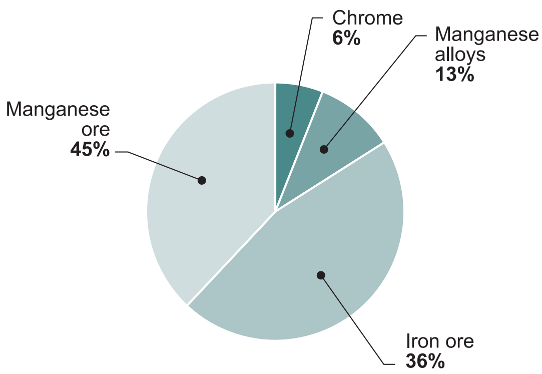
Sales volumes		F2010	F2009	% change	Operational target F2011
Manganese ore	000t	**1 548**	1 076	43	→
• Nchwaning*	000t	**1 172**	794	48	→
• Gloria*	000t	**376**	282	33	→
Ferromanganese	000t	**119**	59	101	↗
Iron ore		**4 900**	3 704	32	↗
• Khumani	000t	**4 466**	2 908	53	↗
• Beeshoek	000t	**434**	796	(45)	→
Chrome					
• Dwarsrivier chrome ore*	000t	**136**	128	6	↗
• Machadodorp charge chrome	000t	**94**	72	30	↗
ARM Ferrous operating margin (%)	%	**31**	63	(50)	
ARM Ferrous cash operating margin (%)	%	**38**	68	(44)	
Headline earnings attributable to ARM (R million)	R million	**1 364**	3 150	(57)	

** Excludes intra-company sales.*

Review of the year

The ARM Ferrous Division experienced a challenging year in 2010 with reported headline earnings declining 57% to R2.7 billion from R6.3 billion in 2009. Despite these market conditions, which were especially pronounced in the first half of the year under review, ARM Ferrous achieved increased sales volumes across all commodities. The decrease in headline earnings was due mainly to lower realised US Dollar commodity prices across all ferrous products as well as a 16% strengthening of the Rand versus the US Dollar. Realised prices decreased in US Dollar terms for iron ore (14%), manganese (57%), ferromanganese (49%) and ferrochrome (17%) when compared to the 2009 financial year.

F2010 ARM Ferrous revenue per commodity
(100% basis)



Assmang cost and EBITDA margin performance

Commodity group	% change F2010 vs F2009 cost increase/ (decrease)	F2010 EBITDA margin %
Iron ore	**(6.0)**	**50.9**
Manganese ore	**20.1**	**45.6**
Manganese alloys	**13.6**	**23.9**
Charge chrome	**16.8**	**0.2**

** Shows R/tonne produced.*

Iron ore

The Iron Ore Division achieved a 32% increase in sales volumes to 9.8 million tonnes as the Khumani expansion continued to ramp-up production to 10 mtpa. The Beeshoek Mine reduced production as planned with sales from Beeshoek reducing by 45% to 867 000 tonnes for the local market. Regardless of the overall increase in iron ore sales volumes, revenue decreased marginally to R4.9 billion (from R5.0 billion in 2009) mainly as a result of lower realised Rand iron ore prices. There was a notable improvement in realised prices in the second half of the financial year under review with iron ore prices increasing approximately 42% during this period.

The iron ore operations achieved a decrease in unit production costs of 6% as a result of increased production at Khumani.

The Khumani expansion to 16 mtpa continued ahead of schedule with approximately R2.2 billion of the R6.7 billion planned capital expenditure spent as at 30 June 2010. The expansion is expected to be completed within budget. Ramp-up of the expansion has been planned to coincide with the expansion of the Transnet Saldanha export channel from 47 mtpa to 60 mtpa in the 2012 calendar year. ARM is in the final stages of concluding an agreement with Transnet for an additional 4 mtpa of export capacity from this expansion.

Manganese

Manganese sales volumes increased 44% to 3.1 million tonnes. Production volumes decreased by 37% as planned with the increased sales achieved from inventory which was accumulated in the 2009 financial year as part of a restocking strategy.

Average realised US Dollar manganese prices decreased by 57% which significantly impacted EBITDA margins which reduced from 81% to 46%.

On-mine production unit costs at the manganese operations increased above inflation as a result of the lower production. Off-mine costs also increased as a result of higher logistics costs arising from increased use of road transportation. ARM has secured additional export capacity for manganese ore through the Durban and Richards Bay ports due to limited capacity through the Port Elizabeth port. Transportation to the Richards Bay port included road transportation at a significantly higher cost.

The manganese alloy operations increased sales volumes significantly in the current year driven by improved demand in the steel markets, especially in the second half of the year. In 2009, approximately 40% of the furnace capacity was shut down due to a significant decline in demand. Sales volumes in F2010, however, increased 103% to 238 thousand tonnes returning close to F2008 pre-crisis levels.

Increased costs put pressure on operating margins for manganese alloys with an increase in electricity costs being the main reason for a 13.6% increase in unit production costs. On 24 February 2010, the National Energy Regulator of South African (NERSA) approved a 24.8% increase in electricity tariffs commencing on 1 April 2010. NERSA approved further consecutive annual increases of 25.8% and 25.9% commencing on 1 April 2011 and 2012 respectively. The price paid for electricity also rose due to increased winter tariffs. Electricity comprises approximately 20% of total manganese alloy production costs and it is expected that the 2011 and 2012 electricity tariff increases will continue to put upward pressure on manganese alloy costs.

Above inflation production costs were also as a result of an increase in reductant costs.

In the current year, ARM together with its joint venture partner Assore, undertook to increase manganese alloy capacity by converting furnace No 5, at Machadodorp, from a ferrochrome to a ferromanganese furnace. The capital expenditure for the conversion was R68 million. The converted furnace has the capacity to produce up to 40 thousand tonnes of ferromanganese per annum.

Chrome

The performance of the Chrome Division continued to be negatively affected by weaker conditions in the stainless steel markets. Stainless steel markets have been relatively slow to recover lagging steel markets. In addition to low demand in the stainless steel market, the ferrochrome market was characterised by over-supply. As a result of this reduced demand, the Machadodorp ferrochrome smelter operated at an average 70% of capacity for the 2010 year.

The reduced production of ferrochrome coupled with the increase in the cost of electricity (as explained above) together with higher reductant costs led to an increase of 16.8% in the unit production costs at the ferrochrome operation. EBITDA margins for this operation were reduced to 0.2% from 21% in 2009.

Mining rights status

The Khumani Mine is operating under a new order mining licence and is in the process of updating its licence to operate the mine at 16 mtpa.

The application for the conversion of the manganese mines old order mining licence was approved by the DMR in the latter part of the 2010 calendar year. This conversion is in the process of being notarially executed.

The Dwarsrivier Mine's application was submitted well in advance of the 1 May 2010 deadline. No final approval has been received from the DMR to date.

Safety and health

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

ARM Ferrous continued

Mine achieved 7 000 fatality-free production shifts in the DMR competition on 2 August 2009.

Khumani Iron Ore Mine was the winner and Cato Ridge Works was the runner-up in the 'Excellence in Safety' competition during the financial year 2010.

Logistics

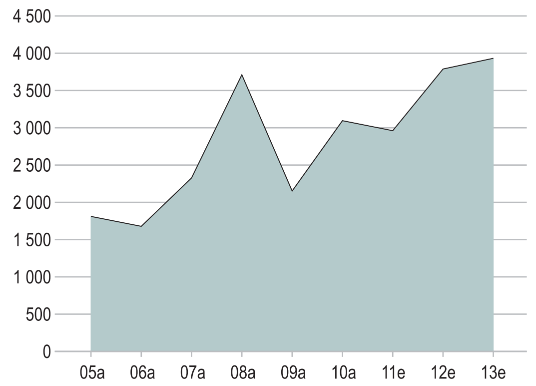
ARM Ferrous rail capacity throughput for iron ore exports was negatively affected by a Transnet strike that occurred during May 2010.

ARM Ferrous is in the final stages of concluding an agreement with Transnet to increase its iron ore export capacity from 10 mtpa to 14 mtpa as part of the expansion of the Saldanha export channel. This expansion is expected to be completed in the 2012 calendar year.

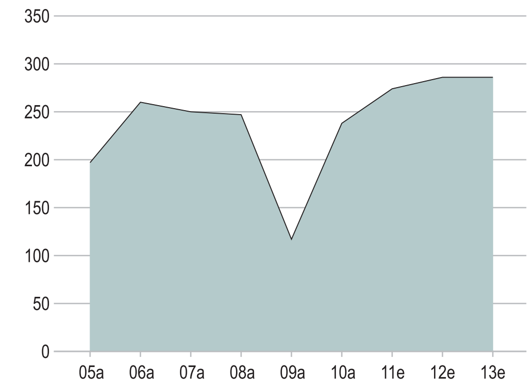
South African iron ore producers and manganese ore producers have embarked on a joint project with Transnet to investigate the further expansion of the Saldanha export channel to beyond 60 mtpa. The expansion of the rail line and port facility will enable ARM Ferrous to significantly increase iron and manganese ore exports through Saldanha Port.

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

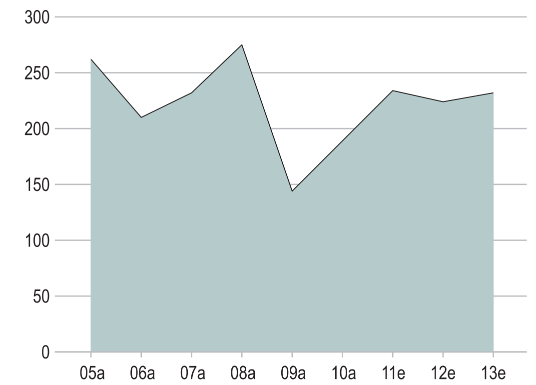
Manganese ore*
(000t)



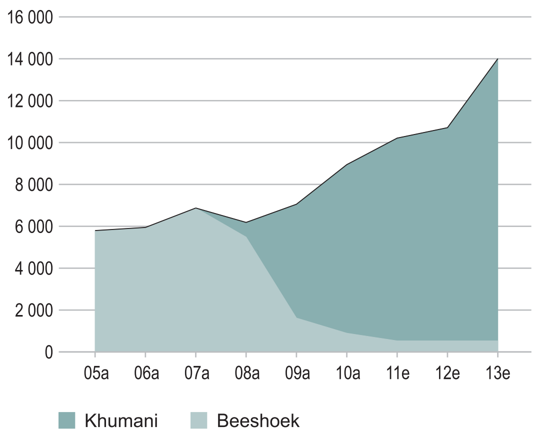
Ferromanganese
(000t)



Charge chrome
(000t)



Iron ore
(000t)



** Excluding intra-group sales.*

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

Capital expenditure

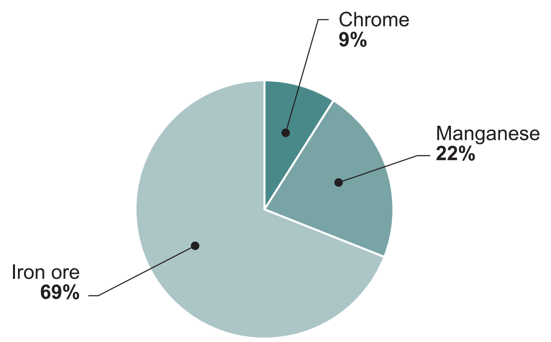
Capital expenditure increased 20% to R3.3 billion in 2010. The major portion of this capital expenditure was spent on ongoing infrastructure development for the Khumani expansion to 16 mtpa. This amounted to R2.1 billion. The project continues to progress on time and is currently well within budget.

In the period under review R305 million was spent on the construction of the new beneficiation plant at Nchwaning Mine. The plant capacity was increased from 3 mtpa to 5 mtpa. The plant was commissioned in May 2010.

R63 million was spent on development at Nchwaning Mine and R258 million on rebuilding furnaces at the Cato Ridge Works and Machadodorp Works. The conversion of the Number 5 furnace at Machadodorp from ferrochrome to ferromanganese production was completed at a capital cost of R68 million.

The majority of the remaining capital was spent on IT related projects, vehicles and other equipment replacements.

F2010 ARM Ferrous capital expenditure by division
(100% basis)



Market review

The last financial year saw the continuation of the recovery in both the carbon steel and stainless steel markets which are the demand drivers for the Company's ores and alloys. World crude carbon steel production for the period under review exceeded the previous period by 17% propelled mostly by China and the rest of Asia but with little contribution from the western world.

World steel forecasts indicate that steel use is expected to increase by 10.7% to 1 241 million metric tonnes in the 2010 calendar year after contracting by 6.7% in 2009. Should these projections be realised, world steel demand will exceed the pre-crisis levels of 2007. In 2011, it is forecast that world steel demand will grow by a further 5.3% to reach a record high of 1 306 Mt. The resilience of the emerging economies, especially China, has been the critical factor enabling the earlier than expected recovery of world steel demand.

Iron ore

The first quarter of the 2010 calendar year saw an end to the annual "Benchmark Price", although pricing mechanisms continue to evolve. Currently, Assmang's prices are negotiated quarterly and are based on a three-month average of spot price indices in China for the preceeding quarter. However, other producers are using different periods, spot prices, blend of fixed and index pricing etc. The new pricing mechanism follows the supply and demand dynamics of iron ore more accurately and to some extent mitigates the high volatility experienced during the past year. However, steelmakers are unhappy about the uncertainty that this has caused in their raw material costs as many of their customers are accustomed to annual contracts and are having to consider using the futures markets for hedging.

Post the end of the fiscal year when annual prices were still in place, prices for the April – June quarter, effective from 1 April 2010 saw a substantial increase of above 95% for both lumps and fines.

Iron ore demand remained strong through the year due mainly to the continued strong steel production in China and a strong recovery in the Japanese and South Korean steel industry. European and South African steel capacity utilisation has not yet recovered to the 2008 highs and these markets could remain subdued in the short term.

Iron ore supply could remain tight at least for the next three years. Although supply is expected to grow in the short term additional supply capacity is likely to be limited up to 2012. Post 2015 there may be a theoretical oversupply. It is anticipated that 650 million tonnes of increased capacity could come on line between now and 2015. Total seaborne supply is expected to grow to 1 billion tonnes in the 2010 calendar year-end (2009: 819 Mt), 1.2 billion in 2012 and 1.4 billion tonnes in 2015. This increase in supply is however unlikely to keep up with rising demand especially until 2013 with demand expected to grow faster than supply at least until 2013.

Manganese

Demand for both manganese ore and alloy picked up during the year. For manganese ore the main importers were China and Asia. Imports into China were at record levels during the year and for the 12-month period under review amounted to 12.6 million tonnes. Prices recovered substantially from the very low levels that were reached at the bottom of the market. However, towards the end of the period it was apparent that there was a substantial stock build up in China and there was reluctance from buyers to commit to purchases. This stock will negatively affect pricing

ARM Ferrous continued

going forward and both the large major western producers and the new producers in countries such as Malaysia and Indonesia may have to adjust production levels.

Manganese alloy pricing reached a nadir just before the end of the last financial year but recovered moderately during the period. Again, just before the end of our financial year prices softened, which was due to overproduction by some of the major alloy producers and a moderate decline in steel production. An interesting structural change that has occurred in the manganese alloys market is that China is no longer the largest exporter. In 2008, Chinese manganese alloy exports were over 1.1 million tonnes but in 2009 were less than 0.2 million tonnes. This is due to a variety of reasons including power cost increases, availability of power, environmental legislation, declining domestic ore grades and a 20% Chinese export duty. This trend has continued into 2010 and the only alloy which is being exported at similar levels to 2008 is medium carbon ferromanganese.

China continues to dominate the demand for manganese ore. Total imported ore in 2009 grew by 28% year-on-year and is expected to grow by another 19% in 2010 to 11.5 million tonnes. The second largest market for seaborne traded manganese ore is just over 1 million tonnes. It is thus clear that the market, and specifically price levels, for manganese ore are determined by future Chinese demand.

ARM Ferrous's strategy to participate in the Indian market has been very successful. The Indian market is expected to become the largest seaborne market after China in the near future and it is therefore imperative that Assmang keeps a presence in this market.

Ferrochrome

The stainless steel market was split into two geographic areas with very different dynamics. In Asia, stainless steel production increased dramatically and in the case of China to record levels. In fact, during the period under review, Chinese production was more than 10 million tonnes making it by far the largest stainless producer. On the other hand, both the USA and Europe, the previous core stainless markets, are still substantially below 2008 levels with no sign of any pick up which will be dependent on economic growth and in particular construction growth in these areas.

Demand for ferrochrome was consequently much stronger than was anticipated a year ago and production restraint was exhibited by most South African producers and the major Kazakh producer. This resulted in pricing recovering strongly e.g. the European contract price recovered by more than 50% from its low point. However, with a cutback in stainless production in Asia towards the end of the period and no signs of a pick up in Europe/USA there are concerns that there may be pressure on pricing going forward particularly as current prices may be high enough to ensure that marginal producers find it attractive to remain in production.

World stainless production in 2009 was 25.38 million tonnes, a decrease of 3.9% from 2008. Western world production fell 16% to 16.20 million tonnes, with these lower demand levels a consequence of the economic crisis.

It is expected that global stainless steel production will increase 14% year-on-year to almost 29 million tonnes in 2010. Further growth of 5% to approximately 30.5 million tonnes is anticipated in 2011.

Going forward, the wellbeing of the ferrochrome industry will depend on producers not oversupplying the market. Such potential oversupply, if realised, will cause the market and prices to decline again. In the short term much will depend on how much South African capacity is taken out during the high electricity cost winter period.

Prospects

The impact of the economic crisis continued to affect earnings in ARM Ferrous. There was however a significant improvement in prices for most ferrous products in the latter part of the 2010 year with iron ore and manganese ore US Dollar prices increasing approximately 45% and 77% respectively. This recovery trend is expected to continue going forward albeit at a slower pace.

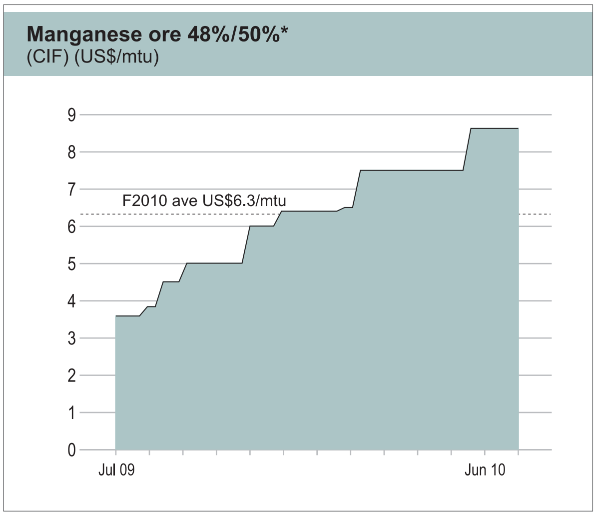
Total iron ore sales for the 2011 year are expected to increase to 10.2 mtpa. The construction of the Khumani expansion to 16 mtpa will progress in 2011. A feasibility study into the viability of increasing production at Beeshoek is currently under way. The opportunity to expand Khumani and Beeshoek is contingent on conditions in the domestic iron ore market and the increase of export capacity through the Saldanha export channel beyond 60 mtpa.

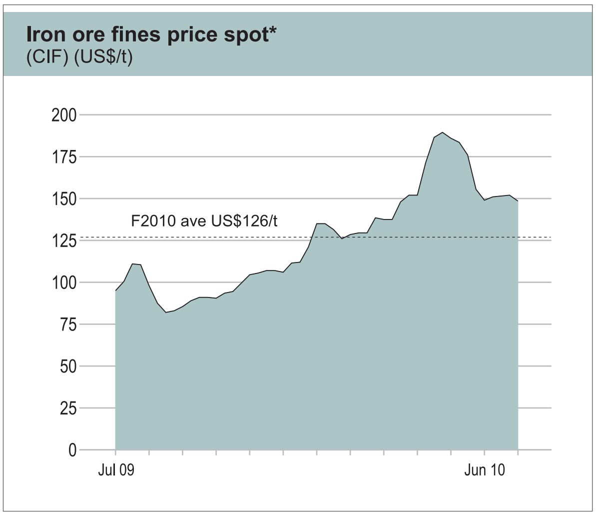
Growth in the Manganese Division is currently limited by export capacity through the Port Elizabeth port. ARM Ferrous however continues to explore and take advantage of opportunities to increase export capacity especially in favourable demand conditions. The study to increase the Saldanha export channel beyond 60 mtpa is considering the export of both iron ore and manganese ore.

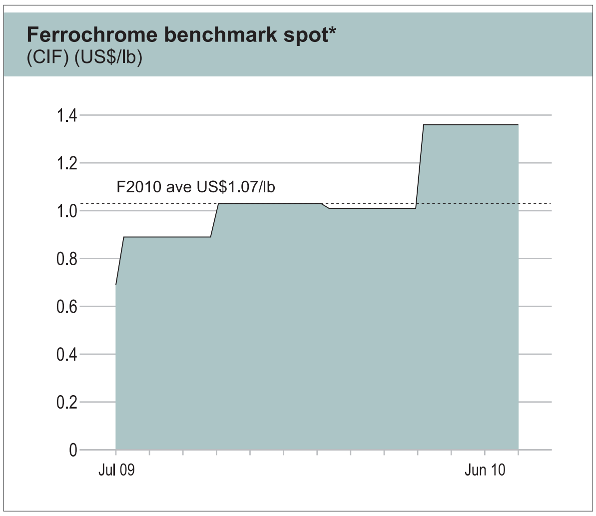
With the conversion of furnace Number 5 successfully completed an opportunity exists to convert additional furnaces at Machadodorp from ferrochrome to ferromanganese in order to optimise alloy production within ARM Ferrous. Although the majority of regulatory approvals are in place for further conversions, a number of logistical and engineering issues require attention before further conversions can proceed. Should the conversion of the two furnaces be successful the production capacity for ferromanganese will increase from 280 thousand tonnes to 400 thousand tonnes per annum. As the production of ferromanganese utilises relatively lower electricity per unit of product the conversion of additional furnaces to ferromanganese will free up additional power to allow ARM Ferrous to consider further expansion.

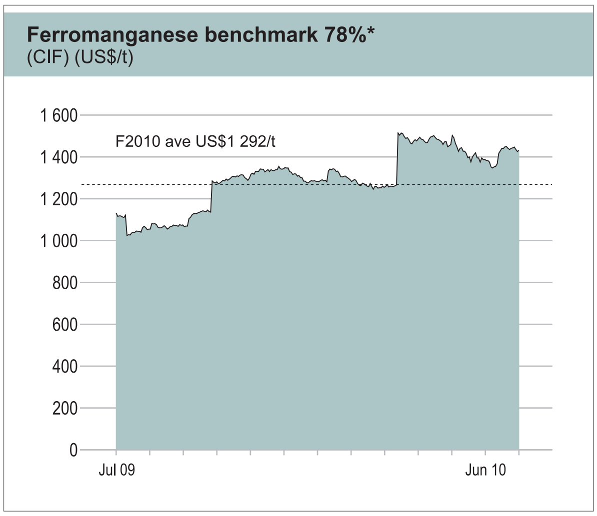
Dwarsrivier beneficiation plant

FERROUS PRICING TRENDS FOR F2010









** Source: Inet Bridge*

ARM Ferrous continued

Iron Ore Division

Beeshoek and Khumani Iron Ore Mines

Management:	Jointly management by ARM and Assore, through Assmang. ARM provides administration and technical services, while Assore performs the sales and marketing function as well as technical consulting services.		
Resources: (Measured and Indicated)	**Beeshoek** **Khumani**	113.35 million tonnes 613.7 million tonnes	63.7% iron 64.5% iron
Reserves: (Proved and Probable)	**Beeshoek** **Khumani**	47.7 million tonnes 543.6 million tonnes	64.9% iron 64.4% iron
Total labour:	6 357 (including 5 171 contractors)		

		F2007	F2008	F2009	F2010	F09/10 % change
Attributable headline earnings	R million	340	390	1 080	**718**	(33)
Operating margin	%	44	39	60	**41**	(31)
Total iron ore sales	000t	6 855	6 581	7 410	**9 799**	32
Beeshoek Iron Ore Mine						
Iron ore produce	000t	6 675	4 493	2 658	**521**	(80)
Iron ore sold	000t	6 855	5 466	1 593	**867**	(46)
Sales revenues	R million	2 164	2 282	1 284	**410**	(68)
Total costs	R million	1 197	1 218	361	**353**	(2)
Operating profit	R million	967	1 064	923	**62**	(93)
Capex	R million	94	100	160	**48**	(70)
Khumani Iron Ore Mine						
Iron ore produced	000t	0	1 848	6 646	**8 765**	32
Iron ore sold	000t	0	1 115	5 817	**8 932**	54
Sales revenues	R million	0	493	3 733	**4 518**	21
Total costs	R million	0	0	1 576	**2 566**	63
Operating profit	R million	(6)	15	2 157	**1 952**	10
Capex	R million	1 641	2 131	1 369	**2 256**	65

Refer to pages 209, 210 and 212 for Iron Ore segmental information.

KHUMANI IRON ORE MINE

10.0 mtpa construction complete

Mine design allows for flexibility to produce different percentage of product specification

- New modern and cost-competitive mine due to lower stripping ratio, the mining area already dewatered and favourable position in relation to infrastructure.
- Production successfully ramped up to 10 mtpa.
- The further ramp-up from 10 mtpa to 16 mtpa will commence 1 July 2012.

16.0 mtpa construction to be completed by 2nd quarter 2012 calendar year

Typical grade of products
Lumpy 65.5% Fines 65.0%
Indicative over life-of-mine

- Potential to double export sales to 20 mtpa (pending Transnet expansion programme).
- Agreement with Transnet for 14 mtpa export capacity to be signed.

Project released 2006 → **Ramp-up: 2009 (10 mtpa) Full production: 2010** → **Feasibility for 16 mtpa 2Q 2009 completed** → **Construct and commission 16 mtpa: 2009 to 2012**

Capital cost of R4.6 billion spent

Capital cost for 16 mtpa – R6.7 billion

Manganese Division

Nchwaning and Gloria Manganese Mines and Cato Ridge Ferromanganese Works

Management:	Jointly management by ARM and Assore, through Assmang. ARM provides administration and technical services, while Assore performs the sales and marketing function as well as technical consulting services.							
		Tonnes ('000)	**Mn%**	**Fe%**		**Tonnes ('000)**	**Mn%**	**Fe%**
	Nchwaning				**Gloria**			
Resources: (Measured and Indicated)	Seam 1 Seam 2	128.6 180.8	45.3 42.4	8.7 15.5	Seam 1 Seam 2	51.6 29.4	38.3 29.9	5.5 10.1
Reserves: (Proved and Probable)		108.0	45.3	8.7		39.7	38.3	5.5
Total labour:	3 322 (including 1 357 contractors)							

		F2007	F2008	F2009	F2010	F09/10 % change
Attributable contribution to headline earnings		288	2 044	1 978	**739**	(63)
Operating profit	%	33	64	78	**35**	(55)
Manganese ore						
Manganese ore produced	000t	2 847	3 154	3 138	**1 973**	(37)
Manganese ore sales*	000t	2 327	3 711	2 152	**3 095**	44
Revenues*	R million	1 310	6 796	6 308	**4 202**	(33)
Total costs	R million	858	2 060	1 355	**2 400**	77
Operating profit	R million	452	4 736	4 943	**1 802**	(64)
Capex	R million	174	218	567	**459**	19
Manganese alloys						
Manganese alloys produced	000t	347	261	216	**252**	17
Manganese alloys sold	000t	251	247	117	**238**	103
Sales revenues	R million	1 380	2 756	2 128	**2 085**	(2)
Total costs	R million	931	1 332	883	**1 652**	87
Operating profit	R million	449	1 424	1 245	**433**	(65)
Capex	R million	123	293	286	**285**	–

** Excluding intra-group sales.*

Refer to pages 209, 210 and 212 for Manganese segmental information.

Khumani Iron Ore Mine sampling tower

Nchwaning Manganese Mine headgear

ARM Ferrous continued

Chrome Division

Dwarsrivier Chrome Mine and Machadodorp Ferrochrome Works

Management:	Jointly management by ARM and Assore, through Assmang. ARM provides administration and technical services, while Assore performs the sales and marketing function as well as technical consulting services.
Resources: (Measured and Indicated)	50.6 million tonnes at 39.0% Cr_2O_3%
Reserves: (Proved and Probable)	39.5 million tonnes at 35.8% Cr_2O_3%
Total labour:	2 681 (including 940 contractors)

		F2007	F2008	F2009	F2010	F09/10 % change
Attributable headline earnings	R million	38	342	107	**(92)**	(186)
Operating margin	%	9	38	15	**(15)**	(200)
Dwarsrivier chrome ore						
Chrome ore produced	000t	710	849	684	**587**	(14)
Chrome ore sold*	000t	172	304	256	**272**	6
Sales revenues*	R million	79	177	337	**212**	(37)
Operating profit	R million	(12)	(3)	45	**(153)**	(440)
Capex	R million	122	68	127	**65**	(49)
Machadodorp charge chrome						
Charge chrome produced	000t	242	270	169	**200**	18
Charge chrome sold	000t	232	275	144	**189**	31
Sales revenues	R million	1 195	2 331	1 473	**1 378**	(6)
Total costs	R million	1 069	1 382	1 242	**1 464**	18
Operating profit	R million	126	949	231	**(86)**	(137)
Capex	R million	77	90	270	**224**	(17)

** Excluding intra-group sales.*

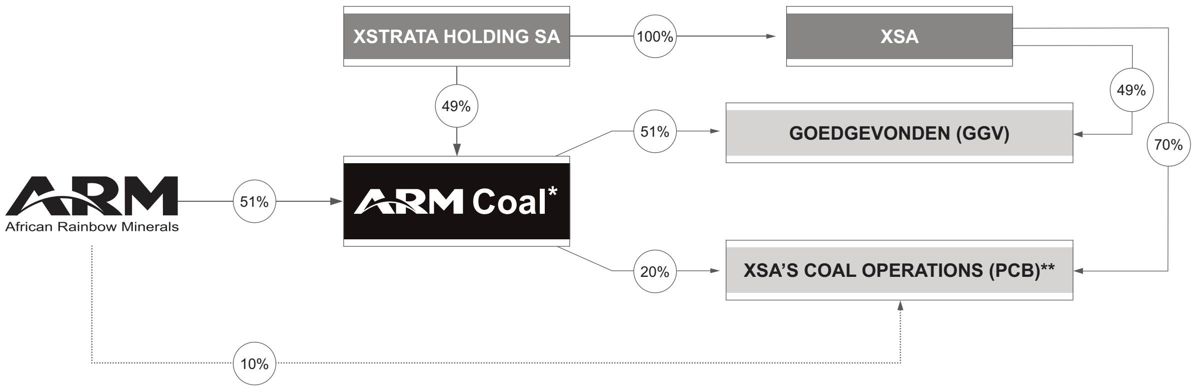
Refer to pages 209, 210 and 212 for Chrome segmental information.

The new thickener at the expansion of Khumani to 16 mtpa

ARM Coal

Mangisi Gule Chief Executive: ARM Coal

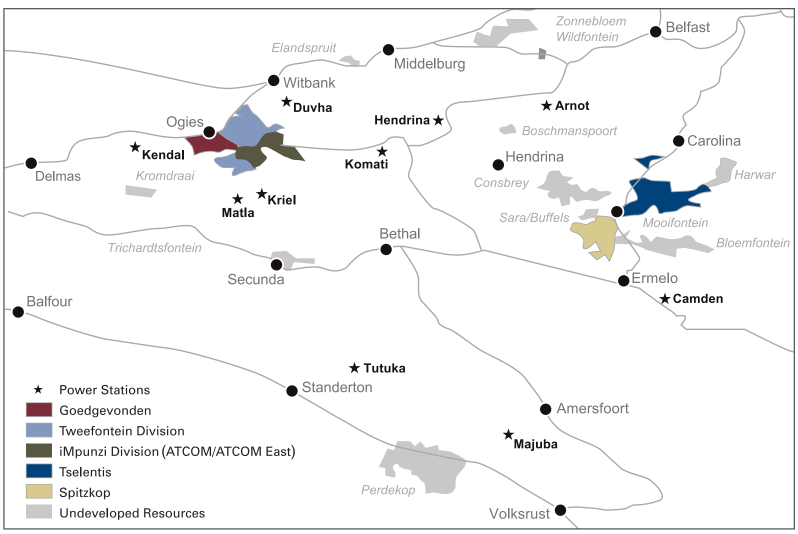
Divisional structure



* *ARM Coal holds the following:*
- *Access to Xstrata's 20.9% interest and entitlement in the Richards Bay Coal Terminal (RBCT); and*
- *An export entitlement of 3.2 mtpa in the Phase V expansion at the RBCT.*

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

Geography and locality



Scorecard

F2010 objectives	F2010 performance	F2011 objectives
Participating Coal Business (PCB)		
Continue with the transition from high cost underground mining to low cost open cast mining.	ATCOM East pit integrated into the Impunzi complex. Closure of the 5 Seam underground mine.	Finalise sale of Mpumalanga assets.
Improve domestic sales and prices received through Eskom contract.	Domestic prices declined further during the year due to a further decrease in demand.	Continue to seek opportunities to increase domestic prices and sales volumes.
Improve train loading times.	GGV rapid train loading station commissioned.	Complete feasibility study for the multi-product Tweefontein Coal Handling and Processing Plant (CHPP) and rapid train loading system.
Start implementation of ATCOM and ATCOM East consolidation.	Project to be completed during the first quarter of the 2011 calendar year.	
Goedgevonden Coal Mine (GGV)		
Implementation of coal supply agreement.	A 17-year coal supply agreement was concluded with Eskom in January 2010.	
Successfully ramp-up production at GGV to achieve full production by 2011.	Run of mine (ROM) production increased by 50% during current financial year and both modules of plant commissioned.	Long-term design capacity throughput of plant to be achieved during third quarter of 2010 calendar year.

Operational overview – attributable to ARM

Attributable		F2010	F2009	% change	Operational target F2011
PCB sales	Mt	**3.5**	3.8	(8)	→
Export	Mt	**2.1**	2.2	(1)	→
Domestic	Mt	**1.4**	1.6	(8)	→
GGV sales	Mt	**0.6**	0.5	20	↗
Export	Mt	**0.3**	0.1	138	↗
Domestic	Mt	**0.3**	0.4	(29)	↗
ARM total sales	Mt	**4.1**	4.3	(5)	↗
Export	Mt	**2.4**	2.3	4	↗
Domestic	Mt	**1.7**	2.0	(15)	↗
ARM operating margin	%	**29**	38	(24)	
Cash operating profit	R million	**376**	636	(41)	
PCB	R million	**264**	563	(53)	
GGV	R million	**112**	73	53	
Headline earnings attributable to ARM	R million	**(17)**	135	(113)	
PCB	R million	**(51)**	120	(143)	
GGV	R million	**34**	15	138	

Refer to pages 209 to 210 for ARM Coal segmental information.

ARM Coal continued

Review of the year

Although the Goedgevonden Coal Mine (GGV) showed an improved performance during the current financial year, ARM Coal experienced a challenging year which resulted in cash operating profit and headline earnings declining by 41% to R376 million and 113% to a loss of R17 million respectively. The major portion of this decline was as a result of the stronger Rand, lower realised US Dollar export prices and lower volumes at the Participating Coal Business (PCB) operations. This was to some extent offset by an increase in cash operating profit at GGV as production ramp-up commenced.

Goedgevonden Coal Mine

ARM's economic interest:	26.01%
Management:	Governed by a management committee, controlled by ARM Coal, with four ARM representatives and three Xstrata representatives.
Reserves and resources: (total)	195.4 Mt (saleable reserves)
Reserves and resources: (attributable to ARM coal)	99 Mt (saleable reserves)
Total labour:	628 (includes 291 contractors)
Life-of-mine:	31 years

Operational statistics

100% basis		**F2010**	F2009	% change
Total saleable production	Mt	**2.7**	2.5	7
Total sales	Mt	**2.4**	2.1	14
Export	Mt	**1.2**	0.5	143
Domestic	Mt	**1.2**	1.6	(27)
Average price received				
Export (FOB)	US$/t	**67.84**	65.15	4
Eskom (FOR)	R/t	**171.76**	99.35	73
On-mine saleable cost per tonne	R/t	**141.03**	90.42	56
Cash operating profit	R million	**430**	279	54
Operating margin	%	**53**	60	(12)
Capex*	R million	**1 105**	1 960	44

** Excludes capitalised interest.*

Attributable profit analysis

	F2010	F2009	% change
Cash operating profit attributable to ARM (26%)	**112**	73	53
Less: interest paid	**(5)**	(15)	(67)
amortisation	**(47)**	(34)	38
fair value adjustments	**(13)**	(2)	550
Profit before tax	**47**	22	114
Tax	**(13)**	(7)	85
Headline earnings attributable to ARM	**34**	15	127

Refer to pages 209 and 210 for ARM Coal segmental information.

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

The late commissioning of the second module of the plant as well as other problems experienced during commissioning resulted in saleable production not increasing in line with ROM production. Raw coal inventories increased as feed to the plant was restricted by design issues detected during commissioning. Most of these issues were rectified by the end of F2010 and this should see saleable production reach the full design capacity of 6.7 million tonnes per annum in the 2011 calendar year.

Export sales volumes increased by 143% during the year and although domestic sales volumes decreased by 27% compared to the previous year, increased volumes of higher quality coal were sold during the current financial year in terms of the new long-term agreement concluded with Eskom. The underperformance of Transnet Freight Rail (TFR) during the year affected both export and domestic sales volumes at GGV.

Attributable cash operating profit increased by 53% to R112 million and attributable headline earnings by 138% to R34 million due to increased revenues resulting from higher sales volumes. The increase in sales volumes was however reduced by the effects of a stronger Rand and lower US Dollar export coal prices.

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

Participating Coal Business

ARM's economic interest:	20.2%
Management:	Governed by a supervisory committee with five Xstrata representatives and three ARM representatives.
Total labour:	7 058 (includes 2 913 contractors)
Life-of-mine:	Economic lives of the mines range from six to 25 years.

Operational statistics

100% basis		F2010	F2009	% change
Total saleable production	Mt	**18.2**	19.3	(6)
iMpunzi	Mt	**6.9**	6.7	3
Mpumalanga	Mt	**1.1**	2.3	(52)
South Stock	Mt	**4.5**	4.8	(8)
Tweefontein	Mt	**5.7**	5.5	4
Total sales	Mt	**17.7**	18.4	(4)
Export	Mt	**10.7**	10.7	(1)
Domestic	Mt	**7.0**	7.7	(8)
Average price received				
Export (FOB)	US$/t	**66.88**	69.24	(3)
Eskom (FOR)	R/t	**114.37**	160.24	(29)
On-mine saleable cost per tonne	R/t	**250**	257	(3)
Cash operating profits	R million	**1 306**	2 787	(53)
Operating margin	%	**21**	45	(53)
Capex	R million	**2 130**	3 832	44

Attributable profit analysis

	F2010	F2009	% change
Cash operating profit attributable to ARM (20.2%)	**264**	563	(53)
Less: interest paid	**(64)**	(87)	(26)
amortisation	**(234)**	(300)	(22)
fair value adjustments	**(37)**	(10)	270
Profit/(loss) before tax	**(71)**	166	(143)
Tax PCB	**20**	(47)	
Headline earnings attributable to ARM	**(51)**	120	(143)

Refer to pages 209 and 210 for ARM Coal segmental information.

The PCB operations experienced a challenging year. Exceptionally high rainfall during the year and industrial action at some of the operations reduced saleable production by 6% when compared to 2009. Export sales volumes were lower due to the continued under-performance of TFR. Domestic demand decreased negatively impacting domestic sales volumes.

Attributable cash operating profit decreased 53% to R264 million mainly due to a reduction of R350 million in revenue resulting from the stronger Rand, lower coal prices and lower sales volumes.

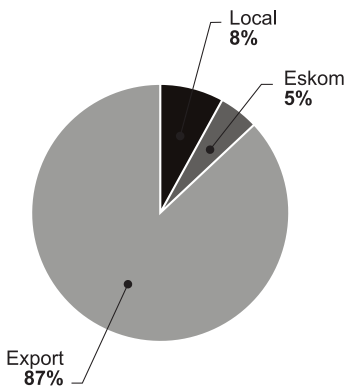
A defensive marketing strategy was adopted whereby coal was sold forward on contract at levels of approximately 65% of sales volumes in the first six months and 72% of sales volumes in the second six months.

On-mine costs were well controlled which led to a reduction of 3% in on-mine costs.

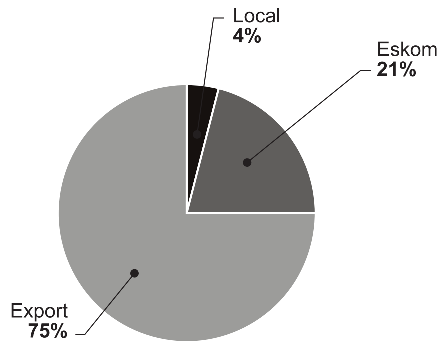
Attributable headline earnings for PCB reduced 143% from R120 million in 2009 to a loss of R51 million in 2010.

ARM Coal continued

F2010 PCB revenue (attributable to ARM)



F2010 GGV revenue (attributable to ARM)



Logistics

Continued underperformance by Transnet Freight Rail (TFR) had a negative impact on both ARM Coal's export and domestic sales. Although rail performance showed signs of improved performance from January 2010 this was negatively impacted by a strike by TFR employees in May 2010 compounded by a maintenance shut down immediately thereafter.

At GGV all Eskom sales were planned to be railed to the delivery point at the power station, however only a small percentage was actually transported by rail. This necessitated an increase in the use of road transport and resulted in GGV not delivering the quantities of coal provided for in the off-take agreement. Coal is sold to Eskom on a Free on Truck/Rail (FOT/FOR) basis and thus the increased use of road transport did not affect GGV costs.

Although the Phase V expansion of the Richards Bay port to 91 mtpa has been completed a discrepancy continues to exist between the rail capacity and port capacity through Richards Bay Coal Terminal. Current capacity on the rail line remains at 72 mtpa. This limits the ability of the participants of Phase V (which include ARM Coal) to utilise the port expansion capacity. Until expansion of the rail line to 91 mtpa is achieved capacity on the rail line will be allocated on the rail to Phase V participants proportionately on an "equal pain, equal gain" basis.

GGV is a low cost producer and with its modern rapid load out system is able to opportunistically take advantage of available export capacity through our joint venture partner XSCA which has approximately 14 mtpa allocation on the coal rail line and the port.

ARM Coal remains optimistic that a longer term and sustainable solution will be found. Already TFR have begun with the expansion of the rail facility to 81 mtpa.

Mining rights status

During the year under review all the conversions of all the old order mining rights into new order mining rights for the operations in Xstrata Coal South Africa (XCSA) were approved by the DMR. Execution of these new order mining rights is expected to be completed during the third quarter of 2010 calendar year after which registration will commence.

All new mining rights in respect of the properties comprising the GGV Mine were issued and notarially executed during the 2008 year.

The application for a Section 11 transfer by ARM Coal and XCSA to incorporate both the GGV and Zaaiwater mining licence into one licence is in progress and it is expected that this process will be completed during the 2011 financial year.

Capital expenditure

As at 30 June 2010 approximately 97% of the capital cost of building the GGV Mine had been committed. The balance is expected to be spent during the third quarter of the 2010 calendar year. The mine will be completed at a cost of R3.6 billion.

76% of the expansionary capital spent at the PCB during the current year was spent on the ATCOM East project. The latest estimate to complete the project is at R3.2 billion. As at 30 June 2010, 50% of the total project cost had been committed and it is anticipated that the project will be completed during the first quarter of the 2011 calendar year.

Market review

Export market

Demand for seaborne thermal coal increased by 6% in 2009, mainly driven by China's increased consumption of coal which was recorded at 92 million tonnes in 2009, 178% higher than

2008. China still relies on coal to produce at least 80% of its electricity where base load electricity generation remains the most attractive method of electricity production from a cost perspective. This supports further investment into coal fired power station and supports the outlook for thermal coal demand in China.

In addition increases in demand and interest in South African coal was evident out of India with exports from South Africa to India increasing 130% in 2009. Thermal coal imports to India in 2009 were an estimated 56 million tonnes, 49% higher than the 38 million tonnes imported in 2008. This marked shift in trade flows driven by Asian demand growth more than offset reduced Atlantic Basin demand.

Due to the low levels of economic activity, import demand from Europe and the United States was approximately 9% lower.

US Dollar thermal coal prices at Richards Bay Coal Terminal thus increased by some 10% in the 2009 calendar year and this higher price is expected to continue in 2011 and 2012. XCSA supplies between 20% and 30% of its export thermal coal to these two countries. The fact that China is continuing to grow as a net importer of coal as demand for electricity in that country grows with ongoing industrialisation bodes well for South African coal exporters.

Thermal coal supply has not been able to meet demand in 2009. Although supply increased from Australia, Indonesia and Russia, these increases were offset by reduced supply from China and the USA. South African coal export also reduced to 62 million tonnes constrained by logistics capacity. The result was an overall export global supply growth of 2% relative to global demand growing of 6%.

Domestic (Eskom) market

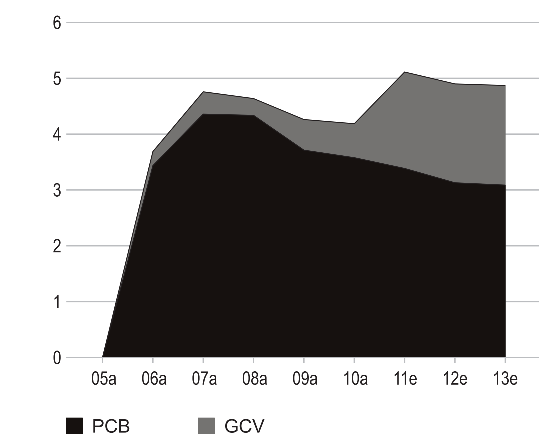
Coal from GGV is being supplied to Eskom in terms of the long-term supply agreement that was concluded during January 2009. This will result in an overall increase in sales volumes to Eskom during the coming financial year. The coal supplied in terms of this agreement is beneficiated resulting in a good quality product which in turn yields higher sales prices.

Demand for other domestic coal remains subdued and it is expected that this will only see some positive movement when the global economy recovers.

Prospects

Fundamentals in the thermal coal market continue to be supported by improving demand conditions. Especially pronounced has been the increase in demand from China and India. In 2007 China moved from being a net exporter of thermal coal to a net import position driven by rapidly increasing demand for power. There has also been increased demand from India with net imports in India expected to be upward of 76 million tonnes in 2010.

ARM attributable thermal coal sales
(Mt)



The GGV Mine is expected to achieve full ramp-up in the 2011 calendar year and thus is well positioned to deliver into the increased demand.

XCSA's is currently implementing its strategy to transform from high cost underground operations to low cost opencast operations. This strategy is on track and it is estimated that some 76% of total production will be produced by opencast operations by the 2012 calendar year. As part of this strategy XCSA has completed the transaction to restructure its Douglas Tavistock Joint Venture (DTJV) with BHP Billiton Energy Coal South Africa (BECSA). Prior to the restructuring, the Douglas and Middelburg collieries which comprise the DTJV were 84% owned and operated by BECSA and 16% owned by XCSA. Under the terms of the restructuring, XCSA has acquired and will going forward manage the mining of ATCOM operations. The ATCOM East project was initiated during the year in line with this strategy.

The successful completion of this strategy will ensure that ARM Coal's portfolio comprises largely low cost open cast high quality coal assets.

The prospecting right in respect of the Zonnebloem property was granted during the current financial year and prospecting work will be intensified on the property during the ensuing financial year. Development of this asset is contingent to an increase in the export capacity on the coal line and the port.

ARM Coal continued

GOEDGEVONDEN PROJECT UPDATE

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

6.7 mtpa saleable thermal coal

3.2 mtpa export sales (27 MJ/kg)

- ARM Coal has secured 3.2 mtpa additional capacity at Richards Bay Coal Terminal (RBCT)

3.5 mtpa domestic sales (21.5 MJ/kg)

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

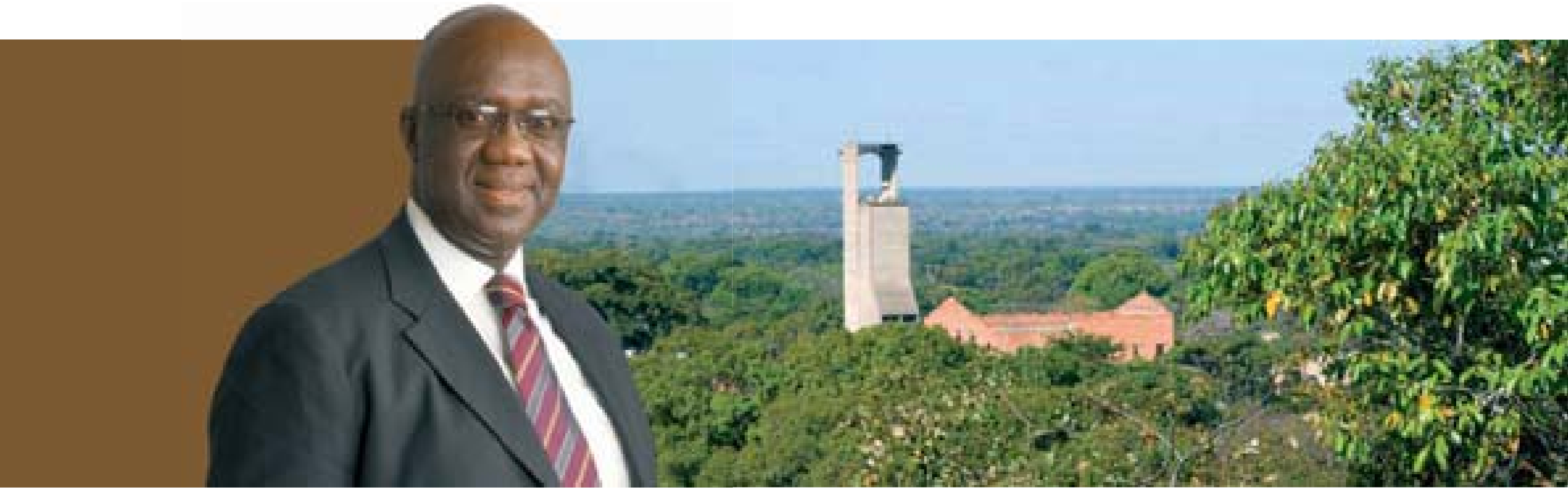
Project released: 2007 → **Open cast mine expected to produce in lower quartile of global cost curve** → **Ramp-up: 2009 Full production: 2011**

Capital cost of R3.6 billion, 97% committed, funded by Xstrata Coal.

In-pit loading at Goedgevonden

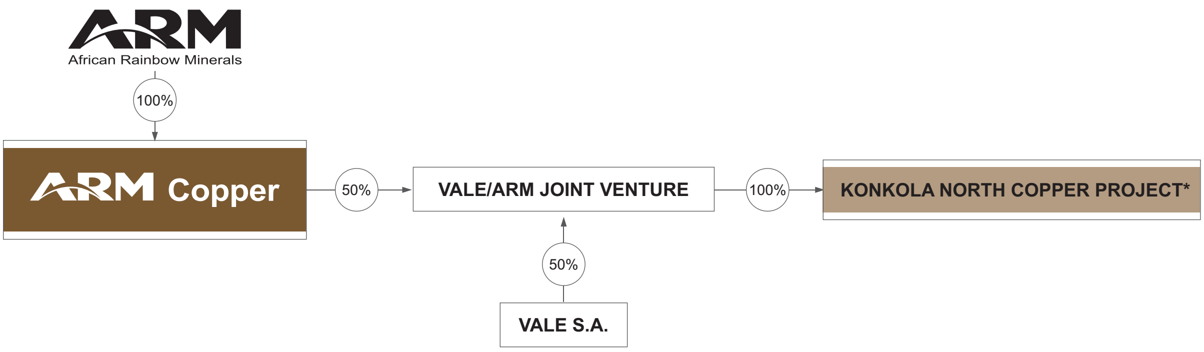
Export stockpile at Goedgevonden

ARM Copper



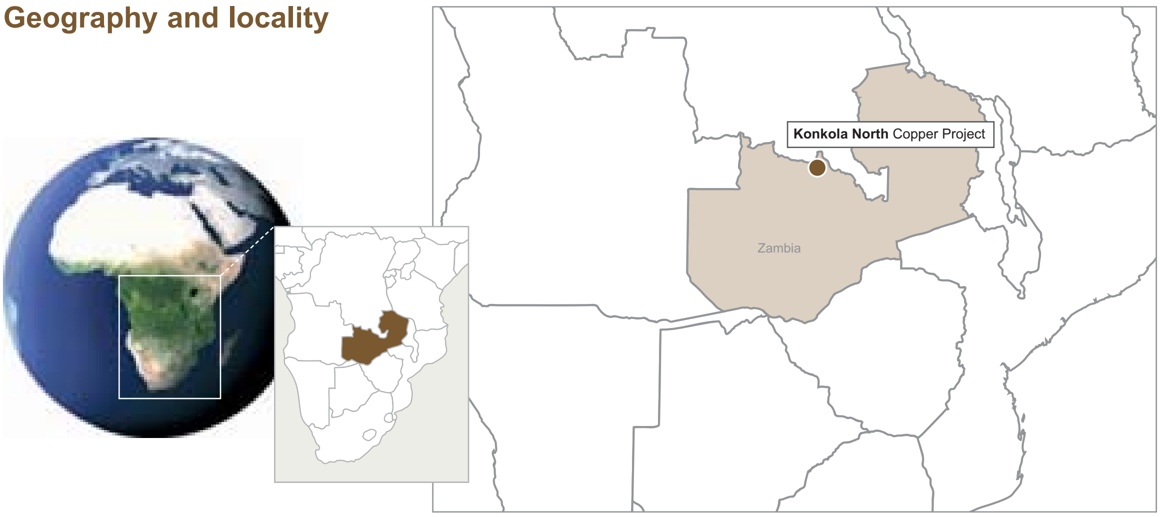
Dan Simelane Chief Executive: ARM Copper

Divisional structure



** Konkola North is subject to a buy-in right of up to 20% (5% free-carried interest) by state-owned ZCCM Investment Holdings Plc.*

Geography and locality



Scorecard

F2010 objectives	F2010 performance	F2011 objectives
Zambia		
South/East Limb ore body Complete 23 000 metre resource conversion drilling programme, undertake geotechnical and hydrological studies, improve the costing accuracy and complete a final feasibility study.	A 22 146 metre drilling programme was completed. A revised resource estimate was obtained, signed off by an independent competent person. Additional technical investigations were completed and revised cost estimations were undertaken. A bankable feasibility study was completed.	Successfully conclude the closing process for ZCCM-IH participation in the development of the South/East Limb mine. Commence the project development for the establishment of the 2.5 mtpa South/East Limb mine to produce 45 000 tonnes of contained copper per year.
Area "A" ore body Complete geological evaluation and plan a further resource delineation and infill drilling programme.	A geological evaluation was completed and a resource estimation was undertaken. A pre-feasibility study for a 2.5 mtpa mine was completed. Infill drilling was postponed to the next financial year to focus on the completion of the South/East Limb ore body evaluation.	Undertake a further 16 800 metre resource delineation and infill drilling programme in Area "A" and update the geological resources. Undertake metallurgical test work and related feasibility studies to further evaluate the development of the ore body.

Review of the year

The primary objective of the Vale/ARM joint venture ("the JV") was the fulfilment of the JV partners' requirements for the completion of the bankable feasibility study for the development of the South and East Limb copper ore bodies on the Konkola North mining licence property.

The Konkola North Copper Project is located within the Greater Konkola Area of the Zambian Copperbelt in close proximity to the town of Chililabombwe. The project area is 44 km^2, and the rights are secured through a Large-scale Mining Licence (LML 20), valid to May 2033. The JV has completed 86 000 metres of exploration drilling and defined a resource of 300 million tonnes at an average grade of 2.57% total copper.

The additional resource definition drilling campaign completed during the financial year has enhanced the confidence level of the resource associated with the South and East Limb ore bodies on the Konkola North property. In addition to various technical investigations, the JV has updated the capital budget estimate, the life-of-mine planning and costing. The JV has complied with the licensing requirements in Zambia and has obtained approval for its Environmental Impact Assessment. The final bankable feasibility study for the project has been completed and was submitted to the Government of Zambia and ZCCM Investment Holdings in June 2010.

The Konkola North Copper Project

In August 2010 both ARM and Vale approved the release of the Konkola North Copper Project in Zambia. The development of the project adds an additional mineral commodity to ARM's portfolio. This will also be the first time ARM's operational interests extend beyond South Africa. ARM sees this as a first phase development for a copper growth strategy in sub-Saharan Africa. ARM's share of the newly developed mine will be housed in a new division, ARM Copper.

The JV will adopt a staged development of the resources of the Konkola North licence area, focusing initially on the northern portion known as the South and East Limb copper ore bodies. Here the JV intends to re-equip the existing 423 metre deep vertical shaft (the no. 2 shaft) and related shaft infrastructure to develop and mine the South Limb ore body. Other already existing mining infrastructure includes two vertical ventilation shafts and three ore haulage levels. A new twin decline is planned for the development and mining of the East Limb ore body. The metallurgical plant will produce about 145 000 tonnes of copper concentrate at an average grade of 30% copper per year (45 000 tonnes of contained copper per year) which will be sold to a copper smelter in Zambia.

The project is expected to be developed at a capital cost of US$380 million (in July 2010 terms) with full production expected in 2015. Work on the development of the project commenced with the pre-approved capital expenditure in August 2010, commissioning of the concentrator plant is expected in 27 months. The mine's throughput design is 2.5 mtpa of ore at an average mill head grade of 2.3% copper, yielding 45 000 tonnes of contained copper in concentrate to be toll smelted in Zambia. The expected life-of-mine will be 28 years. A further three-year exploration programme is planned to evaluate the Area "A", ARM Copper continued

situated approximately 6 kilometres south of the South East Limb mine, which has the potential to double the output to 100 000 tonnes copper per annum in concentrate. Initially the South and East Limb mines will be developed, after which the deeper, higher grade and wider reef areas in Area "A" will be mined.

ZCCM Investment Holdings plc. ("ZCCM IH") has the right to a 15% or 20% equity interest in Konnoco Zambia Limited, the locally registered JV controlled company that holds the exclusive rights to the Konkola North Project. Of the ZCCM IH equity interest options, 5% will be a 'free-carried' interest, the remaining 10% or 15 % interest is a paying interest, and ZCCM IH may elect to either fund its share of equity or be debt funded by the JV partners at an interest rate of LIBOR plus 4.5% (should ZCCM IH elect to have a 15% interest) or a fixed rate of 20% (should ZCCM IH elect to have a 20% interest).

Projects

Konkola North: Area "A" South

Previous drilling on the greater Konkola North property has indicated the potential for a very large copper resource, of 220 million tonnes with copper at grades of 2.64%, albeit at depths of up to 1 300 metres.

The JV has targeted the southernmost part of the Konkola North area for more detailed resource definition drilling and a substantial copper resource is being delineated in Area "A" South, presently containing 75 million tonnes at copper grades of 2.81%. The JV commissioned an initial pre-feasibility study of an Area "A" Mine, including shaft infrastructure to 1 300 metres depth, initial mine plan and schedule, the evaluation of metallurgical processing options, and related engineering investigations. Following this initial study, the JV intends to undertake further drilling to increase this resource base and continue with further optimisation studies.

Market review

World demand for copper experienced robust growth over the past century growing at an average of 4% per annum from less than 500 000 tonnes to just over 18.2 million tonnes in 2009. Since 1980, demand for copper has effectively doubled, with recent growth being especially strong in Asia, where demand more than doubled in the past 15 years to 2009.

Copper prices have been well supported by the growing demand improving from approximately US$1.30/lb copper in July 2004 and peaking at just over US$4.00/lb in mid 2008. The financial crisis however prompted a rapid decline in prices to approximately US$1.30/lb. Since then prices have improved steadily to approximately US$3.50 in July 2010.

In the 2009 calendar year, demand was driven mainly by developing markets and especially Asia, whilst developed markets, particularly the US and Europe, were worst affected by the crisis. Government stimulus in these developed economies marginally improved copper demand in the latter part of 2009. Chinese net imports of copper increased 130% to 3.14 million

Exploration drill rig

tonnes in 2009 absorbing much of the reduced consumption in the developed markets. The real estate, construction and consumer sectors in China continued to support demand into the 2010 calendar year and led to China consuming 1.5 million tonnes in the first half of 2010, only 14% lower than the record of 2009.

Supply in 2009 was impacted by the economic downturn which, together with labour unrest at several mining operations, led to an underperformance of global copper supply. Although high copper prices encouraged increased supply, many projects faced multiple challenges including high capital and operational costs, technical difficulties and country risk.

World copper production in 2010 is projected to increase by 6.7% to 16.8Mt. A lower growth of only 2.9% is expected in 2011 due to deferrals and delays in projects prompted by the 2008 economic crisis. A shortage of concentrates, based on projected production (adjusted for unanticipated disruptions) is expected to continue to restrain growth of refined production.

Copper prices are likely to be supported by supply constraints going forward. Challenges for new projects, increasing costs at existing operations as well as declining copper grades are expected to put upward pressure on costs and support prices. The pace of operating cost inflation in recent years has been more rapid in copper than most other commodities, with this trend expected to persist. Capital costs also appear to be rising fast.

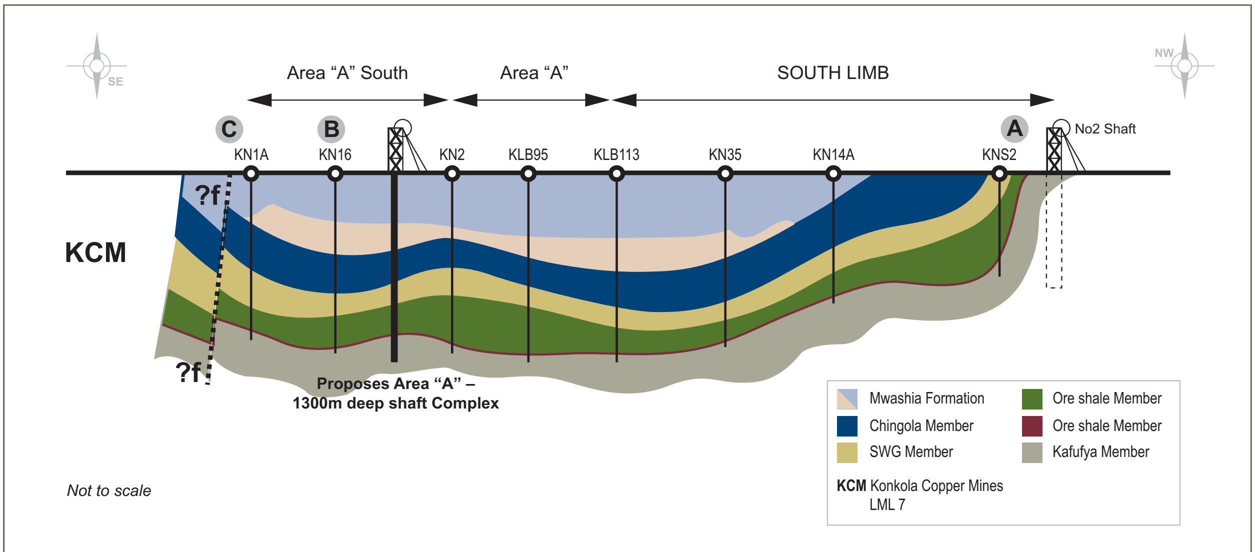
We continue to be bullish on copper based on anticipated deficits of 260 000t in 2010 and 425 000t in 2011 with the copper price expected to retrace to previous peaks.

Mineral resources summary as at 30 June 2010

Mineral project	Ownership	Mineral Resources category	Mineral Resources Mt	Total copper %	Contained copper Mt
Konkola North Copper Project[1]	100%				
South Limb[2]		Measured	0.7	2.70	0.02
		Indicated	23.9	2.13	0.51
		Total	24.6	2.15	0.53
East Limb[2]		Measured	4.0	2.64	0.11
		Indicated	16.6	2.58	0.43
		Total	20.6	2.59	0.54
Fold Axis[2]		Measured	0.4	2.10	0.01
		Indicated	11.8	2.70	0.32
		Total	12.2	2.68	0.33
		Measured	5.1	2.60	0.23
Total		Indicated	57.4	2.42	1.39
South Limb[2]		Inferred	13.8	2.22	0.31
East Limb[2]		Inferred	0.4	2.00	0.01
Fold Axis[2]		Inferred	9.7	2.25	0.22
Area "A"[2]		Inferred	219.5	2.64	5.79

1 ZCCM IH has a buy-in right for up to 20% (5% of which is free-carried interest).
2 The mineralised zones were modeled on a 1% total copper cut-off, and were signed off by an Independent Competent Person.

KONKOLA NORTH COPPER PROJECT GEOLOGICAL CROSS SECTION



ARM Copper continued

KONKOLA NORTH COPPER PROJECT

Konkola North is subject to a buy-in right of up to 20% (5% free-carried interest) by state-owned ZCCM IH.

2011 → Konkola North South and East Limb →	2015
Measured and Indicated ore resource of 57.4 million tonnes at 2.42% copper.	
2.5 million tonnes milled, yielding 45 000 tonnes of copper in concentrate per annum.	
Commission concentrator: December 2012.	Full production 2015.
Life-of-mine.	28 years.
Total capital expenditure.	US$380 million in July 2010 terms.
	C1 cash cost: US$1.07/lb (45th percentile – 2015).

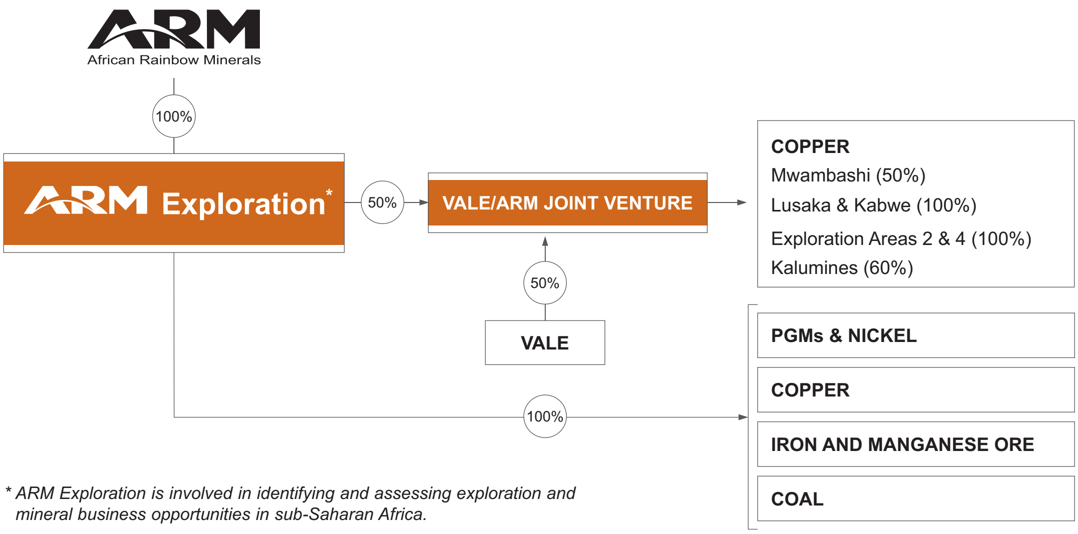
2011 → Konkola North Area "A" →	2015
Three years to explore Area "A".	
One year BFS thereafter.	Potential to increase output to 55 000 tonnes of copper per annum.

Konkola North headgear

ARM Exploration

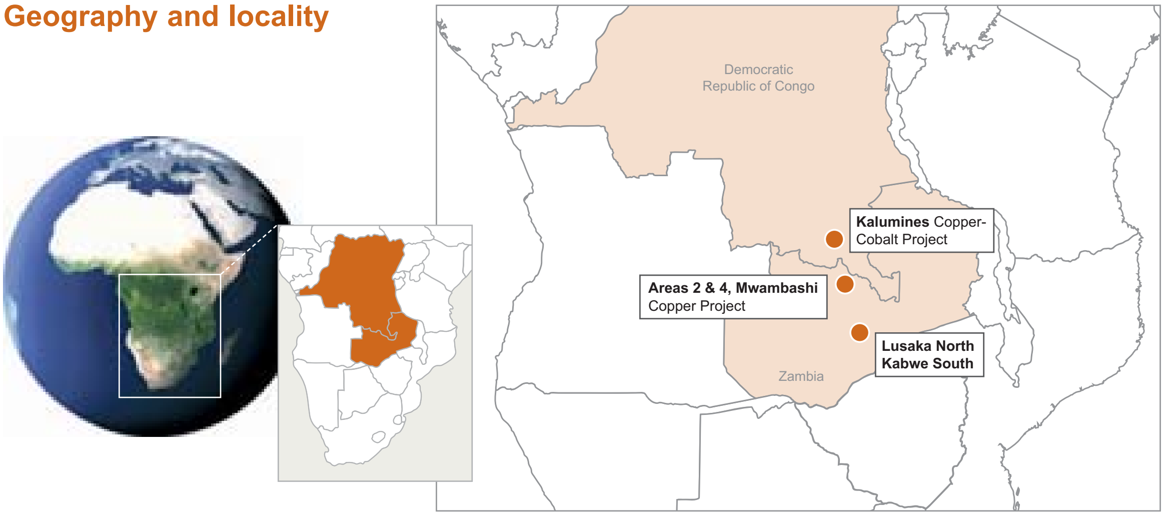
Dan Simelane Chief Executive: ARM Exploration

Divisional structure



* *ARM Exploration is involved in identifying and assessing exploration and mineral business opportunities in sub-Saharan Africa.*

Geography and locality



Scorecard

F2010 objectives	F2010 performance	F2011 objectives
DRC		
Undertake additional drilling to further delineate the resource estimations and advance various metallurgical studies.	A 14 500 metre drilling programme was completed. A revised resource estimation of the various orebodies was obtained. Metallurgical test work commenced.	Continue with infill and delineation drilling and define additional mineable reserves, undertake metallurgical test work and mine planning and development engineering studies, and advance the requirements of a feasibility study. Complete a pre-feasibility study.
Namibia		
The JV commenced with a process to divest its interest in the Otjikoto Gold Project through a selected tender process.	The Otjikoto Gold Project and related assets in Namibia were sold for a net consideration of US$26.9 million.	No further work will be undertaken by the joint venture in Namibia.

Mineral Resources Summary as of 30 June 2010

Mineral Project	Ownership	Mineral Resources Category	Tonnes Mt	Total copper %	Contained copper Mt
Kalumines Property[1,2]	60%				
Lupoto		**Indicated**	30.7	2.53	0.78
Lupoto		**Inferred**	4.2	2.33	0.10
Kasonta		**Inferred**	25.1	1.40	0.35
Kasonta South		**Inferred**	4.4	1.64	0.07
Niamumenda		**Inferred**	2.6	2.25	0.06
Stockpile			1.1	4.15	0.05

1 *The resources defined for the Kalumines property are not signed off by an independent competent person.*
2 *The mineralised zones were modelled on a 0.5% total copper cut-off.*

Exploration drilling

Review of the year

An objective of the Vale/ARM joint venture ("the JV") is the further resource delineation drilling on the Kalumines mining licence property in the DRC, in close proximity to Lubumbashi. Here the JV is in the process of defining copper and cobalt resources, and initial metallurgical test work has been undertaken.

ARM Exploration has its main objective to identify and assess exploration and mineral business opportunities for base metals, ferrous metals, PGM's and coal in sub-Saharan Africa.

The loss attributable to ARM decreased to R143 million in F2010 from a loss of R689 million in F2009. This was largely due to the stringent cost control initiatives implemented by the JV partners and the dilution of ARM to 50%. The F2009 year included stock write down and restructuring costs which were not repeated in F2010. ARM further benefitted from a strengthening of the Rand/US$ which impacted the translation of the ARM Exploration results.

Democratic Republic of Congo

The Kalumines Project

The Kalumines Project is located 23 km to the west of Lubumbashi, DRC, within a NW-SE orientated inlier of Mine Series stratigraphy comprising large fragments or rafts which hosts the copper and cobalt mineralisation.

Numerous ore bodies have been defined on the property, and important exploration targets have been identified. With a targeted resource of 50Mt of copper ore at an average grade of 2.5% copper, three ore bodies have been evaluated in detail and several additional targets have been identified as potential additional resources.

The JV has drilled a total of 14 500 meters in the current financial year. In addition, the JV undertook metallurgical test work, initial mine design and related engineering work to pre-feasibility study standards. This study will be submitted to the JV 's partner, Gecamines, during September 2011. The JV anticipates additional work, comprising more detailed resource extension drilling, metallurgical test work and related studies.

Projects

JV Projects

The JV has further exploration rights south of the old Kabwe Mine and north of Lusaka, in Zambia. The JV continues to evaluate other exploration opportunities in Zambia and applications for additional licence areas are in progress.

The JV has applied for the incorporation into the Konkola North Mining Licence of a large area to the east of the existing Konkola North Mining licence, an area which previously was held by the JV as a prospecting licence. Further exploration investigations are planned in certain areas of the Copperbelt in Zambia.

ARM Projects

ARM Exploration has established a large database of mining and exploration undertakings in Africa, focusing on platinum group metals, iron ore, manganese ore, base metals and coal. ARM Exploration continues to evaluate minerals business investment opportunities that offer sustainable investment possibilities for a medium to long-term project pipeline in resource commodities for which ARM has experience and a competitive advantage.

Detailed borehole core investigations

Scorecard

F2010 objectives	F2010 performance	F2011 objectives
Generate free cash flow		
Eliminate loss-making assets. Restructuring portfolio.	Good progress made.	
Increase production: • More development for more face length. • Achievable plans.	Majority of shafts perform in line with plan.	1.7 million ounces per annum.
Improve productivity. More focus on: training; motivation; safety, health, environment; labour relations.	106 grams per total employees costed (underground).	120 grams per total employees costed.
Commissioning projects: • Financed own capital projects: Doornkop: 2,5 years to complete major capital; Kusasalethu: 1,5 years of project capital; Phakisa: majority of capital spent, Tshepong decline producing. • Hidden Valley commissioned.	In line with plan. Done.	Two to four years on average to complete.
Grow the company		
Explore • PNG – Wafi/Golpu. • PNG tenements 100% owned.	• Excellent drilling results. • Drilling started.	10 million ounces.
Build future mines • Wafi/Golpu.	Concept study in progress.	2 016 profitable copper-gold mining.
Acquire Only quality ounces with healthy margins.	Continues.	On-going review.

Operational performance

		F2010	F2009
Gold produced	Kg	**44 433**	45 437
	000oz	**1 429**	1 461
Operating cost	R/kg	**195 162**	168 661
	US$/oz	**801**	583
Financial performance			
Revenue	R million	**11 284**	11 496
Production costs	R million	**8 358**	7 657
Cash operating profit	R million	**2 926**	3 839
Net profit/(loss) for the year (includes discontinued operations)	R million	**(192)**	2 927
Total headline(loss)/earnings per share (includes discontinued operations)	R million	**(7)**	262
Total capital expenditure	R million	**3 353**	4 469
Market performance			
Average gold price received	R/kg	**266 009**	250 826
	US$/oz	**1 092**	867
R/US$ exchange rate (average for period)		**7.58**	9.00
R/US$ exchange rate – at end of the period		**7.63**	7.72
Market capitalisation	R billion	**34.9**	34.1
	US$ billion	**4.5**	4.4

Gold: Harmony continued

Harmony Gold Mining Company Limited

Harmony, one of the world's largest gold mining companies, operates primarily in South Africa and Papua New Guinea (PNG).

In South Africa, the company has 10 underground and two surface operations. In PNG, Harmony has a 50% interest in the Morobe Mining Joint Ventures (MMJV), which includes Hidden Valley, an open-cast gold and silver project which began production in June 2009, the Wafi-Golpu project, and extensive exploration tenements. Harmony's partner in PNG is Newcrest Mining Limited (Newcrest), which acquired its interest in this operation from Harmony, the original developer of the project, in F2009. Harmony's exploration portfolio focuses principally on highly prospective areas in PNG and the Wafi-Golpu project in particular, as well as exploration projects in South Africa.

Harmony is a publicly listed company. The group's primary listing is on the JSE Limited (share code: HAR) in South Africa. Harmony's ordinary shares are also listed on stock exchanges in London (HRM), and Berlin (HAM1), and are quoted in the form of American Depositary Receipts on the New York (HMY), and as International Depositary Receipts on the Brussels exchange (HMY).

At the end of June 2010 the group had issued 428 654 779 ordinary shares and had a market capitalisation of R34.89 billion (US$4.5 billion).

Harmony's corporate headquarters are located in Randfontein, South Africa.

In F2010, Harmony produced 1.43 million ounces of gold (F2009: 1.46 million ounces). The company employed 42 597 people, largely in South Africa, of whom 36 893 were full-time employees and 5 704 contractors (F2009: 45 685 people, including contractors).

Significant capital expenditure in recent years has been aimed at accessing the group's extensive resources and to extend the lives of its mines.

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

At 30 June 2010, Harmony reported ore reserves of 48.1 million ounces and mineral resources of 189.2 million ounces.

The group is planning to grow gold production to 2 million safe and profitable ounces by 2012.

Harmony's gold production from continuing operations decreased to 1 428 545 ounces in F2010, from 1 460 831 ounces in F2009. Despite the higher average gold price received, cash costs increased by 16% as Harmony continued to execute its stated strategy to restructure its asset base to deliver safe, profitable and sustainable ounces.

Harmony's cash operating profit decreased to R2.9 billion in F2010 from R3.8 billion in F2009. The result was a net loss to R192 million in F2010 from a profit of R2.9 billion in the previous year. This equated to a headline loss of 7 cents per share, significantly lower than last year's 262 cents per share earnings.

The Hidden Valley project remains on schedule with construction 87% complete and essentially all capital committed. A major project milestone was achieved when the first gold pour was completed late in June 2009. Site construction activities focused on the process plant, crushers and power station facilities. The mill, gravity concentrators and tailing system were all completed and commissioned to enable the first ore to be processed. The mine reached commercial levels of production in May 2010.

Harmony also declared a dividend, paying 50 cents per share. This was paid on 20 September 2010. ARM's dividend receipt from Harmony is R32 million and this will be accounted for in the F2011 financial statements. Harmony has reflected on its previous achievements and disappointments and, taking into account the needs of all its shareholders and stakeholders, has implemented a number of initiatives to ensure that the Company is profitable into the future.

Harmony is well-positioned to take advantage of a higher gold price and, at a price of R250 000/kg, the Company's plans support strong cash flows, covering both ongoing and growth capital.

The ARM statement of financial position at 30 June 2010 reflects a marked-to market investment in Harmony of R5.1 billion, which is based on a Harmony share price of R81.40. Changes in the value of the investment in Harmony are accounted for by ARM through the statement of comprehensive income net of deferred capital gains tax. Dividends are recognised in ARM's income statement. The investment reflected at market value in the statement of financial position represents approximately 15% of ARM's market capitalisation of R34 billion at 30 June 2010.

Harmony's full results for the financial year ended 30 June 2010 can be viewed on Harmony's website at **www.harmony.co.za**

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

Contents

Competent person's report on Mineral Resources and Mineral Reserves

This report is issued as the annual update of Resources and Reserves to inform shareholders and potential investors of the mineral assets held by African Rainbow Minerals Limited (ARM).

An extended version of this report is also available on ***www.arm.co.za*** *under the Mineral Resources and Reserves section.*

Salient features F2010

ARM Ferrous

Khumani	Investigations into the modelling of the ore-body limits according to the geological units are in progress.
Beeshoek	Exploration around Beeshoek North (BN) pit increased the BN reserves and resources by 18%. Feasibility study on Village pit is in progress.
Nchwaning	Development into the Graben area continues and valuable information on the geological structure is being gained.
Gloria	Drilling in progress to increase geological knowledge to the west. 42 boreholes have been completed and are awaiting assays and re-modelling.

ARM Platinum

Nkomati	The SRK audit on the 2009 re-modelling was finalised. Measured Resources were declared in the Pit 3 area where the 50m infill drilling was undertaken.
Two Rivers	The Snowden audit on the UG2 re-modelling was completed and finalised.
Kalplats	The addition of the Mira deposit and the update of resource estimates by Coffey has resulted in an increase in total resource to 137 million tonnes (6.7 million ounces 3E).

ARM Coal

Goedgevonden	Production increased by 50% as the mine is ramping up to full production.

ARM Copper

Konkola North	Vale/ARM JV on Konkola North announced.

F2010 Mineral Resource/Reserves summary

Platinum	**Mineral Resources** (Measured and Indicated)		**Mineral Reserves** (Proved and Probable)		
	Mt	**PGE+Au**	**Mt**	**PGE+Au**	**Moz**
Two Rivers					
UG2	55.65	4.67(6E)	35.92	3.54 (6E)	4.09 (6E)
Merensky	18.70	3.55(6E)	–	–	–
Modikwa					
UG2	149.01	5.86(4E)	47.57	4.94(4E)	7.55(4E)
Merensky	72.00	2.78(4E)	–	–	–
Nkomati	266.03	0.85(4E)	129.51	0.87(4E)	3.62(4E)
Kalplats	64.95	1.49(3E)	–	–	–

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

Nickel	**Mineral Resources** (Measured and Indicated)		**Mineral Reserves** (Proved and Probable)	
	Mt	**Ni%**	**Mt**	**Ni%**
Nkomati – Total MMZ+PCMZ	266.03	0.34	129.51	0.34

Manganese	**Mineral Resources** (Measured and Indicated)			**Mineral Reserves** (Proved and Probable)		
	Mt	**Mn%**	**Fe%**	**Mt**	**Mn%**	**Fe%**
Nchwaning						
No 1 Seam	128.63	45.3	8.7	107.96	45.3	8.7
No 2 Seam	180.80	42.4	15.5	–	–	–
Gloria						
No 1 Seam	51.57	38.3	5.5	39.71	38.3	5.5
No 2 Seam	29.40	29.9	10.1	–	–	–

Iron ore	**Mineral Resources** (Measured and Indicated)		**Mineral Reserves** (Proved and Probable)	
	Mt	**Fe%**	**Mt**	**Fe%**
Beeshoek	113.35	63.71	47.67	64.93
Khumani				
Bruce	234.32	64.49	213.55	64.49
King	379.41	64.51	330.08	64.39

Chromite	**Mineral Resources** (Measured and Indicated)		**Mineral Reserves** (Proved and Probable)	
	Mt	**Cr_2O_3%**	**Mt**	**Cr_2O_3%**
Dwarsrivier	50.60	39.03	39.50	35.75
Nkomati	2.00	31.63	2.00	31.63

Coal	**Mineral Resources**	**Mineral Reserves**	
	(Measured and Indicated)	(Proved and Probable)	**Saleable**
	Mt	**Mt**	**Mt**
Goedgevonden	550.6	364	195.4

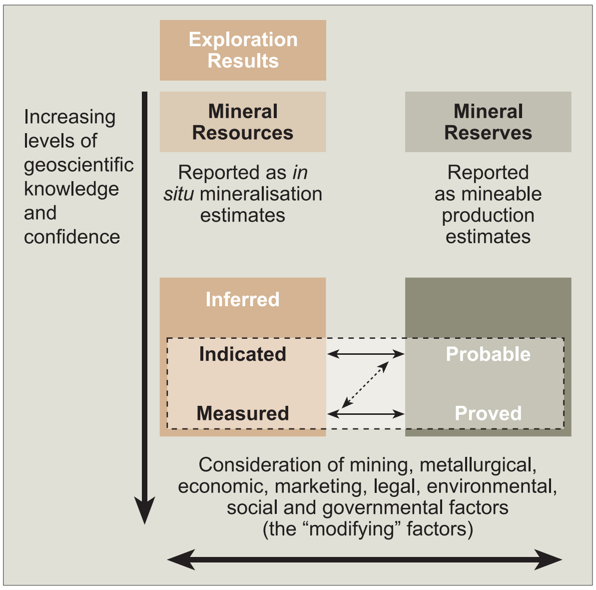
Copper	**Mineral Resources** (Measured and Indicated)		**Mineral Reserves** (Proved and Probable)	
	Mt	**%TCu**	**Mt**	**%TCu**
Konkola North	57.4	2.42	–	–

General statement

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

The convention adopted in this report is that Mineral Resources are reported inclusive of that portion of the total Mineral Resource converted to a Mineral Reserve, except for Modikwa Platinum Mine where the Mineral Resources are reported exclusive of the Mineral Reserves. Resources and reserves are quoted as at 30 June 2010. External consulting firms audit the resources and reserves of the ARM operations on a three- to four-year cycle basis.

Rounding of figures may result in computational discrepancies on the Mineral Resource and Reserve tabulations.



Competence

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

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

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

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

M Burger/ S v Niekerk	PrSciNat PrSciNat	Iron
B Rusive	PrSciNat	Manganese
A Pretorius*	PrSciNat	Chrome
M Davidson	PrSciNat	Nickel
J Woolfe	PrSciNat	Nickel/Platinum
R van Rhyn	PrSciNat	Platinum
S Kadzviti	PrSciNat	Nickel/Platinum
AMEC	E&C Services*	Copper

** External consultant*

P J van der Merwe

24 Impala Road, Chislehurston, Sandton

15 October 2010

ARM Ferrous

Assmang Limited Operations

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

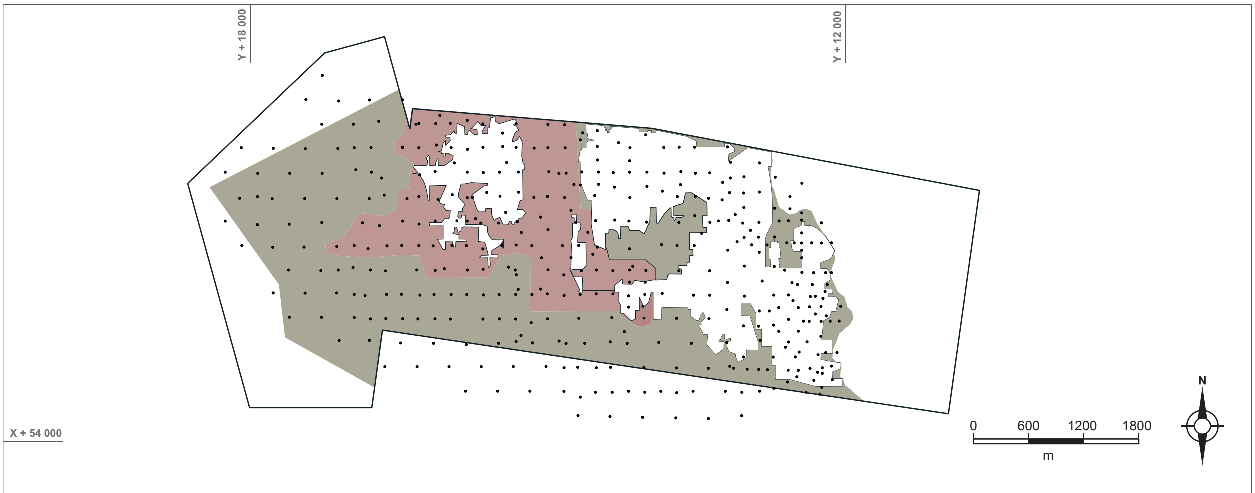
Manganese Mines

Nchwaning Mine: 1 Body Manganese Resources and Reserves

	Mineral Resources				Mineral Reserves		
	Mt	Mn%	Fe%		Mt	Mn%	Fe%
Measured	39.63	46.6	9.2	Proved	34.08	46.6	9.2
Indicated	89.01	44.7	8.4	Probable	73.88	44.7	8.4
Total Resources 1 Body 2010	**128.63**	**45.3**	**8.7**	**Total Reserves 1 Body 2010**	**107.96**	**45.3**	**8.7**
Total Resources 1 Body 2009	130.60	45.1	9.04	Total Reserves 1 Body 2009	109.40	45.1	9.04

Mineral Resources are inclusive of Mineral Reserves.
Totals are rounded off.
Modifying factors: Proved Reserves=Measured Resources less 14% pillar loss.
Probable Reserves=Indicated Resources less 17% pillar loss.

NCHWANING MINERAL RESOURCE CLASSIFICATION MAP



Legend

Measured Indicated Mined out area Boreholes

Nchwaning Mine: 2 Body Manganese Resources

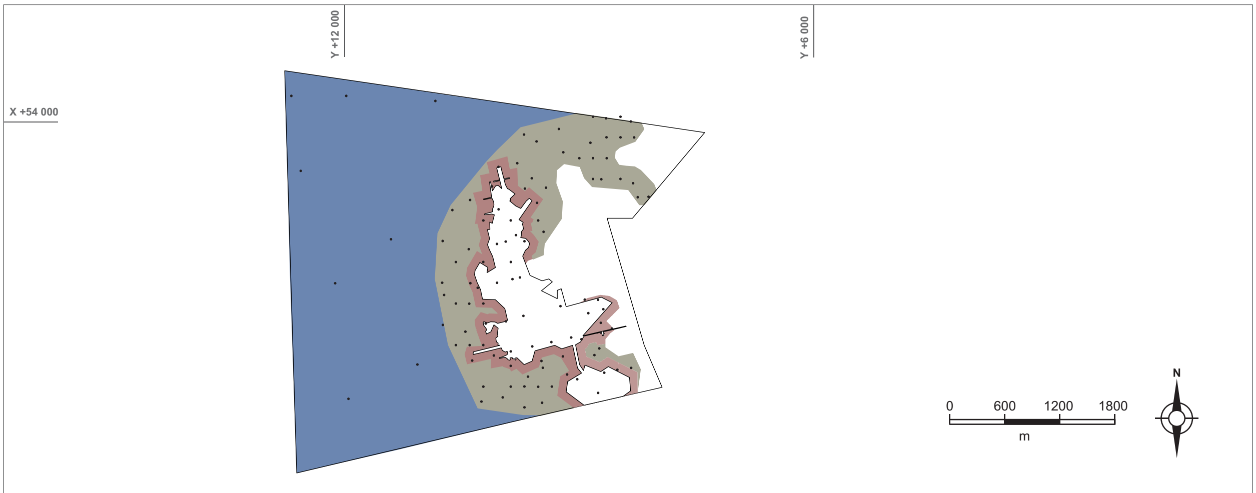
Mineral Resources	Mt	Mn%	Fe%
Measured	53.37	42.0	16.3
Indicated	127.43	42.6	15.2
Total Resources 2 Body 2010	**180.80**	**42.4**	**15.5**
Total Resources 2 Body 2009	180.8	42.4	15.5

Totals are rounded off.

Gloria Mine: 1 Body Manganese Resources and Reserves							
	Mineral Resources				**Mineral Reserves**		
	Mt	**Mn%**	**Fe%**		**Mt**	**Mn%**	**Fe%**
Measured	13.94	38.1	5.0	Proved	10.73	38.1	5.0
Indicated	37.63	38.3	5.7	Probable	28.98	38.3	5.7
Total Resources 1 Body 2010	**51.57**	**38.3**	**5.5**	**Total Reserves 1 Body 2010**	**39.71**	**38.3**	**5.5**
Total Resources 1 Body 2009	53.30	38.2	5.5	Total Reserves 1 Body 2009	41.00	38.2	5.5
Inferred 2010	**128.24**						
Inferred 2009	128.30						

Mineral Resources are inclusive of Mineral Reserves.
Totals are rounded off.
Modifying factors: Proved Reserves=Measured Resources less 23% pillar loss.
Probable Reserves=Indicated Resources less 23% pillar loss.

GLORIA MINERAL RESOURCE CLASSIFICATION MAP



Legend

Measured Indicated Inferred Mined out area Boreholes

Gloria Mine: 2 Body Manganese Resources			
Mineral Resources	**Mt**	**Mn%**	**Fe%**
Measured	–	–	–
Indicated	29.40	29.9	10.1
Total Resources 2 Body 2010	**29.40**	**29.9**	**10.1**
Total Resources 2 Body 2009	29.40	29.9	10.1
Inferred 2010	128.24		
Inferred 2009	132.30		

Totals are rounded off.

ARM Ferrous continued

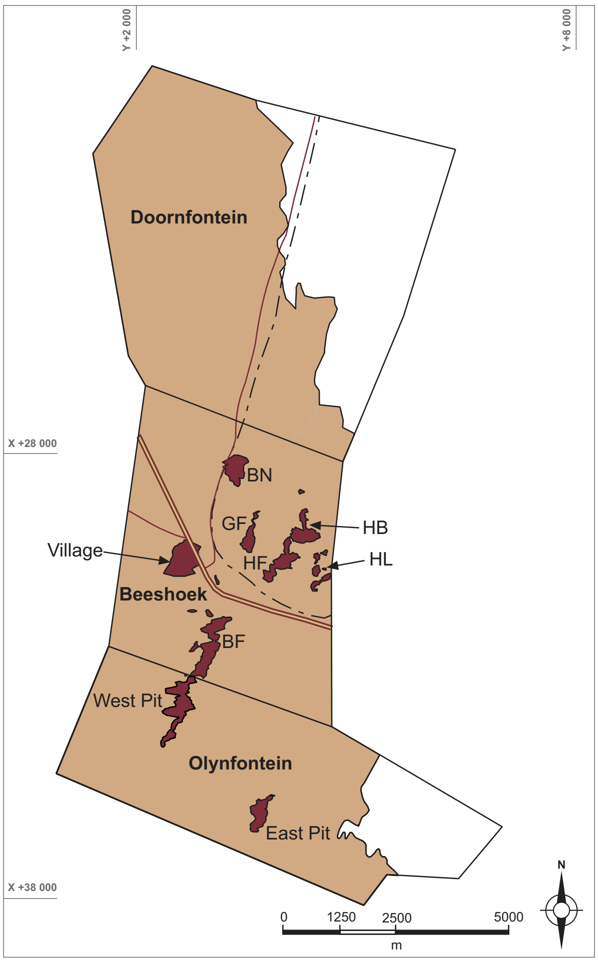
Iron Ore Mines

Beeshoek Iron Ore Mine: Resources and Reserves

	Measured Resources		Indicated Resources		Inferred Resources		Total Resources Measured + Indicated		Proved Reserves		Probable Reserves		Total Reserves	
Pit/Area	**Mt**	**Fe%**	**Mt**	**Fe%**	**Mt**	**Fe%**	**Mt**	**Fe%**	**Mt**	**Fe%**	**Mt**	**Fe%**	**Mt**	**Fe%**
BN	23.54	63.50	0.03	63.13	–	–	23.57	63.50	15.52	63.95	–	–	15.52	63.95
HF/HB	16.64	64.30	0.30	63.85	–	–	16.94	64.29	2.55	65.24	0.03	66.45	2.58	65.25
BF	6.95	63.29	0.22	63.58	–	–	7.17	63.30	1.93	63.81	–	–	1.93	63.81
East Pit	9.14	64.61	0.03	64.19	–	–	9.17	64.61	1.89	65.66	–	–	1.89	65.66
Village	40.80	63.56	0.09	64.64	–	–	40.89	63.56	24.23	65.53	–	–	24.23	65.53
GF	3.13	63.81	0.09	61.80	–	–	3.22	63.75	–	–	–	–	–	–
HH Ext	0.28	62.63	–	–	–	–	0.28	62.63	–	–	–	–	–	–
HL	3.05	65.17	–	–	–	–	3.05	65.17	0.93	65.70	–	–	0.93	65.70
West Pit	9.06	62.74	–	–	0.05	61.87	9.06	62.74	0.59	64.45	–	–	0.59	64.45
Detrital	–	–	–	–	2.50	60.00	–	–	–	–	–	–	–	–
Total 2010	**112.59**	**63.71**	**0.76**	**63.61**	**2.55**	**60.04**	**113.35**	**63.71**	**47.64**	**64.93**	**0.03**	**66.45**	**47.67**	**64.93**
Total 2009	108.94	63.71	0.74	63.61	3.75	60.00	109.68	63.71	45.21	64.95	0.03	66.45	45.24	64.95

Mineral Resources are inclusive of Mineral Reserves.
Totals are rounded off.
Modifying factors: Economic pit design, Fines generated, Classified to customer specifications.

BEESHOEK OPEN-PIT LOCALITY MAP

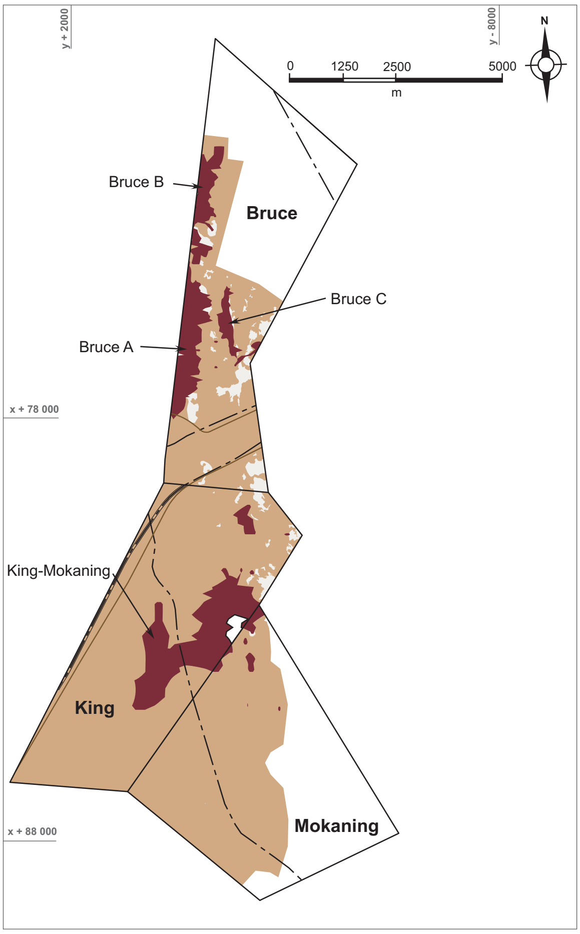


Tailing thickener

Khumani Iron Ore Mine: Resources and Reserves																
	Measured Resources		Indicated Resources		Inferred Resources		Total Resources Measured + Indicated		Proved Reserves		Probable Reserves		Total Reserves	
Pit/Area	**Mt**	**Fe%**	**Mt**	**Fe%**	**Mt**	**Fe%**	**Mt**	**Fe%**	**Mt**	**Fe%**	**Mt**	**Fe%**	**Mt**	**Fe%**	**Mt**	**Fe%**
Bruce A	110.60	64.39	0.05	62.43	0.33	63.70	110.65	64.39	100.60	64.43	0.08	62.12	100.68	64.43
Bruce B	93.88	64.43	9.18	64.56	3.81	64.13	103.06	64.44	88.01	64.41	4.20	63.92	92.21	64.39
Bruce C	17.10	65.13	3.51	65.84	1.04	64.29	20.61	65.25	17.02	65.14	3.64	65.91	20.66	65.28
King/ Mokaning	255.60	64.53	123.81	64.48	17.67	64.00	379.41	64.51	258.14	64.43	71.94	64.26	330.08	64.39
Detrital	–	–	–	–	4.00	60.00	–	–	–	–	–	–	–	–
Total 2010	**477.18**	**64.50**	**136.55**	**64.52**	**26.85**	**63.43**	**613.73**	**64.50**	**463.77**	**64.45**	**79.86**	**64.32**	**543.63**	**64.43**
Total 2009	325.40	64.70	307.60	64.42	40.80	62.97	632.90	64.56	481.40	64.51	84.40	64.26	565.70	64.49

Mineral Resources are inclusive of Mineral Reserves.
Totals are rounded off.
Modifying factors: Economic pit design, Fines generated, Classified to customer specifications.

KHUMANI OPEN-PIT LOCALITY MAP



Khumani construction

Assaying samples

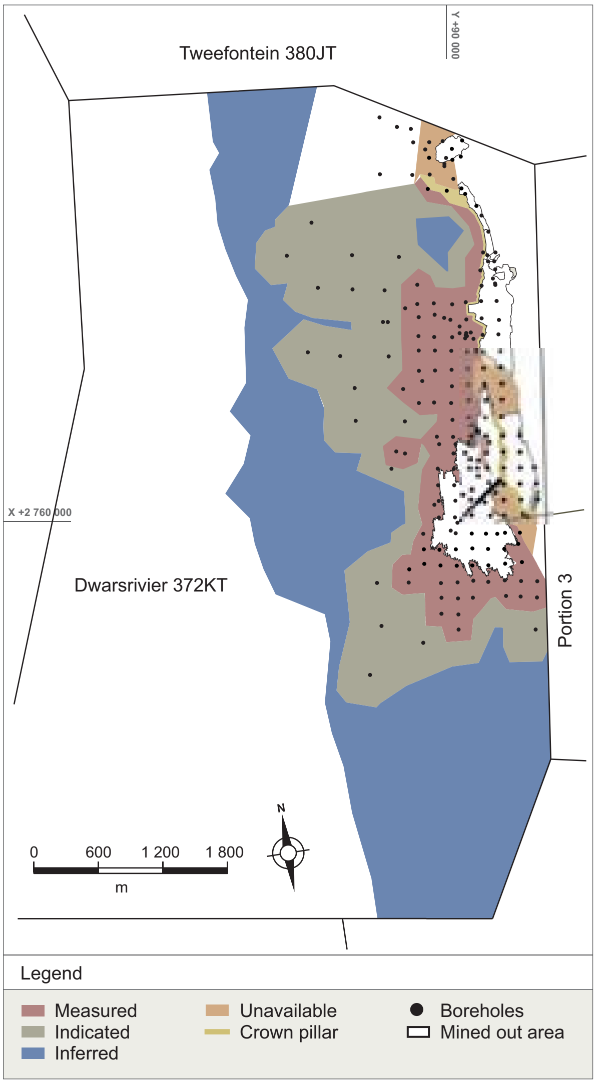
ARM Ferrous continued

Chromite Mine

Load Haul Dump (LHD) operation

Drill rig in workshop

DWARSRIVIER MINERAL RESOURCE CLASSIFICATION MAP



Dwarsrivier Chrome Mine: Resources and Reserves

	Mineral Resources				Mineral Reserves		
	Mt	Cr_2O_3%	FeO%		Mt	Cr_2O_3%	FeO%
Measured	18.83	39.21	23.07	Proved	12.75	35.95	22.07
Indicated	31.77	38.93	22.93	Probable	26.75	35.65	21.96
Total Measured and Indicated 2010	**50.60**	**39.03**	**22.98**	**Total Reserves 2010**	**39.50**	**35.75**	**22.00**
Total Measured and Indicated 2009	47.88	39.56	23.11	Total reserves 2009	35.64	39.50	23.10
Inferred	48.09	39.56	23.16				

Mineral Resources are inclusive of Mineral Reserves.
Totals are rounded off.
Modifying factors: Geological losses (10%), Mining losses (5%), Pillar loss (23%).

ARM Platinum

Nkomati Nickel-Copper-Cobalt-PGM-Chromite Mine

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

Nkomati Mine: Resources

	Measured Mineral Resources						Indicated Mineral Resources						Total Mineral Resources				
	Cut-off (Ni)%	Mt	Ni%	Cu%	Co%	4E g/t	Cut-off (Ni)%	Mt	Ni%	Cu%	Co%	4E g/t	Mt	Ni%	Cu%	Co%	4E g/t
BMZ (underground)	0.35	0.03	0.62	0.36	0.04	1.60	0.35	0.20	0.47	0.33	0.02	1.20	0.23	0.49	0.33	0.02	1.25
MMZ (underground)	0.35	0.95	0.54	0.19	0.03	1.06	0.30	47.80	0.48	0.21	0.03	1.03	48.75	0.48	0.21	0.03	1.03
PCMZ (underground)	–	–	–	–	–	–	0.30	19.90	0.38	0.12	0.02	0.77	19.90	0.38	0.12	0.02	0.77
MMZ (open-pit) Pits 2 & 3	0.24	18.90	0.46	0.19	0.03	1.07	0.24	57.25	0.42	0.19	0.03	1.00	76.15	0.42	0.19	0.03	1.02
PCMZ (open-pit) Pits 2 & 3	0.16	23.30	0.27	0.08	0.01	0.79	0.16	97.70	0.22	0.07	0.01	0.66	121.00	0.23	0.07	0.01	0.68
Total 2010 Mineral Resources		**43.18**	**0.36**	**0.13**	**0.02**	**0.92**		**222.85**	**0.34**	**0.14**	**0.02**	**0.84**	**266.03**	**0.34**	**0.13**	**0.02**	**0.85**
Total 2009 Mineral Resources		0.98	0.54	0.20	0.03	1.71		233.00	0.38	0.15	0.02	0.93	233.98	0.38	0.15	0.02	0.93

__4E__ = platinum, palladium, rhodium and gold.
Mineral Resources are inclusive of Mineral Reserves.
Totals are rounded off.

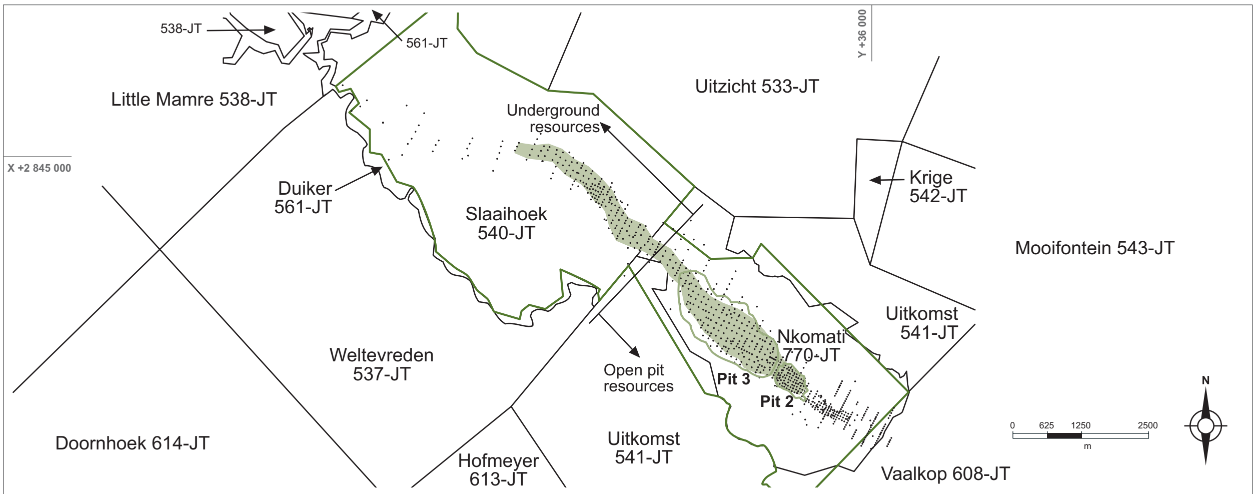
Nkomati Mine: Reserves

	Proved Mineral Reserves						Probable Mineral Reserves						Total Mineral Reserves				
	Cut-off (Ni)%	Mt	Ni%	Cu%	Co%	4E g/t	Cut-off (Ni)%	Mt	Ni%	Cu%	Co%	4E g/t	Mt	Ni%	Cu%	Co%	4E g/t
MMZ (underground)	–	–	–	–	–	–	0.35	6.54	0.59	0.22	0.03	1.09	6.54	0.59	0.22	0.03	1.09
MMZ (open-pit) Pits 2 & 3	–	–	–	–	–	–	0.24	65.32	0.42	0.18	0.02	1.01	65.32	0.42	0.18	0.02	1.01
PCMZ (open-pit) Pits 2 & 3	–	–	–	–	–	–	0.16	57.65	0.23	0.07	0.01	0.69	57.65	0.23	0.07	0.01	0.69
Total 2010 Mineral Reserves	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**129.51**	**0.34**	**0.13**	**0.02**	**0.87**	**129.51**	**0.34**	**0.13**	**0.02**	**0.87**
Total 2009 Mineral Reserves	–	–	–	–	–	–	–	159.70	0.32	0.12	0.02	0.82	159.70	0.32	0.12	0.02	0.82

Totals are rounded off.
Modifying factors: Economic pit design, geotechnical, metallurgical.

ARM Platinum continued

NKOMATI MINE LOCALITY MAP



Legend

Mineral resources — Mining Licences — Proposed final pit outlines ● Boreholes

Oxidised Massive Chromitite Resources	Indicated Mineral Resources		Inferred Resources	
	Mt	Cr_2O_3%	Mt	Cr_2O_3%
Total 2010 Chromitite (at 30% Cr_2O_3 cut-off)	**2.00**	**31.63**		
Total 2009 Chromitite (at 30% Cr_2O_3 cut-off)	1.82	33.56	0.1	31.71

Mineral Resources are inclusive of Mineral Reserves.
Totals are rounded off.

Oxidised Massive Chromitite Reserves	Probable Mineral Reserves	
	Mt	Cr_2O_3%
Total 2009 Chromitite (at 30% Cr_2O_3 cut-off)	2.00	31.63

Totals are rounded off.
Modifying factors: Economic pit design, geotechnical, metallurgical.

Oxidised Chromititic Peridotite	Indicated Mineral Resources		Inferred Resources	
	Mt	Cr_2O_3%	Mt	Cr_2O_3%
Total 2010 Oxidised PCR			**3.70**	**10.30**
Total 2009 Oxidised PCR	5.20	16.41	8.7	16.04

Mineral Resources are inclusive of Mineral Reserves.
Totals are rounded off.

Two Rivers Platinum Mine

ARM's attributable beneficial interest in Two River's operations is 55%. The other 45% is held by Impala Platinum.

UG2 Mineral Resources

	(UG2 + Internal Pyroxenite)								
	Mt	**Pt g/t**	**Pd g/t**	**Rh g/t**	**Au g/t**	**(3PGE + Au) g/t**	**(5PGE + Au) g/t**	**Pt Moz**	**6E Moz**
Measured	8.83	2.57	1.44	0.48	0.04	4.53	5.42	0.73	1.54
Indicated	46.82	2.09	1.24	0.39	0.04	3.76	4.53	3.15	6.82
Total 2010	**55.65**	**2.17**	**1.27**	**0.41**	**0.04**	**3.89**	**4.67**	**3.88**	**8.36**
Total 2009	54.09	2.17	1.3	0.4	0.04	3.91	4.71	3.77	8.19
Inferred	1.12	2.91	1.69	0.54	0.05	5.19	6.26	0.1	0.23

***3PGE** = platinum, palladium and rhodium; **5PGE** = platinum, palladium, rhodium, iridium and ruthenium; **6E** = 5PGE + gold*
Mineral Resources are inclusive of Mineral Reserves.
Totals are rounded off.

UG2 Mineral Reserves

	(UG2 + Internal Pyroxenite)								
	Mt	**Pt g/t**	**Pd g/t**	**Rh g/t**	**Au g/t**	**(3PGE + Au) g/t**	**(5PGE + Au) g/t**	**Pt Moz**	**6E Moz**
Proved	5.12	1.83	1.08	0.35	0.03	3.29	3.94	0.30	0.65
Probable	30.80	1.62	0.92	0.31	0.03	2.88	3.47	1.60	3.44
Total 2010	**35.92**	**1.65**	**0.95**	**0.32**	**0.03**	**2.94**	**3.54**	**1.90**	**4.09**
Total 2009	37.29	1.83	1.10	0.34	0.03	3.30	3.98	2.19	4.78

***3PGE** = platinum, palladium and rhodium; **5PGE** = platinum, palladium, rhodium, iridium and ruthenium; 6E = **5PGE** + gold*
Totals are rounded off.
Modifying factors: Mining losses, dilution, geotechnical, metallurgical.

Merensky Reef Mineral Resources

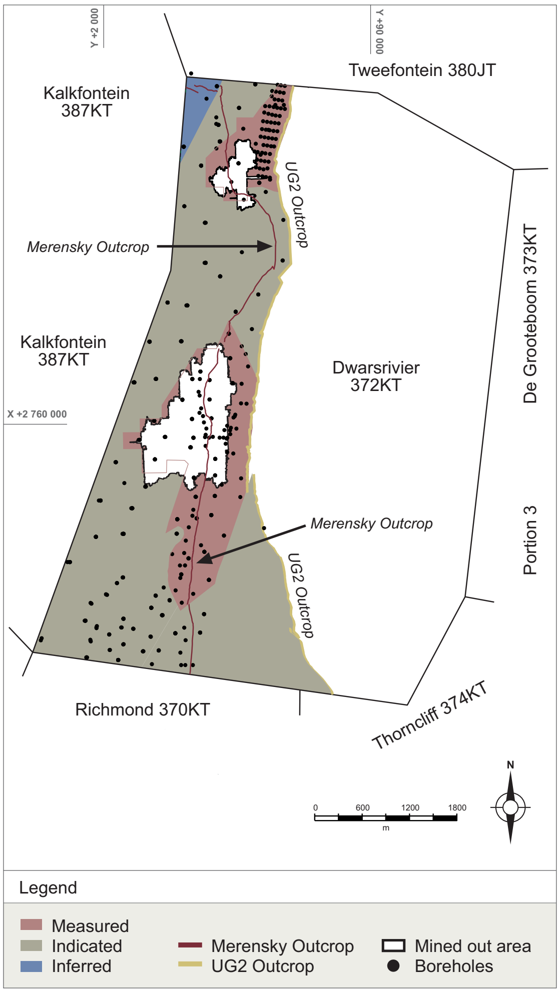
Top Zone	**Mt**	**(3PGE + Au) g/t**	**Pt g/t**	**6E g/t**	**Pt Moz**	**6E Moz**
Measured						
Indicated	18.70	3.34	2.06	3.55	1.2	2.13
Total 2010	**18.70**	**3.34**	**2.06**	**3.55**	**1.2**	**2.13**
Total 2009	18.70	3.34	2.06	3.55	1.2	2.13
Inferred	3.90	3.16	1.95	3.36	0.24	0.41

***3PGE** = platinum, palladium and rhodium; **5PGE** = platinum, palladium, rhodium, iridium and ruthenium; **6E** = **5PGE** + gold*
Mineral Resources are inclusive of Mineral Reserves.
Totals are rounded off.

ARM Platinum continued

Manganese to stockpile

TWO RIVERS MINERAL RESOURCE CLASSIFICATION MAP



Underground drill rig

Modikwa Platinum Mine

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

Modikwa Mineral Resources and Reserves UG2

	Mineral Resources				Mineral Reserves		
	Mt	**3PGE + Au g/t**	**Moz**		**Mt**	**3PGE + Au g/t**	**Moz**
Measured	54.30	5.84	10.19	Proved	20.69	5.02	3.34
Indicated	94.71	5.88	17.89	Probable	26.88	4.87	4.21
Total Measured and Indicated 2010	**149.01**	**5.86**	**28.08**	**Total**	**47.57**	**4.94**	**7.55**
Total Measured and Indicated 2009	145.73	5.86	27.44		56.01	4.71	8.49
Inferred	75.68	6.19	15.05				

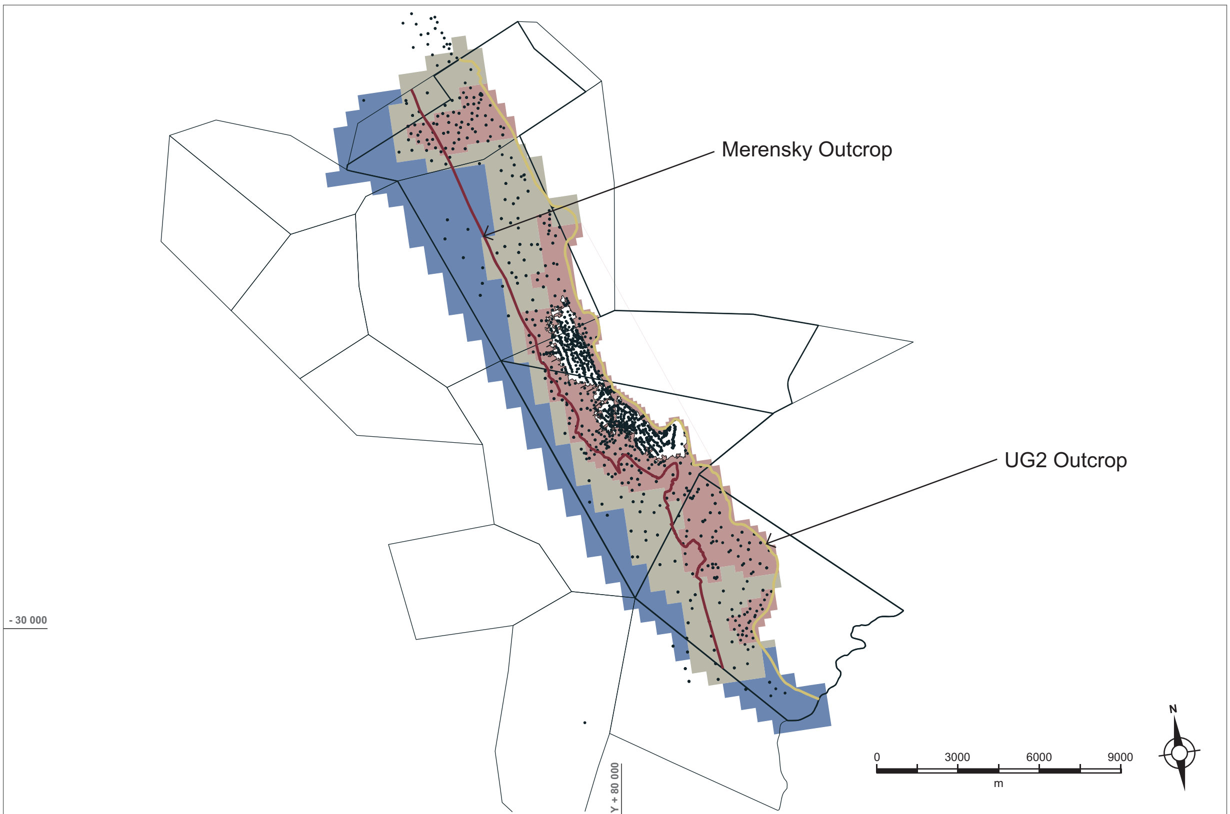
***3PGE** = platinum, palladium and rhodium. Mineral Resources are exclusive of Mineral Reserves. Totals are rounded off.*

Modikwa Mineral Resources Merensky Reef

	Mineral Resources		
	Mt	**3PGE + Au g/t**	**Moz**
Measured	17.95	2.94	1.70
Indicated	54.05	2.73	4.74
Total Measured and Indicated 2010	**72.00**	**2.78**	**6.44**
Total Measured and Indicated 2009	72.00	2.78	6.44
Inferred	136.84	2.65	11.66

***3PGE** = platinum, palladium and rhodium. Totals are rounded off. Modifying factors: Mining losses, dilution, geotechnical, metallurgical.*

MODIKWA MINERAL RESOURCE CLASSIFICATION MAP



Legend

Measured | Indicated | Inferred | UG2 Outcrop | Merensky Outcrop | Mined out area | Boreholes

ARM Platinum continued

Kalplats Platinum Projects

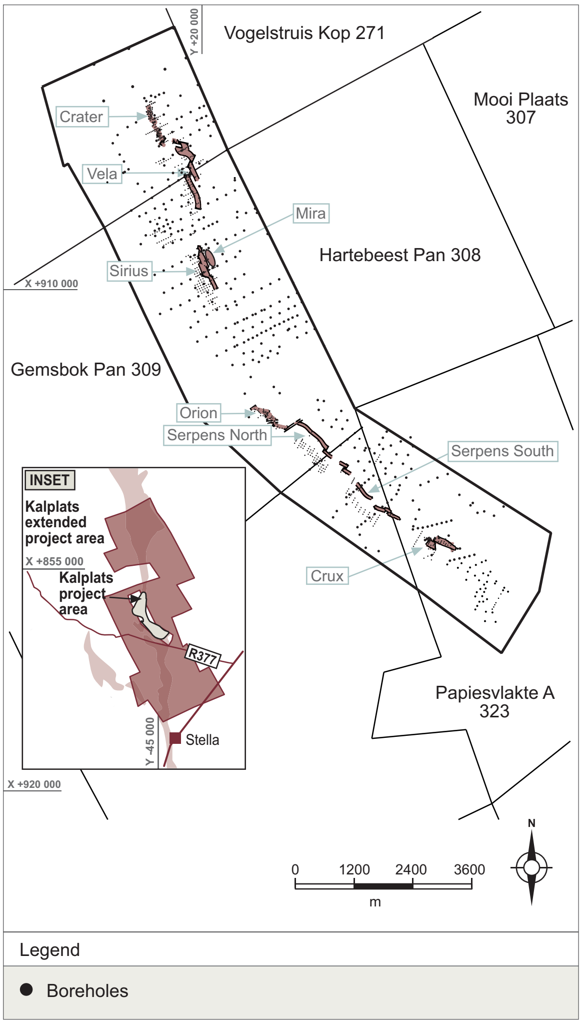
ARM's attributable beneficial interest in Kalplats' operations is 90%.

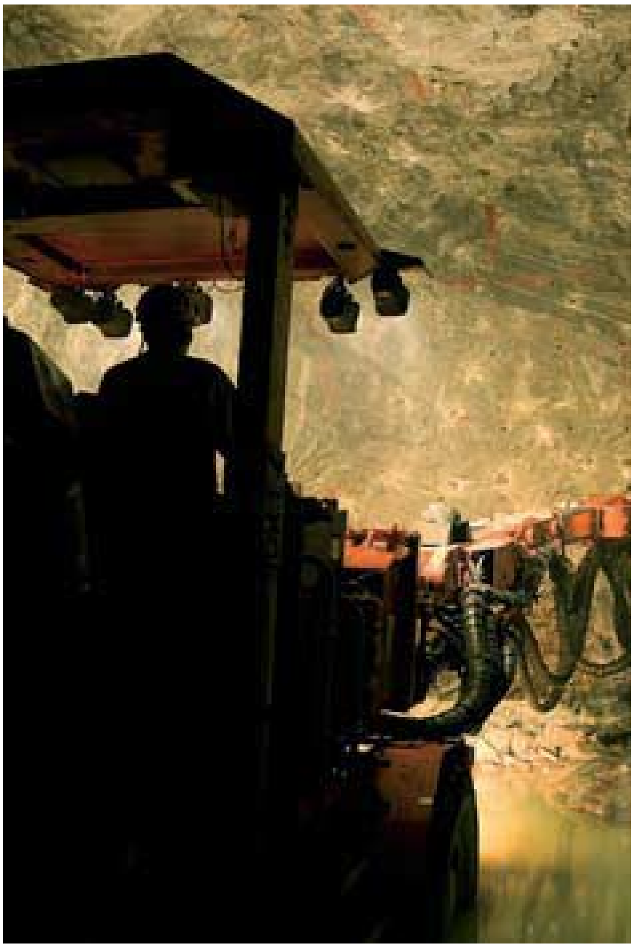
Kalplats Mineral Resources

	Measured Resources		Indicated Resources		Measured and Indicated Resources			Inferred Resources		Total Mineral Resources		
Deposit	**Mt**	**3E g/t**	**Mt**	**3E g/t**	**Mt**	**3E g/t**	**3E Moz**	**Mt**	**3E g/t**	**Mt**	**3E g/t**	**3E Moz**
Crater	1.34	1.89	6.22	1.85	7.55	1.86	0.45	18.66	2.11	26.22	2.04	1.72
Orion	4.20	1.57	4.01	1.56	8.21	1.57	0.41	3.64	1.61	11.86	1.58	0.60
Crux	7.70	1.55	10.88	1.40	18.58	1.46	0.87	9.46	1.35	28.04	1.42	1.28
Sirius	0.80	1.52	5.31	1.49	6.11	1.49	0.29	3.38	1.27	9.48	1.41	0.43
Mira	–	–	2.71	1.42	2.71	1.42	0.12	3.93	1.44	6.63	1.43	0.31
Vela	–	–	21.79	1.36	21.79	1.36	0.95	14.87	1.32	36.66	1.34	1.58
Serpens N	–	–	–	–	–	–	–	7.70	1.43	7.70	1.43	0.35
Serpens S	–	–	–	–	–	–	–	10.76	1.34	10.76	1.34	0.46
Total 2010	**14.04**	**1.59**	**50.91**	**1.46**	**64.95**	**1.49**	**3.11**	**72.40**	**1.56**	**137.36**	**1.53**	**6.74**
Total 2009	13.43	1.58	43.14	1.46	56.57	1.49	2.71	76.63	1.53	133.20	1.51	6.48

***3E** = platinum, palladium and gold*
Totals are rounded off.
Resources include UM, UUM, LM, MR, LG, MMW and the Main Reef Residual layers, which is the total mineralised width for all seven layers.
Cut off grade of 0.5 g/t 3E has been applied.

KALPLATS PLATINUM PROJECTS LOCALITY MAP





Twin boom drill rig

ARM Coal

Goedgevonden Coal Mine

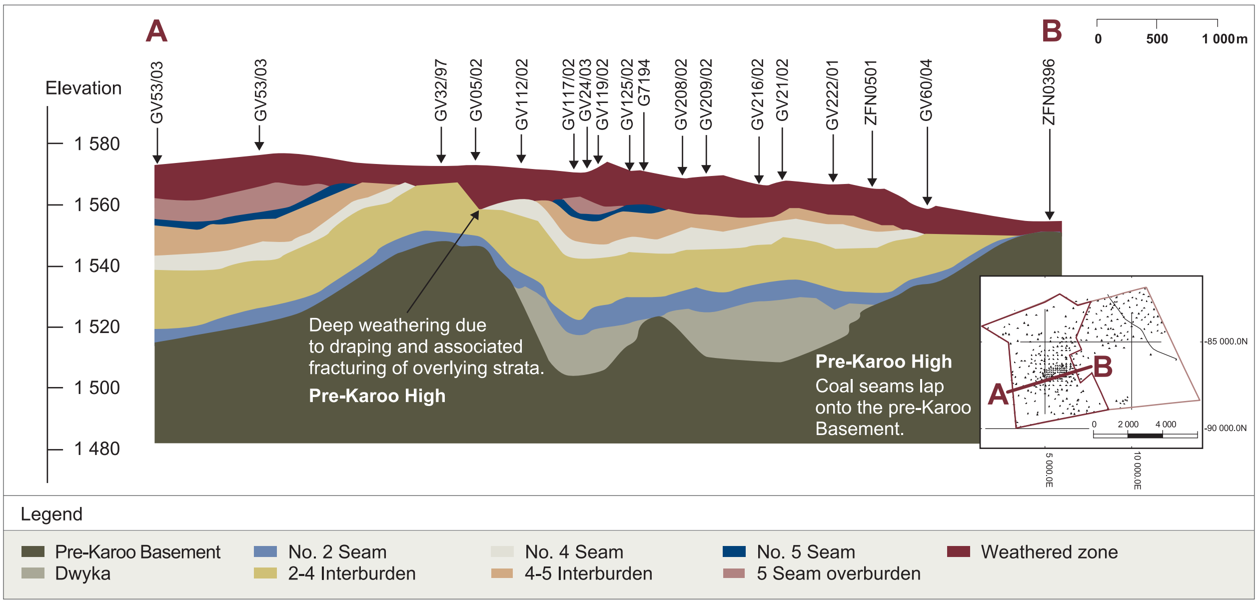
ARM's attributable beneficial interest in Goedgevonden's operations is 26%. The other 74% is held by Xstrata.

Goedgevonden Resources

Seam No.	Measured Mt	Indicated Mt	Inferred Mt	Proved Mt	Probable Mt	Saleable Mt
Resources within Mine Plan						
2	188.2	–	–	169.3	–	89.4
4	177.5	–	–	159.6	–	85.7
5	39.5	–	–	35.5	–	20.3
Total	**405.2**	**–**	**–**	**364.4**	**–**	**195.4**
Resources outside of Mine Plan						
2	51.4	18.3	–	–	–	–
4	49.2	8.6	56.9	–	–	–
5	17.0	0.8	6.3	–	–	–
Total	117.7	27.7	63.2			
Overall	**522.9**	**27.7**	**63.2**	**364.4**	**–**	**195.4**

Totals are rounded off.

SECTION SHOWING GOEDGEVONDEN COAL SEAMS



ARM Copper

Konkola North Copper Project

ARM and its 50:50 strategic joint venture partner Vale, owners of Konnoco Zambia, announced on 27 August 2010 the release of the Konkola North Copper Mine in Zambia.

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

Mineral Resources	Mt	%TCu	Mt Contained Cu
Measured South Limb	0.7	2.7	0.02
Indicated South Limb	23.9	2.13	0.51
Total South Limb	**24.6**	**2.15**	**0.53**
Measured East Limb	4.0	2.64	0.11
Indicated East Limb	16.6	2.58	0.43
Total East Limb	**20.6**	**2.59**	**0.54**
Measured Fold axis	0.4	2.1	0.01
Indicated Fold axis	11.8	2.7	0.32
Total Fold axis	**12.2**	**2.68**	**0.33**
Total Measured and Indicated 2010	**57.4**	**2.42**	**1.39**
Inferred South Limb	13.8	2.22	
Inferred East Limb	0.4	2.0	
Inferred Fold axis	9.7	2.25	
Inferred Area A	219.5	2.64	

Totals are rounded off.

Geological computer modelling

ARM Exploration

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

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

Mineral Resources at 0.5% total copper cut-off grade

Mineral Resources	Mt	%TCu	Mt Contained Cu
Measured	10.54	1.84	0.19
Indicated	1.90	1.17	0.02
Total Measured and Indicated 2010	12.44	1.74	0.16
Inferred	1.77	2.10	0.04

Totals are rounded off.

Kalumines Properties (DRC) – Mineral Resources				
Mineral Resources		**Mt**	**%TCu**	**Mt Contained Cu**
Lupoto	Measured	–	–	–
	Indicated	30.70	2.53	0.78
	Inferred	4.20	2.33	0.10
Kasonta	Inferred	25.10	1.40	0.35
Kasonta south	Inferred	4.40	1.64	0.07
Karu East	Inferred	5.50	1.80	0.10
Niamumenda	Inferred	2.60	2.25	0.06
Stockpile		1.10	4.15	0.05

Totals are rounded off.

Gold: Harmony

ARM owns 14.8% of Harmony's issued share capital. Harmony, South Africa's third largest gold producer, is separately run by its own management team. Resources and Reserves of the Harmony mines are the responsibility of the Harmony team and are published in Harmony's Annual Report.

Detailed mine planning

Definitions

The definitions of Mineral Resources and Reserves, quoted from the SAMREC Code, are as follows:

A **'Mineral Resource'** is a concentration or occurrence of material of economic interest in or on the earth's crust in such form, quality and quantity that there are reasonable and realistic prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a Mineral Resource are known, or estimated from specific geological evidence, sampling and knowledge interpreted from an appropriately constrained and portrayed geological model. Mineral Resources are subdivided, and must be so reported, in order of increasing confidence in respect of geoscientific evidence, into Inferred, Indicated or Measured categories.

An **'Inferred Mineral Resource'** is that part of a Mineral Resource for which volume or tonnage, grade and mineral content can be estimated with only a low level of confidence. It is inferred from geological evidence and sampling and assumed but not verified geologically or through analysis of 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 in scope 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 information from exploration, sampling and testing of material gathered from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological 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 information from exploration, sampling and testing of material 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 or Indicated Mineral Resource or both. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a Pre-Feasibility Study for a project and a Life-of-Mine Plan for an operation must have been completed, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors (the modifying factors). Such modifying factors must be disclosed.

A **'Probable Mineral Reserve'** is the economically mineable material derived from a Measured or Indicated Mineral Resource or both. It is estimated with a lower level of confidence than a Proved Mineral Reserve. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a Pre-Feasibility Study for a project or a Life-of-Mine Plan for an operation must have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. Such modifying factors must be disclosed.

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 includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a Pre-Feasibility Study for a project or a Life-of-Mine Plan for an operation must have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. Such modifying factors must be disclosed.