ARM
African Rainbow Minerals

We do it better

Integrated **Annual Report** 2011

Contents

About this report

This is the **second Integrated Annual Report** produced by African Rainbow Minerals (ARM or the Company). It sets out the **strategy and prospects,** and reviews the Company's **performance against financial, operational and sustainability objectives** for the financial year ended 30 June 2011. The ARM Board (the Board) approved the financial and non-financial information contained in this report on 17 October 2011.

We do it better **to create sustainable value**

ARM acknowledges that the mining industry is demanding in terms of the human, social, environmental and financial stocks of capital that are coming under increasing pressure in today's volatile business environment. It is therefore important that we manage our operations to mitigate any adverse effects as far as possible, and that we maximise their social and economic benefits across the broadest possible base. Our long-term sustainability, from our ability to access scarce resources to maintaining our licence to operate, is contingent on our effectiveness in these respects.

The management of ARM is confident that we operate in an enlightened, efficient and responsible way hand in hand with our stakeholders, and that we seek constant improvement in our pursuit of sustainable value. This, we believe, is illustrated in our 2011 Integrated Annual Report. Further explanation of our approach to sustainable value creation, and the management frameworks to which we hold ourselves accountable, is provided in our summary Sustainability review on pages 32 to 41.

In our 2011 Integrated Annual Report we have aimed to provide a balanced and material assessment of ARM's strategic position and performance to enable all our stakeholders to properly assess our ability to continue creating value into the future. In preparing the report, we have responded to the relevant statutory frameworks. These include, but are not limited to the Companies Act 2008 as amended, the King Report on Corporate Governance in South Africa 2009 (King III) and the JSE Listings Requirements, as well as all legislation, regulations and codes of practice applicable to the South African mining sector and the countries in which we operate. The financial information in this report has been prepared according to International Financial Reporting Standards (IFRS).

The Group and operational commentary provided covers the management approach and actions taken in the last year, and the targets and priorities for the future in relation to the macro-economic dynamics, material issues, opportunities and risks for ARM as a whole and in each of our core businesses. The Company structure provided in our Corporate Summary on pages 2 and 3 indicates ARM's ownership in each of its operations, thereby illustrating the scope of this report.

For ease of reference and comparability, the structure of this year's report is largely similar to that presented last year. In addition to the abridged Sustainability review included in our 2011 Integrated Annual Report, and the greater level of sustainability related information provided in the management and operational reviews, a comprehensive stand alone Sustainability Report has been published. Printed copies of the full Sustainability Report are available on request from our Investor Relations Department or electronically on our corporate website **(www.arm.co.za)** (contact details for our Investor Relations Department are provided on the inside back cover).

In line with the reporting recommendations of King III, we will seek to become progressively more integrated in our approach. The Company's application of the King III principles, including details on integrated reporting, combined assurance, stakeholder engagement and risk management may be found in the Corporate Governance report on pages 117 to 120. The opinion of the independent auditors on the financial information included in this report, can be found on page 154. The opinion of the external assurance provider on the non-financial information included in this report can be found in the full Sustainability Report.

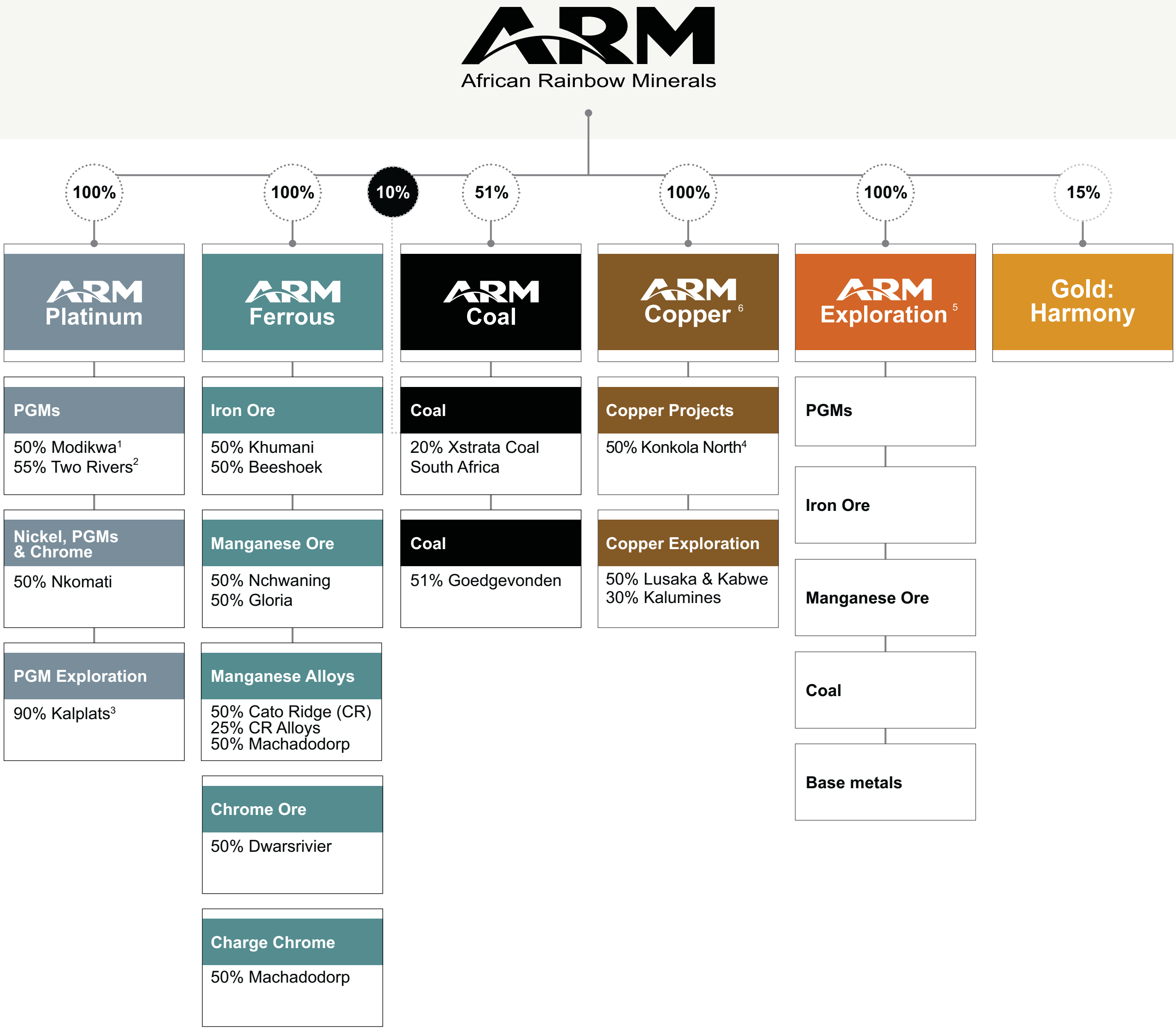
We are conscious of the need to continuously improve our reporting to stakeholders as the basis for accountability, meaningful engagement and informed decision-making. We are therefore proud of the recognition we achieved in the 2011 Ernst & Young Excellence in Corporate Reporting survey, which ranked ARM's 2010 Integrated Annual Report in 8th place, moving us from the excellent category the year before into the top 10.

In the interest of continuous improvement and fulfilling the information and engagement needs of our stakeholders, we welcome feedback from our stakeholders on the content and format of our reports. Please direct any feedback to the contacts listed on the inside back cover of this report.

All monetary values in this report are given in South African Rands unless otherwise stated. Rounding figures may result in computational discrepancies on management and operational review tabulations.

Corporate summary

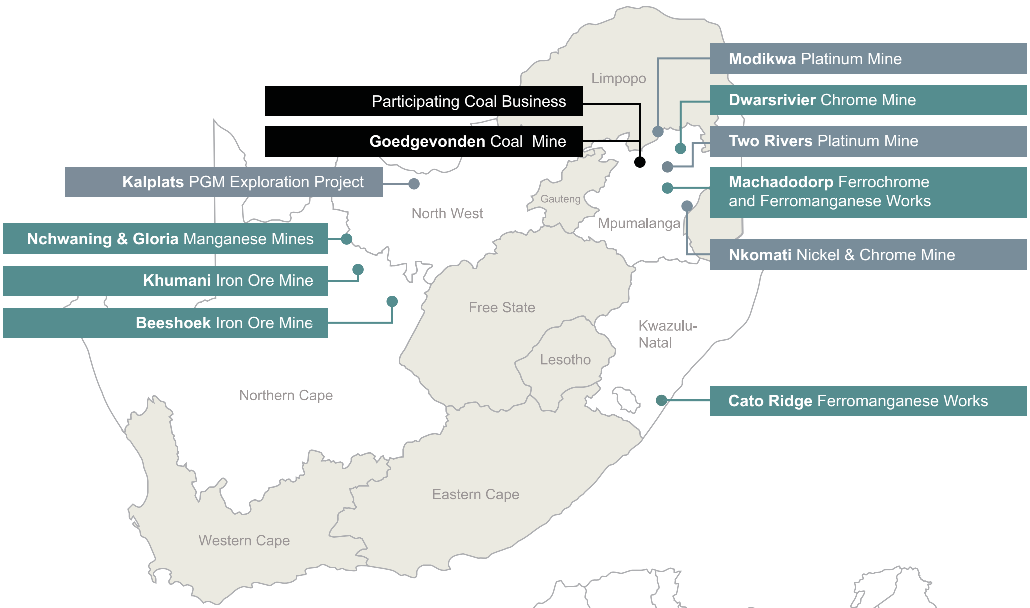
African Rainbow Minerals is a **leading South African diversified mining and minerals company, with world-class long-life, low unit cost assets.**



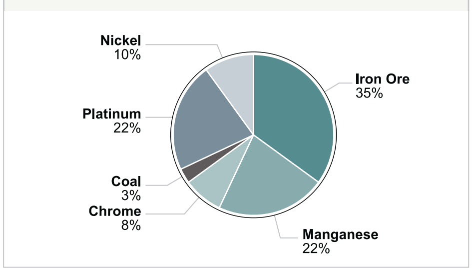
1 Assets held through ARM Mining Consortium's effective interest of 41.5%, the balance held by local communities.
2 ARM's shareholding in Two Rivers will reduce to 51% once the transfer of Kalkfontein portions 4, 5 and 6 and Tweefontein prospecting rights has been effected.
3 Platinum Australia earned 12% ownership on completion and approval of the prefeasibility study. The transfer of this ownership is in the process of being effected. 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 was subject to a buy-in right of up to 20% (5% free-carried interest) by state-owned Zambia Consolidated Copper Mines Investment Holdings plc (ZCCM). ZCCM has exercised this right and the transfer of the 20% is in the process of being effected.
5 ARM Exploration is involved in identifying and assessing exploration and mineral business opportunities in sub-Saharan Africa.
6 Mwambashi prospecting licence has been relinquished and certain exploration licences have been incorporated into the Konkola North mining licence.

ARM's business model centres on forging **mutually beneficial partnerships** with **major players** in the resource sector.

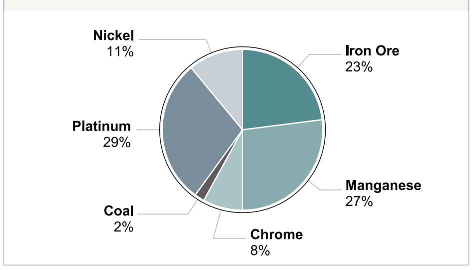
In 2010 ARM **successfully completed its 2 X 2010 strategy** to double production in its diversified portfolio of assets. This strategy culminated in the **delivery of seven high quality, long-life, low unit cost mines**. ARM **continues to pursue an aggressive growth strategy** with focus on its growth projects in iron ore, coal, nickel and copper. This aggressive growth strategy is combined with the **continuing pursuit of operational efficiencies and growth through quality partnerships and acquisitions**.



F2011 Revenue



F2010 Revenue



Executive Chairman's report

Khumani Iron Ore Mine stacker reclaimer

Patrice Motsepe, Executive Chairman

The ARM Management team **continues to deliver outstanding results**. We are **confident about the long-term future** of the minerals we mine and are continuing with **our aggressive growth strategy**, despite the current challenges and volatility.

Confident about the future of our business.

I am pleased to report that the Company has delivered exceptionally strong headline earnings for the 2011 financial year.

Most of our divisions achieved good increases in production volumes and delivered good cost containment and efficiency gains, albeit in challenging circumstances. We continued to make significant progress with our four major growth projects in iron ore, nickel, copper and coal and also invested in the improvement of our portfolio of quality assets.

Global conditions in commodity markets experienced a notable improvement relative to the previous financial year and ARM was able to optimise and deliver into these improved markets.

Headline earnings increased significantly by 94% to R3.3 billion; driven mainly by improved commodity prices especially for iron ore. Markets have in recent months experienced increased volatility. Despite this we remain confident about the future of our business and the long-term fundamentals of the commodities that comprise the diverse ARM portfolio.

Cash generated from our operations increased by 72% to R5.9 billion. At year-end the Company reported cash and cash equivalents of R3.7 billion and net cash (excluding partner loans) of R2.6 billion, reflecting the strength of ARM's financial position. This means that ARM is exceptionally well-placed given that growth going forward is supported by a robust financial position. The Company was ungeared at year-end. This provides comfort that our continued growth ambitions can be appropriately funded.

The strong cash generation has also allowed ARM to deliver on its commitment to pay dividends whilst simultaneously maintaining the ability to fund future growth. ARM declared a fifth annual consecutive dividend at an increased level of 450 cents per share. This dividend is the highest paid in the Company's history and represents a 125% increase compared to last year.

Improved operational efficiencies through volume growth

While strong commodity prices contributed to these outstanding financial results, ARM's operational performance over the last year has also been laudable. Our world class management team continually strives for operational excellence within our different divisions.

We positioned ARM over the years to own and operate mines for commodities whose demand was increasing globally. ARM significantly increased its production volumes to sell into these increased demands. This in turn also contributed to an improvement in our operational efficiencies and cost savings.

Production increases achieved at the various divisions, on a 100% basis, include:

- 115% increase in Goedgevonden's saleable coal production from 2.7 million tonnes to 5.9 million tonnes;
- 54% increase in manganese ore production from 1.9 million tonnes to 3.0 million tonnes;
- 48% increase in chrome ore production from 587 thousand tonnes to 866 thousand tonnes;

Modikwa Platinum Mine concentrator plant

- 19% increase in chrome alloy production from 200 thousand to 237 thousand tonnes;
- 15% increase in manganese alloy production from 252 thousand to 291 thousand tonnes; and
- 4% increase in nickel produced from 9.7 thousand tonnes to 10.1 thousand tonnes.

Aggressive growth continues

ARM has always been respected for its solid operating track record. The company has also over the past few years been recognised for its proven project development capability.

In 2005, we embarked on an ambitious programme to double production volumes in our portfolio of commodities by 2010, including iron ore, manganese ore, nickel, platinum group metals and coal. This resulted in the construction of seven new mines over a relatively short time-frame after having invested approximately R14 billion, on an attributable basis.

We are planning continued investments of an additional R10 billion (on an attributable basis) over the next three years on projects that will deliver towards achieving our growth objectives. These new operations will boost production volumes in iron ore, nickel, coal and copper where we anticipate strong growth in demand, driven mainly by China, India and other developing economies. They are:

- the Khumani Iron Ore Expansion Project, which will increase production from 10 to 16 million tonnes per annum; 2 million tonnes of which is designated for local sales. This project is ahead of schedule and is well within budget;
- the Goedgevonden Coal Mine achieved design capacity on a monthly basis in November 2010;
- the Nkomati Nickel Mine, where the 250 thousand tonnes per month (ktpm) concentrator plant was commissioned on time and within budget in October 2010 and continues its ramp-up. This Mine has however experienced some grade and recovery challenges as part of the ramp-up which management is addressing; and
- the Konkola North Copper Project in Zambia is progressing within budget and on schedule with 82% of the authorised US$391 million capital already contracted for. ARM together with its joint venture partner Vale S.A. and the Zambia Consolidated Copper Mines Investment Holdings plc (ZCCM), launched the project on 14 October 2010.

Exploration

We are conscious of the need to ensure that ARM continues to explore and identify new ore bodies and have allocated additional resources to our exploration division. The copper exploration assets that include a 30% shareholding in the Kalumines Copper Project in the DRC and a 50% shareholding in the Lusaka & Kabwe Project have been moved into the ARM Copper Division. This will allow the ARM Exploration Division to focus on identifying and assessing quality exploration opportunities in Sub-Saharan Africa. Various exploration opportunities are currently being assessed. We have also signed an agreement with Rovuma Resources, an exploration company, to jointly explore for manganese ore, nickel, PGMs and base metals in Mozambique.

Cost containment

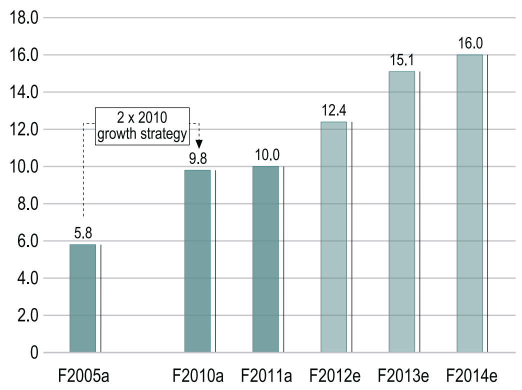
ARM's revenue is affected, inter alia, by fluctuations in commodity prices and exchange rates. In addition, cost escalations for power, reductants and labour continuously receive the attention and focus of management. Management also implements numerous initiatives to contain and reduce unit costs and increase profitability.

Across all business units, we continue to pursue our strategic objective of having all ARM's operations positioned below the 50th percentile of the respective commodities' global unit cost curves by 2012. We are working towards ensuring that our current growth

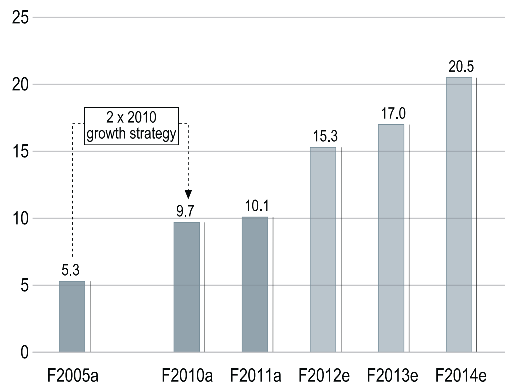
Executive Chairman's report continued

Aggressive growth continues

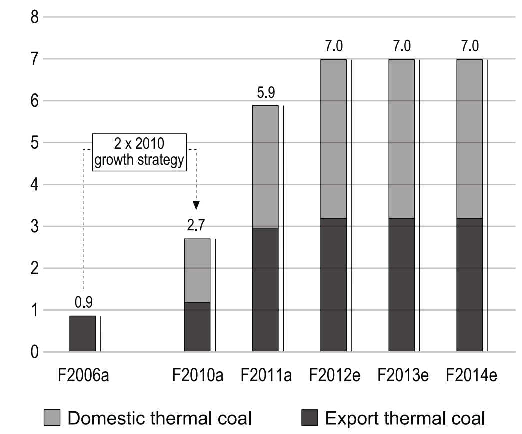
Iron ore sales volumes (on 100% basis)
(Million tonnes)



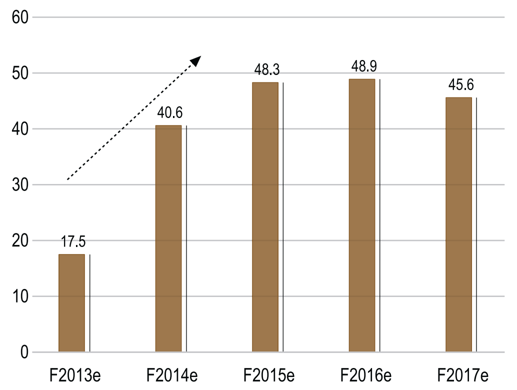
Nickel production volumes (on 100% basis)
(Thousand tonnes)



Goedgevonden thermal coal sales volumes (on 100% basis) (Million tonnes)



Konkola North copper sales volumes (on 100% basis)
(Thousand tonnes)



strategy will deliver another step change in cost competitiveness over the next few years. We have targeted 2014 and 2015 respectively for the Nkomati Nickel Mine and the Konkola North Copper Mine to be positioned in the bottom half of the global cost curve.

ARM remains committed to its objective of progressive annual cost reductions and savings. We firmly believe that these initiatives are crucial for our overall industry competitiveness and continued value creation. I am confident that ARM is well on track to meet the cost positioning targets for all our commodities.

Harmony

We have seen a significant increase in the share price of Harmony particularly as a result of the Wafi Golpu drill results and the good work that management has done to make the market aware of the exciting results and the huge value that it will add to Harmony.

We continue to view our investment in Harmony as a strategic investment and remain committed to realising value for our shareholders in this regard.

The CEO's report provides further information on Harmony.

Sustainable Development

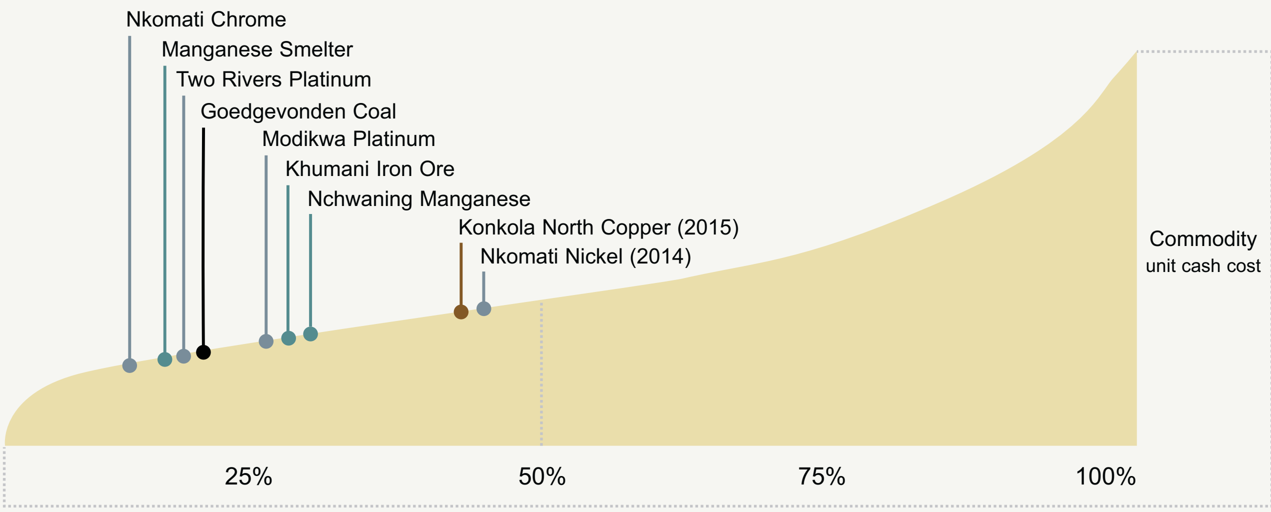
To achieve our objective of responsible investment and broad social benefit, we have included sustainable development considerations into the corporate and operational decision-making processes of our Company.

We are committed to delivering competitive financial performances whilst striving towards world-class standards in environmental management and creating safe working conditions.

Over the years we have sought to implement global best practices as far as sustainable development is concerned. We have made significant progress and it is gratifying to note that ARM's 2010

ARM target for operations on the respective global cost curve by 2012

(ARM estimate, benchmarked at steady-state/normalised production volumes)



Percentile on cost curve (based on cumulative production)

Sustainable Report was recently ranked 13th in South Africa (out of 392 companies), which is a tremendous achievement from being 42nd two years ago. Our membership and participation in the ICMM has enhanced and improved our initiatives in this regard.

The improvement of the living conditions of persons living in the communities neighbouring our mines is crucial for our long-term success. In the last five years we have invested approximately R316 million in the development of our communities and over the last year an additional R10.2 million was distributed to the ARM Broad-Based Economic Empowerment Trust (the ARM BBEE Trust) to provide funding for community upliftment projects throughout South Africa.

The ARM BBEE Trust was established in 2005 with the primary objective of contributing to the improvement of the living conditions of poor and marginalised persons. It provides funding to various provincial rural upliftment trusts, established by ARM, to contribute to community development, health, welfare, educational and other anti-poverty initiatives.

The ARM BBEE Trust has distributed approximately R51 million over the past four years to trust beneficiaries. Through the ARM BBEE Trust, these provincial rural upliftment trusts, church groups, women's groups and trade union organisations own a 10% equity interest in ARM.

Further details of our sustainability endeavours and the Company's performance are contained in this annual report. We acknowledge that sustainable development is a key focus area of our business and we have therefore supplemented this report with a detailed Sustainability Report on the ARM website www.arm.co.za

Health and Safety

It is pleasing that the Company has improved its safety performance over the last year. The number of lost-time injuries reduced from 165 last year to 109, while the lost-time injury frequency rate, calculated on 200 000 man hours worked, was 0.43 compared to 0.77 in the previous year.

Our commitment to creating a safe and healthy work environment has led to us achieving the following outstanding results:

- Modikwa Platinum Mine achieved 8 000 000 fatality-free shifts on 21 June 2011 and was awarded the Department of Mineral Resources (DMR) Safety Achievement Flag for Platinum Mines;
- Beeshoek achieved 12 months without a lost-time injury;
- Two Rivers Platinum Mine completed 2 000 000 fatality-free shifts on 11 November 2010;
- Khumani Iron Ore Mine achieved its first 1 000 000 fatality-free shifts in November 2010 and received ARM's in-house safety award, the St Barbara floating trophy; and
- Black Rock Manganese Mine achieved 1 000 000 fatality-free shifts during the fourth quarter.

I am however saddened to report that we had a fatality at one of our operations during the past year. Regrettably on 2 February 2011, Mr Solomon Vusi Sindane, a trainee crane operator was fatally injured at the Machadodorp facility.

I extend my sincerest condolences on behalf of the Company to Mr Sindane's family, friends and colleagues for their loss.

Executive Chairman's report continued

The South African mining industry

Mining in South Africa remains one of the key sectors of the economy and contributes significantly to economic activity, job creation and foreign exchange earnings.

The government's New Growth Path identifies mining as a key economic driver in creating jobs in different value chains across South Africa's industrial landscape. Specifically, the government's plan urges "…accelerating exploitation of mineral reserves by ensuring an effective review of the minerals rights regime, and lowering the cost of critical inputs including logistics and skills to stimulate private investment in the mining sector."

In the same vein, the 2011 – 2014 strategic plan of the Department of Mineral Resources highlights the importance of unlocking this value and enabling the industry to lead the country's New Growth Path, recognising that "the mining industry has the potential to induce prosperous industrial clusters to support its development. These can significantly broaden economic growth, increase benefits and create decent jobs."

The cyclical nature of mining presents a wide range of risks, most recently evident in the economic and financial realities of the global and South African mining sector in 2009 and into 2010. In 2009, total mining income dropped in South Africa precipitously while expenditure rose unabated. As a result, the industry faced a R67 billion deficit which had to be covered by using retained earnings.

Nevertheless, the critical and strategic importance of the South African mining industry cannot be overstated. The sector accounts for roughly 43% of the market capitalisation of the JSE and according to the Chamber of Mines' 2010 statistics of South Africa, contributes:

- approximately 8.6% directly and another 10% indirectly, to the country's GDP.
- over 50% of merchandise exports (including secondary beneficiated mineral exports)
- about one million jobs (some 500 000 directly)
- about 20% of gross investment (12% directly)
- approximately 30% of capital inflows into the economy via the financial account of the balance of payments
- over 94% of the country's electricity-generating capacity
- about 30% of South Africa's liquid fuel supply.
- about 20% of direct corporate tax receipts (worth over R16 billion).

It is against this background that the call for nationalisation of mines within certain quarters of the ruling party (the ANC) deserves comment. The track record of nationalisation is extremely poor, to say the least, and countries that have nationalised mines and other industries have subsequently had to privatise as the adverse and far-reaching negative consequences of nationalisation became evident.

It is in the interest of the South African economy and all its people, particularly the poor, unemployed, women and the youth that the mining industry remains globally competitive and attractive to domestic and international investment.

We are engaged in discussions with the proponents of nationalisation to expose and make them aware of the fundamental beneficial role that the private sector plays in mining and other sectors of the South African economy; in terms of job creation, poverty alleviation, education, health and the overall improvement in the living conditions and standards of living of all our people.

I am of the view that privately owned and managed mines will in future co-exist and compete with state-owned and operated mines. It is important, however, that the playing fields are levelled and that state-owned mines are treated for legislative and regulatory purposes in the same manner as privately owned companies.

I remain confident that, based on my discussions with government and various other stakeholders, there is a commitment to ensure that the South African mining industry remains globally competitive and attractive to domestic and foreign investment. In today's global economy, that is the only route to a prosperous and successful future for all our people.

We welcome the confirmation by President Zuma and other political leaders, including the Minister of Mineral Resources, that nationalisation is not a government policy objective.

Outlook

Despite recent volatility, we continue to see good demand in commodity markets across most of ARM's commodities.

Global markets have experienced increased uncertainty in recent months with volatility being exacerbated by sovereign debt issues particularly in Europe. The United States debt ceiling issue, which was resolved shortly before key deadlines, has brought that economy's recovery into sharp focus. While these issues will continue to dominate sentiment for some time to come, we believe that in the medium term the major economies will re-adjust and growth levels that may well have been reduced should remain in positive territory.

ARM expects most commodity prices to remain robust over the medium term supported by demand from China, India and other emerging economies. Chinese Gross Domestic Product (GDP) growth continues unabated and there is more likely to be a decrease in their annual GDP growth rather than the hard landing that has been a topic of discussion over recent months.

It is also possible that supply constraints from producers will support commodity prices.

The Board

I would like to express, on behalf of the Company, our deep appreciation and gratitude to Andre Wilkens for the outstanding leadership that he has provided to ARM and its predecessor, ARM Gold.

Andre will step down as CEO of ARM in March 2012 but will continue as an Executive Director in my office, where his responsibilities will include the growth and strategic development of the Company.

I have had the privilege and honour of working with Andre for the last 15 years and he is not only an exceptional CEO but he is also a compassionate and caring person who adheres to the highest business ethical standards.

After a comprehensive search process, the board announced on 23 June 2011 that Michael (Mike) Schmidt, a senior executive in the ARM Platinum Division, has been appointed Chief Executive Officer designate from 1 September 2011.

He is working alongside André for a period of six months as part of the hand over process. Mike has been with ARM for the last four years and will, among other things, continue with our aggressive internal growth strategy, as well as reposition ARM for further external growth and global competitiveness.

One of our long-standing directors, Roy McAlpine, retired as an Independent Non-Executive Director with effect from 30 June 2011. On behalf of the board, I wish to express our deep appreciation for the immense contribution and sound guidance that Roy provided during his long and valued tenure as a director of our Company.

With effect from 1 February 2011, we welcomed Tom Boardman onto the board as an Independent Non-executive Director. We have already benefited from his tremendous experience and business insight and we look forward to his valued contribution over the years to come.

I would also specifically like to thank our various joint venture partners: Anglo American Platinum Limited, Assore Limited, Impala Platinum Holdings Limited, Vale S.A., Norilsk Nickel Africa (Pty) Limited, Xstrata Coal South Africa (Pty) Ltd and Zambia Consolidated Copper Mines Investment Holdings plc, for their cooperation and support over the last year. I look forward to many more years of mutual benefit and growth.

Conclusion

ARM's management and employees have once more delivered successful results in which performance has exceeded budgetary targets.

It is therefore to each and every ARM employee that I wish to express my gratitude. Our successes over recent years have been as a result of the mutual commitment, trust and shared objectives that we have formulated and implemented together.

I would also like to thank my fellow directors for their hard work, sacrifices and sound counsel during the year.

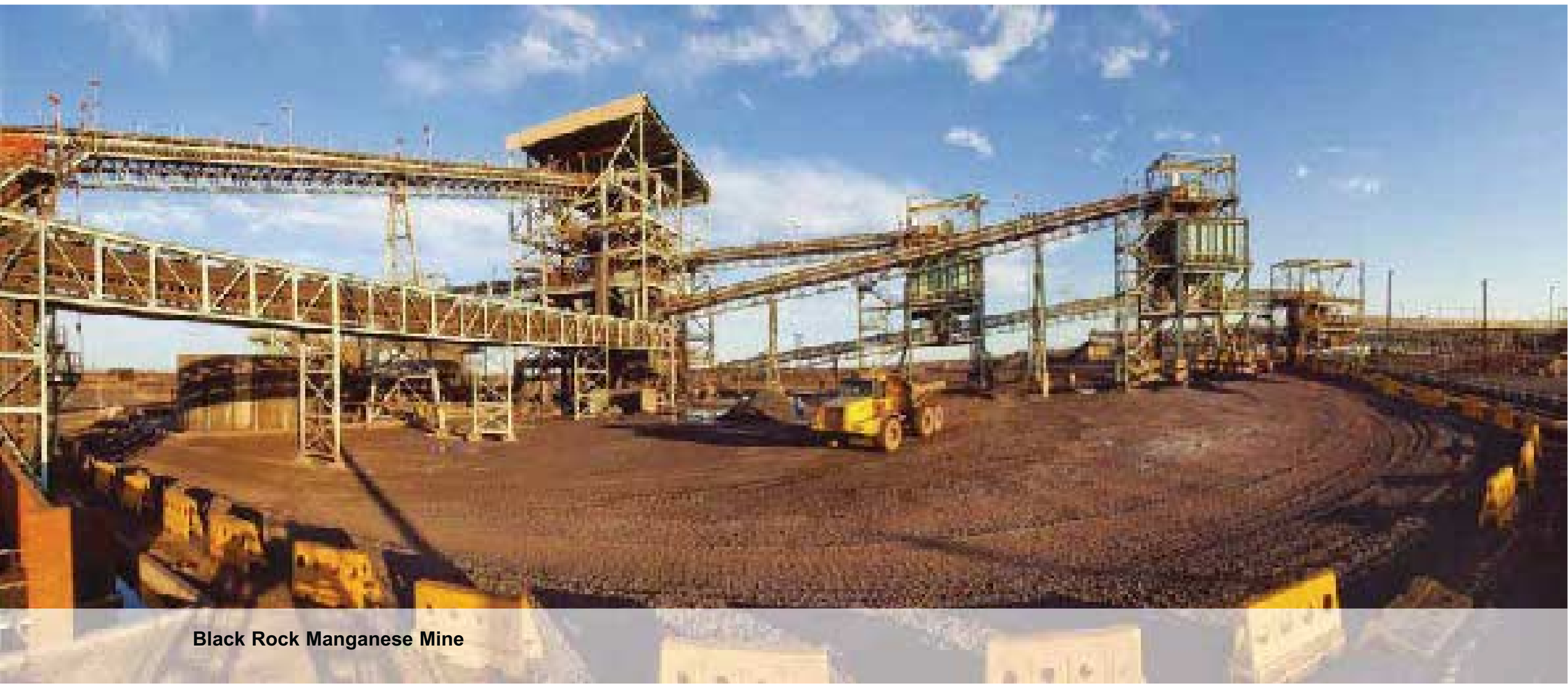
We have numerous other stakeholders whose cooperation and support have been important for our growth and success.

We have successfully built a Company that has a diverse, quality portfolio with long-life operations; a robust balance sheet and is making significant progress towards achieving our objective of positioning our operations below the 50th percentile by 2012.

I continue to be confident and optimistic about the future of our Company and our ability to benefit and create value for all our stakeholders.

Patrice Motsepe

Executive Chairman
17 October 2011



Black Rock Manganese Mine

Chief Executive Officer's report

Two Rivers Platinum Mine drill rig maintenance

ARM delivered solid increases in production in the 2011 financial year. Increased sales volumes enhanced significantly by healthy demand for most of the diverse commodities that comprise the ARM portfolio enabled ARM to nearly double headline earnings and increase cash generated from operations by 72% to R5.9 billion.

Encouraged by the strong profit growth in the last year, we continue to build the ARM projects for future value enhancement by progressing our four major growth projects to ensure operational excellence, improve efficiencies and further reduce costs across ARM's operations.

Growing our production and developing new assets is a major priority, we remain committed to operating in a safe and responsible manner. We continue to improve our safety standards across all business units and our efforts are realising outstanding safety achievements

As ever-increasing demands are placed on the industry to share the wealth created from our country's mineral resources, so we increase our obligation to enhance the quality of life and standard of living for the surrounding communities. Together with ARM's dedicated workforce of approximately 28 700 full-time employees and contractors, we will continue to work with stakeholders to ensure that our mutual commitment is maintained.

We are confident about the future of our business and believe that ARM is positioned to offer investors a well-balanced, diversified commodity grouping that contains an exciting portfolio of long-life, low unit cost operations with substantial exploitable resources and reserves. Most importantly, we have a robust financial position to provide the required growth funding.

Ferrous Division contributes strongly

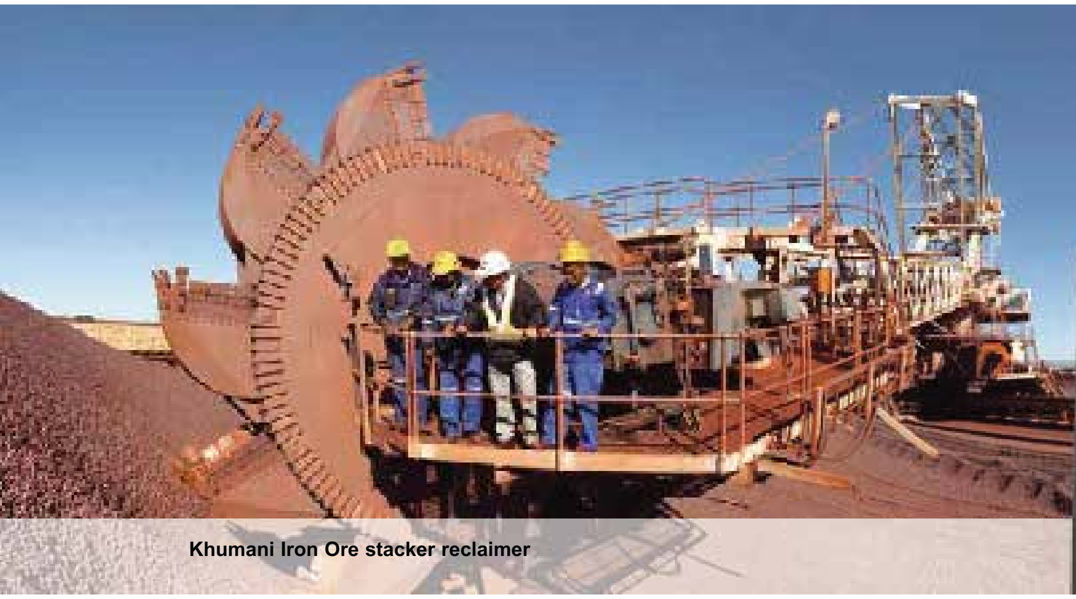
The contribution to ARM's headline earnings from the Ferrous Division rose 112% to R2.9 billion (F2010: R1.4 billion). US Dollar commodity prices were higher across the division's products with iron ore prices increasing by a significant 130% and manganese ore prices by 23%. Manganese and chrome alloy prices were 24% and 20% higher, respectively. Strengthening commodity prices were however offset to some degree by a weaker US Dollar.

While iron ore, chrome ore and chrome alloy sales volumes were higher, manganese ore and manganese alloy sales volumes decreased. Unit costs within the Ferrous Division were well contained across most of the business units. Iron ore production costs however increased as a result of the accelerated ramp-up of the Khumani Iron Ore Mine Expansion Project as well as production losses due to a high summer rainfall. Above inflation unit cost increases at the manganese alloys operations resulted from rising input costs, mainly electricity and reductants, as well as lower production due to the rebuild of the No 1 and 2 Furnaces at Cato Ridge Smelter.

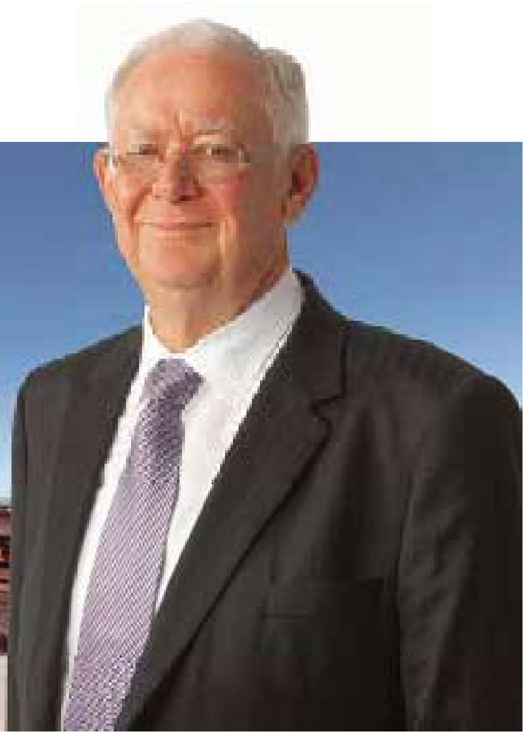
The Ferrous Division has exciting prospects for growth and enhancement. The 10 to 16 mtpa Khumani Iron Ore Expansion Project continues to progress within budget and is currently nine months ahead of schedule. Scope exists to increase iron ore production beyond 16 mtpa and as such a feasibility study to establish a three to four million tonnes a year iron ore operation at Beeshoek Mine is under way. Initial development of an expanded Beeshoek Mine will include new housing accommodation, upgraded infrastructure and new load-out facilities and will be subject to availability of increased logistics for export as well as demand conditions in the local iron ore market.

In addition to the above opportunities the successful conversion of No 5 Furnace at the Machadodorp Works from ferrochrome to ferromanganese production has enabled ARM to proceed with conversions that will maximise profit margins for the division.

Two additional furnaces namely No 2 and 3 furnaces at Machadodorp Works will be converted to produce high carbon ferromanganese,



Khumani Iron Ore stacker reclaimer



André Wilkens, Chief Executive Officer

with production expected to commence from this conversion in the first quarter of the 2013 financial year. This will increase high carbon ferromanganese production by approximately 100 000 tonnes per annum, bringing the total capacity to about 400 000 tonnes a year.

Opportunities exist to increase manganese ore production volumes from three to six million tonnes. A feasibility study in this regard is in progress.

A challenging year for the Platinum Division

ARM Platinum contributed R460 million to ARM's headline earnings, which is 12% lower than last year, mainly because of a decline in the financial contribution from the Nkomati Nickel Mine. PGM production (on 100% basis including Nkomati) reduced to 680 108 ounces (F2010: 688 957 ounces), while total nickel produced increased 4% to 10 100 tonnes (F2010: 9 666 tonnes). Both of our PGM operations, Modikwa and Two Rivers Platinum mine have displayed solid cost containment and as a result have already achieved the 2012 target to be positioned below the 50th percentile of the global PGM cost curve.

In the latter six months of the 2011 financial year the Nkomati Nickel Mine experienced some challenges in the ramp-up of the Large Scale Expansion Project. The mine's head grade and plant recoveries were significantly lower than expected and even though the total tonnes milled increased by 59% year on year, the nickel produced was only 4% higher than last year. Chrome concentrate sales increased 22% to 381 196 whilst chrome ore sales decreased to 334 803 tonnes (F2010: 502 281 tonnes).

The capital expenditure at ARM Platinum was R1.4 billion (R833 million – attributable). Capital expenditure on a 100% basis at the Nkomati Nickel Mine was R808 million of which R690 million was for the completion of the Large-Scale Expansion Project and the pre-stripping of Pit 3 with the balance spent on sustaining operations. The Nkomati Nickel Large-Scale Expansion Project's total funds committed as at 30 June 2011 amounted to R3.5 billion of the total R3.7 billion approved for the capital project.

Modikwa's major capital items included the deepening of North shaft, commencement of the sinking of South 2 shaft, an underground mining fleet replacement programme, as well as the establishment of an open pit UG2 operation. The feasibility study for the Phase 2 UG2 replacement and expansion project at Modikwa was completed and presented to the shareholders for approval. While this decision is being formulated, an amount of R125 million has been approved to continue mining development for the South 2 declines and the deepening of North shaft.

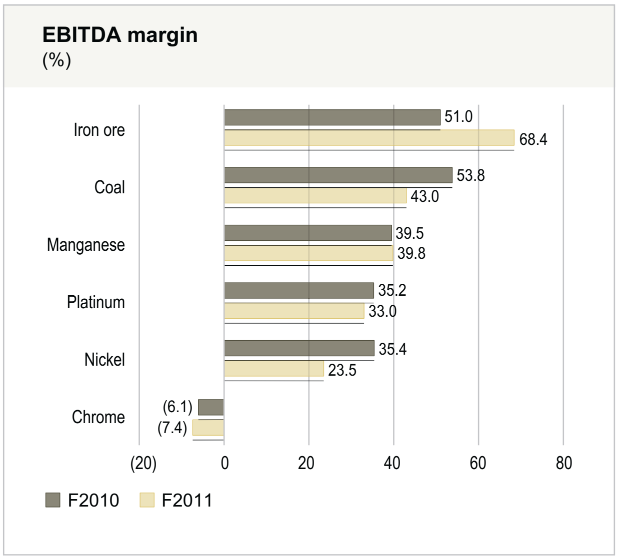
As part of a feasibility study, Two Rivers is conducting Merensky reef trial mining and a bulk sample of 70 000 tonnes was mined. During September 2011, 50 000 tonnes was processed. A feasibility study for the North open pit is in progress. 40 percent of the capital spent relates to an underground mining fleet replacement programme, with the balance incurred for the commencement of deepening both the Main and North declines.

At the Kalplats PGM Exploration Project, Platinum Australia has submitted a Definitive Feasibility Study to ARM Platinum for review. While the review is in progress, the joint venture has agreed to do pilot plant scale metallurgical test work on a bulk sample.

ARM Coal ramp-up at Goedgevonden (GGV) Mine achieved

ARM Coal reported a loss of R103 million (F2010: R17 million – loss) largely driven by increased amortisation and interest charges, as borrowing levels on the existing facilities were increased and the capitalisation of interest came to an end. Interest was also higher as a result of a new loan facility for the funding of ARM Coal's shareholding in the Richards Bay Coal Terminal – Phase V.

Chief Executive's report continued



GGV Mine's saleable production increased by 115% compared to F2010 as the mine continued to ramp-up towards its full production level. GGV Mine achieved design capacity in November 2010. Sales volumes at GGV were however negatively impacted by challenges at Transnet Freight Rail (TFR). The Participating Coal Business (PCB) operations experienced a very challenging year resulting in saleable production being 29% lower than F2010. This was largely as a result of a delay in the commissioning of the iMphunzi East project, rationalisation of the opencast and underground production at Tweefontein and the unplanned closure of the 5 seam operation.

The iMphunzi East open pit plant was commissioned in May and June 2011 and should improve costs going forward.

During F2011 Xstrata successfully negotiated the sale of the Mpumalanga assets located in Ermelo. All agreements have been signed and the transaction is subject to some conditions precedent expected to be met in December 2011.

ARM Copper positions for first copper production, with more growth to come

In August 2010, the Vale/ARM joint venture ("the JV") approved the bankable feasibility study for the Konkola North Copper Project in Zambia. Capital expenditure in July 2010 terms is $391 million and 82% of the total project value has already been contracted. The project's progress is as planned with commissioning of the concentrator plant expected in December 2012. The mine's throughput design is 2.5 million tonnes per annum 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 is forecast at 28 years.

The JV has also approved a further two year exploration programme to evaluate Area "A", at Konkola North, which has the potential to double the output to 100 000 tonnes copper in concentrate per annum. The JV will continue with this extensive drilling programme, which is located about 5 km south of the planned mine development on the Konkola North property. Drilling in the recent past has delineated a substantial copper resource in Area "A", and the planned drilling will further enhance this resource base.

Zambia Consolidated Copper Mines Investment Holding plc (ZCCM) has decided to exercise its buy-in right into the Konkola North Copper Project and will own 20%, with 5% thereof being a free carry. In addition, ZCCM also elected to have its portion of the non-free carry equity and project funding provided through its own sourced financing.

The JV also has an exploration objective to complete a feasibility study on the ore bodies associated with the Kalumines mining licence property in the Democratic Republic of the Congo (DRC), where four ore bodies with copper mineralisation have been outlined. Over the last year, the JV has undertaken further metallurgical test work, mine design, related engineering work and completed a feasibility study on the Kalumines property, which was recently submitted to the shareholders. This feasibility will be evaluated and a decision is expected within the next year.

ARM spent R173 million in F2011 (F2010: R143 million) on exploration drilling, feasibility studies, and other costs.

The recently reorganised ARM Exploration division has been refocused under a new leadership team and is positioned to start the discovery and assessment process that will contribute to the longer-term growth pipeline of the Company. Jan Steenkamp, in addition to his role as Chief Executive of ARM Ferrous, will take responsibility for the newly re-organised ARM Exploration.

The ARM Exploration Division has signed an agreement with an exploration company, Rovuma Resources, for the prospecting in Mozambique for manganese ore, nickel, PGMs and base metals. This ongoing exploration is estimated to cost approximately US$7 million per annum. ARM Exploration will have exclusive rights to exercise options to purchase prospecting/mining rights to the resources.

Our investment in Harmony

In its financial year ended June 2011 Harmony reported substantially improved earnings of R957 million compared to R4 million in the 2010 financial year. In addition Harmony added to its resource base through excellent headway made in exploration in Papa New Guinea (PNG). Harmony increased the Wafi Golpu resource by 57%. The Golpu copper grade is now over 1% confirming that it is one of the highest grade copper gold porphyry deposits in South East Asia. On a 100% basis Wafi Golpu hosts a resource of 869 million tonnes containing 26 million ounces of gold and 9 million tonnes of copper. Over and above the results achieved at Wafi Golpu, Harmony's exploration tenements in PNG were increased to cover an area of 7 200 km^2.

Harmony continues with its strategy to deliver safe, profitable and sustainable ounces whilst focusing on geographical diversification. This strategy has resulted in Harmony closing down unprofitable shafts in South Africa where the ore bodies had reached the end of their economic life and increasing the resource base in PNG which now represent 10% of Harmony's total gold resource (or 21% on a gold equivalent basis). We support this strategy as we believe that it will enhance our investment in Harmony.

Costs continue to be well contained

Our existing asset base has continued to benefit from the addition of new, low-cost, high quality and long life operations and we have introduced a range of initiatives to pursue our imperative to reduce the cost base even further. Over the years, we continually strived for productivity and efficiency gains and I am delighted that this has, largely, been achieved even though there have been significant cost escalations across the mining industry in particular for energy and labour. Our attention to cost savings over the last few years continues to position us to benefit from periods of commodity price strength. I firmly believe this also allows us to ensure that even greater value is created into the future.

Safety

The other critically important aspect of our business that we continually enhance is that of safety. This focus and a range of initiatives that we implemented Company-wide over the last few years has resulted in a significant and pleasing reduction in the frequency of injuries sustained at virtually all our operations. We have improved in terms of nearly all the measures used to test our safety performance in the industry and, over the last year, we collected many acknowledgements along the way.

Despite this, all of us at ARM fully understand that there is no room for complacency with respect to our commitment to prevent fatalities. Regrettably one of our trainee crane operators was fatally injured at Machadodorp Works. We would like to extend our sincerest condolences to the family, friends and colleagues of Mr Vusi Sindane for their loss.

CEO succession

I will continue to serve ARM in my new role as Executive Director in the Executive Chairman's office and will be responsible for the growth and strategic development of the Company. It was announced during the year that Mike Schmidt (Mike) would assume the role of Chief Executive Officer from March 2012. Once I had indicated to the Executive Chairman that it was my desire to undertake less responsibilities, the Board of Directors initiated a search process for my replacement. It was clear to us that Mike has all the qualifications, experience and attributes we could hope for in a Chief Executive Officer.

ARM is positioned to create further value

We delivered pleasing earnings this year and our cost performance remains satisfying as we benefit from progressively moving down the respective industry cost curves, while good cash generation has provided the comfort to ensure that new assets are continually introduced and developed.

We do not, for one minute, however forget that it is the people of ARM that have made this all possible.

I want to express my sincere gratitude to everyone that has ensured that ARM remains true to the strategic objectives that have been promised to our shareholders and the variety of stakeholders, throughout our businesses, whose needs and expectations we take very seriously.

André Wilkens

Chief Executive Officer
17 October 2011

Financial Director's report

Manganese ore wagons at Black Rock Mine

Mike Arnold, Financial Director

Overview

The ARM headline earnings of R3 319 million for F2011 (headline earnings per share of 1 559 cents) represent a significant 94% increase over the previous financial year. This increase has been driven largely by US Dollar commodity price increases, volume increases and cost control initiatives at all operations.

Basic earnings for F2011 approximate the headline earnings as exceptional items amounted to an R8 million loss for the year (F2010: R98 million gain). Basic earnings were R3 311 million (basic earnings per share of 1 555 cents).

Contribution to headline earnings

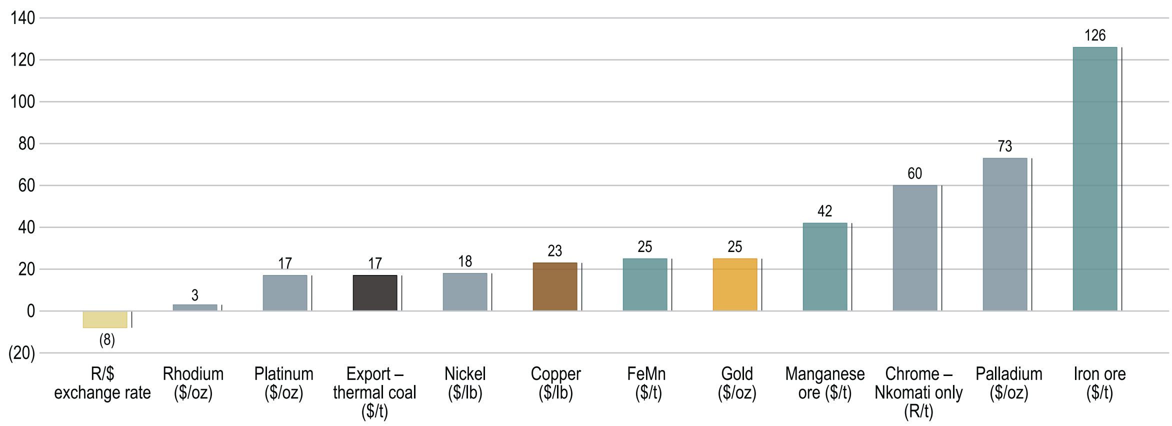
	12 months ended 30 June		
Commodity group	2011 Rm	2010 Rm	% change
Platinum Group Metals	**350**	315	11
Nkomati Nickel and Chrome	**110**	206	(47)
Ferrous Metals	**2 897**	1 364	112
Coal	**(103)**	(17)	>(200)
Exploration	**(173)**	(143)	(21)
Corporate, Gold and other	**238**	(11)	–
ARM headline earnings	**3 319**	1 714	94

The five year compound annual growth rate in headline earnings for ARM since June 2006 was 48%.

Sales for the year increased by 35% to R14.9 billion (F2010: R11.0 billion). The average gross profit margin of 40% (F2010: 32%) is substantially higher than the previous year largely due to increased US Dollar commodity prices. Commodity prices received by ARM increased for most commodities during F2011 when compared to F2010. In particular, the average prices in US Dollar terms for iron ore, palladium, nickel, export thermal coal and manganese ore increased significantly. Refer to the graph that follows.

The results for the year to June 2011 are negatively impacted by the 8% weakening in the average Rand/US Dollar exchange rate to R6.99/US$ from the average in F2010 of R7.59/US$.

F2011 vs. F2010 average realised commodity price percentage change



Financial Director's report continued

Details of the ARM divisional segment financial results may be obtained from the segment reports in the financial statements in note 2. In addition each division's report from pages 44 to 93 contain a great deal of information on their operational performances.

The ARM Ferrous Division was the major contributor to ARM's headline earnings owing to strong performances from its iron ore and manganese divisions. The attributable headline earnings of ARM Ferrous increased by 112% to R2.90 billion from the result achieved in F2010 (R1.36 billion).

The Platinum Division's contribution to headline earnings declined by 11.7% to R460 million (F2010: R521 million) when compared to the previous year. The increased contribution from the platinum mines at Two Rivers and Modikwa of R350 million (F2010: R315 million) was negated by a large drop in attributable headline earnings at Nkomati to R110 million from R206 million in F2010. The decline in the Nkomati results was largely due to various production problems during the last six months of F2011.

The Coal Division's loss increased by R86 million to R103 million largely as a result of increased interest and amortisation charges at both PCB and GGV as well as lower production and sales in the PCB operations. The contribution from GGV remained positive for the year and to some extent ameliorated the PCB decline as the new GGV mine ramped up to design capacity during the financial year.

The ARM corporate, gold and other segment comprise the results for ARM company, minor subsidiaries, investment income from Harmony, insurance captive entities as well as consolidation adjustments. This segment's contribution was a gain of R238 million as compared to a loss of R11 million in F2010. This positive variance is largely due to a non-recurring consolidation adjustment related to the reversal of self-insurance premiums. There was also a positive variance resulting from increased management fees and lower corporate expenses at ARM company.

The ARM Exploration costs increased relative to the previous year due to accelerated exploration expenditure at Kalumines. The impact on headline earnings for the year was a negative R173 million (F2010: R143 million cost). All costs on the Konkola North Copper Project including exploration costs on Area "A" have been capitalised and are reflected as ARM Copper capital expenditure.

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:

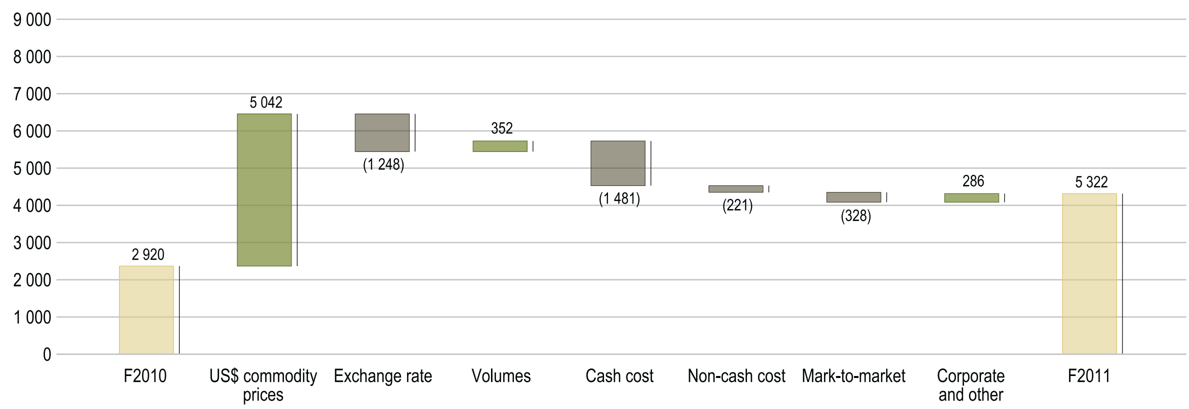
- The major positive variance amounts of R5 billion and results from the improvement in US Dollar commodity prices across ARM's operations;
- The strengthening of the Rand against the US Dollar accounts for a negative variance of R1.2 billion;
- Sales volume increases contributed R352 million to the positive variance. This amount does not reflect the increased but unsold production particularly at Nickel, Ferrous (iron ore) and at Coal, more fully described in the operational reports; and
- There were R328 million less mark-to-market adjustments in F2011 as compared to F2010.

The negative cash cost variance of R1.5 billion is based upon an absolute increase in mining costs when compared to F2010. This increase has the following key attributes:

- An average inflationary increase of between 10% and 14% at operations before amortisation charges;
- Additional costs incurred at Nkomati due to the termination of capitalisation of stripping costs, excessive ore re-handling costs and increased costs of consumables; and
- Additional costs at ARM Ferrous pertaining to marketing and logistics fees, accelerated ramp up at Khumani iron ore as well as increased power and reductant costs at the smelter operations.

The increased non-cash costs of R221 million which were largely due to increased amortisation charges were effectively negated by the increase in the contribution from the corporate and other segment.

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



Financial Director's report continued

Consolidated income statement

Summarised income statement

	Year ended 30 June		
	2011 Rm	2010 Rm	% change
Sales	**14 893**	11 022	35
Profit from operations (before exceptional items)	**5 322**	2 920	82
Income from investments	**216**	209	3
Finance costs	**(216)**	(192)	(13)
(Loss)/income from associate	**(135)**	(51)	(165)
Exceptional items	**(11)**	97	(111)
Taxation	**(1 671)**	(1 009)	(66)
Non-controlling interest	**(194)**	(162)	(20)
Profit after tax and non-controlling interest	**3 311**	1 812	83
Headline earnings	**3 319**	1 714	94
Headline earnings cents per share	**1 559**	807	93
EBITDA	**6 434**	3 907	65

Sales for the year of R14.9 billion were 35% higher than sales in F2010.

This increase is analysed across the ARM divisions as follows and may be referenced to the segmental analysis on pages 184 to 188:

- ARM Ferrous sales increased by 48%;
- ARM Platinum sales increased by 6%;
- Nkomati Nickel sales increased by 23%; and
- ARM Coal sales increased by 138%.

The average gross profit margins for the individual operations are:

	Year ended 30 June		
	F2011 %	F2010 %	Change
ARM Ferrous	**47**	35	12
ARM Platinum			
– Two Rivers	**28**	28	–
– Modikwa	**22**	26	(4)
– Nkomati	**25**	26	(1)
ARM Coal	**25**	26	(1)

Absolute 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 10% and 14%;
- Amortisation which increased by R125 million as the new operations ramp up at Khumani Iron Ore, Nkomati Nickel and GGV Coal; and
- Increased costs at Nkomati and Khumani mines as described above.

Other operating income increased to R511 million from R408 million in F2010. The increase is largely due to increased management fees received and consolidation adjustments.

Other operating expenses increased by R100 million in comparison to F2010. This increase is largely due to the following items:

- The increase in mineral royalty tax (F2011: R162 million; F2010: R20 million) which is reflected in Other Expenses. The F2010 year only included this cost for four months while for the past financial year the cost was accrued for the full year. It should be noted that the manganese ore operations continue to pay the State share of profits tax in lieu of mineral royalty tax until their mining right conversions have been executed;
- The decrease in the Corporate and Other segment of approximately R115 million related to a decrease in staff related costs as well as a consolidation adjustment for the reversal of self-insurance premiums expensed by operations (approximately R133 million); and
- Increased freight, marketing and logistics costs at Nkomati due to increased volumes.

Profit from operations before exceptional items increased significantly by 82% to R5.3 billion from R2.9 billion in F2010, as a result of the improved gross profit.

Income from investments amounted to R216 million for the year and includes a dividend received from Harmony of R32 million in October 2010 relating to their F2010 results. The total income from investments is much the same as in F2010 as the negative effect of a slight fall in average interest rates during the year was negated by the higher average cash balances held across the various operations particularly at ARM company and at ARM Ferrous.

At ARM Coal the cessation of the capitalisation of interest costs related to GGV resulted in a large increase in interest costs. This increase was offset by reduced interest payments at Two Rivers where shareholder loans have been repaid. The net result of these two aspects resulted in finance costs for F2011 being slightly higher than in F2010 at R216 million (F2010: R192 million).

The effective tax rate for the year including STC remained fairly constant at 32.3% (F2010: 33.8%). State share of profits for manganese ore sales amounts to R93 million for the year (F2010: R80 million) and is included in the taxation charge.

Consolidated statement of financial position

Summarised statement of financial position

	Year ended 30 June	
	2011 Rm	2010 Rm
Non-current assets	**23 291**	20 290
Property, plant, equipment and other	**16 162**	13 807
Investments	**7 129**	6 483
Current assets	**9 018**	7 943
Other	**5 350**	4 904
Cash and equivalents	**3 668**	3 039
Total assets	**32 309**	28 233
Total equity	**22 115**	18 529
Non-current liabilities:		
Long-term borrowings	**2 337**	2 582
Other	**4 120**	3 461
Current liabilities:		
Short-term borrowings	**732**	764
Other	**3 005**	2 897
Total equity and liabilities	**32 309**	28 233

Financial Director's report continued

The ARM financial position remains strong and effectively ungeared with the consolidated position at year-end being net cash of R599 million (F2010: Net debt R307 million). Total cash and cash equivalents were R3.7 billion (F2010: R3.0 billion) and total borrowings were R3.1 billion (F2010: R3.3 billion).

Total assets increased by 14% to R32.3 billion largely as a result of the R3.4 billion capital expenditure during the year coupled with the increased valuation of the investment in Harmony. The details of the capital expenditure are included in the operational reviews on pages 44 to 93.

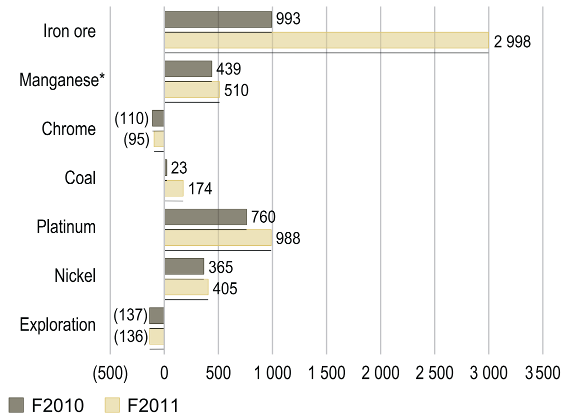
Additional key features include:

- Other investments; which largely comprise the 14.8% stake which ARM has in Harmony; increased to R5.7 billion as the share price at which the investment is marked-to-market of R89.95 per share was higher than the 30 June 2010 figure of R81.40 per share. ARM holds 63.6 million shares in Harmony;
- Within current assets the largest change was in the value of inventories which increased by R328 million as production levels were higher than sales levels at certain operations. This impacted negatively on working capital requirements as reflected in note 33 to the financial statements. Trade and other receivables levels increased over F2010 levels due to an increase in sales;
- Total interest bearing borrowings fell by R277 million to R3.07 billion at 30 June 2011. During the year the corporate loan at ARM company was reduced by R374 million, the Implats loan at Two Rivers was reduced by R270 million while the partner loans from Xstrata to fund the GGV mine increased during the year by R147 million; and
- Cash and cash equivalents after interest bearing borrowings and excluding partner loans (Impala Platinum: R73 million, Anglo Platinum: R114 million and Xstrata: R1.8 billion) amounted to R2.59 billion. This is R783 million more than at 30 June 2010.

Consolidated statement of cash flows

Cash generated from operations were R5.9 billion, an increase of 72% over the F2010 amount and is reported after working capital requirements of R640 million (F2010: R598 million). The largest increase occurred at the iron ore operations as reflected in the graph below.

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



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

As a result of the above increase in operational cash flows offset by an increase in tax paid and an increased dividend payment the net cash inflow from operating activities increased by R1.8 billion to R4.3 billion from R2.5 billion in F2010.

The split in cash outflows for capital expenditure was 73% for expansionary purposes and 27% or R797 million on maintenance capital expenditure. ARM categorises capital expenditure as expansionary when the spend increases production capacity at operations. Expansion capital expenditure was largely spent at (i) the Khumani Iron Ore Expansion Project from 10mtpa to 16mtpa, (ii) Goedgevonden Coal and (iii) Nkomati Nickel.

There was a net outflow on financing activities of R588 million (F2010: R729 million) largely due to loans being repaid.

The closing cash and cash equivalents position of R3.7 billion (at 30 June 2010: R3.0 billion) was held primarily at ARM company (R962 million; at 30 June 2010: R903 million), and at ARM Ferrous (R1.47 billion; at 30 June 2010: R0.90 billion).

Segmental analysis

The graphs and charts on pages 166 and 167 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 184 to 188 of the financial statements.

Significant accounting matters

The Company has a contingent tax liability arising from a dispute with SARS relating to the 1998 tax submission. This is more fully described in note 37 of the financial statements. The Company is currently in discussion with SARS on progressing this dispute. No accounting entries have been processed in this regard as the outcome remains unclear.

IFRS 11 covering Joint Arrangements and which becomes effective for financial years commencing after 1 January 2013 is likely to have a significant impact on the presentation of the Group financial statements. Proportional consolidation for jointly controlled entities has been eliminated in this new accounting standard and therefore it is expected to result in a number of ARM's joint ventures being equity accounted.

Events after reporting date

Since the year-end the portion of the insurance claim relating to the furnace explosion at Cato Ridge Works, claimable against the local insurers, was settled on 26 August 2011. The portion attributable to ARM is estimated at R69 million after tax. The results to 30 June 2011 have not been adjusted as the impact is not considered material.

Financial risk management

ARM has an established risk management programme which is more fully described in a separate section on pages 26 to 27 of this report.

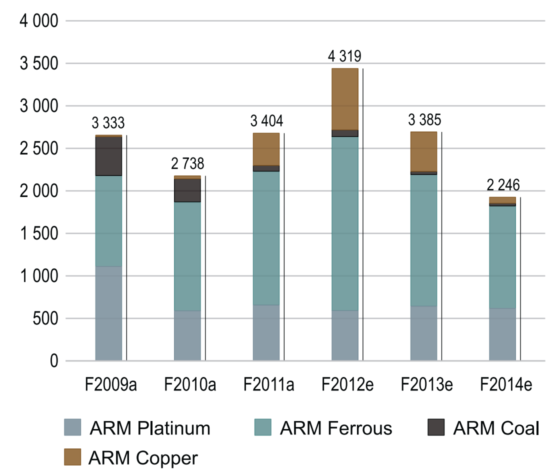
Specific risks which have a financial bias include currency, commodity price, interest rate, counterparty, credit and acquisition risks. A detailed analysis of ARM's approach to these risks is provided on pages 212 to 218 of the financial statements.

A sensitivity analysis is provided on page 218 of the financial statements. In particular the sensitivity analysis reflects the closing prices used in the provisional valuation at year-end of accounts receivable for the ARM Platinum and Nkomati Nickel operations.

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 debt. The only significant external bank debt at 30 June 2011 is held by ARM company through its R1.75 billion corporate facility which had a balance outstanding of R410 million. This loan is due for repayment or refinancing in August 2012. The company is therefore well positioned to continue to grow in the future. As such the Company is not risk averse and while it does not have a fixed policy on gearing ARM targets a net gearing threshold of 30% for external funding subject to the ability to meet debt service requirements.

Forecasted attributable capital expenditure for the period to June 2014 is R10.1 billion and includes approved projects, maintenance capital and projects under consideration. This expenditure will be funded from operational cash flows and by utilising available cash and borrowing resources.

Attributable capital expenditure
(R million)



Dividend

Dividends are declared after consideration of the solvency and liquidity of the Company in accordance with the requirements of the Company's Act of 2008 as amended, and with due regard to the current funding status of the Company, future funding requirements and estimated cash flows.

ARM had no gearing at 30 June 2011 and had sufficient cash and cash equivalents and borrowing resources to fund both the planned maintenance and expansion of operations. Management continually reviews operational and corporate plans and forecasts every quarter.

The fifth annual dividend declared by ARM on 31 August 2011 of 450 cents per share represents a significant increase of 125% over the F2010 dividend and is consistent with ARM's commitment as a globally competitive company to return cash to shareholders while simultaneously maintaining the ability to fund growth of the Company in the future.

Mike Arnold

Financial Director
17 October 2011

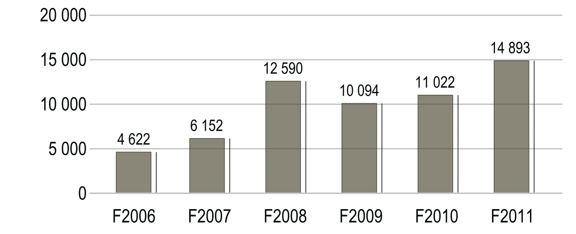
Financial summary and statistics

for the year ended 30 June

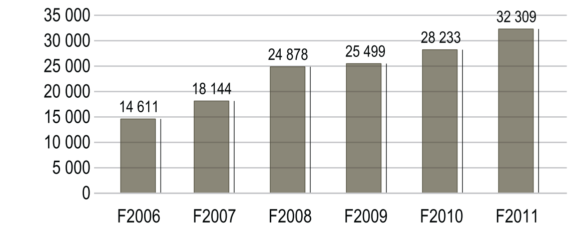
		Group							
R million, unless stated otherwise	Compound annual growth rate %	**F2011 Rm**	F2010 Rm	F2009 Rm	F2008 Rm	F2007 Rm	F2006 Rm	F2005 Rm	F2004 Rm
Income statement									
Sales	21	**14 893**	11 022	10 094	12 590	6 152	4 622	5 485	3 885
Headline earnings	84	**3 319**	1 714	2 317	4 013	1 207	462	339	47
Basic earnings per share (cents)	9	**1 555**	854	1 355	2 131	586	293	225	865
Headline earnings per share (cents)	71	**1 559**	807	1 094	1 906	580	225	166	37
Dividend declared after year-end per share (cents)		**450**	200	175	400	150	n/a	n/a	n/a
Statement of financial position									
Total assets	16	**32 309**	28 233	25 499	24 878	18 144	14 611	11 766	11 460
Cash and cash equivalents	39	**3 668**	3 039	3 513	2 660	1 063	439	288	357
Total interest bearing borrowings	8	**3 069**	3 346	3 744	3 978	4 044	2 252	1 574	1 831
Shareholders' equity	16	**22 115**	18 529	16 751	15 676	11 218	10 393	7 972	7 954
Statement of cash flows									
Cash generated from operations	39	**5 898**	3 430	6 678	5 175	2 537	1 243	1 661	603
Net cash outflow from investing activities	25	**(3 292)**	(2 324)	(3 135)	(2 427)	(2 691)	(1 444)	(826)	(691)
Net cash (outflow)/ inflow from financing activities		**(588)**	(729)	(171)	(175)	1 562	893	(549)	280
Number of permanent employees		**11 496**	10 281	9 643	8 747	7 725	6 943	6 107	5 162
Number of contractors		**17 208**	12 495	7 134	9 189	5 907	4 862	NR	NR
Exchange rates									
Average rate US$1 = R		**6.99**	7.59	9.03	7.30	7.20	6.40	6.21	6.90
Closing rate US$1 = R		**6.76**	7.67	7.72	7.83	7.07	7.16	6.65	6.26
JSE Limited performance									
Ordinary shares (Rands)									
– high		**236**	206	291	307	138	52	38	48
– low		**146**	117	76	103	53	32	25	32
– year-end		**189**	161	130	280	123	48	34	34
Volume of shares traded (thousands)		**121 051**	138 241	113 690	84 678	40 203	39 711	51 382	26 547
Number of ordinary shares in issue (thousands)		**213 133**	212 692	212 068	211 556	209 730	206 367	204 437	204 208
Financial statistics	Definition number								
Liquidity ratios (x)									
Current ratio	1	**2.4**	2.2	1.5	1.8	1.5	1.4	1.6	1.5
Quick ratio	2	**1.8**	1.7	1.1	1.5	1.1	1.0	1.0	0.9
Cash ratio	3	**12.60**	5.89	1.6	1.6	0.8	0.8	0.8	0.4
Profitability (%)									
Return on operational assets	4	**24.1**	15.2	20.4	39.6	25.1	17.6	20.6	7.5
Return on capital employed	5	**19.6**	12.5	18.2	36.3	16.4	9.2	8.2	8.2
Return on equity	6	**15.7**	9.6	14.3	27.0	11.1	4.5	5.2	0.7
Gross margin	7	**39.9**	32.1	40.1	56.2	45.7	28.5	31.8	21.1
Operating margin	8	**35.7**	26.5	36.7	53.0	40.3	24.1	29.0	13.6
Debt leverage									
Interest cover (x)	9	**25.0**	16.0	11.1	16.7	6.9	8.5	8.5	5.4
Debt to equity ratio (%)	10	**14**	18	25	25	36	22	20	23
Net debt to equity ratio (%)	11	**n/a**	2	1	8	27	17	16	19
Other									
Net asset value per share (R/share)	12	**99**	84	76	70	52	50	32	32
Market capitalisation	13	**40 176**	34 243	27 548	59 236	25 900	9 957	6 949	6 943
Dividend cover (x)	14	**3.46**	4.04	6.25	4.76	3.87	n/a	n/a	n/a
EBITDA	15	**6 434**	3 907	4 484	7 229	2 887	1 552	2 025	725
EBITDA margin (%)	16	**43**	35	44	57	47	34	37	19
The effective tax rate	17	**32**	34	39	30	36	33	37	19

The financial information provided above is in accordance with International Financial Reporting Standards.
The comparison above is given from 2004 which is when ARM in its current form was established.
Various corporate transactions were entered into during the past seven years and therefore direct comparison is not always meaningful.
NR refers to figures not reported.

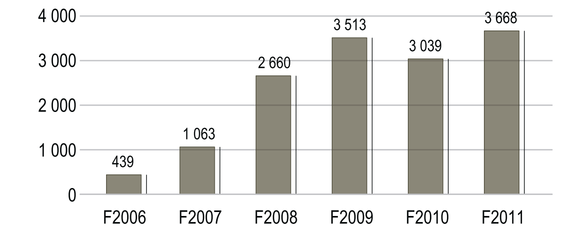
Sales
(R million)



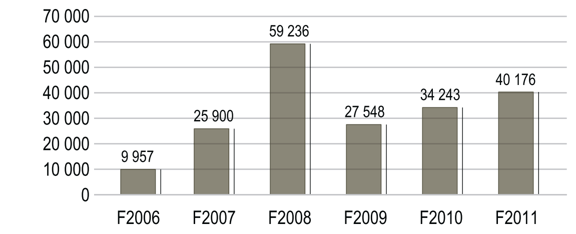
Total assets
(R million)



Cash and cash equivalents
(R million)



Market capitalisation
(R million)



Definitions

1. **Current ratio (times):** *Current assets divided by current liabilities.*
2. **Quick ratio (times):** *Current assets less inventories divided by current liabilities.*
3. **Cash ratio (times):** *Cash and cash equivalents divided by overdrafts and short-term borrowings 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.

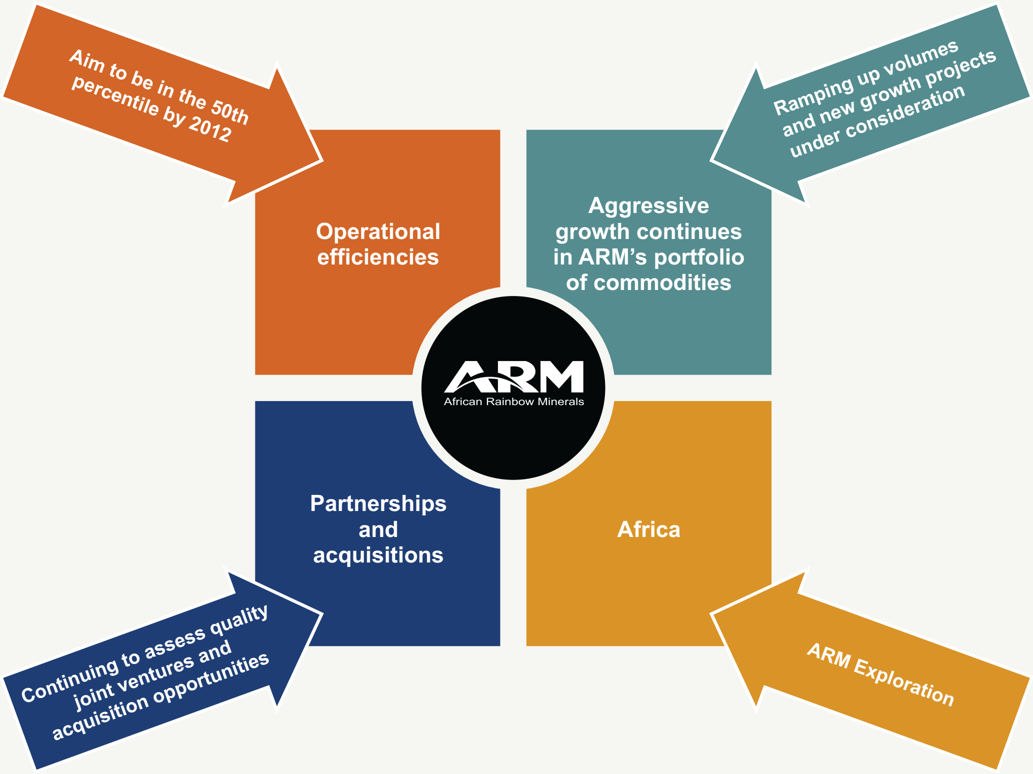
US Dollar convenience translation

	Group							
	F2011 US$m	F2010 US$m	F2009 US$m	F2008 US$m	F2007 US$m	F2006 US$m	F2005 US$m	F2004 US$m
Income statement								
Sales	**2 131**	1 452	1 118	1 725	854	722	883	563
Headline earnings	**475**	226	257	550	168	72	55	7
Basic earnings per share (cents)	**222**	113	150	292	81	46	36	125
Headline earnings per share (cents)	**223**	106	121	261	81	35	27	5
Dividend declared after year – end per share (cents)	**67**	26	23	51	n/a	n/a	n/a	n/a
Statement of financial position								
Total assets	**4 782**	3 682	3 304	3 178	2 576	2 041	1 769	1 831
Cash and cash equivalents	**543**	396	455	340	150	61	43	57
Shareholders' equity	**3 272**	2 416	2 171	2 002	1 587	1 452	1 199	1 271
Statement of cash flows								
Cash generated from operations	**843**	451	739	709	352	194	267	97
Net cash outflow from investing activities	**(471)**	(306)	(348)	(334)	(374)	(226)	(133)	(100)
Net cash (outflow)/inflow from financing activities	**(85)**	(96)	(19)	(24)	217	140	(88)	41
JSE Limited performance								
Ordinary shares (cents)								
– high	**3 376**	2 714	3 217	4 205	1 917	816	612	696
– low	**2 092**	1 542	842	1 414	739	500	411	471
– year-end	**2 788**	2 099	1 683	3 576	1 747	674	511	543

Group overview

Goedgevonden Mine Coal Handling Processing Plant (CHPP)

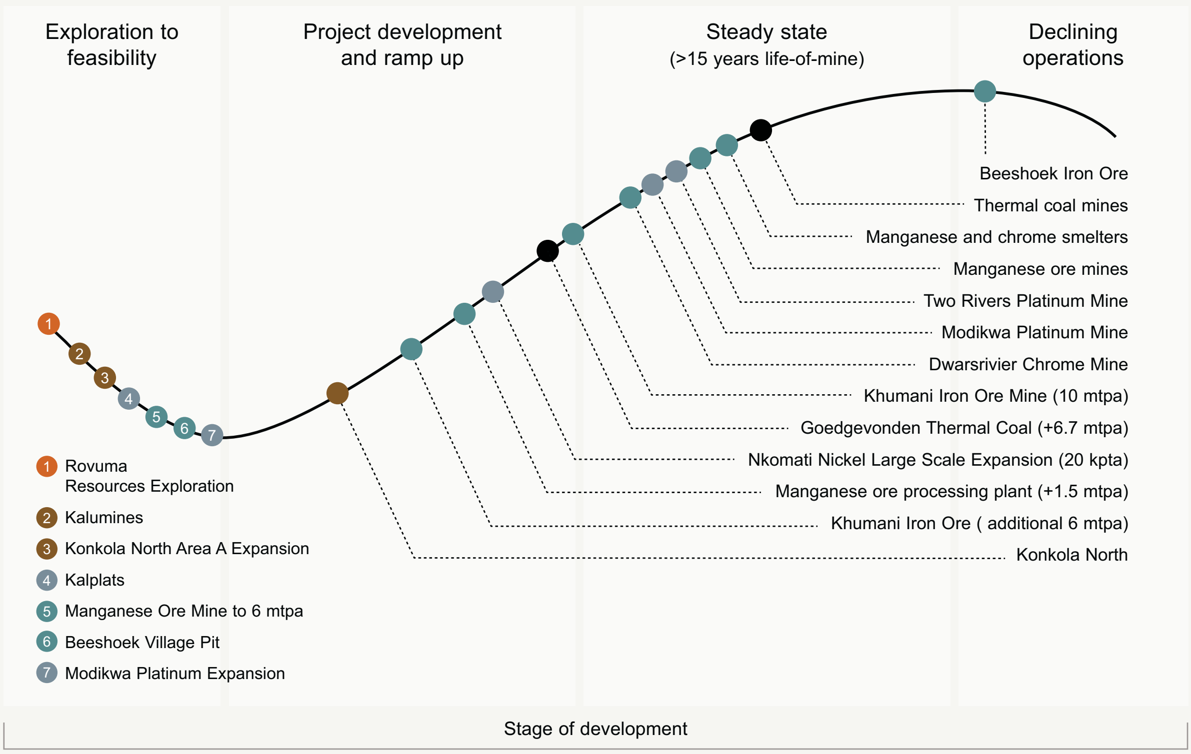
ARM strategy



Key growth projects

	Khumani Iron Ore (10 – 16 mtpa)	Goedgevonden Thermal Coal	Nkomati Nickel Large-Scale Expansion	Konkola North Copper Project
Steady state	16 mtpa	3.8 mtpa local; 3.2 mtpa export	20 500 tpa nickel	45 000 tpa copper
Capex committed	75%	99%	95%	82%
Stage	Ramp-up	Full production	Ramp-up	Construction
Position on cost curve	30th percentile	25th percentile	40th percentile	45th percentile
Commissioning (calendar year)	2011	2009	2009	2012
Full production (financial year)	2013	2012	2014	2015
Comment	Efficient low unit cost	Dragline opencast operation	C1 cash cost net of by-products of US$4.40/lb at steady state in 2014	New commodity in portfolio and first mine outside South Africa

Project pipeline and operations



A balanced, growing portfolio

- **Iron ore expansion beyond 16 mtpa**
- **Manganese ore expansion to 6 mtpa**
- **Expansion of Modikwa Platinum Mine**
- **Two Rivers Merensky Project**
- **Kalplats Platinum Project**
- **Konkola North Area "A"**
- **Kalumines Copper Project**
- **Exploration with Rovuma Resources**
- **Thermal Coal Projects**

Principal risks, challenges and opportunities

The risks, challenges and opportunities set out below represent selected principal 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 to note 36 to the financial statements, and for risk management procedures and processes refer to pages 132 and 133 of the corporate governance section.

Risk/challenge/opportunity	Impact	Action taken by ARM
Financial risk		
Commodity price volatility		
ARM's revenue, earnings and cash flows are dependent on prevailing commodity prices determined by the supply and demand of commodities, linked to global economic conditions.	Fluctuations in commodity prices 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. Exchange rate fluctuations in many instances provide both an opportunity and a risk.
Cost management		
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 is a key measure of management performance and operational efficiency. • Target, by 2012, to be within the 50th percentile of the respective global cost curve (benchmarked at steady-state/normalised production volumes). • Regular audits of operations to 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 a focus in F2009 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.
Project execution		
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).
Resources and Reserves		
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 and actively focuses on opportunities to explore and develop new ventures to increase and diversify its portfolio of assets.
Infrastructure access and capacity		
Logistics constraints and access to rail and port capacity remain challenges to meeting increased demand for commodities and achieving ARM strategic growth.	These challenges may result in the inability to achieve planned export targets and have a material impact on future growth with resultant impact on financial results.	• ARM is actively involved in commodity and industry initiatives with Transnet, co-funding feasibility studies to enable optimisation of logistics for exports. • Individual operations continue to optimise on mine/site turnaround time, to ensure improved export logistics. • Also investigating alternative export channels such as Maputo, Walvis Bay and Luderitz.
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.

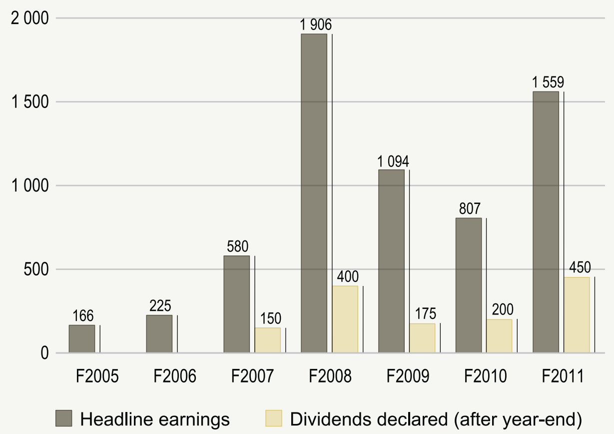
Risk/challenge/opportunity	Impact	Action taken by ARM
Operational risk continued		
Health and safety		
Although ARM is not significantly exposed to deep level mining operations, mining remains a hazardous industry and is subject to extensive and increasingly more stringent health, safety and environmental 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. These challenges include impact 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.
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 a carbon tax and 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 and management of ARM's carbon footprint and reduce the carbon intensity of our operations and activities. • Emission inventories continue to be 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 skills shortages		
The attraction and retention of key skills.	As ARM develops and expands, our future success will depend on our ability to attract and retain highly skilled and qualified personnel.	• ARM strives 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 F2011, ARM spent an equivalent of 6.4% of its salary spend on training and skills development. • Learnerships, primarily focusing on technical disciplines, increased to 231 in F2011 with the aim of increasing the skills levels of employees. • ARM's graduate training programme continues as an important part of human resource development strategy. Bursaries and study assistance allowances for graduates were provided to 220 people in F2011.

Integrated salient features

"The ARM management team continues to deliver outstanding results. We are **confident about the long-term future of the minerals** we mine, despite current volatility and are **continuing with our aggressive growth** strategy."

Patrice Motsepe, ARM Executive Chairman

Headline earnings and dividends per share
(Cents)



Financial

- Headline earnings increased by 94% to R3.32 billion (F2010: R1.71 billion). The headline earnings per share were 1 559 cents compared to 807 cents in F2010.
- Dividend increased substantially by 125% to 450 cents per share (F2010: 200 cents per share).
- Cash generated by operations increased by 72% to R5.9 billion from R3.4 billion in F2010.
- Robust balance sheet with net cash (excluding partner loans) of R2 594 million (F2010: R1 811 million).
- Attributable headline earnings from iron ore increased 224% to R2.3 billion.

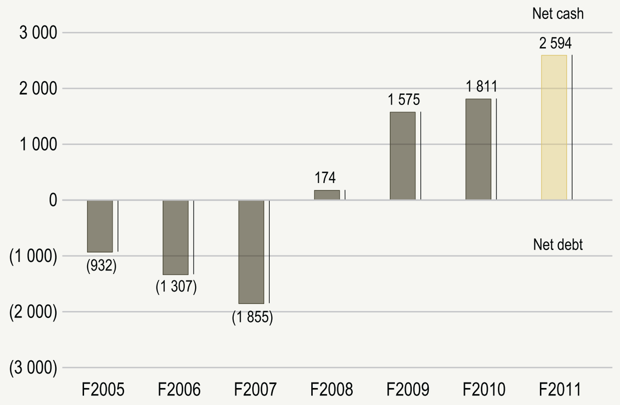
Operational

- Increased production volumes at ARM Ferrous as well as at the Nkomati Nickel and Goedgevonden Coal operations.
- Unit operating costs well controlled at the manganese ore, ferrochrome, Two Rivers and Modikwa platinum operations.
- Good progress in growth projects
  - Khumani Iron Ore Expansion Project from 10 to 16 million tonnes per annum is ahead of schedule and well within budget
  - Nkomati Nickel Mine expansion commissioned, plant recoveries lower than anticipated due to oxidised ore
  - The Goedgevonden Coal Mine is at design capacity
  - Konkola North Copper Project progresses on budget and on schedule to produce first copper in December 2012.

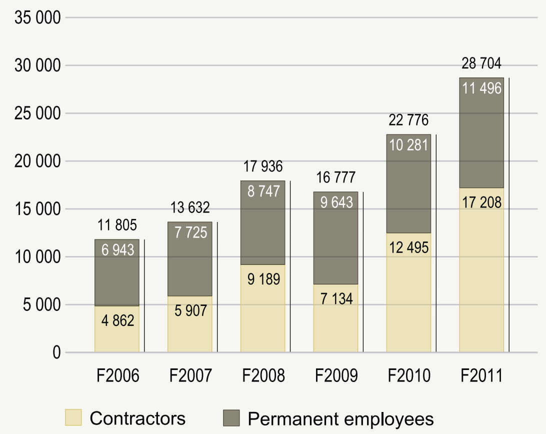
Sustainability

- Modikwa achieved 8 million fatality-free shifts.
- Significant improvement in safety performance: Lost Time Injury Frequency Rate (LTIFR) reduced to 0.43 from 0.77 in F2010 (calculated per 200 000 man hours worked).
- Continued improvement in the implementation of HIV & Aids and Tuberculosis (TB) management programmes, resulting in the TB cure rate increasing consistently to 85% during F2011 and F2010 (from 62% in F2009).
- Total Corporate Social Responsibility expenditure (CSI, LED and BBEE Trust) of R124.5 million compared to R72.9 million in F2010.
- Improvement in employment equity and gender diversity – Mining Charter targets continue to be exceeded.
- Our improved data collection systems allowed us to comprehensively and consistently identify, analyse, evaluate and regularly revisit our material environmental risks and opportunities.

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



Total labour (as at 30 June 2011)
(Number of full-time employees and contractors – 100% basis)



Nkomati Rose Geranium project

Key performance indicators

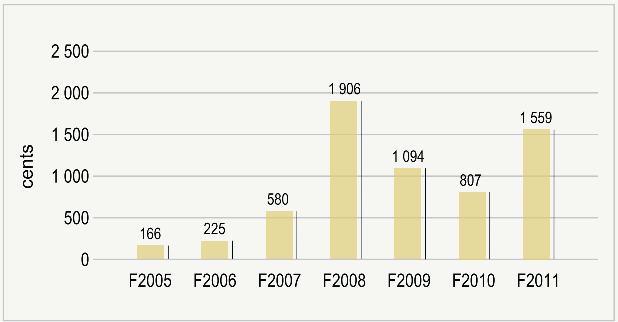
The following overview of ARM's key performance indicators covers both financial and sustainability performance for F2011, including comparable indicators for preceding years. The definitions for the indicators are included where appropriate.

Financial

Headline earnings per share (HEPS)

HEPS for F2011 increased 94% to 1 599 cents per share from 807 cents per share in F2010. The increase in HEPS was driven mainly by increased US Dollar commodity prices especially for iron ore. The positive impact of increased US Dollar commodity prices was however reduced by the strengthening of the Rand versus the US Dollar which decreased 7.9% from R7.59/$ in F2010 to R6.99/$ in F2011.

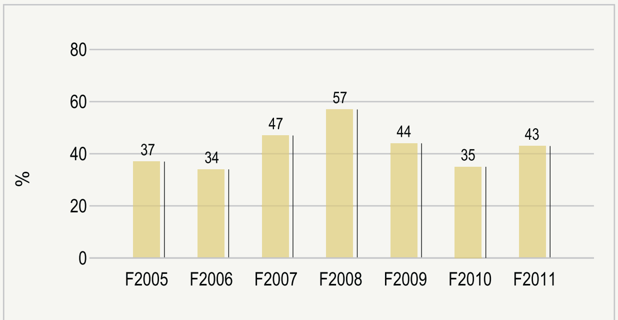
Headline earnings comprise earnings adjusted for items of a capital nature. This is then divided by the weighted average number of shares in issue to arrive at HEPS.



EBITDA margin

The ARM EBITDA margin increased substantially from 35% in F2010 to 43% in F2011 driven mainly by increased US Dollar prices across all commodities that comprise the ARM portfolio. The positive impact of higher realised iron ore prices, which increased 130%, was especially pronounced.

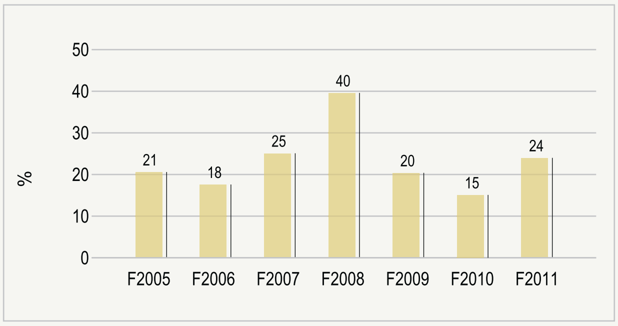
The EBITDA margin is earnings before interest, taxation depreciation and amortisation excluding exceptional items and income from ARM associates, divided by sales.



Return on operational assets

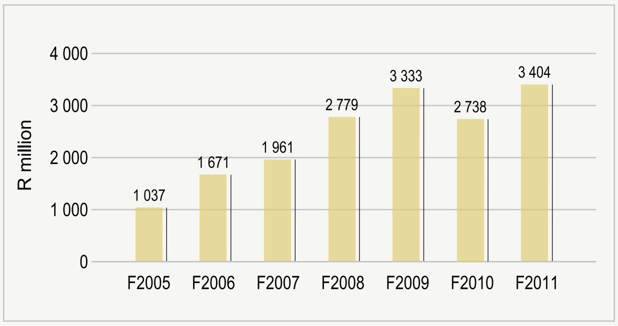
Return on operational assets improved from 15.2% in F2010 to 24.1% in F2011.

Return on operational assets is the profit from operations divided by property plant and equipment and current assets excluding work in progress.



Capital expenditure (capex)

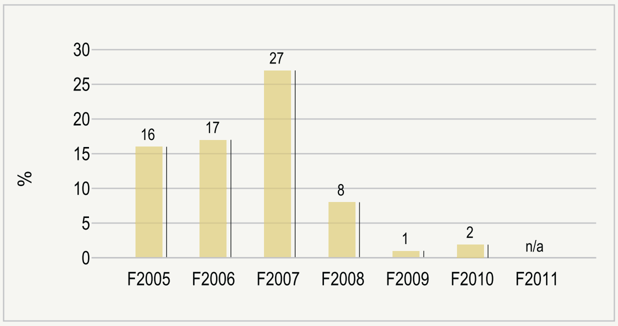
Capital expenditure attributable to ARM increased to R3.4 billion from R2.7 billion in F2010 as ARM continued to progress its growth projects in the Ferrous, Platinum, Coal and Copper divisions. ARM is confident about the future of the mines it operates and in the next three years to June 2014 plans to spend an additional R10 billion of capex (on an attributable basis) to further grow its portfolio.



Net debt to equity

ARM is in a strong financial position with net cash of R599 million as at the end of June 2011. This robust financial position provides strong support for ARM's growth plans into the future.

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

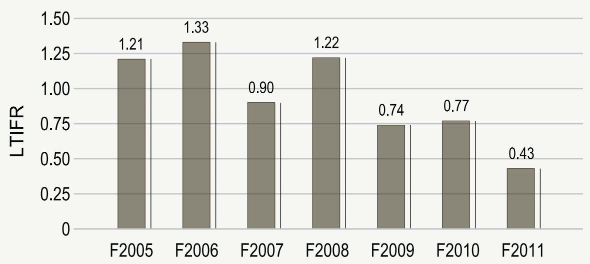


Non-financial

Safety

- Regrettably, a fatality occurred at Machadodorp Works during F2011. On 2 February, Mr Solomon Vusi Sindane, a trainee crane operator, was fatally injured.
- ARM achieved an excellent improvement in safety performance during the financial year:
  – A total of 109 Lost Time Injuries occurred (versus 165 during the previous financial year).
  – The Lost Time Injury Frequency Rate (LTIFR) was 0.43 versus 0.77 during the previous financial year (based on 200 000 man hours).

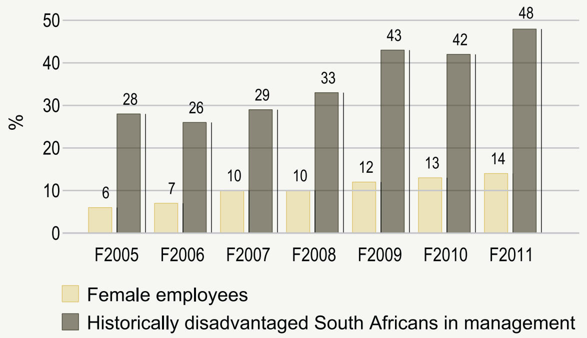
Safety



Employment Equity (EE)

- ARM has been certified as a Best Employer South Africa (2011/2012) by the CRF Institute.
- Continued progress in EE, including gender diversity.
- EE in management has increased to 48% from 42% in F2010.
- Total number of female employees was 14% compared to 13% in F2010, and exceeds the Mining Charter target of 10%.
- The Employment Equity report was submitted to the Department of Labour on 28 September 2011 and complies with Section 21 of the Equity Act.

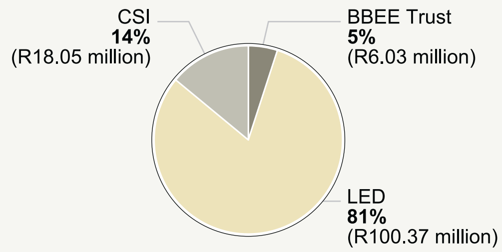
Employment equity
(Number of full-time employees and contractors – 100% basis)



Corporate social responsibility investment

- During F2011, R100.4 million spent in terms of Social and Labour Plans (SLPs) and Local Economic Development (LED) compared to R58.3 million in F2010. Corporate Social Investment (CSI) spend of R18.1 million compared to R14.6 million in F2010.
- In addition, the ARM BBEE Trust spent R6.0 million (F2010: R14.6 million) on projects to uplift and benefit rural communities.
- Total Corporate Social Responsibility Investment was R124.5 million compared to R72.9 million during the previous financial year.

Corporate social responsibility investment



Implementation of the HIV & Aids management programme

- Continued progress in the implementation of the HIV & Aids programme in alignment with the primary aims of the National Strategic Plan for South Africa (2007-2011).
- Membership of the South African Business Coalition on HIV & Aids (SABCOHA) allows us to benchmark our programme with the best nationally and internationally.
- ARM is actively participating in the National HIV Counseling and Testing campaign as proposed by SANAC (South African National Aids Council) and the number of employees both counselled and tested, has showed marked increases:
  – 15 342 employees and contractors counseled during the year (53% of the total workforce versus 40% during F2010).
  – 10 836 employees and contractors tested during the year (38% versus 32% in F2010 of the total workforce).
  – 1 068 employees were tested for the first time.

Climate change

- ARM has determined its carbon footprint and has made a submission to the Carbon Disclosure Project (CDP) for the second year.
- Continued focus on monitoring and reporting including improving the data collection processes.
- Strategic review of climate change risks, initiatives and approach being addressed in a project. Subsequent to facilitated work-shops on climate change throughout the operations, a strategy and policy is being formulated in alignment with national legislation and International Council on Mining and Metals (ICMM) climate change policy developments.

ARM's integrated reporting for 2011 includes the **publication of a separate Sustainability Report,** which provides comprehensive information on how our **strategy and approach to doing business is ensuring our long-term sustainability**, the material issues that could impact on our business, including our compliance with the revised Mining Charter and delivery against our **social and labour plan commitments.**

This **review provides a summary of our approach to sustainability,** our material issues and our successes and challenges in this regard.

A summary of the Company's non-financial key performance indicators can be found on page 31 of this report.

Our approach to sustainability

By their very nature, mining activities impact on the natural environment. They also present both potential social benefits and risks for local communities.

Yet it is possible for mining to be economically, socially and environmentally sustainable over the long-term and we believe our approach to mining is achieving long-term sustainability. In addition, the products we mine provide society with basic materials needed for economic development. Many are recycled and reused. Our use of the resources we mine and the raw materials we require to operate is efficient and responsible. Our activities and investments are creating lasting social and economic benefit both for the communities and the regions in which we operate.

ARM is committed to identifying, understanding and mitigating the environmental impacts of our activities. We also identify our impacts on the communities in which we operate and work closely with communities and government to ensure that communities enjoy the social benefits that our operations can provide and that any risks are mitigated.

In order for ARM to continue to create value for our shareholders we need to comply with the JSE Listing Requirements, which include compliance with the principles set out in the third report on corporate governance in South Africa, referred to as King III. The Corporate Governance report included on pages 117 to 149 in this report provides detail on our performance in this regard.

ARM has also participated in and met the requirements of the JSE Socially Responsible Investment (SRI) Index for the past three years. This pioneering set of criteria, against which companies are assessed, provides guidance on environmental, economic and social sustainability as well as governance best practice. The SRI Index further offers a platform to recognise listed companies that incorporate sustainability principles into their everyday business practices and is a tool which investors can use to assess companies on a broader base.

ARM became a member of the International Council on Mining and Metals (ICMM) in September 2009 because it shares the ICMM vision of a respected mining and metals industry which is

Sustainability review continued

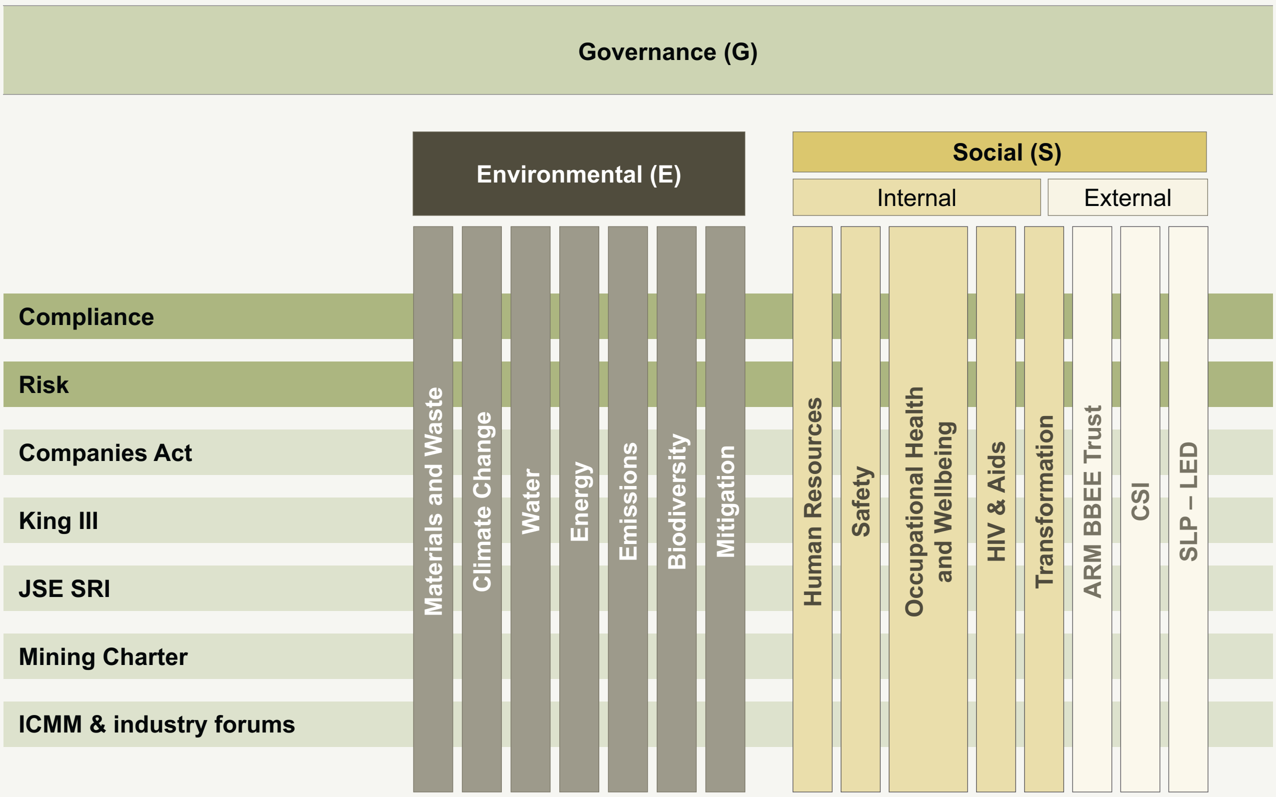
widely recognised as essential for society and a key contributor to sustainable development. As a member of the ICMM, ARM also subscribes to the Extractive Industries Transparency Initiative (EITI) – a global standard that promotes revenue transparency and the management of revenues from natural resources.

As a member of the ICMM, ARM is required to act in accordance with ICMM position statements and comply with the three elements of the ICMM Sustainable Development Framework, namely (i) implementation of the 10 ICMM Sustainable Development Principles throughout the business, (ii) a commitment to transparent and accountable reporting practices (we continue to report in line with the GRI G3 framework) and (iii) independent third-party verification that we are meeting the ICMM commitments.

Subsequent to becoming a member of the ICMM, we initiated an externally conducted gap analysis in F2010 to assess the alignment of our sustainable development practices with the ICMM's 10 principles. The key recommendations arising from this process were for ARM to go beyond legal compliance in its management of risk, to include emerging sustainable development risks in its risk management system and to strengthen its reporting framework based on the GRI. These recommendations were successfully implemented during the previous financial year (F2010) and resulted in successful external assurance at a moderate level of our Sustainability Report in F2010.

During F2011, we continued to broaden our approach to sustainability reporting and we have further integrated issues material to our sustainability into our risk management system. The transitional sustainable development model which we presented for the first time last year, suits our reporting requirements well and we continue to use this to integrate sustainability across our business.

ARM's sustainable development model



Our Sustainability Report meets application level B+ of the GRI Sustainability Reporting Guidelines, including the Mining and Minerals Sector Supplement and complies with the ICMM Sustainable Development Framework.

Managing sustainability in our business

The Group Manager: Sustainable Development, who reports to the Chief Executive Officer of ARM with oversight from the Social and Ethics Committee (formerly called the Sustainable Development Committee), is responsible for reviewing sustainable development policies, strategies and targets, and ensuring that they are aligned with the Board's commitment to zero tolerance of harm throughout our business.

The purpose of the Social and Ethics Committee is to monitor and report on the manner and extent to which ARM protects, enhances and invests in the wellbeing of the economy, society and the natural environment in which it operates in order to ensure that its business practices are sustainable. The committee also reviews and considers the efficacy of ARM's systems to promote local economic development opportunities to enable historically disadvantaged South Africans to develop economically while meeting the requirements of mining rights conversions, the Mining Charter and other requirements detailed in the Minerals and Petroleum Resources Development Act, 2002 and other legislation.

The Social and Ethics Committee has three members, of which two are Independent Non-executive Directors as described in the Corporate Governance report of the Integrated Annual Report on page 130.

The ARM Management Risk Committee, which is a management sub-committee of the Audit Committee, is tasked with assisting the Audit Committee in discharging its duties relating to risk matters by implementing, co-ordinating and monitoring a risk management plan, policy and processes to ensure that broader strategic and significant business risks are identified and quantified with attendant controls and management assurance. The Leader: Risk Management together with the Group Manager: Sustainable Development attend the Social and Ethics Committee meetings, are members of the Management Risk Committee and are instrumental in integrating sustainability risks which are identified at operational and corporate level, into ARM's comprehensive risk management process. Both these individuals attend Board meetings to respond to any risk-related matters raised by the Directors.

The ARM Risk Management programme integrates the management of risk and assurance and provides both corporate governance compliance and a practical and effective tool for the management of risk (including sustainability risk) within ARM. The Risk Register/Enterprise Risk Management (ERM) System is used to ensure that a robust system of identifying, quantifying, monitoring, managing and reporting risks and opportunities is applied consistently throughout the Company.

At an operational level, risk registers and risk and control dashboards are continuously reviewed and updated. We have a number of management and control assurance providing initiatives and processes at divisional and corporate level including:

- Monthly performance reviews of our operations through Operational Committee meetings;
- Quarterly performance reviews of operations through Executive Committee meetings;
- Quarterly ARM Management Risk Committee meetings;
- Quarterly ARM Sustainable Development Management Committee meetings;
- Quarterly operational Sustainable Development meetings;
- Quarterly ARM Sustainable Development Committee meetings (as of September 2011 called the Social and Ethics Committee);
- Quarterly ARM Audit Committee meetings; and
- Quarterly Board meetings.

These meetings and regular reviews form an important part of the combined assurance process and provide appropriate oversight of management processes and the management and mitigation of associated risks to an acceptable level.

Sustainability governance

ARM's efforts towards sustainability are underpinned by its commitment to maintaining the highest standards of governance, which include the application of sound business practices which link into the management systems, structures and policies of the Company. The new, as well as frequent changes in legislation in South Africa and the many pieces of legislation that govern the mining industry make it challenging to ensure that we remain compliant. These are detailed in our Sustainability Report.

Monitoring, measuring and reporting on our sustainability performance

Currently, the data we require for our sustainability reporting is drawn from a number of different systems, which involves significant time being spent on consolidating data. There are also challenges regarding ensuring accuracy and comparability of data. We are piloting a system in our Ferrous Division that will allow for the implementation of uniform reporting systems across our operations.

ARM commissioned SustainabilityServices.co.za to provide high-level independent third party assurance over the content of our F2011 Sustainability Report. The report on this assurance process, which is included in the Sustainability Report, contains comment on data collection in ARM.

Our material issues

We determine what is material to our business through a combination of internal performance measurement and the monitoring and evaluation of the external context within which we manage our business and operations. We do this through ongoing stakeholder engagement, review and assessment of our performance to date, monitoring of media coverage, the reporting of material issues by members of the extractive industry and policy and regulatory trends.

Sustainability review continued

We have also developed a formal stakeholder engagement process, which assigns specific engagement responsibilities to the relevant positions in ARM.

The material issues which ARM has identified include economic, social and environmental issues and the maintenance of the highest standards of corporate governance.

Economic issues

Our material economic issues include:

- **Electricity costs and our ability to use electricity efficiently**
  As a responsible South African company we supported the increase in Eskom's tariffs which was intended to facilitate its infrastructure building programme since that infrastructure would help us to continue growing our business. We are, however, concerned that a new round of price increases may adversely impact not only our business but also the communities in which we operate. ARM, together with other industrial users of electricity, is in discussions with government institutions to ensure future tariff increases strike a balance between allowing Eskom to build new infrastructure and sustaining industries that provide jobs and revenue for government. While we fully support measures that seek to promote the efficient use of energy and have a number of initiatives under way within ARM to ensure the efficient use of energy in our organisation (these are described in our Sustainability Report), we are concerned that the proposed carbon tax, if it goes ahead, will add to the already heavy energy cost burden.

  The ARM Ferrous Division, which is responsible for 80% of the Group's consumption of electricity, is a member of the Energy Intensive Users Association and has developed its own Energy Efficiency Charter, which maps its development and implementation of energy efficient practices.

- **Logistics**
  Our logistics concerns are in connection with the railing of our products. ARM exports iron ore through the Sishen-Saldanha Iron Ore Export Channel (SIOEC), a single channel rail and port facility and our ability to increase exports is limited by its capacity, any industrial action affecting Transnet Freight Rail (Transnet) and its operational performance. We are working closely with Transnet and other industry role players to explore the potential for expanding the SIOEC beyond 60 million tonnes (Mt) per annum.

  Another concern is the lack of rail capacity in South Africa, which means that, in many cases, ARM has to transport its products by road. This substantially increases our carbon footprint and limits the extent to which we can manage the environmental impact.

- **Market conditions**
  The commodities we produce are globally traded and, as a result, ARM does not control the prices we receive for our commodities. The prices of the commodities we produce and beneficiate are significantly affected by global economic conditions and global demand for metals and energy. Price and exchange rate fluctuations impact our revenues, cash flows, profitability and asset values. ARM's diversified portfolio allows it to deliver more stable returns due to improved flexibility and ability to manage the risk associated with commodity price cycles.

- **Costs**
  We are on track to achieve our strategic objective of having all our managed operations positioned below the 50th percentile of the unit cost curve for the various commodities we produce. In order to achieve our target ARM is reducing its ferrochrome production and increasing the production of ferromanganese at its Machadodorp Works. However, going forward, increasing energy and labour costs will present further challenges to containing production costs.

Social issues

Our material social issues include:

- **Employee safety and wellness**
  We are committed to providing our employees with a safe and healthy work environment, which also allows us to run our operations in a sustainable and efficient manner.

  Responsibility for safety at operational level lies with line managers and supervisors. Each operation has its own safety policy and strategy, which is aligned to ARM's zero harm commitment, but also addresses the operation's unique requirements.

  The majority of our operations have obtained certification in terms of the international occupational health and safety management system, OHSAS 18001.

  Regrettably, a fatal accident occurred at Machadodorp Works during the year. On 2 February 2011, Mr Solomon Vusi Sindane, a trainee crane operator was fatally injured at furnace No 2. ARM and its Board of Directors would like to extend our sincerest condolences to Mr Sindane's family, friends and colleagues.

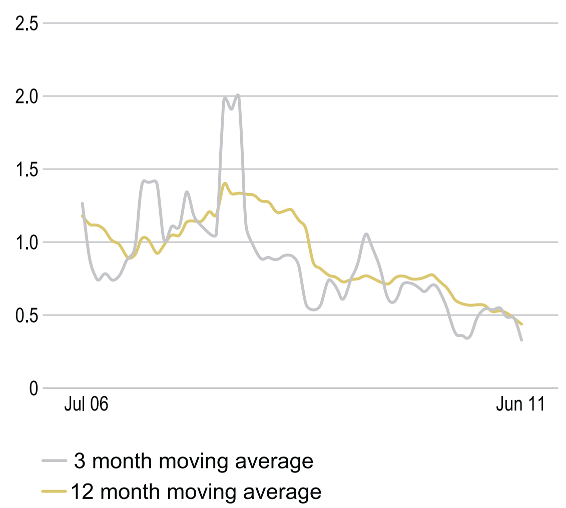
  Our safety training is designed to address the key safety risks identified at each operation. Every person working in our operations receives regular health and safety training. We continually monitor and review procedures and conduct safety and health awareness campaigns.

  There has been a significant improvement in our safety performance in F2011. Our Lost Time Injury Frequency Rate (LTIFR) decreased from 0.77 per 200 000 man hours worked in F2010 to 0.43 per 200 000 man hours worked in F2011, and our Reportable Injury Frequency Rate (RIFR) decreased from 0.42 to 0.29 in F2011. Some of our key achievements during the year were:

  – Modikwa Platinum Mine achieved 8 000 000 fatality-free shifts on 21 June 2011 and has been awarded the Department of Mineral Resources (DMR) Safety Achievement Flag for Platinum Mines. According to the Modikwa team, this huge safety success is attributable to the diligent adherence to standards and the practicing of one of Modikwa's core values of "caring for each other".

- Beeshoek Iron Ore Mine recorded 8 000 fatality-free production shifts in the DMR (Northern Cape) safety competition. During the third quarter, Beeshoek also achieved 12 months without a lost time injury.
- On 11 November 2010, Two Rivers Platinum Mine completed 2 000 000 fatality-free shifts.
- Khumani Iron Ore Mine achieved its first 1 000 000 fatality-free shifts in November 2010.
- Black Rock Manganese Mine achieved 1 000 000 fatality-free shifts during the fourth quarter.

ARM safety performance
(LTIFR)



To ensure the health risks present in each of our operations are identified, monitored and managed, specialist external service providers are engaged to assist with the implementation and management of the medical surveillance programmes running in all our operations. Our principal occupational health issue remains noise-induced hearing loss (NIHL). The most common illnesses diagnosed among our workforce (including chronic and primary health-related diseases) remain hypertension upper respiratory tract infections and back/muscular/skeletal ache. We have increased our efforts to reduce workplace noise, in line with the DMR's 10-year targets agreed at the Mine Health and Safety Summit in 2003. It is compulsory for any of our workers who are exposed to the internationally accepted noise level limit of 85 decibels (A), or above, to wear hearing protection. We also regularly monitor and measure noise emission levels of equipment. The hearing of employees exposed to high levels of noise is tested at least once a year.

HIV & Aids and other chronic diseases remain a risk to the wellness and productivity of our employees. While the focus of our wellness programmes differs, depending on the requirements of each operation, we have focused during this financial year on facilitating access to chronic medication (including anti-retroviral drugs).

ARM's HIV & Aids management guideline, which was compiled with reference to the South African National Standard (SANS 16001:2007), the International Finance Corporation (IFC) HIV/Aids Guide for the Mining Sector and the GRI Guideline on HIV & Aids, provides our operations with guidelines and standards for the management of HIV & Aids. The guideline, which is regularly reviewed and updated in line with internal and external developments, is used as a reference source for planning and implementing the HIV & Aids management programmes at our operations. Details can be found in our Sustainability Report. We have also developed a scorecard based on the framework provided by this document which is used to monitor and measure the performance of our operations in terms of our comprehensive HIV & Aids programme. Our internal minimum standard, known as the Sustainable Development Standard (SDS), provides a target for our operations. Details regarding our performance against these standards, are published in our Sustainability Report.

Our operations continue integrating HIV & Aids community outreach projects into their programmes for the management of HIV & Aids. These programmes form part of their community social investment.

Further details of our safety and wellness performance can be found in the Sustainability Report and under the operational reviews on pages 44 to 85 of this report.

- **Relationships with the communities in which we operate, labour and government**
Details of our stakeholders, our methods of engagement with them, points of discussion and concerns raised and how ARM has responded to these concerns, can be found in our Sustainability Report.

Stakeholder engagement is a key strategic focus at ARM. To retain our licence to operate and continue having access to resources, we need to earn the trust of the communities in which we operate through our engagement processes. Each ARM operation engages with its stakeholders in a manner appropriate to their specific needs and concerns. To ensure learnings, these interactions are documented and shared at operational and corporate level.

We regularly engage with organised labour and value our good relationship with the trade unions. During F2011 ARM was recognised as one of the top 60 best employers in South Africa.

During F2011 ARM created three permanent positions in its operations per calendar day. Over the past five years we have created an average of 2.5 permanent jobs per calendar day, a total of 4 553 new jobs.

Our engagement with government takes place at local and national level on a range of topics including social investment, health and safety, environmental management and transformation. The aim of this engagement is to share information and partner with government to achieve delivery on local economic development strategies.

Sustainability review continued

- **Transformation**
  We embrace the national agenda of broad-based economic transformation and strive to make the mining industry reflective of all South Africans in partnership with our stakeholders. We seek to comply with the spirit of the Broad-Based Socio-Economic Charter of the Mining Industry (Mining Charter) and currently exceed the Mining Charter targets for employment equity and gender diversity. Areas which are particularly challenging to improve in the short-term are local procurement and local economic development because the essential elements of skills transfer and capacity building take time. We are committed to being a transformation leader in the industry and our action plans are focused on delivering on the commitments of our Social and Labour Plans. There is still uncertainty over the application of the Mining Charter Scorecard and how the scoring will be applied. ARM has, however, submitted the scorecards for all its mines to the DMR, based on the guidelines published in the Gazette. We will continue to consult with the DMR and through the Chamber of Mines forums to remain informed as the understanding with regard to the implementation of the Mining Charter Scorecard develops.

- **Attraction, retention and development of skills to support our aggressive growth plan**
  ARM aims to be the employer of choice in the mining industry. We believe this will allow us to retain our talent pool and attract new talent. We regularly benchmark our levels of remuneration against our peers.

  Two of the major challenges facing our industry are the retention of skills and the development of new skills. ARM is currently well-placed in regard to skills. However, the risk of a skills shortage remains as a result of the small pool of skills available in the mining industry and our aggressive growth plans. We have identified the lack of appropriate housing around some of our operations as a significant risk to our ability to attract the right people and have embarked on a major housing project to address this proactively.

  Our employee turnover rate at 4.8% for F2011 (F2010: 5.7%) is one of the lowest in our industry, which indicates that we are achieving our goal of being an employer of choice. The fact that we recruit as many employees as possible from communities local to our operations also contributes to our low turnover rate.

  We invest in learnerships (mainly in the engineering disciplines), internal and external bursaries and offer study assistance. ARM spent 6.4% of its annual payroll on skills development during F2011.

  Our graduate development programme concentrates on meeting our requirements for mining, mechanical and electrical engineers, metallurgists, geologist and surveyors. Over the past three years we have successfully filled most senior vacancies from within.

We identify talented employees and put in place development plans and succession plans. Our development programmes include a shift boss/mine overseer development programme which prepares talented employees for general management level appointments, and a foreman development programme aimed at developing supervisory skills and preparing artisans for management level appointments.

Environmental issues

The most material environmental issues facing ARM are climate change and resource management, with water and energy being our particular areas of concern.

While each ARM operation has its own environmental policy and strategy, they are all aligned with our commitment to responsible environmental stewardship. Our operations' environmental management systems include identification of the impacts of the site's activities, mitigation plans and performance monitoring. The majority of our operations are ISO 14001 certified.

All our operations have quantified targets and objectives for their key environmental parameters such as water management, emissions (at our two smelters) and biodiversity, which are aimed at minimising/reducing our impact on the environment.

The environmental performance of our operations is reviewed quarterly in executive Safety, Health, Environment and Quality (SHEQ) meetings chaired by divisional executives and attended by corporate SHEQ staff. There are annual internal audits and biennial external Directors' Liability audits of SHE performance at our operations. These audits monitor legal compliance and aim to identify potential liability issues for ARM and its directors. Our ISO-certified operations also undergo external ISO-prescribed legal compliance audits.

Following on the results of our carbon footprint analysis, ARM is developing a carbon management strategy and implementation plan which includes an emissions reduction plan. The main contributors to our carbon footprint are our consumption of electricity produced from coal, our use of diesel, and carbon-based reductants in our smelters such as coke and coal.

ARM engaged Environmental Resource Management (ERM) to facilitate divisional carbon strategy workshops. Following on these workshops custom-made training programmes are being implemented in all our operations. The training will focus on awareness, capacity building, reporting and improving performance.

To better manage our energy consumption we have appointed a Group Electrical Engineer responsible for energy efficiency at ARM. Our smelters at Cato Ridge and Machadodorp are the most energy intensive of our operations. In addition to the information provided in our key performance indicators in this report, our Sustainability Report details our efforts to better manage our energy consumption and provides statistics on our energy consumption and emissions.

Availability, consumption and pollution of water are key risks. We aim to use water as efficiently as possible, to recycle and to avoid any negative impacts on water quality in the environment in which we operate. Our operations run closed circuit water systems as far as practically possible in order to minimise discharge into the environment.

Some of our operations have had to address legacy issues of groundwater contamination and rehabilitate historically contaminated land that impacts on surface groundwater.

In line with the terms of their integrated water use licences our operations source water from rivers, boreholes and municipal sources.

Our operations engage with the Department of Water Affairs, local communities, local authorities, irrigation boards, catchment management agencies and other industry users to ensure the sustainability of water resources for all stakeholders. The availability of water is a key consideration when we plan the expansion or construction of an operation.

Adding value

During the year under review ARM created significant value for a diverse range of stakeholders in the form of:

- Employee wages and benefits;
- Dividends paid to shareholders;
- Taxation and royalties paid to government;
- Socio-economic development initiatives in the communities in which we operate;
- Providers of capital; and
- Re-investment to ensure its sustainability over the long-term and value creation for stakeholders.

ARM's value added statement shows an overall increase of 50% in wealth created and distributed in F2011, up from R5 673 million in F2010 to R8 522 million. Sales for the year increased by 35% to R14.9 billion (F2010: R11.0 billion).

Value added statement

	F2011 (Rm)	F2010 (Rm)	F2009 (Rm)	F2008 (Rm)	F2007 (Rm)	F2006 (Rm)
Sales	**14 893**	11 022	10 094	12 590	6 152	4 622
Net cost of products and services	**6 441**	5 604	4 201	4 318	2 527	2 361
Value added by operations	**8 452**	5 418	5 893	8 272	3 625	2 261
(Loss)/income from associate	**(135)**	(51)	147	461	16	–
Exceptional items	**(11)**	97	514	162	14	139
Income from investments	**216**	209	414	168	51	24
Wealth created	**8 522**	5 673	6 968	9 063	3 706	2 424
Applied as follows to:						
Employees as salaries, wages and fringe benefits	**1 856**	1 491	1 399	1 053	738	709
The state as taxes	**1 671**	1 009	1 727	2 084	781	377
Royalty tax	**162**	20				
Providers of capital	**836**	725	1 034	1 213	561	297
– Equity – dividend	**426**	371	847	315	–	
– Non-controlling interest	**194**	162	(198)	460	191	163
– Outside – finance cost	**216**	192	385	438	370	134
Total value distributed	**4 525**	3 245	4 160	4 350	2 080	1 383
Re-invested in the Group	**3 997**	2 428	2 808	4 713	1 626	1 041
Amortisation	**1 112**	987	787	541	406	440
Reserves retained	**2 885**	1 441	2 021	4 172	1 220	601
Wealth distributed	**8 522**	5 673	6 968	9 063	3 706	2 424

Sustainability review continued

Our sustainability performance year-on-year

Performance indicator	F2011	F2010	F2009
Economic and related core baseline indicators			
Revenue (Rm)	**15 357**	11 425	10 712
Sales (Rm)	**14 893**	11 022	10 094
Duties, levies and taxes paid (Rm)	**1 671**	1 009	1 727
Headline earnings (Rm)	**3 319**	1 714	2 317
EBITDA (Rm)	**6 434**	3 907	4 484
Purchased materials and services (Rm)	**6 441**	5 624	4 201
Value added	**8 461**	5 653	6 968
Procurement of capital goods, services and consumables from BBBEE Suppliers (%)	**74.4**	52.5	37.3
Number of environmental administrative penalties/fines	**None**	2	None
Employee issues			
Total number of all ARM employees and contractors	**28 704**	22 776	16 777
– Employees (permanent)	**11 496**	10 281	9 643
– Contractors (mainly used in capital projects)	**17 208**	12 495	7 134
New jobs created (direct employment only)	**1 215**	802	896
Employee turnover (excluding contractors) %	**4.8**	5.7	4.5
Investment in employee training and development			
– Total expenditure (Rm)	**96**	50	57
– % of payroll	**6.4**	3.6	6
Employment equity (% representation of previously disadvantaged groups among permanent employees)			
– Top management	**38**	44	44
– Senior management	**40**	32	32
– Professionally qualified	**50**	45	47
– Technically qualified	**69**	67	56
Lost Time Injury Frequency Rate (LTIFR) (200 000 man hours)	**0.430**	0.770	0.736
Reportable / serious accidents	**74**	90	82
Number of lost workdays due to industrial action	**14 816**	2 411	115
Environmental issues			
Total water withdrawn (m^3) (municipal, surface and groundwater)	**15 091 358**	15 060 418	14 314 155
Energy usage			
– Electricity (000 kW/h)	**2 547 836**	2 003 918	2 038 751
– Oil (000 litres)	**2 909**	2 934++	2 565++
– Diesel (000 litres)	**73 559**	55 732	54 625
Emissions			
Carbon footprint equivalent (equivalent tonnage CO_2)			
Total	##	3 073 431	2 576 634++
– Scope 1	##	654 665	559 040
– Scope 2	##	1 979 020	1 735 289
– Scope 3	##	439 746	282 305
Carbon emission intensity ratios (Scope 1 & 2)			
– Tonnes CO_2e/1 000 ZAR	##	0.24	0.23
– Tonnes CO_2e/Full Time Employee	##	202.3	226.1
Direct emissions (tonnes)			
– CO_2 emissions – direct (tonnes) Cato Ridge and Machadodorp only	**561 060**	589 559++	748 473
– NO_x (tonnes)	**1 120**	1 169++	–
– SO_x (tonnes)	**816**	1 572++	–
– Particulate matter (tonnes)	**460**	381++	–
Domestic waste (tonnes)	**16 689**	13 928++	14 051++
Corporate Social Responsibility			
Total community upliftment and corporate social investment (Rm)	**124.5**	72.9	60.0
– CSI (Rm)	**18.1**	14.5	19.3
– LED (Rm)	**100.4**	43.8	28
– ARM BBEE Trust (Rm)**	**6.0**	14.6	n/a

Non-financial data based on 100% (versus attributable to equity) unless otherwise stated.
The Employment Equity report was submitted to the Department of Labour on 28 September 2011 and complies with Section 21 of the Act.
LTIFR: Injury rates are measured per 200 000 man hours, in line with general SA practices and include both ARM employees and contractor incidents.
++ *Environmental indicators: we continue to improve our systems for measuring and monitoring our performance to ensure comprehensive and reliable data. Accordingly, our figures for previous years have in certain cases been restated.*
Carbon footprint data is currently being recorded and emissions being calculated in order to submit to the Carbon Disclosure Project (CDP) by early 2012. For CDP reporting purposes, ARM submits data for the preceding financial for F2011, i.e. the March 2012 CDP submission will contain results for 1 July 2010 to 30 June 2011. As a result, carbon emissions data presented in this report, is for the previous financial year.

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.**

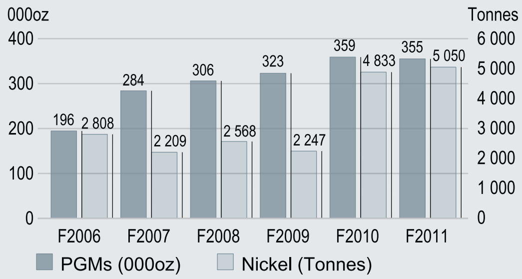
ARM Platinum

ARM Partners: Anglo American Platinum, Impala Platinum, Norilsk Nickel

		F2011	F2010	% change
Headline earnings	Rm	**460**	521	(12)
EBITDA margin	%	**30**	35	
EBITDA	Rm	**1 457**	1 541	(5)

Attributable capital expenditure: **R0.8 billion**
Total labour in F2011: **11 019 (including 5 499 contractors)**
Key investments during the year: **Nkomati Nickel Large-Scale Expansion Project**

ARM Platinum attributable production volumes



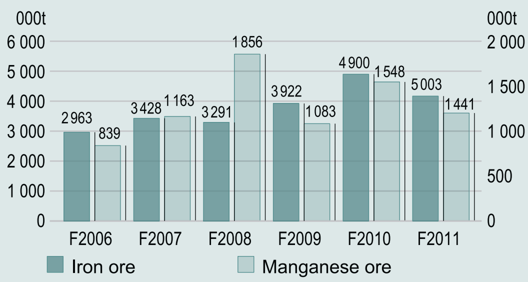
ARM Ferrous

ARM Partner: Assore

		F2011	F2010	% change
Headline earnings	Rm	**2 897**	1 364	112
EBITDA margin	%	**50**	38	
EBITDA	Rm	**4 728**	2 459	92

Attributable capital expenditure: **R2.0 billion**
Total labour in F2010: **10 548 (including 4 832 contractors)**
Key investments during the year: **Khumani Iron Ore Expansion Project from 10 to 16 million tonnes per annum**

ARM Ferrous attributable sales volumes



ARM Exploration

The focus of the ARM Exploration Division is to identify and assess quality business opportunities in sub-Saharan Africa.

Effective from 1 July 2011, the copper exploration assets that previously formed part of ARM Exploration, including a 30% shareholding in the Kalumines Copper Project and a 50% shareholding in the Lusaka & Kabwe Project, have been moved into the ARM Copper Division.

A highly skilled and experienced exploration team has been established and will be under the leadership of Mr. Jan Steenkamp (who is also the Chief Executive of ARM Ferrous).

ARM Group

		F2011	F2010	% change
Headline earnings	Rm	**3 319**	1 714	94
EBITDA margin	%	**43**	35	
EBITDA	Rm	**6 434**	3 907	65

Total attributable capital expenditure: **R3.4 billion**
Total labour in F2011: **28 704** (excludes ARM Coal)

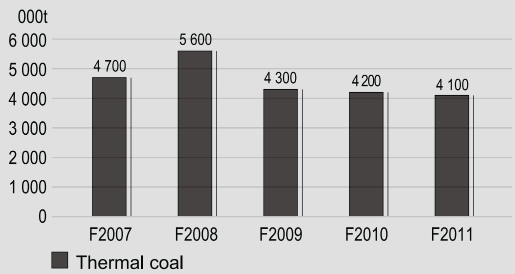
ARM Coal

ARM Partner: Xstrata Coal South Africa

		F2011	F2010	% change
Headline (loss)	Rm	**(103)**	(17)	<(200)
EBITDA margin	%	**43**	54	
EBITDA	Rm	**217**	114	90

Attributable capital expenditure: **R0.3 billion**
Key investments during the year: **Goedgevonden Coal Mine**

ARM coal attributable sales volumes



ARM Copper

ARM Partner: Vale S.A.

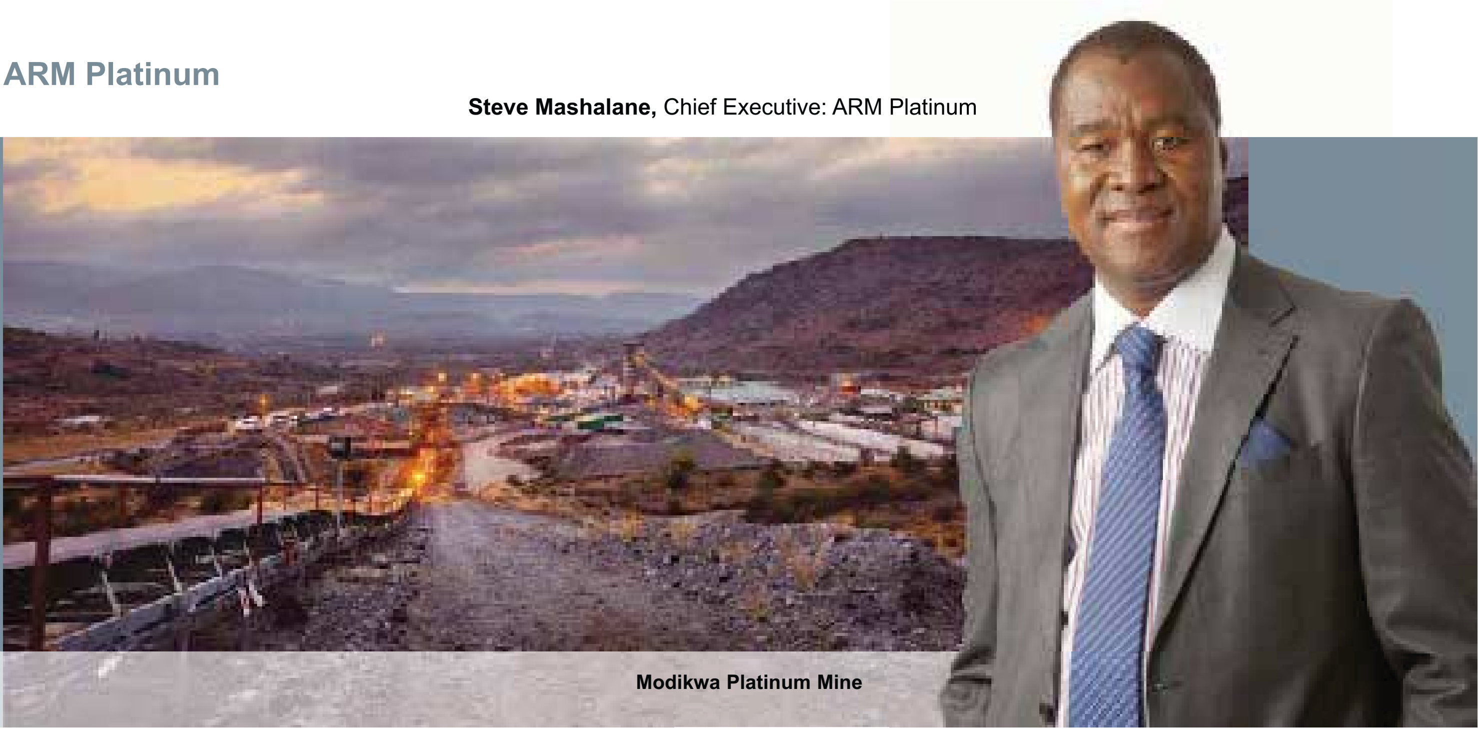
Konkola North Copper Project

- Measured and Indicated 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.
- Concentrator plant to be commissioned in December 2012, full production in the 2015 financial year.
- Life-of-mine of 28 years.
- Total capital expenditure of US$391 million (in July 2010 terms).
- C1 cash cost of US$1.07/lb (45th percentile at steady state: 2015).
- Potential to increase output to 100 000 tonnes copper in concentrate per annum (Area “A” resource).

ARM Exploration has signed an agreement with Rovuma Resources, a Mozambican exploration company, to explore for manganese ore, nickel, PGMs and base metals in Mozambique. In terms of the agreement ARM will fund ongoing exploration at an estimated cost of US$7 million per annum and will have exclusive rights to exercise options to purchase prospecting/mining rights to the resources.

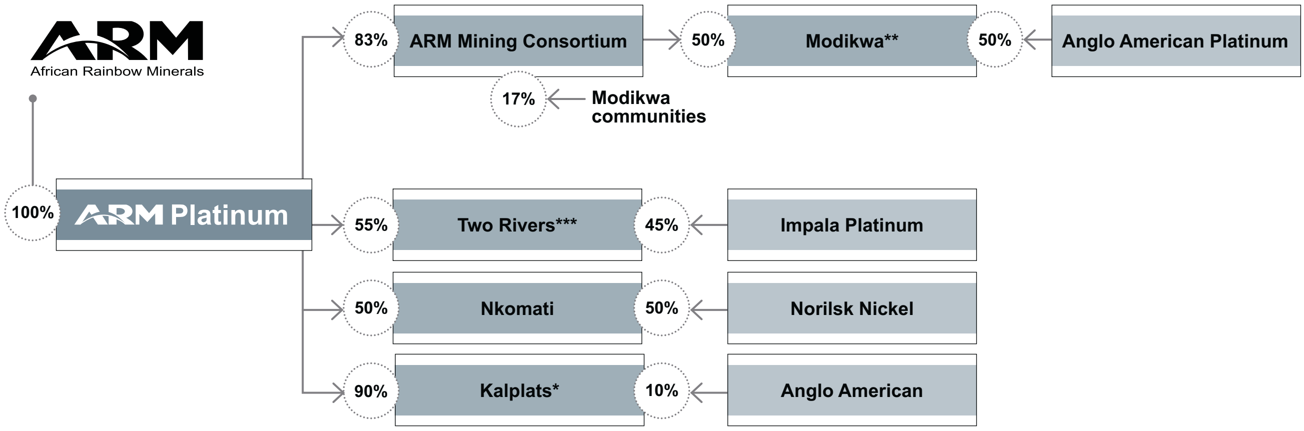
ARM Platinum

Steve Mashalane, Chief Executive: ARM Platinum



Modikwa Platinum Mine

Divisional structure

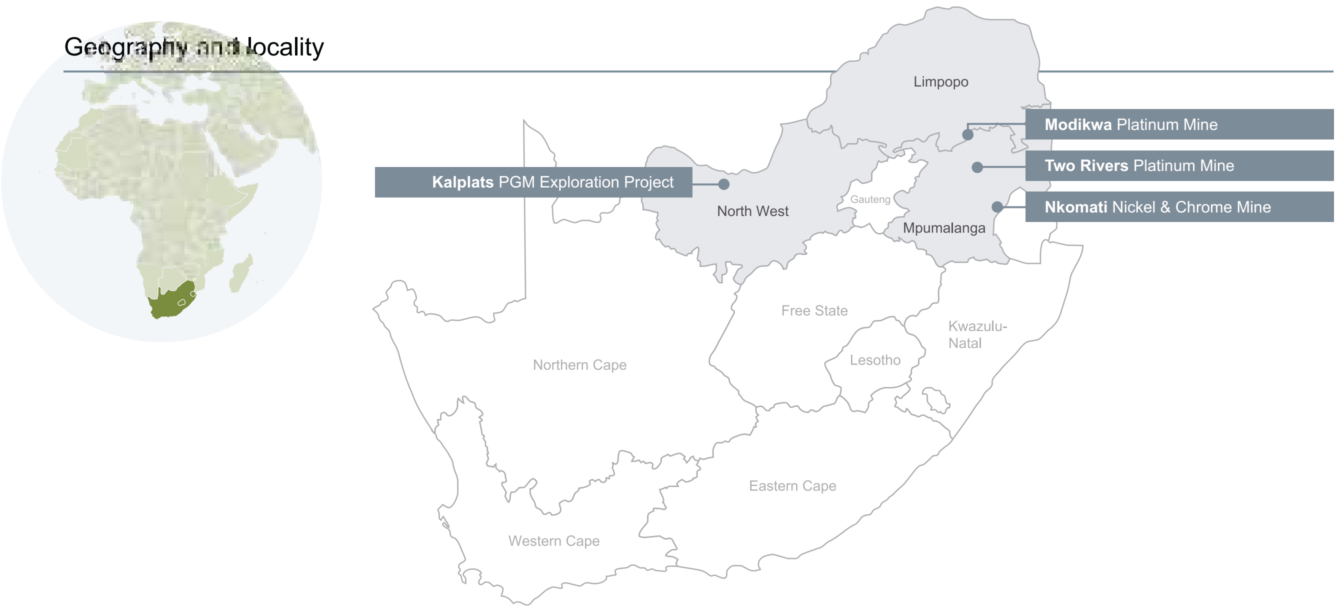


* Platinum Australia earned 12% ownership on completion and approval of the prefeasibility study. The transfer of this ownership is in the process of being effected. Platinum Australia will earn up to 49% on completion of a bankable feasibility study. In the event that the JV acquires Anglo American's 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

F2011 objectives	F2011 performance	F2012 objectives
Modikwa		
Achieve 360 000 6E Platinum Group Metals (PGM) ounces (oz). Continue to focus on cost containment.	Achieved 319 336 6E PGM oz. Modikwa continues to be positioned below the 50th percentile on the global PGM cost curve.	Achieve 340 000 6E PGM oz. Maintain Modikwa's cost positioning below the 50th percentile of the global PGM cost curve.
Complete definitive feasibility study to increase production.	Definitive feasibility study completed.	Sinking of South 2 Decline.
Two Rivers		
Achieve 300 000 6E PGM oz. Continue to focus on cost containment.	Achieved 307 162 6E PGM oz. Two Rivers remains below the 50th percentile on the global PGM cost curve.	Maintain steady state production at 313 000 6E PGM oz.
		Complete feasibility study on Merensky mining.
Nkomati		
Commission the 250 thousand tonnes per month (ktpm) PCMZ plant by December 2010.	PCMZ plant commissioned at the end of October 2010.	Optimise efficiencies and recoveries on PCMZ plant.
Improve recoveries on the 375 ktpm MMZ plant.	Ore variability still affecting recoveries negatively.	Focus on improving plant grades and recoveries.
Secure off-take agreements for PCMZ chrome concentrate.	Chrome concentrate currently sold through spot sales.	Continue with spot sales subject to commercially acceptable off-take agreements.
Achieve chrome sales of 650 000 tonnes, including 460 000 tonnes of chrome concentrate.	Chrome sales were 715 999 tonnes, including 381 196 tonnes of chrome concentrate.	Achieve chrome sales of 560 000 tonnes, including 511 000 tonnes of chrome concentrate.
Kalplats		
External review of definitive feasibility study.	Study under review.	Perform test work on a bulk sample to confirm grade, recovery and dilution parameters.

Operational overview – attributable to ARM

		F2011	F2010	% change	Operational target F2012
Modikwa – PGM production	Ounces 6E	**159 668**	169 812	(6)	↑
Two Rivers – PGM production	Ounces 6E	**168 939**	163 218	4	↑
Nkomati Nickel Mine					
Nickel	Tonnes	**5 050**	4 833	4	↑
PGMs	Ounces	**26 805**	26 286	2	↑
Copper	Tonnes	**2 605**	2 605	–	↑
Chrome ore sold	000t	**167**	251	(33)	↓
Chrome concentrate sold	000t	**191**	157	22	↑
ARM Platinum PGM production (including Nkomati)	Ounces 6E	**355 412**	359 316	(1)	↑
ARM Platinum cash operating margin	%	**31**	36		
Headline earnings contribution to ARM	R million	**460**	521	(12)	

ARM Platinum continued

Review of the year

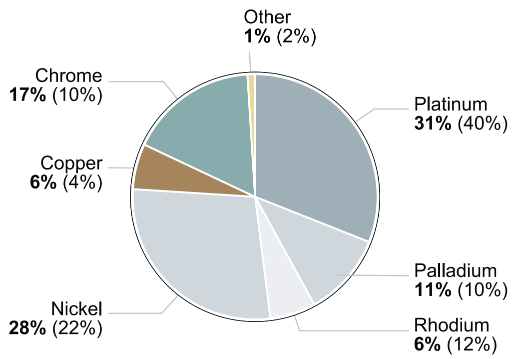
ARM Platinum's attributable headline earnings decreased by R61 million (12%) to R460 million. PGM production (on 100% basis including Nkomati) reduced to 680 108 ounces (F2010: 688 957 ounces) while total nickel produced increased 4% to 10 100 tonnes (F2010: 9 666 tonnes). The head grade and plant recoveries at Nkomati were substantially lower than planned.

With respective unit costs of R4 499/PGM oz and R4 979/PGM oz, Two Rivers and Modikwa continue to be positioned below the 50th percentile of the global PGM cost curve.

Notwithstanding a 7.9% strengthening in the Rand against the US Dollar, the basket prices for Modikwa and Two Rivers increased by 17% and 12% to R263 530/kg and R277 279/kg respectively. Realising the debtors at 30 June 2010 resulted in a negative mark-to-market adjustment of R23 million (F2010: positive R50 million).

F2011 ARM Platinum revenue contribution per commodity (100% basis)

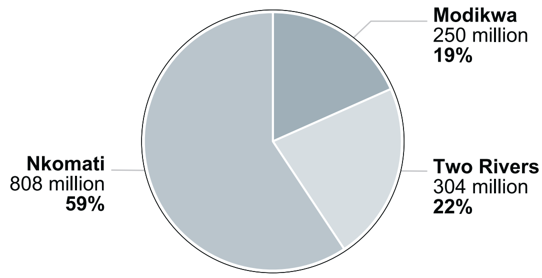
(F2010 comparative in brackets)



Capital expenditure

The capital expenditure at ARM Platinum was R1.36 billion (R833 million attributable). Capital expenditure on a 100% basis at the Nkomati Nickel Mine was R808 million of which R690 million was for the completion of the Large-Scale Expansion Project and the pre-stripping of Pit 3. The balance was to sustain operations. Modikwa's major capital items included the deepening of North shaft, commencement of the sinking of South 2 shaft, an underground mining fleet replacement programme, as well as the establishment of an open pit UG2 operation. At Two Rivers, 40 percent of the capital spent related to an underground mining fleet replacement programme, with the balance incurred for the commencement of deepening both the Main and North declines.

F2011 ARM Platinum capital expenditure
(100% basis) (R million)



Modikwa Platinum Mine operational review

Modikwa's tonnes milled and head grade remained constant. 281 000 tonnes of open pit material was treated during the period. As the open pit material is oxidised, plant recoveries on this material were lower at 45%, resulting in PGM ounces decreasing to 319 336 ounces (F2010: 339 623 ounces). The mine also experienced numerous delays due to Section 54 stoppages. Unit costs increased 8% to R692 per tonne milled (F2010: R639 per tonne milled) and as a result of treatment of the open pit material, rand unit cost per 6E PGM ounce increased 17% to R4 979 per ounce (F2010: R4 269 per ounce).

Two Rivers Platinum Mine operational review

Tonnes milled and head grade at Two Rivers remained constant, but an increase in recoveries resulted in a 4% improvement in yield to 307 162 PGM ounces (F2010: 296 760 ounces). At year-end, the surface stockpile was 85 246 tonnes. Unit costs increased by 8% to R4 499 per 6E PGM ounce (F2010: R4 174 per 6E PGM ounce). Costs associated with trial mining on the Merensky Reef, a brown fields project, have been expensed and therefore contributed to increased unit costs.

The earnings of Two Rivers were negatively affected by interest charged on the shareholder's loans from ARM and Impala Platinum. Interest was charged at a rate of 6.5% per annum as at 30 June 2011 (F2010: 8%).

Nkomati Nickel Mine operational review

Availability and utilisation of the primary crusher improved during the last six months as a result of improved maintenance and operating practices. Ore fragmentation in the crusher feed improved significantly, resulting in an increased crusher feed rate. The focus during the next six months will remain the further optimisation of maintenance practices, ore fragmentation and ore loading rates to achieve sustainable production.

During the last six months of F2011, the Nkomati Nickel Mine delivered disappointing results ascribed to various production complications, mainly attributed to lower than expected head grade, recoveries as well as operational inefficiencies at both concentrator plants.

The 250 ktpm PCMZ plant was completed on time and within budget and commissioned in October 2010. Design milling capacity on this plant was achieved in June 2011. Nkomati's total tonnes milled increased by 59% year-on-year, but due to the problems discussed below, only yielded 4% more nickel.

Chrome ore sales decreased to 334 803 tonnes (F2010: 502 281 tonnes) while chrome concentrate sales increased by 22% to 381 196 tonnes (F2010: 313 735 tonnes).

Head grade and plant recoveries

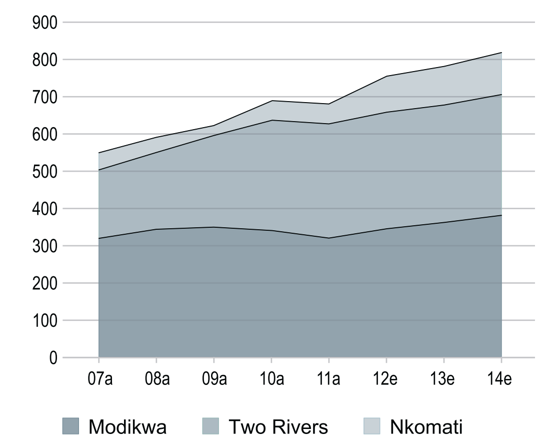
Mining operations at Nkomati moved from the now depleted Pit 2, to Pit 3 in February 2011. This resulted in the head grade of the MMZ concentrator plant reducing from 0.4% to 0.3% nickel. Furthermore the complexity of the ore body exacerbated by highly oxidised ore reduced recoveries from the newly exposed Pit 3 shallow mining areas. This has a direct impact on the concentrator plant recoveries, which are currently running on average 8% below anticipated levels of approximately 68%.

The independent confirmation of nickel concentrate assay results taken prior to shipment was significantly delayed during the financial year. The delay in obtaining assay confirmations was due to the stockpiling of Nkomati concentrate at the smelter in Finland. Once these confirmations were received it became evident that the on-site assay results were overstated thereby masking the problem of reduced plant recoveries. This matter has been addressed by management by, inter alia, appointing an independent assay laboratory for the performance of testing until such time as the on-site laboratory is accredited. The nickel units produced, which were previously reported for the first half of the 2011 financial year (1H F2011), as 5 321 tonnes have been adjusted to 4 886 tonnes.

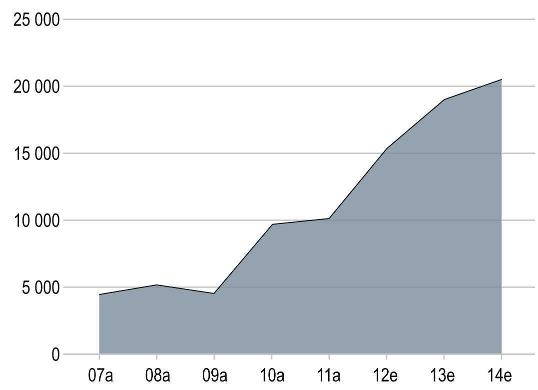
Due to timing of the shipments, the Nkomati Nickel Mine had 720 tonnes (F2010: 107 tonnes) nickel in concentrate stock at the port at year-end.

Variability as a result of the shallow oxidised ore is a temporary problem; management is confident that ore quality will improve when the oxidised zone is mined out over the next 18 months. To further mitigate the effect of the complex ore body and to create increased mining flexibility, Nkomati has now commenced with advanced stripping of 4 million tonnes of waste, which will continue until November 2011.

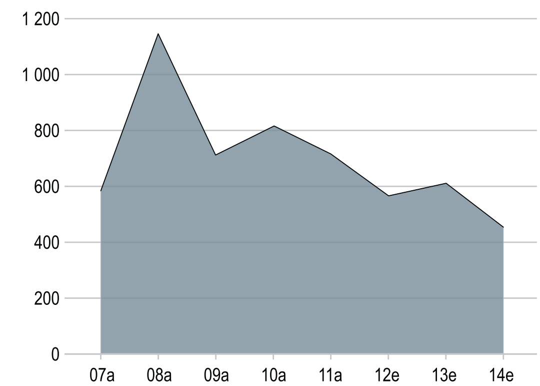
ARM PGM production
(100% basis) (000oz)



Nkomati nickel production
(100% basis) (tonnes)



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



ARM Platinum continued

Cash cost

Unit cost increased by 12% year-on-year to R271 per tonne milled and cash cost net of by-products (C1 cash cost) increased from \$3.26/lb to \$4.99/lb in the same period. The increase in C1 cash cost is caused by the following, most of which is attributable to 2H F2011:

- Reduced nickel and by-products production as a result of the grade and recovery issues discussed above;
- Termination of the capitalisation of pre-production working costs. In 1H F2011, R287 million was capitalised, in contrast to R43 million in 2H F2011;
- Higher than anticipated drilling and blasting costs as a result of the ore variability;
- Excessive ore re-handling; and
- Increased cost incurred on steel balls and reagents to improve plant efficiencies.

Sustainability

The key material sustainability issue for the ARM Platinum operations is not only complying with the revised Mining Charter but going beyond its requirements. A combination of internal and external processes, which included auditing, stakeholder engagement and risk assessment were used to identify material issues which include meeting and exceeding the performance targets of the Mining Charter Scorecard in terms of our social and labour plans, local economic development, safety and health, HIV & Aids, transformation, employment equity and environmental management. The Platinum Division's other specific material issues include labour relations, the role that the limited availability of housing plays in the attraction and retention of key skills, climate change, the availability of water, the cost of energy and the potential cost of carbon emissions taxes.

Safety performance

The Platinum Division safety achievements for F2011 were as follows:

- Two Rivers' completed 2 million fatality-free shifts on 11 November 2010;
- Modikwa achieved 8 million fatality-free shifts on 21 June 2011, an accomplishment unparalled in the industry. As a result, Modikwa has been awarded the Department of Mineral Resources (DMR) Safety Achievement flag for Platinum mines; and
- Nkomati was runner-up in the internal ARM Excellence in Safety Competition which is based on a weighted average of differential LTIFR data over the last three financial years.

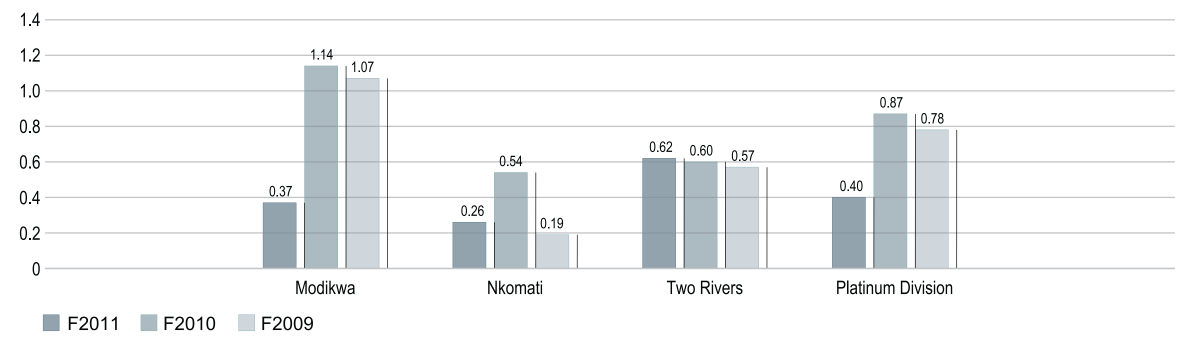
HIV & Aids and wellness

HIV & Aids and other chronic diseases remain a risk to the wellness and productivity of our employees. We have established that the HIV prevalence rates at the Platinum operations, which are generally in line with district prevalence rates, range from an estimated 8% at Two Rivers to 15% at Modikwa and 35% at Nkomati. All the Platinum operations have implemented TB infection control protocols and post-exposure prophylaxis procedures and have focused on facilitation of access to chronic medication (including anti-retroviral drugs) during the past financial year. A target for the year was to enhance the HIV & Aids-related community outreach projects at the operations which included the Maandagshoek community home-based care project supported by Modikwa. The ARM Platinum operations are audited annually in terms of compliance with the Group standard on the various elements of HIV & Aids management and detailed results and trends for the past four financial years can be viewed in the ARM Sustainability Report.

Corporate social responsibility

A total of R3.2 million was spent by the Platinum Division on Corporate Social Investment (CSI) in terms of the CSI policy's priority areas of health, HIV & Aids, education, capacity building, sporting events and arts and culture while a total of R62.9 million was spent on local economic development (LED) in terms of the operations' social and labour plans. The Platinum Division spent a total of R66.1 million on Corporate Social Responsibility, compared to R22 million in F2010.

ARM Platinum safety performance
(LTIFR)



Two Rivers Platinum Mine overland conveyor belt towards primary and secondary crushers

The division's CSI projects included:

- the training of 30 small business entrepreneurs in paving, plastering, bricklaying and painting by the Nkomati Nickel Mine;
- the construction of a 12 km tar road in the Maandagshoek community by Modikwa; and
- the construction of the Rooidraai substation for the benefit of the community and the training and development of business skills of 18 local small business entrepreneurs by the Two Rivers Platinum Mine.

Mining Charter Scorecard

There was some confusion as to the precise requirements of the revised Mining Charter in terms of reporting and scoring and the differences between what was gazetted and the guidelines later published on the DMR website. ARM submitted reports for all operations according to the guidelines that were gazetted.

An independent consultant was appointed to ensure consistency in the standards being applied. Data was gathered at the operations and additional input was obtained from corporate executives and our joint-venture partners. Modikwa, Nkomati and Two Rivers obtained scores above 75%, classifying them as excellent performers. ARM is engaging with the DMR to ensure that it is aligned with developments and clarification going forward. We are also building capacity at the operations to address Mining Charter Scorecard targets and reporting requirements and have developed action plans to improve and meet the Charter's targets going forward.

Mining rights status

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

The mining right conversion application for the Nkomati Nickel Mine has been approved. Nkomati is in the process of finalising the documents required for the execution of the mining right.

ARM Platinum continued

Prospects

Modikwa

The feasibility study for the Phase 2 UG2 replacement and expansion project was completed and presented to Modikwa's shareholders for approval. In the interim an amount of R125 million was approved to continue mining development for the South 2 declines and the deepening of North shaft.

Two Rivers

As part of a feasibility study, Two Rivers is currently conducting Merensky reef trial mining. A bulk sample of 70 000 tonnes was mined and 50 000 tonnes was processed in September 2011. A feasibility study for the North open pit is in progress.

Market review

The global macro-economy showed some signs of recovery with emerging markets such as China and India maintaining strong growth rates. The automotive industry as a result recovered noticeably. Despite the positive developments in the vehicle market, it was physical investment demand that drove average prices to new highs. The current and future environment is however not without its challenges. The return of EU debt concerns and measures embarked on by government are expected to inhibit demand in large parts of Europe. The US is also barely showing signs of recovery with escalating debt and persistently high unemployment. The resilience displayed by emerging markets in particular the Brazil, Russia, India, China (BRIC) economies however, is expected to continue to drive demand for all commodities.

Platinum

As the global economy recovered during 2010, platinum demand increased in both the automotive and industrial sectors. Jewellery demand however, reduced from the extraordinary levels in 2009. A key feature was the size of platinum investment demand, with growth in this market having an increasing influence on the metal's price, which in turn influenced investment levels. The volume of platinum going into Exchange Trade Funds (ETFs) was larger in 2010 than year-on-year increases in global supplies in any year apart from 1993. Investors seem confident that demand will outstrip supply in the long-term. ARM Platinum achieved an average price of US$1 707 per oz during F2011 (F2010: US$1 453 per oz). The platinum market is expected to remain largely in balance with the potential for a deficit as global supply tightens.

Palladium

The palladium price soared during 2010, increasing by 65% over the course of the year. This was as a direct result of record demand levels caused by substantial buying by the automotive and physical investment sectors which led to a market deficit despite an increase of supply. The average price achieved by ARM Platinum for F2011 was US$680 per oz (F2010: US$393 per oz). Palladium demand from the automotive and industrial sectors is anticipated to remain robust and the market is expected to remain in deficit.

Rhodium

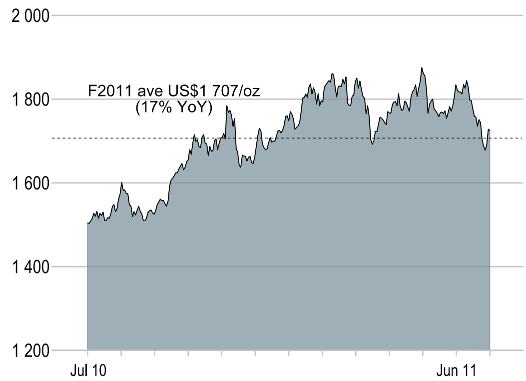
The rhodium market remained in surplus despite an increase in demand from the industrial and automotive sectors. The price succumbed to selling pressure towards the end of F2011 as the usual buyers were reluctant to enter the market with any enthusiasm. While ARM Platinum sold rhodium at an average price of US$2 248 per oz, 3% higher than F2010, the price realised by June 2011 dropped 14% since July 2010. Demand for rhodium is expected to strengthen in both the glass and autocatalyst sectors, particularly in China.

Nickel

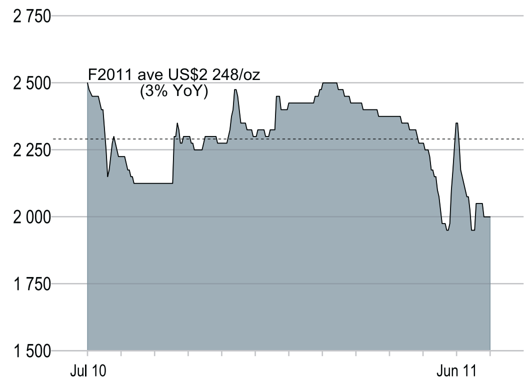
ARM Platinum realised an 18% growth in the average nickel price to US$23 970 per tonne. The price however dropped by 10% in the last quarter of F2011 partly as a result of a strong increase in output to meet Chinese demand. Prices continue to struggle, but if Chinese demand remains higher than anticipated and if supply is disrupted again, nickel will gradually begin to seem oversold at these levels.

Pricing trends for F2011 (July 2010 to June 2011)

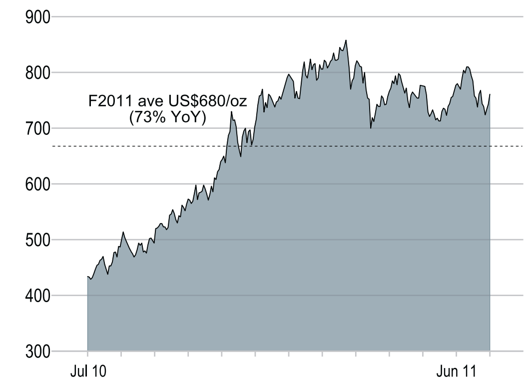
Platinum*
(US$/oz)



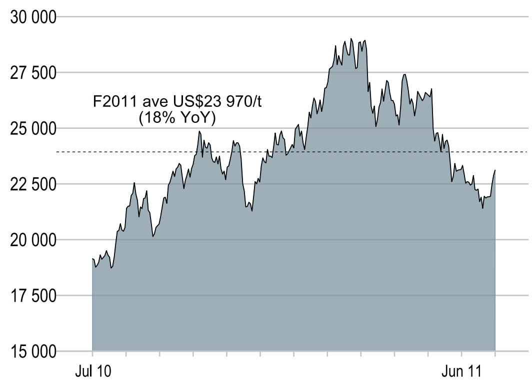
Rhodium*
(US$/oz)



Palladium*
(US$/oz)



Nickel*
(US$/t)



* *Source: Inet Bridge*

ARM Platinum continued

ARM Platinum operational statistics

Modikwa Platinum Mine

Management	The mine is managed, via a joint management committee, by Anglo American Platinum and ARM Platinum.					
Resources and Reserves: (100% basis)		**Measured and Indicated Resources**		**Proved and Probable Reserves**		
		Mt	**g/t 4E**	**Mt**	**g/t 4E**	**Moz**
	UG2	141.20	5.89	55.43	4.86	8.65
	Merensky	72.00	2.78	–	–	–
	4E = Platinum + Palladium + Rhodium + Gold					
Refining	All metal produced is smelted and refined by Anglo American Platinum.					
Total labour	5 049 (includes 1 019 contractors).					

		F2008	F2009	F2010	F2011	F11/10 % change
Metal production						
Platinum	Ounces	133 890	136 083	131 502	**127 532**	(3)
Palladium	Ounces	129 872	132 110	128 863	**119 597**	(7)
Rhodium	Ounces	27 089	27 518	27 299	**24 680**	(10)
Gold	Ounces	3 870	3 836	3 384	**3 372**	–
Ruthenium	Ounces	38 899	39 664	38 952	**34 934**	(10)
Iridium	Ounces	9 443	9 654	9 623	**9 222**	(4)
PGMs	Ounces 6E	343 062	348 866	339 623	**319 336**	(6)
Nickel	Tonnes	768	753	663	**595**	(10)
Copper	Tonnes	478	460	410	**380**	(7)
Operational statistics						
Tonnes milled	Mt	2.46	2.46	2.27	**2.30**	1
Head grade	g/t 6E	5.22	5.25	5.53	**5.48**	(1)
Average number of permanent employees	Number	4 186	3 880	3 724	**4 030**	8
Average number of contractors	Number	2 236	835	860	**1 019**	18
Financial indicators						
Cash cost	R/tonne	538	708	639	**692**	8
Cash cost	R/Pt oz	9 882	12 798	11 025	**12 468**	13
Cash cost	R/PGM oz 6E	3 857	4 992	4 269	**4 979**	17
Cash cost	R/kg 6E	123 995	160 507	137 241	**160 084**	17
Basket price	R/kg 6E	341 356	227 006	225 865	**263 530**	17
Net sales revenue	R million	3 161	1 456	2 115	**2 162**	2
Cash operating cost	R million	1 323	1 742	1 450	**1 590**	10
Cash operating (loss)/profit	R million	1 837	(286)	665	**572**	(14)
Cash operating margin	%	58	(20)	31	**26**	
Capital expenditure	R million	379	368	102	**250**	145

Refer to page 187 for Modikwa Platinum Mine segmental information.

Two Rivers Platinum Mine

Management	Managed by ARM.					
Resources and Reserves: (100% basis)		**Measured and Indicated Resources**		**Proved and Probable Reserves**		
		Mt	**g/t 6E**	**Mt**	**g/t 6E**	**Moz**
	UG2	59.33	4.58	39.03	3.54	4.44
	Merensky	38.36	3.17	–	–	–
	6E = Platinum + Palladium + Rhodium + Ruthenium + Iridium + Gold					
Refining	All metal produced is smelted and refined by Impala Platinum's subsidiary, Impala Refining Services Limited (IRS).					
Total labour	3 298 (includes 2 537 contractors).					

		F2008	F2009	F2010	F2011	F11/10 % change
Metal production						
Platinum	Ounces	98 621	118 023	140 908	**145 323**	3
Palladium	Ounces	56 411	67 390	81 587	**84 102**	3
Rhodium	Ounces	16 130	19 136	23 634	**24 606**	4
Gold	Ounces	1 301	1 627	1 909	**1 972**	3
Ruthenium	Ounces	27 683	32 577	39 235	**41 396**	6
Iridium	Ounces	6 345	7 541	9 487	**9 763**	3
PGMs	Ounces 6E	206 491	246 295	296 760	**307 162**	4
Nickel	Tonnes	298	365	438	**444**	1
Copper	Tonnes	143	190	219	**219**	–
Operational statistics						
Tonnes milled	Mt	2.37	2.62	2.92	**2.95**	1
Head grade	g/t 6E	4.00	4.10	3.95	**3.94**	–
Average number of permanent employees	Number	583	774	709	**761**	7
Average number of contractors	Number	1 612	2 078	2 031	**2 537**	25
Financial indicators						
Cash cost	R/tonne	340	399	425	**468**	10
Cash cost	R/Pt oz	8 161	8 846	8 792	**9 509**	8
Cash cost	R/PGM oz 6E	3 898	4 239	4 174	**4 499**	8
Cash cost	R/kg 6E	125 319	136 288	134 213	**144 638**	8
Basket price	R/kg 6E	362 935	246 680	247 323	**277 279**	12
Net sales revenue	R million	2 362	1 022	2 098	**2 274**	8
Cash operating cost	R million	805	1 044	1 239	**1 382**	12
Cash operating (loss)/profit	R million	1 485	(83)	837	**881**	5
Cash operating margin	%	63	(8)	40	**39**	–
Capital expenditure	R million	357	346	97	**304**	213

Refer to page 187 for Two Rivers Platinum Mine segmental information.

ARM Platinum continued

Nkomati Nickel Mine

Management	The mine is managed as a 50:50 unincorporated joint venture with Norilsk Nickel Africa (Pty) Ltd.					
Resources and Reserves: (100% basis)		**Measured and Indicated Resources**		**Proved and Probable Reserves**		
		Mt	**Ni%**	**Mt**	**Ni%**	
	Nickel	290.59	0.34	134.89	0.33	
		Mt	**Cr_2O_3%**	**Mt**	**Cr_2O_3%**	
	Chrome	1.43	31.59	1.16	27.57	
		Mt	**g/t 4E**	**Mt**	**g/t 4E**	**Moz**
	PGMs	290.59	0.85	134.89	0.85	3.68
	4E = Platinum + Palladium + Rhodium + Gold					
Refining	All metal produced is smelted and refined by Metal Trade Overseas AG (MTO).					
Total labour	2 744 (includes 1 943 contractors).					

		F2008	F2009	F2010	F2011	F10/11 % change
Metal production						
Nickel	Tonnes	5 136	4 495	9 666	**10 100**	4
Copper	Tonnes	2 605	2 268	5 210	**5 210**	–
Cobalt	Tonnes	276	244	578	**553**	(4)
PGMs	Ounces	40 813	26 727	52 574	**53 610**	2
Chrome ore sold	000t	1 146	661	502	**335**	(33)
Chrome concentrate sold	000t	–	51	314	**381**	22
Operational statistics						
Tonnes milled	Thousand	1 070	1 259	3 308	**5 259**	59
Head grade	% nickel	0.70	0.54	0.45	**0.32**	(13)
Average number of permanent employees	Number	306	560	823	**801**	(3)
Average number of contractors	Number	1 190	2 060	2 100	**1 943**	(7)
Financial indicators						
Nickel on-mine cash cost per tonne treated	R/tonne	339	389	242	**271**	12
Cash cost net of by-products	US$/lb	(4.45)	2.48	3.26	**4.99**	53
Net sales revenue	R million	1 996	1 086	2 439	**2 991**	23
Cash operating cost	R million	363	490	801	**1 423**	78
Cash operating (loss)/profit – Total	R million	1 192	181	916	**824**	(10)
Cash operating (loss)/profit – Nickel Mine	R million	518	(253)	584	**256**	(56)
Cash operating (loss)/profit – Chrome Mine	R million	674	433	332	**567**	71
Average Nickel price	US$/t	28 507	13 312	20 285	**23 970**	18
Capital expenditure	R million	584	1 756	1 202	**808**	(33)

Refer to page 185 to 186 for Nkomati Nickel Mine segmental information.

ARM Platinum continued

Nkomati Nickel Large-Scale Project update

Total funds committed at 30 June 2011 amount to R3.5 billion of the total R3.7 billion approved for the capital project. 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 December 2011. Nkomati's Eskom Electricity Supply Agreement was concluded in December 2010.

Nkomati Nickel Large-Scale Project update

Total nickel in concentrate: 20 500 tpa
Average grade: 0.35% Ni; total plant capacity: 625 000 – 675 000 tpm

PCMZ nickel in concentrate: 6 400 tpa
Average grade: 0.25% Ni
PCMZ plant: 250 000 – 300 000 tpm

Chrome: a significant value contributor

- ±500 000 tpa chrome (market dependent)

MMZ nickel in concentrate: 14 100 tpa
Average grade 0.45% Ni
MMZ plant: 375 000 tpm

Other by-products include:

- 110 000 ounces per annum 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 C1 cash cost of $4.40/lb at steady state in 2014.** → **Ramp-up: 2009 Full production: 2014**

Capital cost of R3.7 billion 95% committed

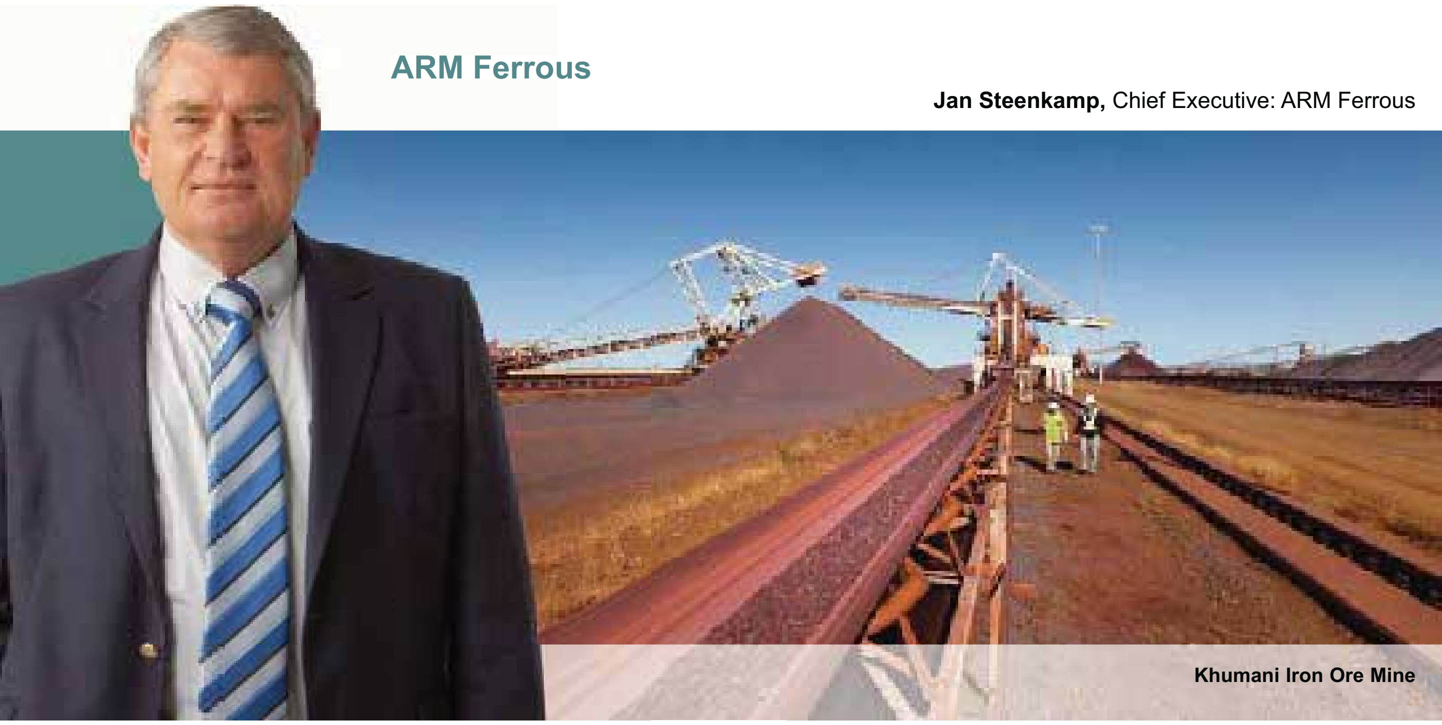
Kalplats PGM Exploration Project

Platinum Australia (PLA) submitted a Definitive Feasibility Study (DFS) to ARM Platinum for review. The review is still in progress but the joint venture has agreed that carrying out pilot plant scale metallurgical test work on a bulk sample from the existing box cut on the Crater deposit will provide a more accurate estimate of the full scale plant recovery. The bulk sample programme and test work is planned for the first half of F2012.

Management	Both projects are currently managed by PLA.	
Resources and Reserves (100% basis)	**Measured and Indicated Resources**	
	Mt	**g/t 3E**
	69.91	1.48
	3E = Platinum + Palladium + Gold	

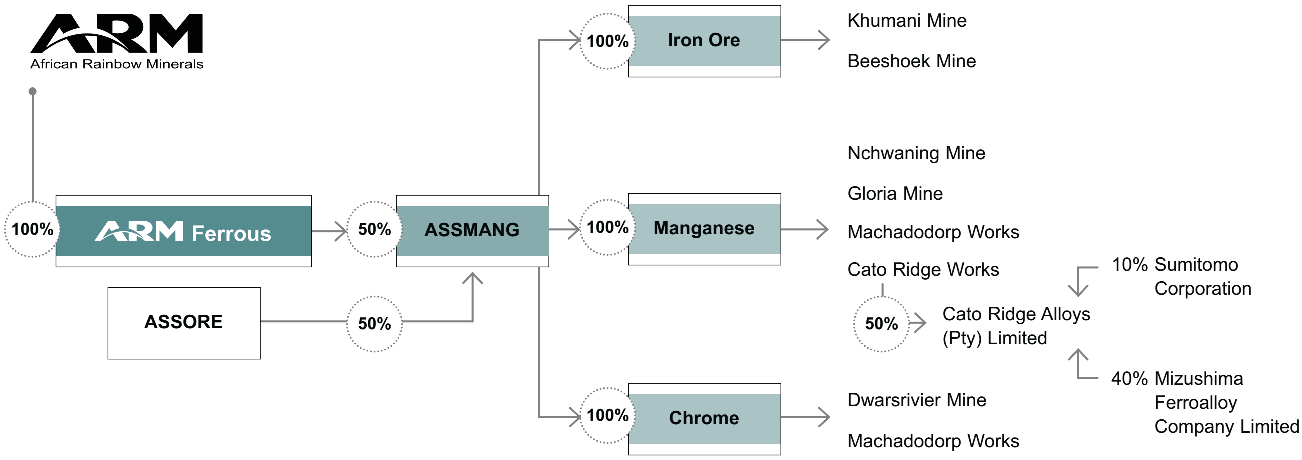
ARM Ferrous

Jan Steenkamp, Chief Executive: ARM Ferrous

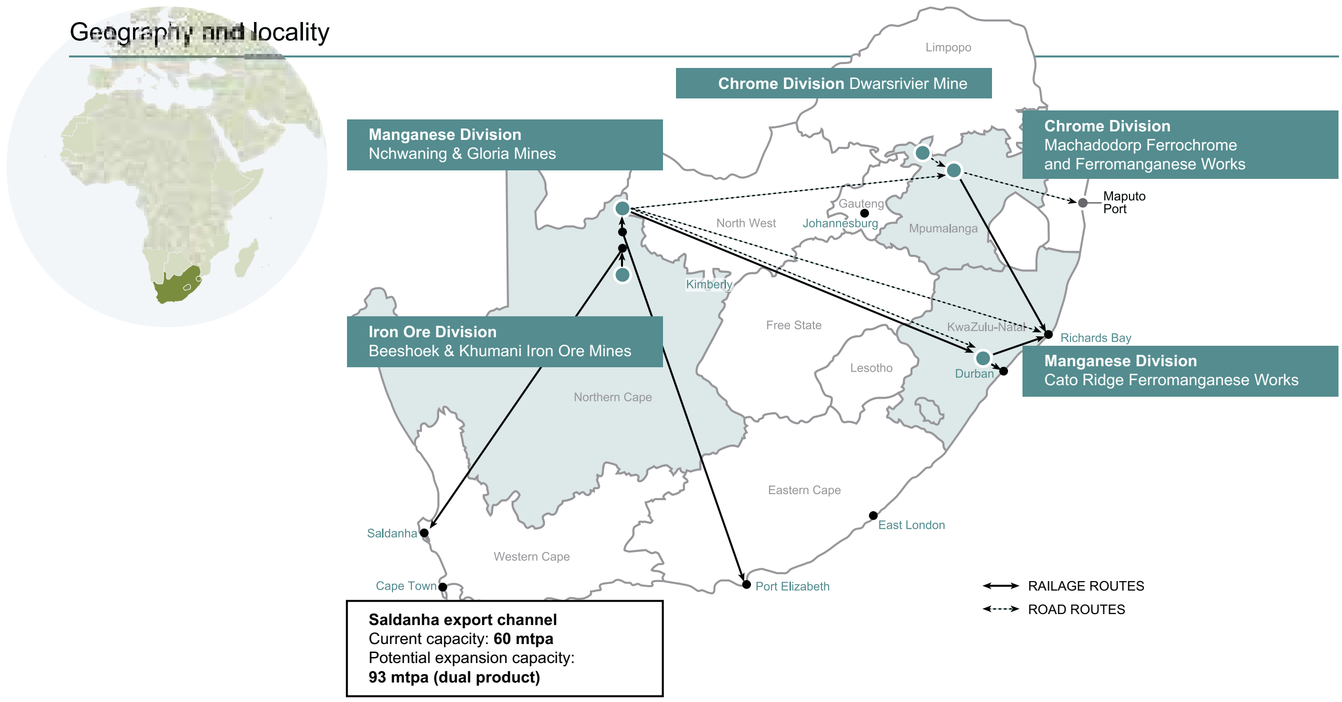


Khumani Iron Ore Mine

Divisional structure



Geography and locality



Scorecard

F2011 objectives	F2011 performance	F2012 objectives
Iron ore		
Continue with the construction of the 16 million tonnes per annum (mtpa) Khumani Iron Ore Mine.	The Khumani Mine expansion from 10 to 16 mtpa is progressing well and is ahead of schedule and well within budget.	Ramp-up production at the mine to 12 mtpa.
Agreement for additional 4 mtpa export allocation to be signed.	Agreement was finalised and submitted to Transnet Board for approval. Transnet has reverted with proposed changes.	Sign and implement the agreement.
Options for Beeshoek Mine in terms of the local markets to be evaluated and final decisions to be made.	Financial evaluation meets return on investment (ROI) criteria. Mine design has commenced.	Commence with mining from the East pit.
Conclude study and evaluate the viability for ARM Ferrous to invest in further expansion of the Saldanha Export Channel from 60 mtpa to 93 mtpa.	Pre-feasibility study for expansion of the export channel complete. Next level of study in progress.	Complete feasibility.
Manganese		
As above for the expansion of capacity through the Saldanha Export Channel that will include manganese ore.	Pre-feasibility study for the expansion of the export channel complete. Feasibility scoping complete.	Complete feasibility to increase export capacity for manganese ore through the Ports of Saldanha and Coega (Ngqura).
Optimise utilisation of the new 5 mtpa ore processing plant at Nchwaning Mine.	New plant fully commissioned to produce 5 mtpa.	Ramp-up from 3 mtpa to 4 mtpa.
Finalise options for future ferromanganese expansion.	Furnace 5 at Machadodorp Works successfully converted from ferrochrome to ferromanganese production. Decision made to convert two additional furnaces to ferromanganese.	Convert No 2 and 3 furnaces to ferromanganese production.
Chrome		
Establish the ARM culture of operating after converting Dwarsrivier Mine from contractor operator to owner operator.	New management team appointed. The mine experienced an illegal strike and as such 220 employees were discharged and subsequently some were selectively re-employed.	Ramp-up mine production to 1.4 mtpa.
Produce 40 000 tonnes per annum from the newly converted ferromanganese furnace.	The newly converted furnace achieved production of 40 000 tonnes in 2011.	Continue to produce at steady state.
Investigate the conversion of an additional two ferrochrome furnaces to ferromanganese.	A decision has been made to convert No 2 and 3 furnaces to ferromanganese production.	Commence conversion of No 2 and 3 furnaces.

ARM Ferrous continued

Operational overview – attributable to ARM

		F2011	F2010	% change	Operational target F2012
Manganese ore	000t	**1 441**	1 548	(7)	↑
• Nchwaning*	000t	**1 057**	1 172	(10)	→
• Gloria*	000t	**384**	376	–	↑
Ferromanganese	000t	**109**	119	(8)	↑
Iron ore		**5 003**	4 900	2	↑
• Khumani	000t	**4 659**	4 466	4	↑
• Beeshoek	000t	**344**	434	(21)	↑
Chrome					
• Dwarsrivier chrome ore*	000t	**186**	136	37	↑
• Machadodorp charge chrome	000t	**119**	94	27	↓
ARM Ferrous operating margin	%	**44**	31	42	
ARM Ferrous cash operating margin	%	**49**	38	29	
Headline earnings attributable to ARM	R million	**2 897**	1 364	112	

** Excludes intra-company sales.*

Review of the year

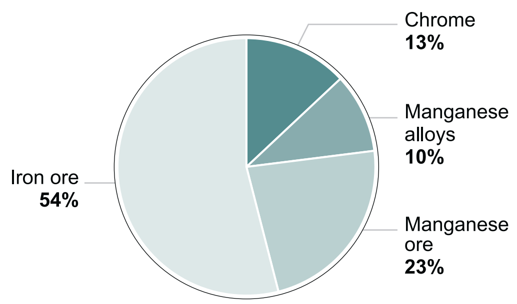
For the financial year ended 30 June 2011 the ARM Ferrous Division achieved a 112% increase in headline earnings to R5.8 billion (F2010: R2.7 billion) on a 100% basis. This increase was achieved mainly as a result of increased US Dollar commodity prices across all ARM Ferrous commodities especially iron ore prices which increased 130%. Chrome ore and manganese ore prices increased 56% and 23% respectively whilst the prices realised for manganese and chrome alloys were 24% and 20% higher respectively. The positive impact of the increased commodity prices was however subdued by a stronger Rand versus the US Dollar.

Production volumes increased across all ARM Ferrous commodities with manganese and chrome ore production increasing 54% and 48% respectively, whilst manganese and chrome alloys production increased 15% and 19%. Iron ore production increased 4%. Growth in sales volumes however was more modest than production growth which resulted in increased stock levels of iron ore, manganese ore and chrome ore positioning these operations well to deliver into the market in the coming financial year.

ARM Ferrous cost and EBITDA margin performance

Commodity group	% change F2011 vs. F2010 unit cost increase/ (decrease)	F2011 EBITDA margin %
Iron ore	**21.6**	68.4
Manganese ore	**(2.5)**	47.4
Manganese alloys	**12.9**	22.5
Charge chrome	**(1.4)**	(6.8)

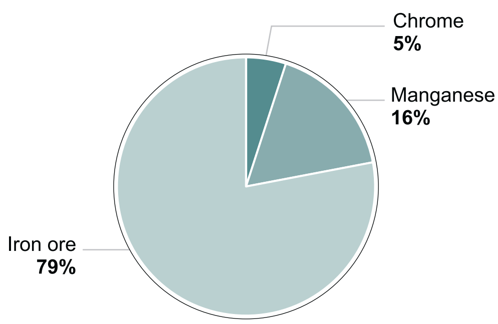
F2011 ARM Ferrous revenue per commodity
(100% basis)



Capital expenditure

Capital expenditure increased by 24% to R4.1 billion (F2010: R3.3 billion) on a 100% basis. The main expenditure items included ongoing infrastructure development at the Khumani Iron Ore 16 mtpa Expansion Project (R2.8 billion). At Cato Ridge and Machadodorp Works R313 million was spent on rebuilding furnaces. The remaining capital was spent on IT-related projects, vehicles and other equipment replacements.

F2011 ARM Ferrous capital expenditure
(100% basis)



Logistics

The Ferrous Division's iron ore export rail capacity throughput was negatively affected by abnormal rainfall and derailments that occurred.

ARM Ferrous and Transnet are continuing with negotiations with respect to capacity allocations and future export growth.

The iron ore and manganese ore industries together with Transnet embarked on a joint feasibility project to expand the current Saldanha Export Channel to beyond 60 mtpa. Completion of the next level feasibility study is expected during the latter part of the 2011 calendar year.

ARM Ferrous and Transnet have an agreement to export manganese ore through Port Elizabeth which will expire on 31 March 2013. Manganese ore stockpile and export capacity was also secured at Durban and Richards Bay harbours until June 2014.

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

Iron Ore Division

The Iron Ore Division achieved a 2% increase in sales volumes to 10.0 million tonnes as the expansion of the Khumani Iron Ore Mine progressed nine months ahead of schedule and well within budget. Production at the Beeshoek Iron Ore Mine increased 84% from 521 000 tonnes to 920 000 tonnes. Sales from Beeshoek however reduced by 21% to 688 300 tonnes due to a reduction in demand in the local market. Iron ore tonnes were road hauled from Beeshoek to Khumani Mine and sold into the export markets to maximise export sales.

Iron ore prices realised by ARM Ferrous increased 130% and contributed to the 107% increase in iron ore turnover to R10.4 billion.

Accelerated waste stripping associated with the advance ramp-up of the Khumani Iron Ore Expansion from 10 to 16 mtpa together with high summer rainfall led to a 21.6% increase in production unit costs for the Iron Ore Division.

Expansion of the Khumani Mine from 10 to 16 mtpa continued ahead of schedule with approximately R5.0 billion of the R6.7 billion planned capital spent as at 30 June 2011. Ramp-up of this mine has been planned to coincide with the expansion of the Saldanha Export Channel from 47 to 60 mtpa and ARM is in the final stages of concluding an agreement with Transnet for an additional 4 mtpa of export capacity from this expansion.

Manganese Division

Manganese ore sales volumes decreased by 6.9% to 2.9 million tonnes. Production volumes however increased 55% as part of the plan to build-up stock levels at the mine due to sales in the previous two years' sales being higher than production.

Average realised US Dollar manganese ore prices increased by 6%, the positive impact of this slight increase was eroded by the strengthening of the Rand versus the US Dollar which decreased by 8%.

On-mine unit production costs at the manganese operation were well controlled and a 2.5% decrease in cost was achieved as a result of increased manganese ore tonnes produced.

Manganese alloys production increased 15% mainly due the successful conversion of No 5 Furnace at Machadodorp Works from ferrochrome production to ferromanganese. Production of ferromanganese from the converted furnace exceeded production and efficiency targets at reduced costs.

After the successful conversion of the No. 5 Furnace, a decision has been made to convert further furnaces namely No. 2 and 3 furnaces to produce high carbon ferromanganese. There are a number of engineering modifications required and certain logistical issues that need to be addressed prior to the conversion being implemented. This conversion is anticipated to commence during the first quarter of the 2012 calendar year, and ferromanganese production to commence from the third quarter of 2012.

This conversion will increase ARM Ferrous's high carbon ferromanganese production by approximately 100 000 tonnes per annum, bringing its total capacity to some 400 000 tonnes per year.

Production costs for ferromanganese were impacted by higher than inflation electricity increases approved the previous year by the National Energy Regulator of South Africa (NERSA) coupled with higher than inflation increases for the costs of reductants. Unit production costs increased 12.9% year-on-year at the Cato Ridge Works.

ARM Ferrous continued

Chrome Division

The performance of the Chrome Division continued to be negatively affected by weaker conditions in the stainless steel markets. Production of ferrochrome increased by 18% due mainly to additional production from the Metal Recover Plant (MRP). Unit production cost decreased 1% as a result of additional tonnes produced from the MRP.

The EBITDA margins reduced further to a negative 6.8% mainly due to the exchange rate decreasing by 8% over the previous year.

Sustainability

Material issues in sustainable development in the Ferrous Division have been identified through a number of processes including auditing, stakeholder engagement and risk assessment. ARM Ferrous aims to meet and exceed the performance targets of the Mining Charter Scorecard in terms of its social and labour plans, local economic development, safety and health, HIV & Aids, transformation, employment equity and environmental management. ARM Ferrous' material issues include labour relations, the role the limited availability of housing plays in the attraction and retention of key skills, climate change, water, the cost of energy and the potential cost of carbon emissions taxes.

Safety performance

Regrettably, a fatality occurred at Machadodorp Works on 2 February 2011 when Mr Solomon Sindane, a trainee crane operator, was fatally injured. The ARM Board wishes to extend its sincerest condolences to Mr Sindane's family, friends and colleagues for their loss.

Black Rock Mine achieved 1 000 000 fatality-free shifts during June 2011.

Beeshoek Iron Ore Mine recorded zero lost time injuries for twelve consecutive months. The mine also recorded 8 000 fatality-free production shifts in the DMR (Northern Cape) safety competition. As at 30 June 2011, the mine also recorded 1 900 000 fatality-free shifts with the last fatality having occurred during March 2003.

Khumani Iron Ore Mine achieved its first 1 000 000 fatality-free shifts during November 2010 and was awarded the St Barbara floating trophy. To 30 June 2011, the mine has recorded 1 600 000 fatality-free shifts.

The ARM Ferrous division achieved a LTIFR of 0.47 compared to the internal standard of 0.50 (calculated on 200 000 man-hours).

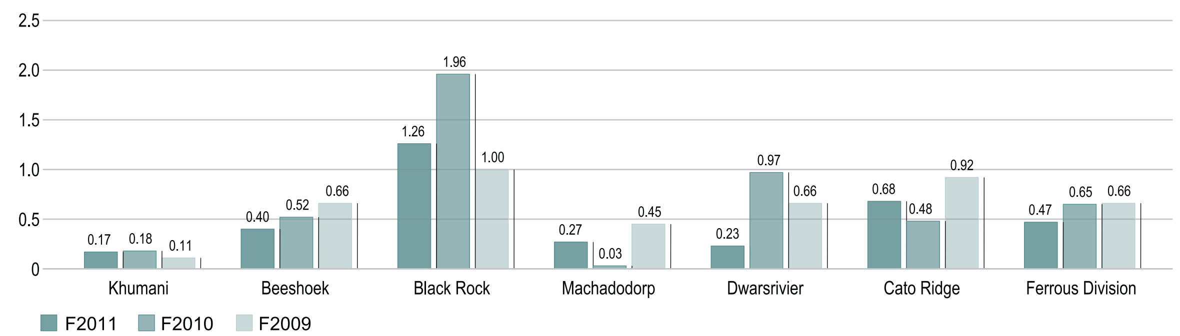
HIV & Aids and wellness

HIV & Aids and other chronic diseases remain a risk to the wellness and productivity of employees. ARM has established that the HIV prevalence rates at the ARM Ferrous operations, which are generally in line with district prevalence rates, range from an estimated 1.85% among permanent employees at Beeshoek to 20.2% at Cato Ridge Works. As a result, the focus of our wellness programmes differs from operation to operation.

A target for the year was to enhance the ARM Ferrous HIV & Aids-related community outreach projects at our operations. Khumani Mine has been a leader in this area, with projects which include funding of the home-based care givers at the Gamagara local municipality, supporting the Lerato Day Care Centre with nutrition to feed 520 vulnerable children and supporting orphans and vulnerable children in the Deben community.

Operations are audited annually in terms of compliance with the Group standard on the various elements of HIV & Aids management and detailed results and trends for the past four financial years can be viewed in our Sustainability Report.

ARM Ferrous safety performance
(LTIFR)



Corporate social responsibility

A total of R13.8 million was spent by ARM Ferrous on corporate social investment (CSI) while a total of R37.5 million was spent on Local Economic Development (LED) in terms of the Ferrous operations Social and Labour Plans (SLP). The Ferrous Division spent a total of R51.3 million on Corporate Social Responsibility, compared to R35 million in F2010.

The Ferrous Division's CSI projects included:

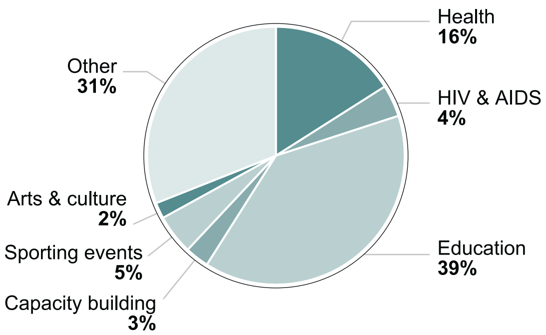
- R1.5 million spent by Khumani Mine on the upgrade of the Andriesvale Community Hall for use as a soup kitchen;
- Construction of a veranda for the Lerato Day Care Centre and upgrading of the Dingleton Clinic;
- Black Rock contributed towards the construction of seven classrooms in three different schools in the community as well as subsidising teachers' salaries at two schools in the district; and
- Cato Ridge contributed to Saturday classes aimed at equipping learners at two local high schools with Mathematics, Science, English and Accounting skills.

LED projects included:

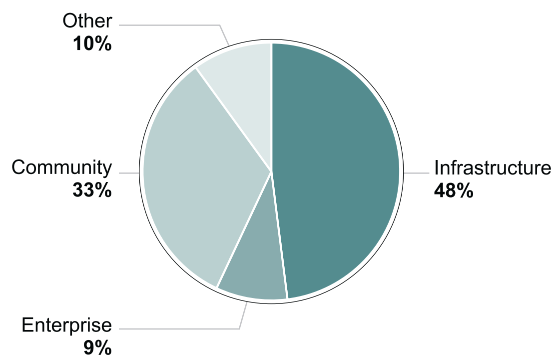
- Establishment of the Diatomite factory by Khumani Mine which created 18 permanent jobs;
- Black Rock developed infrastructure for the supply of water in seven villages including an 8 km water reticulation network in the community; and
- Beeshoek Mine contributed to the establishment of a fire fighting station, upgrading of a road junction, building and construction of a bus and taxi terminus.

Case studies on the ARM Ferrous CSI projects have been prepared by an independent journalist for publication in our Sustainability Report.

F2011 ARM Ferrous CSI spend
(100% basis)



F2011 ARM Ferrous LED spend
(100% basis)



Climate change

Specific climate change risks to the Ferrous Division include carbon emissions, the potential price of carbon in the form of carbon emission taxes, availability and cost of electricity and availability and cost of water for growth plans.

Since the Ferrous Division contributes approximately 80% of the ARM carbon footprint through mainly the energy consumption at the two smelters, the economic threat posed by the cost of electricity and/or carbon emission taxes is the most significant factor. Action plans are therefore focused on energy efficiency and reduction of carbon emissions. Other risks of climate change include availability of water for expanding operations, especially in the arid Northern Cape where three the operations are located. Operations focus on effective use and recycling of water while putting biodiversity action plans in place to mitigate the effects of climate change.

Mining rights status

The New Order Mining Rights for the Khumani Iron Ore Mine were granted for 30 years during 2008. The conversion of Old Order Mining Rights for the manganese ore mines was signed on 13 July. These New Order Mining Rights were granted for 30 years.

The Beeshoek Iron Ore Mine application for New Order Mining Rights has been processed by regional office (Kimberley) and sub-mitted to Pretoria with a recommendation for approval for 30 years. The application for the Dwarsrivier Chrome Mine have also been processed by regional office (Polokwane) and submitted to Pretoria with a recommendation for approval for 30 years.

ARM Ferrous continued

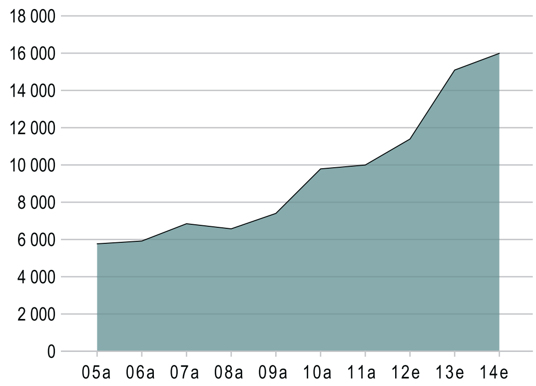
Prospects

A feasibility study to increase the manganese ore capacity from 3 mtpa to 6 mtpa is in progress. Two new shafts and a new beneficiation plant for the Gloria Mine, as well as new load-out infrastructure will be required to increase production to 6 mtpa.

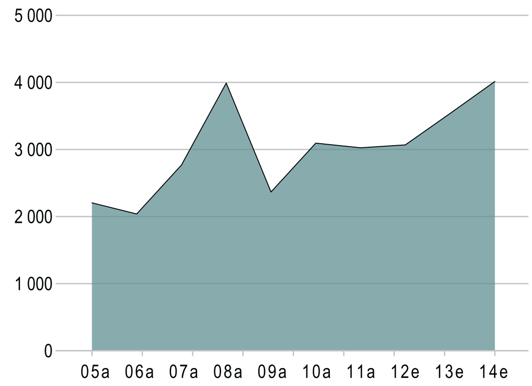
The feasibility study to establish a new 4 mtpa operation at Beeshoek Mine has been completed. First production is planned to commence during the latter part of 2012 from a new established mining area. Initial development will include new housing accommodation, upgraded infrastructure and new load-out facilities.

ARM Ferrous sales volumes from 2005 to 2014 (100% basis)

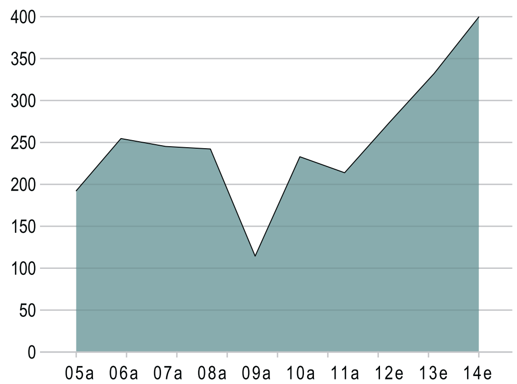
Iron ore*
(000t)



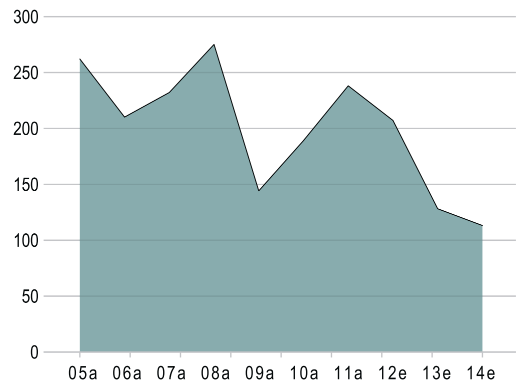
Manganese ore*
(000t)



Ferromanganese
(000t)



Charge chrome
(000t)



* *Excludes intra-group sales.*

Market review

Steel

World steel forecasts indicate that apparent steel use increased by 10.7% to 1.2 million metric tonnes (Mt) in 2010 after contracting by 6.7% in 2009. In 2011, it is forecasted that world steel demand will grow by a further 5.3% to reach a record high of 1.3 Mt. With these projections, world steel demand is expected to exceed pre-crisis levels of 2007. The resilience of the emerging economies, especially China, has been the critical factor enabling the earlier than expected recovery of world steel demand.

The Rest of World (RoW) steel industry is also recovering faster than expected as emerging market economies pull it out of recession.

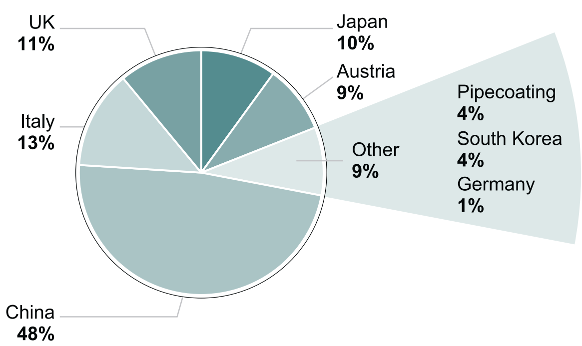
Global steel capacity utilisation has now reached around 80%, having slipped below 60% at the end of 2008. This recovery, which began in mid-2009, has been supported by government stimulus spending and the rebuilding of inventories in some economies.

Iron ore

Iron ore supply is expected to remain tight at least for the next three years. Supply will grow but additions are expected to be limited in 2011 to 2012. After 2015 there may be a theoretical oversupply. Total seaborne supply grew to approximately 1 billion tonnes in 2010 (2009: 819 Mt) and is expected to grow to 1.2 billion tonnes in 2012 and 1.4 billion tonnes in 2015. However, this supply increase will not be enough to keep up with rising demand at least until 2013. Total seaborne iron ore demand is expected to grow faster than supply until 2013 to over 1.1 billion tonnes in 2011 and over 1.2 billion in 2012.

Export sales
Sales are spread 60% into Asia (2009: 80%) and 40% into Europe (2009: 20%). Sales into China are expected to decrease from 68% (2009) to approximately 48% of total sales during the first year of the business plan.

Assmang iron ore export sales



Manganese

Crude steel
According to a forecast by Commodities Research Unit (CRU), world crude steel production is estimated to grow by approximately 380 Mtpa from 2010 to 2015. Other research organisations are forecasting similar increases. The majority of this growth will continue to be in Asia and emerging markets where steel consumption per capita remains low compared to developed nations.

Manganese ore
It is expected that the world production of manganese ore will grow to over 61 Mt in 2015 from 47 Mt in 2010. We expect demand to remain strong and it will be challenging to maintain market share due to limited product and logistic capacity, especially for high grade ore.

Manganese alloys
Intensity of manganese in steel has grown significantly since 2001 when 6.3kg manganese alloy was used per tonne of steel compared to the estimate of 7.2kg per tonne of steel in 2010. This growth is however expected to moderate over the coming years.

During the second quarter of 2010 the demand for manganese alloys exceeded the previous pre-economic crisis level of 3.7 Mt per quarter (Q2 2008). The demand for manganese alloys is expected to exceed 4.2 Mt per quarter by the end of 2011 and is anticipated to grow from 14.9 Mt in 2010 to 20.6 Mt in 2015.

A major concern for the next five years is the overall over-supply of manganese alloys. Even though China has virtually disappeared as a major international supplier of manganese alloys, other regions are now more active than before. India has to some extent taken the place of China but is still a relatively high-cost supplier.

The main challenge for the next five years will therefore be to remain cost competitive compared with our major competitors.

Ferrochrome

World stainless steel production in 2010 was 31.7 Mt, an increase of 24% compared to 2009, with China increasing its market share to 37% of total world production. It is expected that 2011 will show an increase of about 6.5% with the majority of the growth driven by China and India.

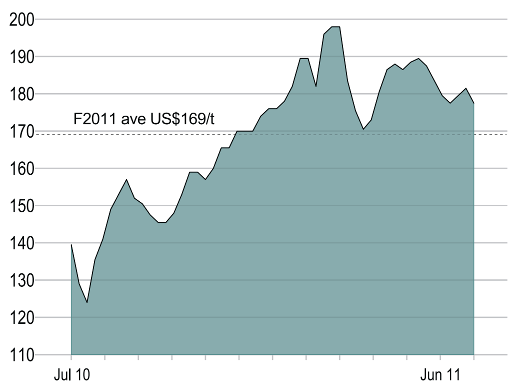
The overcapacity of ferrochrome production will continue to have an impact on the fragile supply/demand balance and on pricing levels. Total ferrochrome supply for 2010 increased 37.7% year-on-year to 8.5 Mt, which was 170 000 tonnes more than consumption. For the first half of 2011, ferrochrome production is expected to exceed consumption. However, it is anticipated that South African producers will reduce output during the high-cost winter period in an attempt to balance the market and stabilise pricing. SA production costs have increased significantly due to increased electricity and logistical costs, making it more difficult for SA suppliers to operate in market downturns. Emphasis and focus is required to manage costs of production.

ARM Ferrous continued

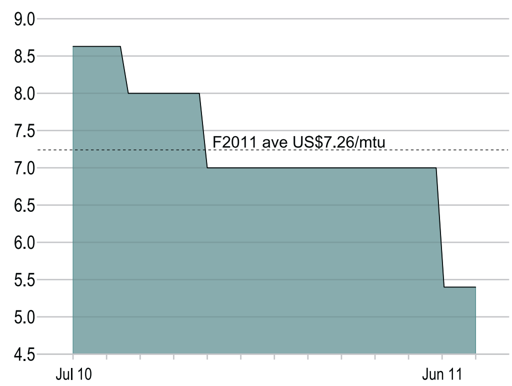
Going forward the wellbeing of the ferrochrome industry will depend on producers not oversupplying the market. In the short-term, slower demand due to high stock levels in various locations is putting increased pressure on pricing and some curtailment of production will be required to stabilise the market.

Ferrous pricing trends for F2011 (July 2010 to June 2011)

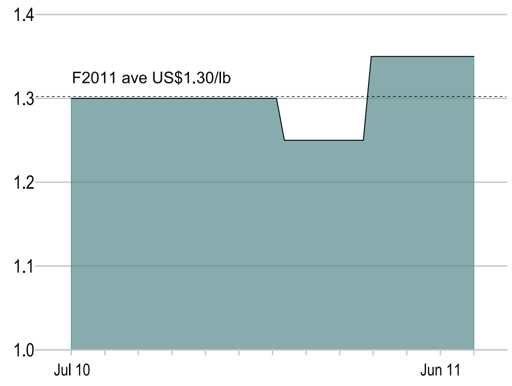
Iron ore fines price spot*
(CIF) (US$/t)



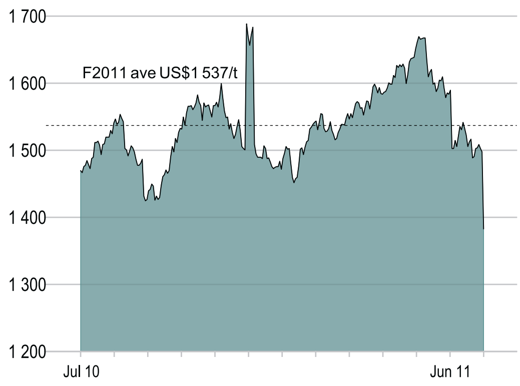
Manganese ore 48%/50%*
(CIF) (US$/mtu)



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



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



* *Source Inet Bridge.*

ARM Ferrous Operational Statistics

Iron Ore Division

Beeshoek and Khumani Iron Ore Mines

Management	Jointly managed 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	119.0 million tonnes 63.75% iron
	Khumani	603.4 million tonnes 64.49% iron
Reserves Proved and Probable	Beeshoek	55.1 million tonnes 64.04% iron
	Khumani	545.4 million tonnes 64.54% iron
Total labour	5 009 (includes 3 574 contractors)	

		F2008	F2009	F2010	F2011	F11/10 % change
Attributable headline earnings	R million	390	1 080	718	**2 327**	224
Operating margin	%	39	60	41	**61**	49
Total iron ore sales	000t	6 581	7 410	9 799	**10 006**	2
Beeshoek Iron Ore Mine						
Iron ore produce	000t	4 493	2 658	521	**960**	84
Iron ore sold*	000t	5 466	1 593	867	**688**	(21)
Sales revenues*	R million	2 282	1 284	410	**407**	–
Total costs	R million	1 218	361	353	**263**	(26)
Operating profit	R million	1 064	923	62	**144**	132
Capex	R million	100	160	48	**83**	73
Khumani Iron Ore Mine						
Iron ore produced	000t	1 848	6 646	8 765	**8 725**	–
Iron ore sold	000t	1 115	5 817	8 932	**9 318**	4
Sales revenues	R million	493	3 733	4 518	**9 935**	120
Total costs	R million	0	1 576	2 566	**3 598**	40
Operating profit	R million	15	2 157	1 952	**6 341**	225
Capex	R million	2 131	1 369	2 256	**3 142**	39

* *Excludes intra-company sales.*

Refer to page 188 for Iron Ore segmental information.

ARM Ferrous continued

Khumani Expansion Project

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 has commenced.

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 increase export sales to 18 – 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 managed 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.											
	Nchwaning				**Gloria**				**Black Rock**			
		Tonnes (‘000)	**Mn%**	**Fe%**		**Tonnes (000)**	**Mn%**	**Fe%**		**Tonnes (000)**	**Mn%**	**Fe%**
Resources Measured and Indicated	Seam 1	126.69	44.9	8.6	Seam 1	92.23	37.8	4.9	Seam 1	43.60	40.6	18.1
	Seam 2	180.80	42.4	15.5	Seam 2	29.40	29.9	10.1	Seam 2	26.81	38.6	19.8
Reserves Proved and Probable	Seam 1	106.28	44.9	8.6	Seam 1	68.25	37.8	4.9				
Total labour	3 131 (includes 733 contractors)											

Manganese Division – operational statistics

		F2008	**F2009**	**F2010**	**F2011**	**F11/10 % change**
Attributable contribution to headline earnings	R million	2 044	1 978	739	**688**	(7)
Operating profit	%	64	78	35	**36**	3
Manganese ore						
Manganese ore produced	000t	3 154	3 138	1 973	**3 048**	55
Manganese ore sales*	000t	3 711	2 152	3 095	**2 882**	(7)
Revenues*	R million	6 796	6 308	4 202	**4 338**	3
Total costs	R million	2 060	1 355	2 400	**2 398**	–
Operating profit	R million	4 736	4 943	1 802	**1 940**	8
Capex	R million	218	567	459	**238**	(48)
Manganese alloys						
Manganese alloys produced	000t	261	216	252	**291**	16
Manganese alloys sold	000t	247	117	238	**218**	(8)
Sales revenues	R million	2 756	2 128	2 085	**2 127**	–
Total costs	R million	1 332	883	1 652	**1 889**	14
Operating profit	R million	1 424	1 246	433	**238**	(45)
Capex	R million	293	286	285	**418**	47

** Excluding intra-group sales.*

Refer to page 188 for Manganese segmental information.

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	48.77 million tonnes @ 39.05% Cr_2O_3
Reserves Proved and Probable	33.44 million tonnes @ 35.69% Cr_2O_3
Total labour	2 408 (includes 525 contractors)

Chrome Division – operational statistics

		F2008	**F2009**	**F2010**	**F2011**	**F11/10 % change**
Attributable headline earnings	R million	342	107	(92)	**(116)**	(26)
Operating profit	%	38	15	(15)	**(11)**	27
Dwarsrivier chrome ore						
Chrome ore produced	000t	849	684	587	**866**	48
Chrome ore sold*	000t	304	256	272	**373**	37
Sales revenues*	R million	177	337	212	**401**	89
Total costs	R million	180	292	353	**454**	29
Operating profit	R million	(3)	45	(141)	**(53)**	62
Capex	R million	68	127	65	**77**	19
Machadodorp charge chrome						
Charge chrome produced	000t	270	169	200	**237**	19
Charge chrome sold	000t	275	144	189	**238**	26
Sales revenues	R million	2 331	1 473	1 378	**1 867**	36
Total costs	R million	1 382	1 242	1 464	**2 048**	40
Operating profit	R million	949	231	(86)	**(181)**	(111)
Capex	R million	90	270	224	**140**	(38)

* *Excluding intra-group sales.*

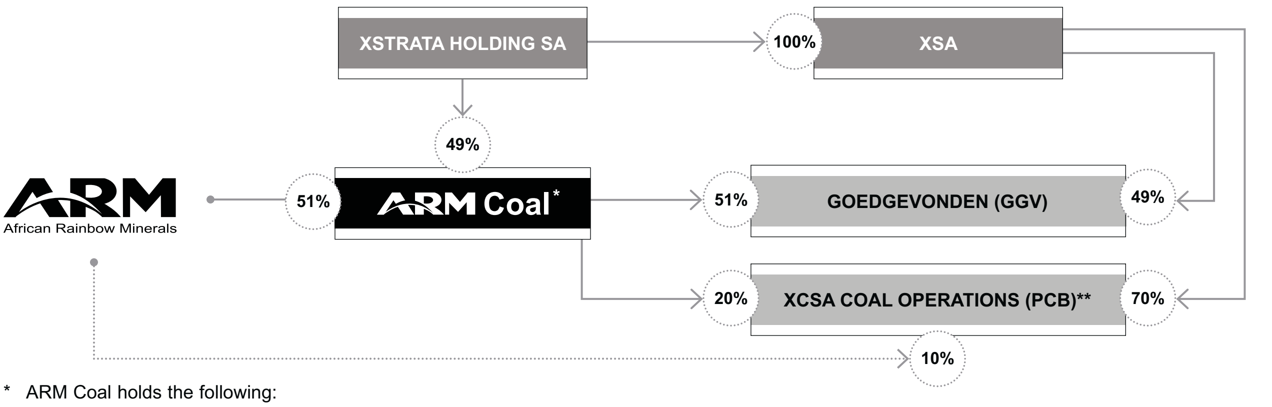
Refer to page 188 for Chrome segmental information.

ARM Coal

Mangisi Gule, Chief Executive: ARM Coal

Goedgevonden Coal Mine dragline

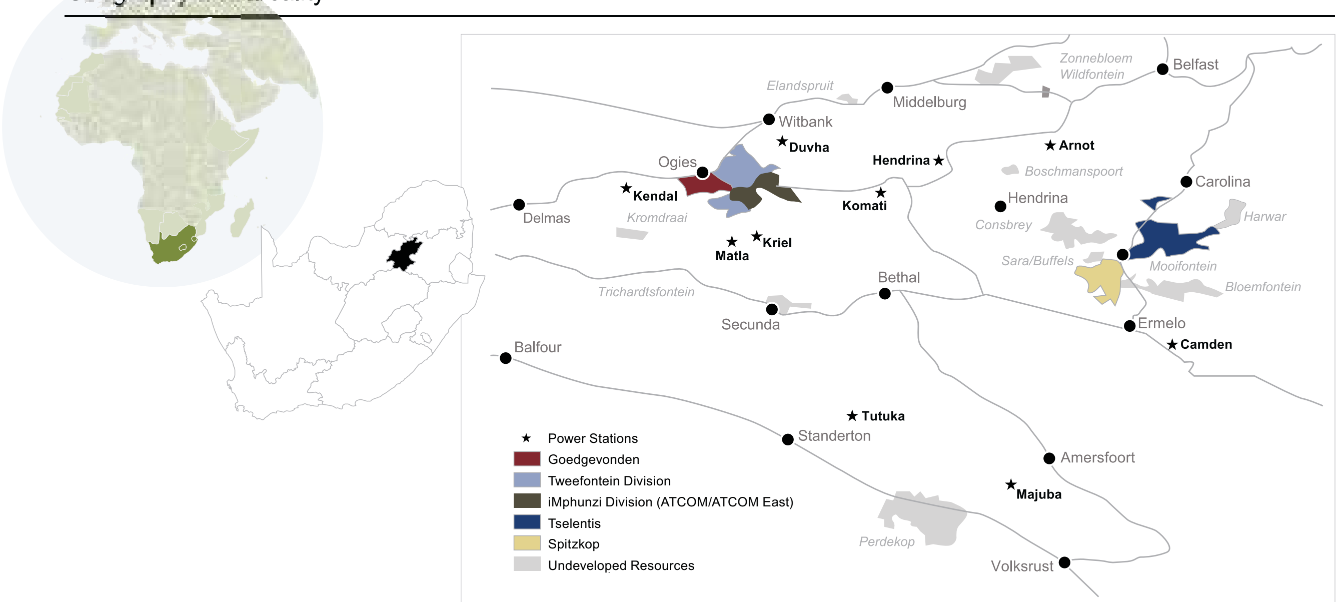
Divisional structure



* ARM Coal holds the following:
– Access to Xstrata's 16.5% 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 (XCSA) existing coal operations.

Geography and locality



Scorecard

F2011 objectives	F2011 performance	F2012 objectives
Participating Coal Business (PCB)		
Finalise sale of Mpumalanga assets.	Legal agreements with the sales partner were executed at the end of the financial year.	Final conditions precedent to be met by the end of the 2011 calendar year.
Continue to seek opportunities to increase domestic prices and sales volumes.	Export spot sales prices improved during the year in line with increased global coal prices.	Continue to seek opportunities to increase domestic prices and sales volumes.
Complete feasibility study for the multi-product Tweefontein coal handling and processing plant and the rapid train loading system i.e. the Tweefontein Optimisation Project (TOP).	TOP project in final phases of approval and is scheduled to start in January 2012.	The successful building and implementation of the TOP.
Complete iMphunzi East Project by third quarter of 2010 calendar year.	Project completed at the end of 2011 financial year.	Successfully ramp up iMphunzi mine to design capacity.
Goedgevonden (GGV)		
Long-term design capacity throughput of plant to be achieved during third quarter of 2010 calendar year.	Saleable production increased by 115%.	Consistent performance at the Coal Handling Processing Plant (CHPP) and mine production.

Operational overview – attributable to ARM

		F2011	F2010	% change	Operational target F2012
PCB sales	Mt	**2.7**	3.5	(23)	→
Export thermal coal sales	Mt	**1.8**	2.1	(14)	→
Eskom thermal coal sales	Mt	**0.6**	1.0	(40)	→
Local thermal coal sales	Mt	**0.3**	0.4	(25)	→
GGV sales	Mt	**1.4**	0.6	133	↑
Export thermal coal sales	Mt	**0.7**	0.3	133	↑
Eskom thermal coal sales	Mt	**0.7**	0.3	133	↑
ARM total sales	Mt	**4.1**	4.1	–	↑
Export thermal coal sales	Mt	**2.5**	2.4	4	↑
Eskom thermal coal sales	Mt	**1.3**	1.3	–	↑
Local thermal coal sales	Mt	**0.3**	0.4	(25)	↑
ARM operating margin	%	**30**	29	3	
Cash operating profit	R million	**443**	376	18	
PCB	R million	**229**	264	(13)	
GGV	R million	**214**	112	91	
Headline earnings attributable to ARM	R million	**(103)**	(17)	(500)	
PCB	R million	**(135)**	(51)	(164)	
GGV	R million	**32**	34	(6)	

ARM Coal continued

Review of the year

Although ARM Coal experienced a challenging year, attributable operating profit increased by R67 million from R376 million to R443 million. Headline earnings declined by R85 million from a loss of R17 million to a loss of R103 million. The deterioration in headline earnings can be ascribed to increased amortisation and interest charges. The rise in interest charges is due to the termination of the capitalisation of interest, an increase in borrowing levels on existing facilities and a new facility entered into for the funding of ARM Coal's shareholding in Richards Bay Coal Terminal Phase V expansion. Interest charges are anticipated to remain at these levels for the next year as borrowings for the GGV Mine peaks.

The coal processing plant at GGV Mine did not consistently perform to design capacity, notwithstanding that saleable production increased by 115% compared to F2010 as the mine ramped up towards design capacity. The PCB operations experienced a very challenging year resulting in saleable production being 29% lower than F2010. This decline in production was mainly due to a delay in the commissioning of the iMphunzi East project, rationalisation of opencast and underground production at Tweefontein and the unplanned closure of the 5 seam operation. Run-of-Mine (ROM) stock levels at both GGV and PCB increased substantially during the year as a result of the coal processing plants not having reached consistent design capacity performance. Sufficient stock is available to be fed into the coal processing plants when the GGV and iMphunzi East plants reach steady state performance. The challenges on the TFR line to Richards Bay Coal Terminal (RBCT) resulted in high levels of export saleable product stock being available at the mines and they are therefore in a good position to meet any improvement in TFR's rail performance.

The Richards Bay API 4 export coal prices increased from approximately US$93/t in June 2010 to US$116/t in June 2011 but ARM Coal did not benefit fully from this increase as the major portion of sales were concluded at previously negotiated long-term contract prices.

The average export coal prices realised by ARM Coal did however increase by 17% from US$67/t in F2010 to US$78/t in F2011 which resulted in an increase of R206 million in total attributable export revenue.

Goedgevonden Coal Mine (GGV)

ARM's economic interest	26.01%
Management	Governed by a management committee, controlled by ARM Coal, with four ARM representatives and three Xstrata representatives.
Resources and Reserves (total)	206.2 Mt (saleable reserves)
Resources and Reserves (attributable to ARM Coal)	105.2 Mt (saleable reserves)
Total labour	910 (includes 497 contractors)
Life-of-mine	30 years

Operational statistics

GGV (100%)

		F2011	F2010	F11/10 % change
Total saleable production	Mt	**5.9**	2.7	115
Total sales	Mt	**5.4**	2.4	125
Export	Mt	**2.7**	1.2	124
Eskom	Mt	**2.7**	1.2	133
Average price received				
Export (FOB)	US$/t	**77.00**	67.84	14
Eskom (FOR)	R/t	**183.94**	171.76	7
On mine saleable cost per tonne	R/t	**165.85**	141.03	18
Cash operating profits	R million	**824**	430	92
Operating margin	%	**42**	53	(20)
Capex*	R million	**326**	1 105	(70)

* *Excludes capitalised interest (2010).*

GGV attributable profit analysis

	12 months ended 30 June 2011 Rm	2010 Rm	% change
Cash operating profit	**214**	112	92
Less : interest paid	**(82)**	(5)	>(200)
: amortisation	**(77)**	(47)	(64)
: fair value adjustments	**(17)**	(13)	(31)
Profit before tax	**38**	47	(19)
Tax	**(6)**	(13)	62
Headline earnings attributable to ARM	**32**	34	(6)

Refer to pages 185 and 186 for ARM Coal segmental information.

Goedgevonden Coal Mine (GGV)

Ramp-up continued during the year increasing ROM production by 86% compared to F2010. All coal processing plant modules were commissioned in F2011 and although they did not consistently perform to design capacity, saleable production increased by 115% from 2.7 million tonnes to 5.9 million tonnes.

Eskom and export sales volumes increased 133% and 124% respectively, but challenges at TFR continued to have a negative impact on sales volumes. During 2H F2011 several weeks of railing were lost due to derailments, industrial action and the extended closure of the line for maintenance.

Attributable cash operating profit increased by 92% from R112 million to R214 million. The increase in sales volumes resulted in attributable revenue being R258 million higher than F2010. Attributable on-mine operating costs increased by R153 million in line with the increase in production volumes. The capitalisation of working costs and interest was terminated when the mine reached steady-state production during the review period. Operating costs per saleable tonne increased by 18% to R166 per tonne (F2010: R141 per tonne).

Although attributable consolidated operating profit increased by just over R100 million, headline earnings remained constant at R32 million as a result of an increase in amortisation and finance costs. Amortisation increased in line with the increase in ROM production and sales volumes which form the basis for calculating the amortisation charge.

Participating Coal Business (PCB)

ARM's economic interest:	20.2%
Management:	Governed by a supervisory committee with five Xstrata representatives and three ARM representatives
Total labour:	6 726 (includes 2 858 contractors)
Life-of-mine:	Economic life-of-mine ranges from six to 25 years

ARM Coal continued

Operational statistics

PCB (100% terms)

		F2011	F2010	F11/10 % change
Total saleable production	Mt	**12.9**	18.2	(29)
iMphunzi	Mt	**4.3**	6.9	(37)
Mpumalanga	Mt	**0.8**	1.1	(27)
South Stock	Mt	**4.0**	4.5	(11)
Tweefontein	Mt	**3.8**	5.7	(33)
Total sales	Mt	**13.2**	17.7	(25)
Export	Mt	**9.2**	10.7	(14)
Eskom	Mt	**2.8**	5.2	(46)
Local	Mt	**1.2**	1.8	(33)
Average price received				
Export (FOB)	US$/t	**79.30**	66.88	19
Eskom (FOR)	R/t	**105.98**	63.27	68
Local (FOR)	R/t	**296.59**	263.5	13
On mine saleable cost per tonne	R/t	**338.07**	250.00	35
Cash operating profit	R million	**1 133**	1 306	(13)
Operating margin	%	**20**	21	(53)
Capex	R million	**2 620**	2 130	44

PCB attributable profit analysis

	12 months ended 30 June		
	2011 Rm	2010 Rm	% change
Cash operating profit	**229**	264	(13)
Less : interest paid	**(107)**	(64)	(67)
: amortisation	**(282)**	(234)	(21)
: fair value adjustments	**(27)**	(37)	27
(Loss)/profit before tax	**(187)**	(71)	(163)
Tax	**52**	20	160
Headline (loss) attributable to ARM	**(135)**	(51)	(165)

Refer to pages 185 and 186 for ARM Coal segmental information.

Participating Coal Business (PCB)

ROM and saleable production during F2011 were 12% and 29% lower respectively when compared to F2010. Almost all of the operations comprising the PCB produced less ROM and saleable coal during F2011. F2010 attributable saleable production included 271 000 tonnes of low quality product that was sold to Eskom at a reduced price.

Production was affected by excessive rain during December 2010, the late commissioning of the iMphunzi East project, the planned rationalisation of underground and opencast mining at the Tweefontein division and the unplanned closure of the 5 seam operation. Both modules of the new coal processing plant at iMphunzi East were commissioned during the first half of the 2011 calendar year and it is anticipated that the 1700 tonnes per hour design capacity will be achieved in the second half of the 2011 calendar year.

Attributable revenue was R91 million lower in F2011 compared to F2010 and comprised of a negative volume variance of R213 million, a negative exchange rate variance of R72 million offset to some degree by a favourable price variance of R194 million.

Domestic demand continued to decline which resulted in a 33% reduction in sales volumes. The continued challenges at TFR resulted in a 14% decrease in export sales volumes. During 2H F2011 several weeks were lost due to derailments, industrial action and the extended closure of the line for maintenance. Average Eskom prices achieved during F2011 reflected an increase of R42.71 (68%) as 25% of the F2010 sales comprised volumes of lower quality product sold to Eskom at a much reduced price.

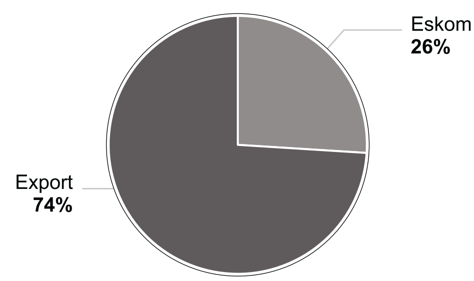
Total on mine cash costs for F2011 was marginally lower than F2010 but the average cost per saleable tonne increased by 35% to R338 per tonne in F2011 compared to R250 in F2010.

Attributable headline earnings declined from a R51 million loss to a R135 million loss mainly due to a decrease of R35 million in operating profit, an increase in finance costs as a result of an increase in borrowings and an increase in amortisation.

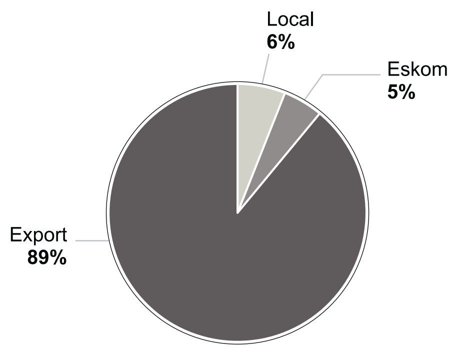
During F2011, Xstrata successfully negotiated the sale of the Mpumalanga assets located in Ermelo. All agreements have been signed and the transaction is subject to some conditions precedent which are expected to be achieved by December 2011. ARM has treated these assets as "an asset held for sale" with effect from 1 March 2011 and consequently also excluded attributable ROM and saleable production of 128 000 and 69 000 tonnes respectively from these two mines from its production figures.

Revenue composition

F2011 GGV revenue composition



F2011 PCB revenue composition



ARM Coal continued

Logistics

Continued challenges at TFR had a negative impact on both ARM Coal's export and domestic sales. Although rail performance showed signs of improvement, the overall result was affected by derailments during the early months of the 2011 calendar year and the extended maintenance shutdown of 21 days which began on 23 May 2011. The extended shutdown, not only enabled TFR to do critical maintenance, but also to start work required under the capital expansion programme to improve the rail performance of the line to RBCT to 81 mtpa.

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 (FOR) basis and thus the increased use of road transport did not affect GGV costs.

Although the Phase V expansion of RBCT to 91 mtpa has been completed there continues to exist a discrepancy between the rail capacity and port capacity through RBCT. Current capacity on the rail line remains at 63 mtpa. This limits the ability of the participants of Phase V (which includes ARM Coal) to utilise its full port capacity. Until such time as the rail line capacity is increased to 91 mtpa, available rail capacity will be allocated to Phase V participants of RBCT 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 take advantage of available export capacity through our joint-venture partner, Xstrata Coal South Africa (XCSA), which has 15.05 mtpa allocation on the coal rail line and the port.

ARM Coal remains optimistic that a long-term and sustainable solution will be found. TFR has already begun with the expansion of the rail line to 81 mtpa which is expected to be completed in 2015.

Mining rights status

As at 30 June 2011 twenty granted conversions of Old Order Mining Rights into New Order Mining Rights for the operations in XCSA had been notarially executed and lodged at the mining titles office for registration. The remaining five conversions have been granted but have yet to be executed.

All new mining rights in respect of the properties comprising the GGV mine were issued and notarially executed during the 2008 year and an application for a section 11 transfer of these properties into the names of the joint-venture partners of GGV namely, XCSA and ARM Coal, is in the process of being prepared for lodging.

The application for the section 11 transfer by ARM Coal and XCSA to incorporate both the GGV and Zaaiwater mining licences into one licence is in progress and it is expected that this will be completed during F2012.

Capital expenditure

As at 30 June 2011, approximately 99% of the capital cost of R3.6 billion to build the GGV mine had been committed. During F2011 GGV acquired some additional mining equipment to improve efficiencies in the pit.

During F2011, approximately R1.2 billion was spent on the iMphunzi East project. At 30 June 2011, 69% of the total cost of R3.1 billion to construct the iMphunzi East project had been committed and it is anticipated that the project will be completed by the end of F2012.

Prospects

Fundamentals in the thermal coal market continue to be supported by improved demand conditions. Especially pronounced has been the increase in demand from China and India.

The GGV mine achieved planned ROM and saleable production levels during F2011 and will be well positioned to take advantage of the increase in demand.

XCSA's is currently implementing its strategy to transit from high-cost underground operations to low-cost opencast operations. It is estimated that some 87% of total production will be produced by opencast operations by the 2015 calendar year. As part of this strategy, XCSA has completed the building of the iMphunzi East mine and the upgrade of the iMphunzi plant to a 1700 tonnes per hour (tph) coal handling and processing plant (CHPP). The final leg in the transition to Tier 1 opencast assets is the Tweefontein Optimisation Project which is in the final stages of approval and scheduled to commence at the start of the 2012 calendar year.

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

Market review

Export market

All indications are that demand for thermal coal from South Africa is trending upwards. This is confirmed by the fact that exports from South Africa into Asia increased by 52% from around 25 Mt in the C2009 to about 38 Mt in the C2010. Exports to China, which switched from a net exporter to a net importer of coal in C2007, also showed a significant upturn during C2010 with volumes from South Africa increasing from 1.4 Mt to almost 7.0 Mt. Imports to China are expected to reach the 100 mtpa level by 2015.

In addition, increased demand and interest in South African coal was evident out of India with exports from South Africa increasing from 17.6 Mt in C2009 to 20.4 Mt in C2010. India, which is normally a major exporter of thermal coal, is in a position that it has less coal available for export due to strong growth in its domestic demand and it is expected that net imports in India will be close to 125 Mt by 2015.

Demand from Europe for South African coal declined by 43% in C2010 compared to C2009 due to subdued levels of economic activity.

US Dollar thermal coal prices at RBCT increased by almost 25% in C2010. This increase is expected to continue in 2012 and 2013.

Over the last four calendar years the destinations of XCSA's exports have changed in line with change in total exports from South Africa. Volumes exported by XCSA to Europe have decreased from 77% of total sales in C2008 to 30% in C2010, whereas volumes exported to Asia have increased from 15% in C2008 to 62% in C2010. Export volumes from XCSA to Asia and Europe during F2011 comprised 56% and 35% of total export volumes respectively.

Total South African coal exports increased to 63 mtpa in C2010 compared to 61 mtpa in C2009 despite constraints in logistics capacity.

Domestic (Eskom) market

Coal from GGV is being supplied to Eskom in terms of the long-term supply agreement that was concluded during January 2010. 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.

Goedgevonden Project Update

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

7.0 mtpa saleable thermal coal

3.2 mtpa export sales
(27 MJ/kg)

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

3.8 mtpa domestic sales
(21.5 MJ/kg)

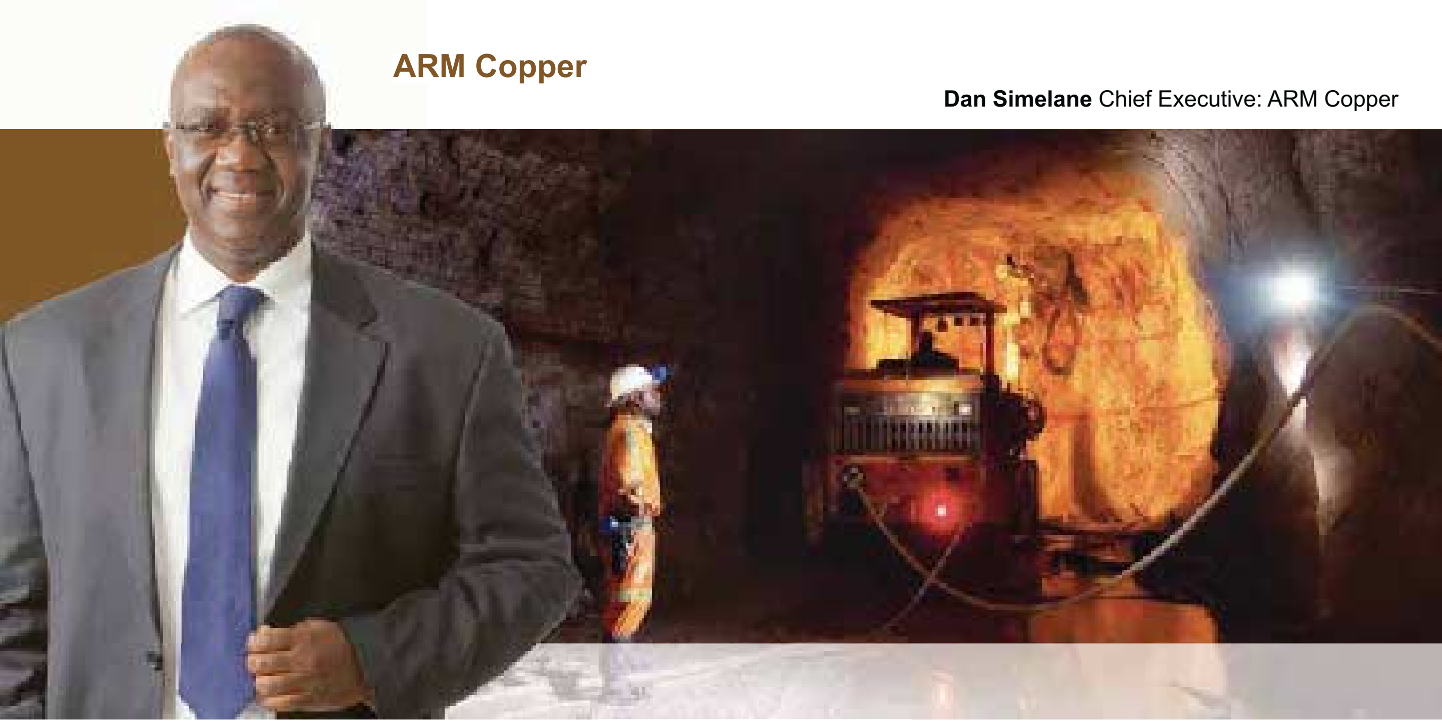
- Eskom off-take negotiations finalised
- Close proximity to four power stations
- Supplying a premium product (washed and sized)

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

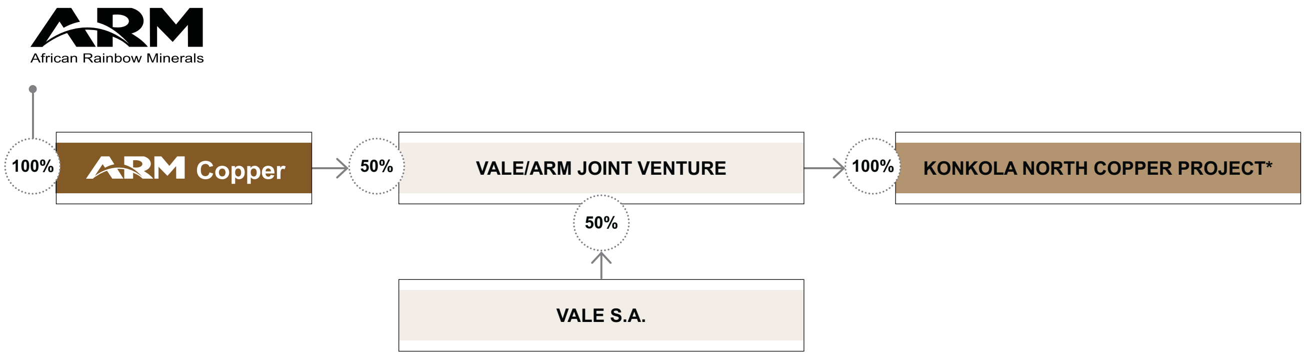
Capital cost of R3.6 billion, 99% committed, funded by Xstrata Coal

ARM Copper

Dan Simelane Chief Executive: ARM Copper

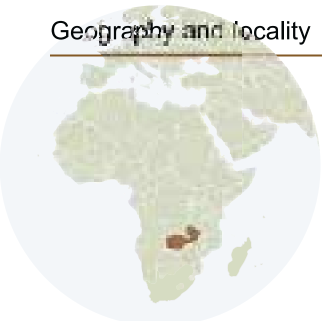


Divisional structure



The Konkola Norrh Copper Project was subject to a buy-in right of up to 20% (5% free carried interest) by State-owned Zambia Consolidated Copper Mines Investment Holding plc (ZCCM). ZCCM has exercised this right and the transfer of the 20% to ZCCM is in the process of being effected.

Geography and locality



Charging-up operations in the East Limb conveyor access decline at the Konkola North Copper Mine

Scorecard

F2011 objectives	F2011 performance	F2012 objectives
South/East Limb ore body Successfully conclude the closing process for ZCCM participation in the development of the South/East Limb mine.	All relevant agreements have been formulated and are awaiting final sign off in F2012. ZCCM elected to exercise the full 20% buy-in-right (of which 5% is a free carry interest).	Obtain final sign off and approval of all the relevant documentation.
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 annum.	The Konkola North Project was approved by the ARM and Vale Boards and construction work to establish the 2.5 mtpa South/East Mine commenced during September 2010.	Commission the concentrator plant by December 2012 in line with the approved budget and achieve the planned production ramp-up as per the feasibility study.
Area “A” ore body Undertake a further 16 800 metres 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.	The exploration team drilled 12 bore holes for a total of 13 311 metres in Area “A” to identify copper mineralisation. Further drilling was undertaken for geotechnical purposes in the mine area (1 387 metres).	Exploration drilling in Area “A” will continue in a phased approach for a total of 20 000 metres to delineate high grade copper mineralisation in the South East area and in central Area “A”. Geological surveys are planned over target stratigraphy on the remaining licence area. Geological and grade models will be constructed and initial resource estimation work is planned.

ARM Copper continued

Review of the year

The primary objective of the Vale/ARM JV (the JV) was 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 (the Project) is located in the Greater Konkola Area of the Zambian Copperbelt in close proximity to the town of Chililabombwe. The mining rights to the Project, which were previously secured through the Large-Scale Mining Licence, LML 20, have recently been extended to incorporate Prospecting Licence PLLS 73 (the prospecting licence of Area "A"). The revised mining licence, 7061-HQ-LML, which incorporates the larger area, was issued to Konnoco (Zambia) Limited in April 2011 and covers an area of 240 km^2. The mining licence is bound by the Zambia/DRC border to the west, north and east and Vedanta's Konkola Copper Mine mining licence is adjacent to the south.

The JV appointed AMEC E&C Inc. as the competent person to undertake resource estimation work on the South and East Limb copper ore bodies. The results of this study were received and are summarised in the table below:

Mineral resources summary as of 30 June 2011

Mineral project	Mineral resources category	Tonnes (Mt)	Copper (%)	Contained copper (Mt)
Konkola North Copper Project				
South Limb[1]	Measured	0.7	2.70	0.02
	Indicated	23.9	2.13	0.51
	Total	24.6	2.15	0.53
East Limb[1]	Measured	4.0	2.64	0.11
	Indicated	16.6	2.58	0.43
	Total	20.6	2.59	0.54
Fold Axis[1]	Measured	0.4	2.10	0.01
	Indicated	11.8	2.70	0.32
	Total	12.2	2.68	0.33
Total	**Measured and Indicated**	**57.4**	**2.42**	**1.40**
South Limb[1]	Inferred	13.8	2.22	
East Limb[1]	Inferred	0.4	2.00	
Fold Axis[1]	Inferred	9.7	2.25	
Area 'A'[2]	Inferred	219.5	2.64	

1 The mineralised zones were modelled on a 1% total copper cut-off, and were signed off by AMEC E&C Inc.
2 Resources defined are historical and not verified by AMEC E&C Inc.

The bankable feasibility of the Konkola North Project was submitted to the Vale and ARM Boards in July 2010 and both Boards approved the release of the project in August 2010. Construction work commenced soon after approval at the beginning of September 2010.

ARM together with its 50:50 joint-venture partner Vale, hosted, the official groundbreaking ceremony for the Project in Zambia on 14 October 2010.

Construction of the Project was officially opened by His Excellency the President of Zambia Rupiah Bwezani Banda. Other dignitaries present included ARM Executive Chairman; Patrice Motsepe, the President and CEO of Vale; Roger Agnelli, the Zambian Minister of Mines and Mineral Development; Maxwell Mwale, as well as the Chairman of ZCCM; Alfred J. Lungu.

ARM Executive Chairman Patrice Motsepe, said at the event: "We would like the ARM, Vale and ZCCM partnership to be a role model investor whose track record reflects genuine and significant commitment to the communities who live near the mine, the workers, entrepreneurs and other stakeholders."

ZCCM notified the JV of its intention to exercise its right to take up 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 equity interest option, 5% will be a "free-carried" interest, the remaining 15% interest is a paying interest, and ZCCM have elected to fund the full remaining amount through their own means. All the required agreements are in place and now need final approval from the shareholders and the government of the Republic of Zambia, which is expected in October 2011.

The Konkola North Project

Soon after the release of the project in August 2010, the project team deployed resources, mainly in Zambia and Johannesburg, to commence detailed design, manufacture and construction work in accordance with the approved project plan. Requests for quotations based on the feasibility study and project plans were submitted to various contracting companies. After rigorous technical and commercial adjudication processes the preferred contractors were selected and subsequent orders placed. Only well experienced and reputable contracting companies were selected to execute the various work packages which make up the extent of the project.

A reputable South African Engineering, Procurement, Construction and Management (EPCM) contracting company, DRA, was selected to manage all aspects of the construction phase of the project. With mining being critical for the success of the new mine, it was decided that the JV project team would exercise full control over the main mine access development and ore development. To this end the full mine management team, under the leadership of the General Manager, has been deployed on site early to ensure operational readiness and smooth transition from project phase to operational phase.

The Konkola North Copper Mine will be a modern fully mechanised world-class mine. Deployed and commissioned mechanised mining equipment simulators at the mine will enhance operator training and skills before mining commences. A full training center is a major component of the construction phase for completion before mining commences.

At the end of the F2011 financial year the project was on schedule to deliver the first copper concentrate from the plant before the end of December 2012. 82% of the authorised funds have already been contracted for the total work required for project implementation.

Total project expenditure for the first 10 months was just over 20% of the authorised budget and was aligned to the forecast project expenditure.

Surface and infrastructure work is progressing on schedule, 85% of all the surface terracing has been completed and handed over for construction. The plant and all surface construction areas are on schedule. The No. 2 Shaft refurbishment is on schedule with the first of the four ventilation shafts being over halfway sunk.

Development of the East Limb access and conveyor declines are progressing well and will facilitate access into the ore body as planned.

Prospects

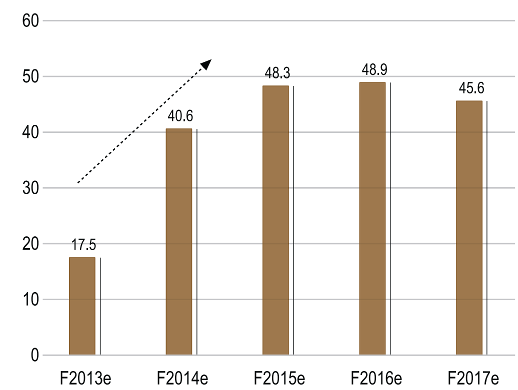
Konkola North Area "A"

The greater Area "A" includes the extensions of the copper mineralisation from the South/East Limb area to the south (the Konkola Basin) and the area to the east previously known as Area 2 (PLLS 73), covering the Kawiri and Kawiri North basins.

The JV has targeted the southernmost part of the Konkola Basin for more detailed resource delineation drilling. The JV previously completed a pre-feasibility study on a resource of 75 million tonnes. Drilling continued this year in this area, albeit on a reduced scale due to the commitments on the development of the mine. The JV intends to undertake further geological studies in this area, including drilling to further outline copper mineralisation and to undertake optimisation studies.

The JV intends to undertake applied geophysical surveys followed by drilling in the areas to the east now known as the Kawiri Basin and the Kawiri North Basin.

Konkola North copper sales volumes (on 100% basis)
(Thousand tonnes)



Safety

Safety compliance on site is very high and safe working conditions remain a fundamental value of the Konnoco Management team, the Project Staff and the JV.

Unfortunately, one lost-time injury has been recorded on site during the past 11 months. The incident was comprehensively investigated and the appropriate remedial actions have been implemented to prevent a reoccurance. World-class safety systems are being developed on the mine under the leadership and guidance of the new General Manager and new Safety Manager, both of whom have made great advances in this respect of the project.

The LTIFR targets for the mine are in the high achievement category and are 0.8 and 0.1 per 200 000 hours worked for the underground and surface work respectively.

Market review

World demand for copper is still experiencing robust growth with China experiencing a shortage in supply for a second year in a row. 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. Over the past century copper demand has been growing steadily at an average of 4% per annum. In 2011 global output is expected to reach 19.7 Mt

ARM Copper continued

and a further increase of 6.2% is expected in 2012. With new smelters coming into production in China total output of copper is likely to reach 20.7 Mt in 2012.

Copper prices were well supported by growing demand improving from approximately US$1.30/lb copper in July 2005 and reaching a record high of US$4.62/lb in February 2011. The 2008 financial crisis prompted a rapid decline in prices to US$1.30/lb, and since then prices improved steadily to an average of US$4.38/lb in first half of the 2011 calendar year.

In the 2010 calendar year, demand was driven mainly by developing markets, especially Asia. Government stimulus in developed economies marginally improved copper demand. It is expected that total copper demand will exceed supply by 495 000 tonnes in 2011, this will be the largest deficit since 2004 and is more than double when compared with 214 000 tonnes in 2010. It is expected that the deficit may reduce to 310 000 tonnes in 2012.

Supply in 2010 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.

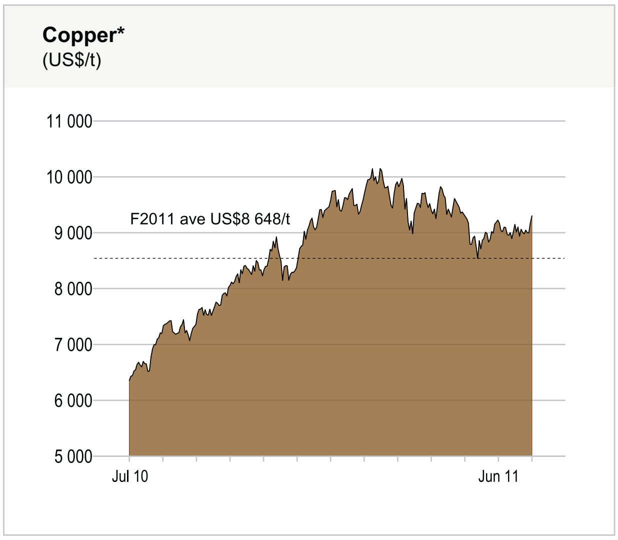
Copper prices are likely to be supported by supply constraints going forward. Challenges for new projects, increasing cost at existing operations as well as declining copper grades are expected to put upward pressure on costs and support prices. The pace of operating cost inflation in recent years has 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 have a positive outlook on copper based on anticipated deficits in 2011 and 2012 with the copper price expected to retrace previous peaks.

Chinese warehouses have significantly depleted their copper stocks, and opening of positive arbitrage between the China and London Metal Exchange prices could mean increase in copper imports into China.

Demand in China, the largest consumer of copper, may increase 4.9% to 7.5 Mt this year and 6% to almost 8.0 Mt in 2012. Output is expected to grow 7% to 4.9 Mt this year and 13% to 5.5 Mt in 2012. Any further supply disruption will push prices higher as Chinese demand picks up after reducing domestic stockpiles.

Copper pricing trends for F2011 (July 2010 to June 2011)



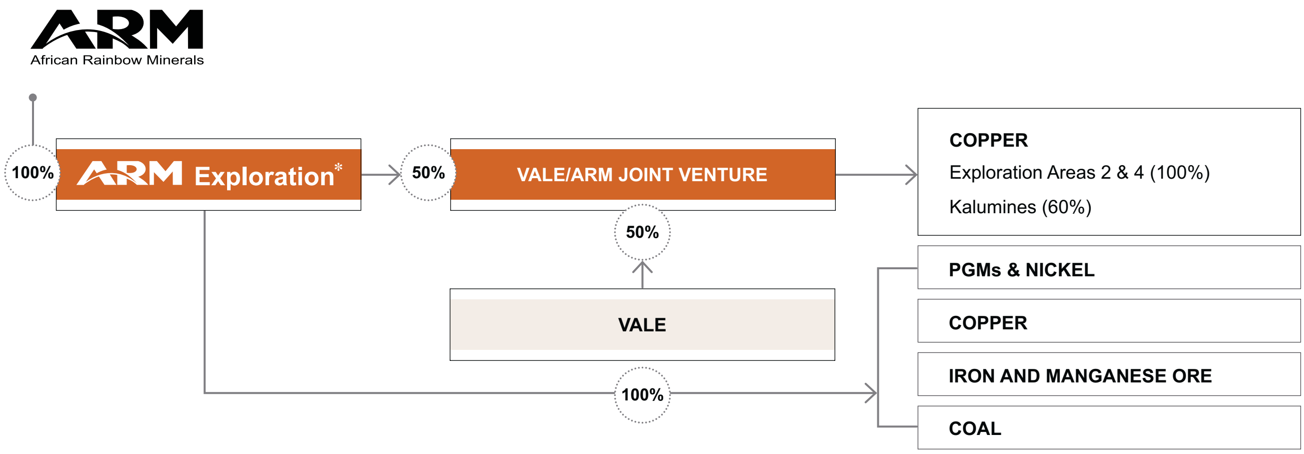
* *Source: Inet Bridge*

ARM Exploration

Dan Simelane Chief Executive: ARM Exploration

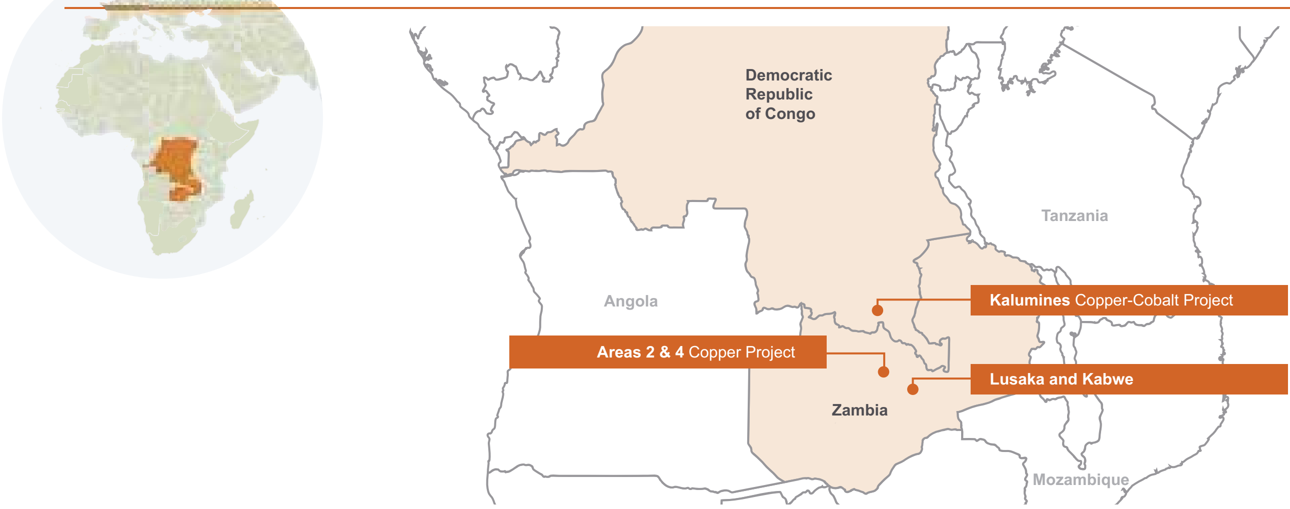
Konkola North Copper Mine drill rig

Divisional structure



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

Geography and locality



Scorecard

F2011 objectives	F2011 performance	F2012 objectives
DRC		
Complete a pre-feasibility study at Kalumines Project. Continue with infill and delineation drilling and define additional mineable reserves. Undertake metallurgical test work and mine development engineering studies and advance the requirements of a feasibility study.	A total of 24 786 metres of drilling was completed. 3 336 kg of metallurgical samples were collected for test work. AMEC E&C Services Inc completed the resource estimation work. Metallurgical processing options were evaluated and a feasibility study was completed.	Additional work and further studies are planned to prepare final feasibility study and financial evaluation. Infill geological work will be undertaken to improve the resources.
Zambia		
Kabwe South (PLLS 242). No objectives were reported.	Geophysical and geochemical surveys were completed and three copper anomalies were outlined. Three boreholes (670 metres) were drilled and copper sulphide mineralisation was intersected.	Applied geophysical ground surveys are planned. 1 300 metres of drilling has been planned to establish the lateral extent of the mineralisation.

Mineral Resources summary as of 30 June 2011

Mineral project	Mineral Resources category	Tonnes (Mt)	Copper (%)	Contained copper (Mt)
Kalumines Copper projects[1,2]				
Oxide Copper				
Lupoto	Indicated	10.4	2.63	0.270
Kasonta	Indicated	8.73	1.74	0.152
Niamumenda	Indicated	2.07	2.46	0.051
Karu East	Indicated	6.81	2.10	0.143
Sub-total	**Indicated**	**28.01**	**2.21**	**0.619**
Oxide/Sulphide copper[3]				
Lupoto	Indicated	12.25	2.33	0.285
Kasonta	Indicated	10.03	1.29	0.129
Niamumenda	Indicated	1.96	1.44	0.028
Sub-total	**Indicated**	**24.24**	**1.83**	**0.443**
Total	**Indicated**	**52.25**	**2.03**	**1.061**
Oxide copper				
Lupoto	Inferred	0.754	2.37	0.018
Kasonta	Inferred	0.016	0.79	0.000
Niamumenda	Inferred	0.003	0.67	0.000
Karu East	Inferred	0.148	2.70	0.004
Sub-total	**Inferred**	**0.921**	**2.39**	**0.022**
Oxide/Sulphide copper[3]				
Lupoto	Inferred	12.28	1.85	0.227
Kasonta	Inferred	4.13	1.31	0.054
Niamumenda	Inferred	0.557	1.17	0.007
Sub-total	**Inferred**	**16.97**	**1.70**	**0.288**
Total	**Inferred**	**17.89**	**1.74**	**0.311**

1. *The mineralised zones were modelled on a 0.51% total copper cut-off, and were signed off by AMEC E&C Inc.*
2. *Resources defined at 100% ownership level (project level).*
3. *Mixed oxide/sulpohide cut-off were defined as follows: oxides < 0.5%Ca > oxides/sulphides.*

ARM Exploration continued

Review of the year

An objective of the Vale/ARM joint venture (the JV) is the completion of a feasibility study on the ore bodies associated with the Kalumines mining licence property in the DRC. To this end further resource delineation drilling and the metallurgical test work were undertaken. The JV completed initial mining related studies, including geotechnical and geohydrological studies, to complete the feasibility study.

The loss attributable to ARM increased to R173 million in F2011 compared to a loss of R143 million in F2010. This was largely due to the completion of the resources delineation drilling programme and stringent cost control initiatives.

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 host the copper mineralisation.

The JV outlined four ore bodies with substantial resources which were studied in more detail for possible exploitation. The mining licence property is 77 km^2 and hosts further potential resources not yet delineated. The JV has set a target resource of 50 Mt of copper ore at an average grade of 2.5% copper.

The JV has drilled a total of 24 786 metres in the current financial year. In addition, the JV undertook further metallurgical test work, mine design and related engineering work and completed a feasibility study. This study will be submitted to the JV's partners and Gecamines during July 2011.

To date the JV has outlined a total indicated copper oxide and mixed oxide/sulphides resource of 52.3 Mt at a grade of 2.03% copper, and an inferred resource of 17.9 Mt at a grade of 1.74% copper.

JV Prospects

The JV has further exploration rights on exclusive large-scale prospecting licence 242 (PLLS 242) south of the old Kabwe Mine located north of Lusaka in Zambia. The JV has completed a high resolution magnetic and radiomagnetic survey and a detailed soil geochemical sampling programme over the licence. Three target anomalies were identified and drill testing with three diamond boreholes was completed. Two of the three bore holes intersected significant thicknesses of sulphides copper mineralisation in sericitic quartzite.

Further geological work and drilling is planned in the next financial year.

Changes to ARM Exploration

ARM Exploration is conscious of the need to ensure continued growth of the ARM portfolio of assets beyond the ore bodies that currently comprise its portfolio and as such has implemented changes to the corporate structure to further strengthen the ARM Exploration Division. Effective 1 July 2011, the copper exploration assets that previously formed part of ARM Exploration, including a 30% shareholding in the Kalumines Copper Project and a 50% shareholding in the Lusaka & Kabwe Project, have been moved into the ARM Copper Division. This change will allow the ARM Exploration Division to sharpen its focus on identifying and assessing quality business opportunities in sub-Saharan Africa. A highly skilled and experienced exploration team has been established and will be led by Mr. Jan Steenkamp (who is also the Chief Executive of ARM Ferrous).

In July 2011 ARM signed an agreement with Rovuma Resources, a Mozambican exploration company, to explore for manganese ore, nickel, PGMs and base metals in Mozambique. In terms of the agreement, ARM Exploration will fund ongoing exploration at an estimated cost of US$7 million per annum and will have exclusive rights to exercise options to purchase prospecting/ mining rights to the resources.

ARM Exploration has established a large database of mining and exploration undertakings in Africa, focusing on PGMs, iron ore, manganese ore, base metals and coal, and is investigating further opportunities in sub-Saharan Africa. ARM Exploration has initiated discussions in Zambia to investigate high-grade accumulations of manganese ore and copper sulphides mineralisation. Discussions are in progress for the possible evaluation of iron ore deposits in Namibia.

ARM Exploration continues to evaluate mineral business investment opportunities that offer sustainable investment possibilities for a medium to long-term project pipeline in resource commodities in which ARM has experience and a competitive advantage.

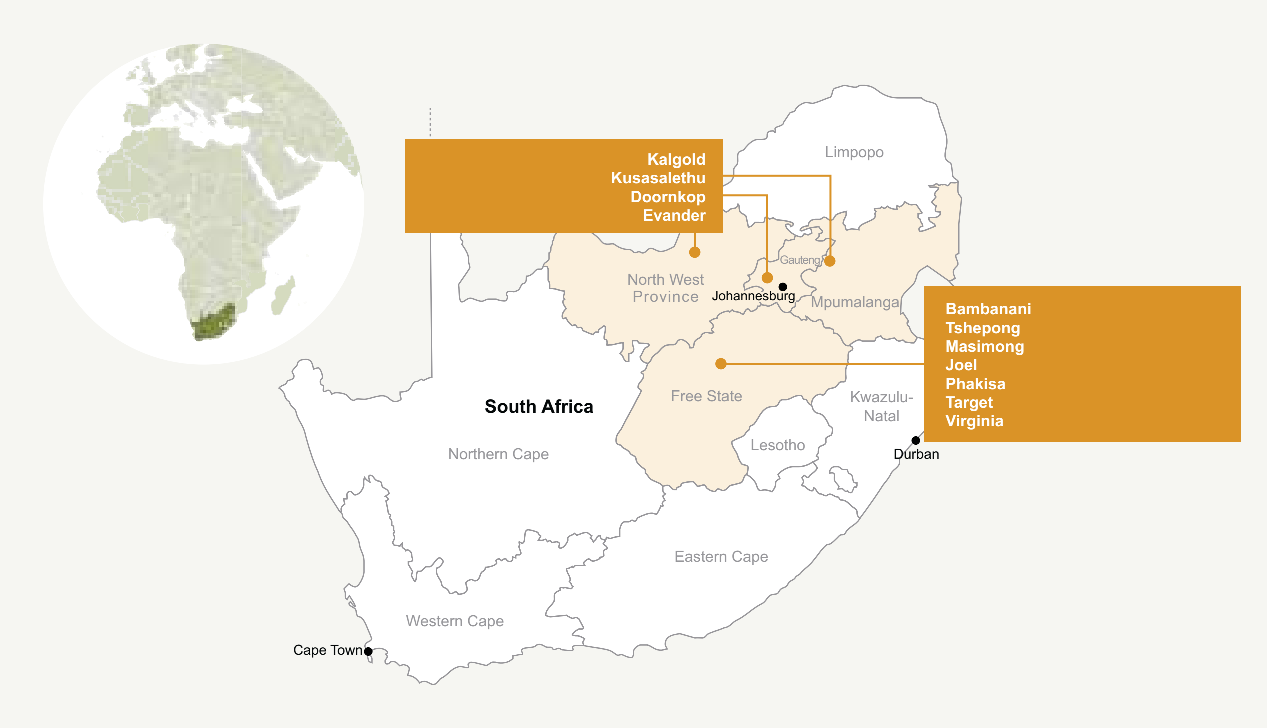
Gold: Harmony

Hamata Mill at the Hidden Valley mine in Papua New Guinea

Scorecard

Actions	Key steps
Generate free cash flow	
Optimise asset portfolio	• Improve cash costs • Review operational performance
Increase production	• Safety is key • Correctly targeted development • Introduced short-term interval controls
Improve productivity	• Focus on training, motivation, safety, health, environment, labour relations
Improve quality ounces	• Four projects in build-up • One project to be built • Steady-state operations
Explore	PNG – Wafi-Golpu • Resource growing • Drilling continuing • Transfer structure exploration PNG tenements 100% owned • Further gold-copper-molybdenum exploration
Build future mines	• Wafi-Golpu
Acquire	• Only quality ounces with healthy margins in South East Asia and Africa

Geography and locality



Gold: Harmony continued

Operational performance

		F2011	F2010
Gold produced	Kg	**40 535**	44 433
	000oz	**1 303**	1 429
Operating cost	R/kg	**226 667**	195 162
	US$/oz	**1 009**	801
Financial performance			
Revenue	R million	**12 445**	11 284
Production costs	R million	**9 170**	8 358
Cash operating profit	R million	**3 275**	2 926
Net profit/(loss) for the year (includes discontinued operations)	R million	**617**	(192)
Total headline(loss)/earnings per share (includes discontinued operations)	R million	**223**	(7)
Total capital expenditure	R million	**3 143**	3 353
Market performance			
Average gold price received	R/kg	**307 875**	266 009
	US$/oz	**1 343**	1 092
Market capitalisation	R billion	**38.7**	34.9

Harmony Gold Mining Company Limited

Harmony has gold mining operations (primarily in South Africa) with 10 underground mines, several surface operations and two open pit mines. Harmony has a 50% interest in the Morobe Mining Joint Venture (Newcrest Mining Limited is the other 50% partner) in Papua New Guinea (PNG), which includes a mine at Hidden Valley, as well as the Wafi-Golpu project and exploration tenements.

During the financial year ended 30 June 2011, Harmony made excellent progress in key areas. It commissioned gold mines in South Africa and PNG, while the company expanded the world class Wafi-Golpu resource (on a 100% basis) to 9 million tonnes (Mt) of copper and 26.6 million ounces (Moz) of gold. The Wafi-Golpu resource delivered a phenomenal 57% increase to over 1 billion tonnes in resource during the year. Golpu's grade is over 1% copper, which confirms that it is one of the highest grade copper gold porphyry systems in South-east Asia, and these excellent results validate the long-held belief that PNG is a game-changing region for Harmony. Over and above Golpu, Harmony's exploration exposure in PNG is over 7 200 km².

The resource base in PNG now represents 10% of Harmony's total gold resources (or 21% of the resource on a gold equivalent basis), which is in line with Harmony's strategy to increase its geographic diversification.

For the financial year ended 30 June 2011, Harmony's annual gold production was lower at 1.3Moz, largely due to the shaft closures during the 2011 financial year. Total revenue for the year increased from R11.3 billion to R12.4 billion, or 10%, due to the 16% increase in the rand gold price received to R307 875 per kg. This increase was offset by the 7% decrease in gold sold.

Cost of sales increased from R10.5 billion to R11.6 billion for 2011, as a result of increases in labour, electricity and consumable costs, and amortisation and depreciation. Cash operating cost in R/kg terms increased by 16% from R195 162 per kg last year to R226 667 per kg, while the Rand per tonne unit costs remained stable at R469 per tonne.

Harmony's cash operating profits increased by 12% to R3.3 billion for the year and headline earnings from continuing operations were higher at R957 million, in comparison to R4 million in the previous year. Harmony recorded a net profit of R617 million for financial year 2011, compared to a loss of R192 million in the 2010 financial year.

Over the last year, total exploration expenditure was R353 million with R296 million for the PNG region alone.

Harmony's financial position has been strengthened following the recent signing of a revolving credit facility that adds financial flexibility. It diversifies the company's funding sources and it ensures funding for the feasibility and exploration expenditure for Wafi-Golpu over the next three years.

ARM's dividend receipt from Harmony will be R38 million and this will be accounted for in the 2012 financial statements.

The team at Harmony has created an asset portfolio with assets that will produce higher grade, lower cost mines. The older, non-core assets have been closed or sold, unnecessary costs are being removed from the system and what is emerging is a collection of truly world-class assets designed to build significant shareholder wealth going forward.

The ARM balance sheet at 30 June 2011 reflects a marked-to-market investment in Harmony of R5.7 billion, which is based on a Harmony share price of R89.95. 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 14% of ARM's market capitalisation of R40.2 billion at 30 June 2011, which compares to 15% at 30 June 2010.

Harmony's full results for its financial year ended 30 June 2011 may be viewed on the company's website at www.harmony.co.za

Competent person's report on Mineral Resources and Mineral Reserves

This report is issued as the annual update of Mineral 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 F2011

ARM Ferrous

Khumani	Waste stripping at King progressed in preparation for production.
Beeshoek	Production mainly for the domestic market, came from off-grade stockpiles processed through the jig plant.
Nchwaning	Investigations initiated to model the full package of the manganese seams in 0.5 m layers.
Gloria	Measured and Indicated Mineral Resources (No 1 Seam) increased by 79% to 92.23 million tonnes at 37.8% Mn as a result of remodelling which incorporated 42 new additional surface boreholes. The Inferred Resource decreased to 84 million tonnes.
Dwarsrivier	Surface drilling of 52 boreholes to upgrade the Mineral Resource confidence in the southern portion of the Mine completed. Remodelling to commence when all assay results are received.

ARM Platinum

Nkomati	Underground mineral resource models updated. Measured and Indicated resources for the underground mine increased to 79.39 from 68.88 million tonnes at the same grade of 0.45% Ni due to increases in the resource volumes.
Two Rivers	New model for the entire Merensky reef was completed. Indicated Mineral Resources for the Merensky increased to 38.36 million tonnes at 3.17g/t (6E).

ARM Coal

Goedgevonden	Production increased by 118% to 5.9 million tonnes.

ARM Copper

Konkola North	Construction of the Konkola North Copper Mine started.

F2011 Mineral Resources/Reserves summary

Platinum	Mineral Resources (Measured and Indicated)		Mineral Reserves (Proved and Probable)		
	Mt	(PGE+Au)g/t	Mt	(PGE+Au)g/t	Moz
Two Rivers					
UG2	59.33	4.58(6E)	39.03	3.54(6E)	4.44(6E)
Merensky	38.36	3.17(6E)	–	–	–
Modikwa*					
UG2	141.2	5.89(4E)	55.43	4.86(4E)	8.65(4E)
Merensky	72.00	2.78(4E)	–	–	–
Nkomati	290.59	0.85(4E)	134.89	0.85(4E)	3.69(4E)
Kalplats	69.91	1.48(3E)	–	–	–

6E = Pt+Pd+Rh+Ru+Ir +Au 4E = Pt+Pd+Rh+Au 3E = Pt+Pd+Au
** Mineral Resources are exclusive of Mineral Reserves for Modikwa Mine.*

Nickel	Mineral Resources (Measured and Indicated)		Mineral Reserves (Proved and Probable)	
	Mt	Ni%	Mt	Ni%
Nkomati – Total MMZ+PCMZ	290.59	0.34	134.89	0.33

Manganese	Mineral Resources (Measured and Indicated)			Mineral Reserves (Proved and Probable)		
	Mt	Mn%	Fe%	Mt	Mn%	Fe%
Nchwaning						
No 1 Seam	126.69	44.9	8.6	106.28	44.9	8.6
No 2 Seam	180.80	42.4	15.5	–	–	–
Gloria						
No 1 Seam	92.23	37.8	4.9	68.25	37.8	4.9
No 2 Seam	29.40	29.9	10.1	–	–	–
Black Rock						
No 1 Seam	43.60	40.6	18.1	–	–	–
No 2 Seam	26.81	38.6	19.8	–	–	–

Iron ore	Mineral Resources (Measured and Indicated)		Mineral Reserves (Proved and Probable)	
	Mt	Fe%	Mt	Fe%
Beeshoek	118.97	63.75	55.13	64.04
Khumani				
Bruce	226.97	64.44	196.96	64.43
King	376.46	64.51	348.40	64.60

Chromite	Mineral Resources (Measured and Indicated)		Mineral Reserves (Proved and Probable)	
	Mt	Cr_2O_3%	Mt	Cr_2O_3%
Dwarsrivier	48.77	39.05	33.44	35.69
Nkomati	1.43	31.59	1.16	27.57

Coal	Mineral Resources	Mineral Reserves	
	(Measured and Indicated)	(Proved and Probable)	Saleable
	Mt	Mt	Mt
Goedgevonden	608.0	363.8	206.2

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).

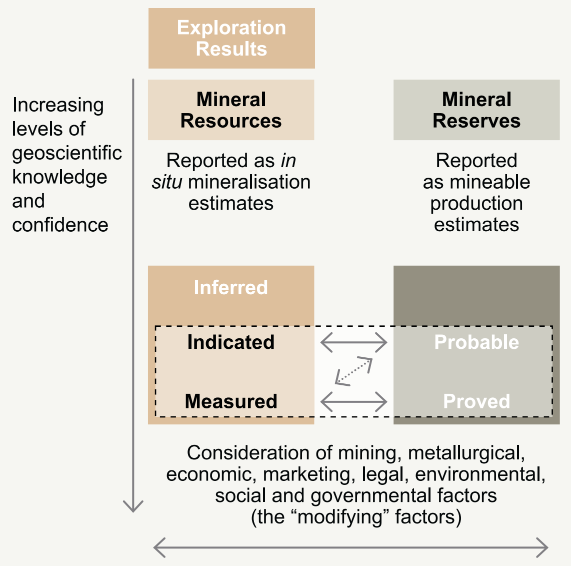
The convention adopted in this report is that Mineral Resources are reported inclusive of that portion of the total Mineral Resource converted to a Mineral Reserve, except for Modikwa Platinum Mine where the Mineral Resources are reported exclusive of the Mineral Reserves. Resources and reserves are quoted as at 30 June 2011. External consulting firms audit the resources and reserves of the ARM operations on a three-to four-year cycle basis.

The Mineral Resources and Mineral Reserves are reported on a total basis regardless of the attributable beneficial interest that ARM has on the individual projects or mines. When the attributable beneficial interests on a mine or project is less than 100%, the actual percentage of the attributable interest is specified.

Maps, plans and reports supporting resources and reserves are available for inspection at ARM's registered office and at the relevant mines.

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

Relationship between Exploration Results, Mineral Resources and Mineral Reserves



Competence

The competent person with overall responsibility for the compilation of the Mineral Resources and Reserves report is Paul van der Merwe, Pr.Sci.Nat, 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	Pr.Sci.Nat Pr.Sci.Nat	Iron
B Ruzive	Pr.Sci.Nat	Manganese
A Pretorius*	Pr.Sci.Nat	Chrome
S Kadzviti	Pr.Sci.Nat	Chrome/ Manganese

M Davidson	Pr.Sci.Nat	Nickel
J Woolfe	Pr.Sci.Nat	Nickel/Platinum
R van Rhyn	Pr.Sci.Nat	Platinum
S Kadzviti	Pr.Sci.Nat	Nickel/Platinum
M Cowell	Pr.Sci.Nat	Platinum

AMEC*		Copper

* *External consultants*

P J van der Merwe

24 Impala Road, Chislehurston, Sandton
17 October 2011

ARM Ferrous

Assmang Limited Operations

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

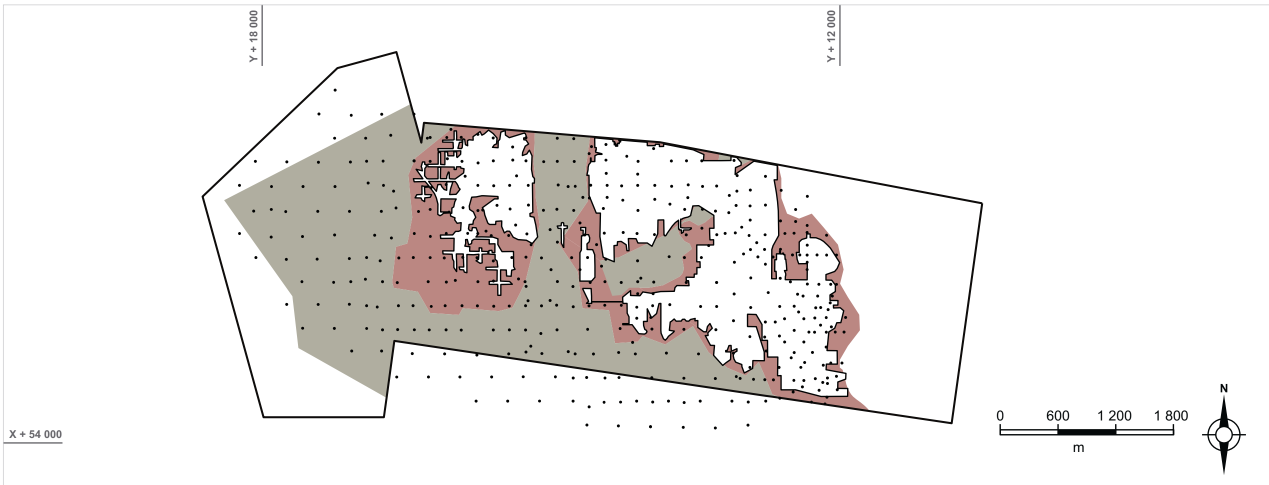
Manganese Mines

Nchwaning Mine: Lower Seam (1 Body) Manganese Resources and Reserves

	Mineral Resources				Mineral Reserves		
	Mt	Mn%	Fe%		Mt	Mn%	Fe%
Measured	37.61	46.3	9.0	Proved	32.34	46.3	9.0
Indicated	89.08	44.3	8.4	Probable	73.94	44.3	8.4
Total Resources 1 Body 2011	**126.69**	**44.9**	**8.6**	**Total Reserves 1 Body 2011**	**106.28**	**44.9**	**8.6**
Total Resources 1 Body 2010	128.63	45.3	8.7	Total Reserves 1 Body 2010	107.96	45.3	8.7

Mineral Resources are inclusive of Mineral Reserves.
Totals are rounded off.
Modifying factors: pillar losses, mining losses.

Nchwaning Mineral Resource classification map



Legend

Measured Indicated Mined out area Boreholes

Nchwaning Mine: Upper Seam (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 2011	**180.80**	**42.4**	**15.5**
Total Resources 2 Body 2010	180.80	42.4	15.5

Totals are rounded off.

Black Rock: Lower Seam (1 Body) Manganese Resources

Mineral Resources	Mt	Mn%	Fe%
Measured Indicated	9.03 34.57	40.3 40.7	18.1 18.1
Total Resources 1 Body 2011	**43.60**	**40.6**	**18.1**
Total Resources 1 Body 2010	–	–	–

Totals are rounded off.

Black Rock: Upper Seam (2 Body) Manganese Resources

Mineral Resources	Mt	Mn%	Fe%
Measured Indicated	8.23 18.58	37.4 39.2	19.8 19.8
Total Resources 2 Body 2011	**26.81**	**38.6**	**19.8**
Total Resources 2 Body 2010	–	–	–

Totals are rounded off.

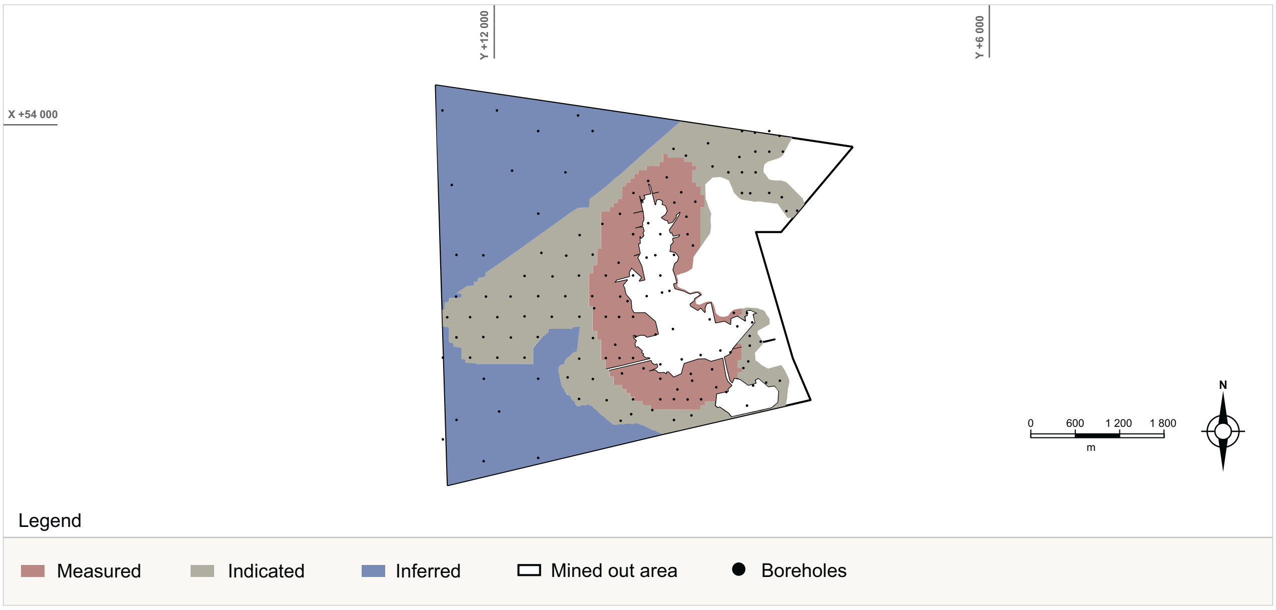
Gloria Mine: Lower Seam (1 Body) Manganese Resources and Reserves

	Mineral Resources		
	Mt	Mn%	Fe%
Measured Indicated	31.46 60.77	37.7 37.8	4.8 4.9
Total Resources 1 Body 2011	**92.23**	**37.8**	**4.9**
Total Resources 1 Body 2010	51.57	38.3	5.5
Inferred 2011	**84.00**	**36.8**	**4.8**
Inferred 2010	128.24	–	–

	Mineral Reserves		
	Mt	Mn%	Fe%
Proved Probable	23.28 44.97	37.7 37.8	4.8 4.9
Total Reserves 1 Body 2011	**68.25**	**37.8**	**4.9**
Total Reserves 1 Body 2010	39.71	38.3	5.5

Mineral Resources are inclusive of Mineral Reserves.
Totals are rounded off.
Modifying factors: pillar losses, mining losses.

Gloria Mineral Resource classification map

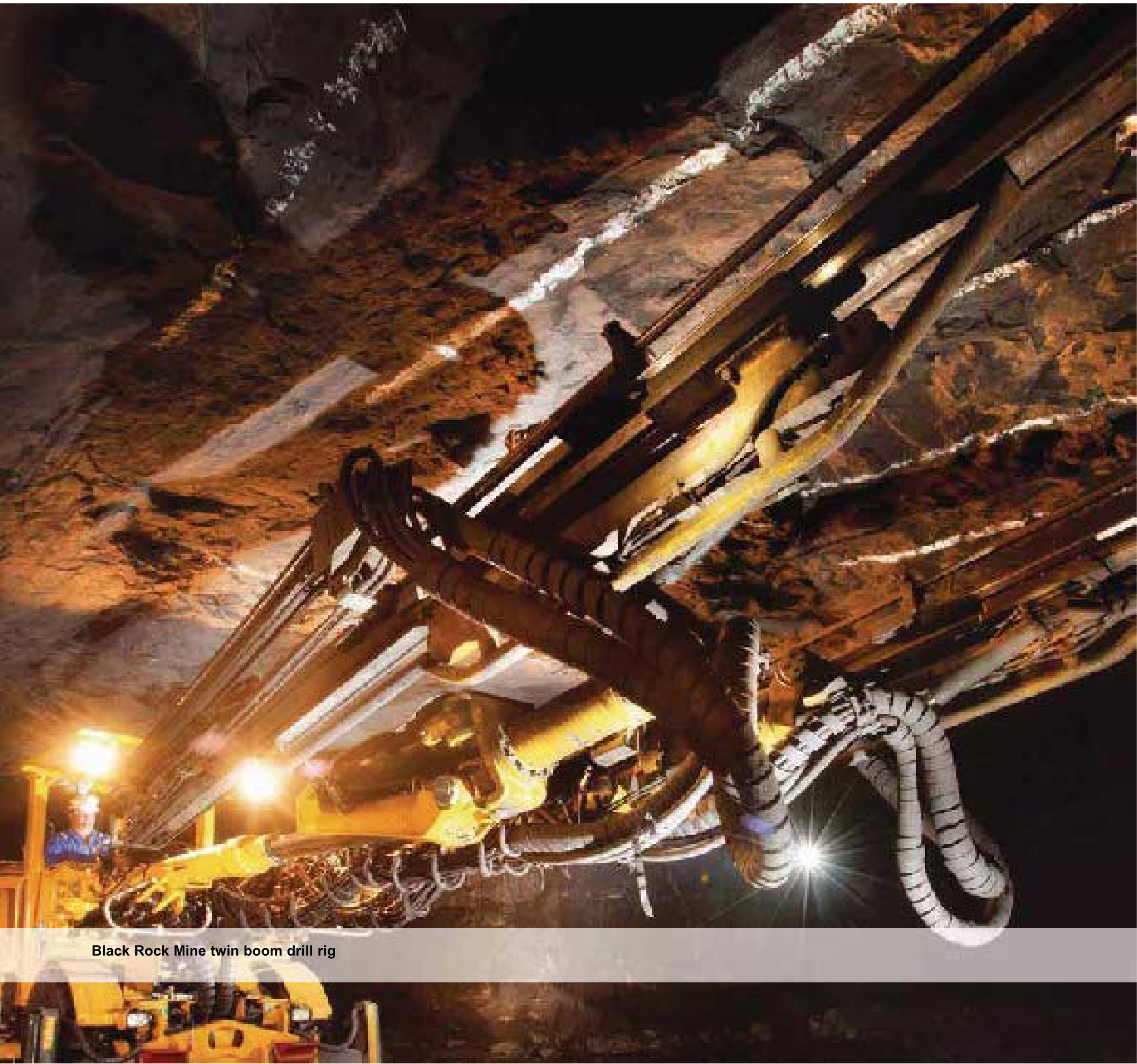


ARM Ferrous continued

Gloria Mine: Upper Seam (2 Body) Manganese Resources

Mineral Resources	Mt	Mn%	Fe%
Measured Indicated	– 29.40	– 29.9	– 10.1
Total Resources 2 Body 2011	**29.40**	**29.9**	**10.1**
Total Resources 2 Body 2010	29.40	29.9	10.1
Inferred 2011	**128.24**		
Inferred 2010	128.24		

Totals are rounded off.



Black Rock Mine twin boom drill rig

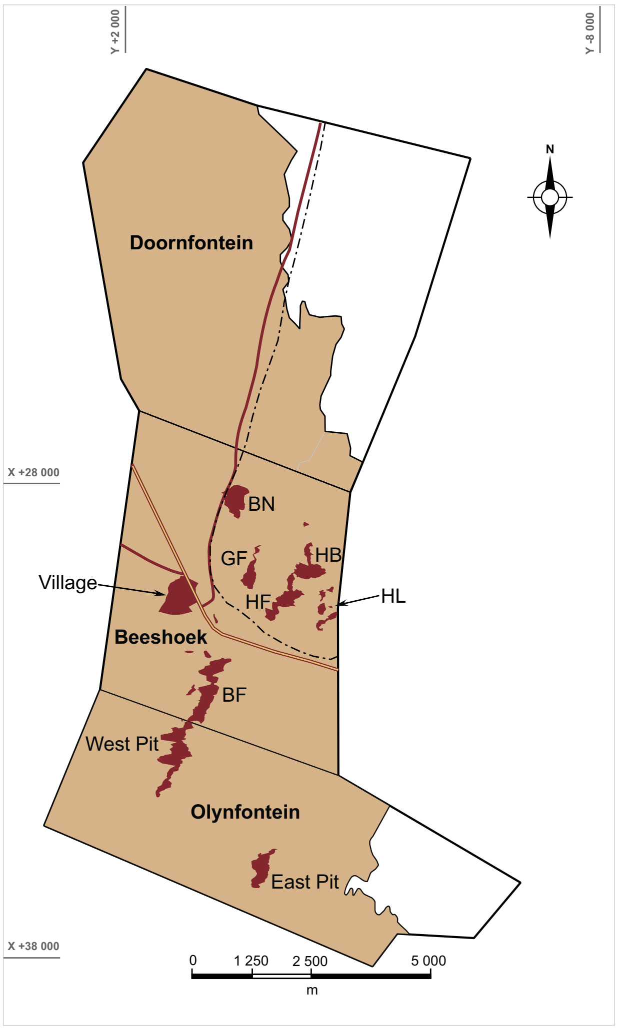
Iron Ore Mines

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	23.42	63.40	–	–	–	–	23.42	63.40	13.92	63.55	–	–	13.92	63.55
HF/HB	16.00	64.10	–	–	–	–	16.00	64.10	6.87	64.27	–	–	6.87	64.27
BF	8.45	63.51	0.23	63.54	0.001	65.24	8.68	63.51	1.02	61.59	–	–	1.02	61.59
East Pit	8.91	64.63	0.04	64.23	–	–	8.95	64.63	6.16	64.43	0.01	63.64	6.17	64.43
Village	42.71	63.72	2.98	63.57	0.002	63.71	45.69	63.71	27.15	64.24	–	–	27.15	64.24
GF	3.13	63.81	0.09	61.80	–	–	3.22	63.75	–	–	–	–	–	–
HH Ext	0.28	62.63	–	–	–	–	0.28	62.63	–	–	–	–	–	–
HL	3.23	65.07	0.05	65.20	–	–	3.28	65.07	–	–	–	–	–	–
West Pit	9.45	63.19	–	–	0.050	61.88	9.45	63.19	–	–	–	–	–	–
Detrital	–	–	–	–	2.500	60.00	–	–	–	–	–	–	–	–
Total 2011	**115.58**	**63.76**	**3.39**	**63.55**	**2.553**	**60.04**	**118.97**	**63.75**	**55.12**	**64.04**	**0.01**	**63.64**	**55.13**	**64.04**
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

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

Beeshoek Open-Pit locality map



Beeshoek Iron Ore Mine

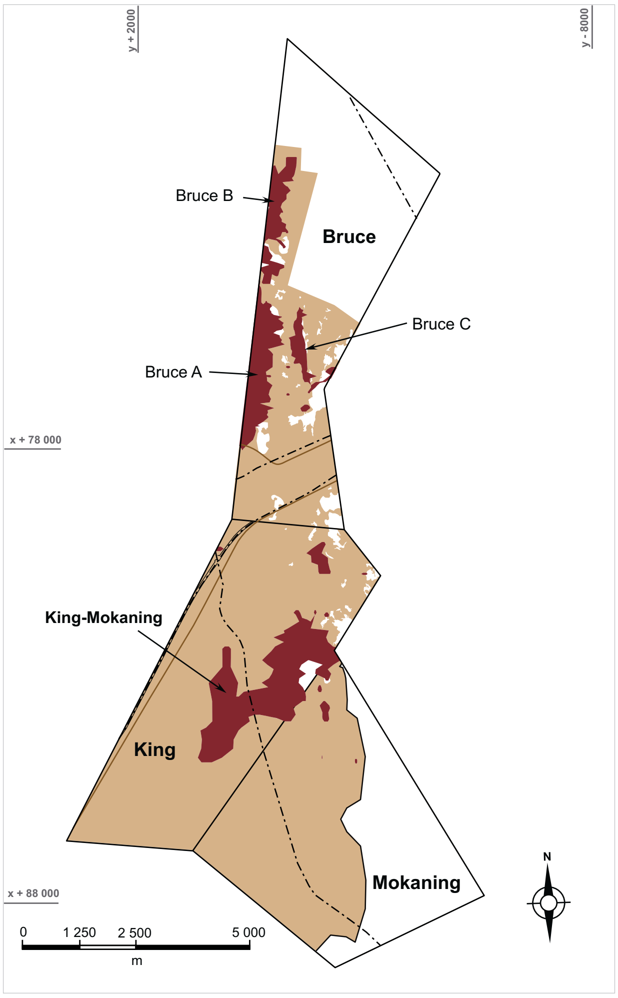
ARM Ferrous continued

Khumani Iron Ore Mine: Resources and Reserves

Pit/Area	Measured Resources		Indicated Resources		Inferred Resources		Total Resources Measured + Indicated		Proved Reserves		Probable Reserves		Total Reserves	
	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%
Bruce A	76.39	64.48	34.36	64.20	0.02	63.93	110.75	64.39	69.13	64.54	31.60	64.21	100.73	64.44
Bruce B	72.32	64.42	25.35	63.98	0.19	65.31	97.67	64.31	69.29	64.41	14.99	63.63	84.28	64.27
Bruce C	11.70	65.45	6.85	65.45	0.36	63.36	18.55	65.45	10.31	65.50	1.64	65.85	11.95	65.55
King/ Mokaning	253.73	64.53	122.73	64.48	4.85	63.02	376.46	64.51	238.90	64.63	109.50	64.55	348.40	64.60
Detrital	–	–	–	–	4.00	60.00	–	–	–	–	–	–	–	–
Total 2011	**414.14**	**64.53**	**189.29**	**64.40**	**9.42**	**61.80**	**603.43**	**64.49**	**387.63**	**64.60**	**157.73**	**64.41**	**545.36**	**64.54**
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

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

Khumani Open-Pit locality map



Khumani Iron Ore Mine stacker reclaimer

Chromite Mine

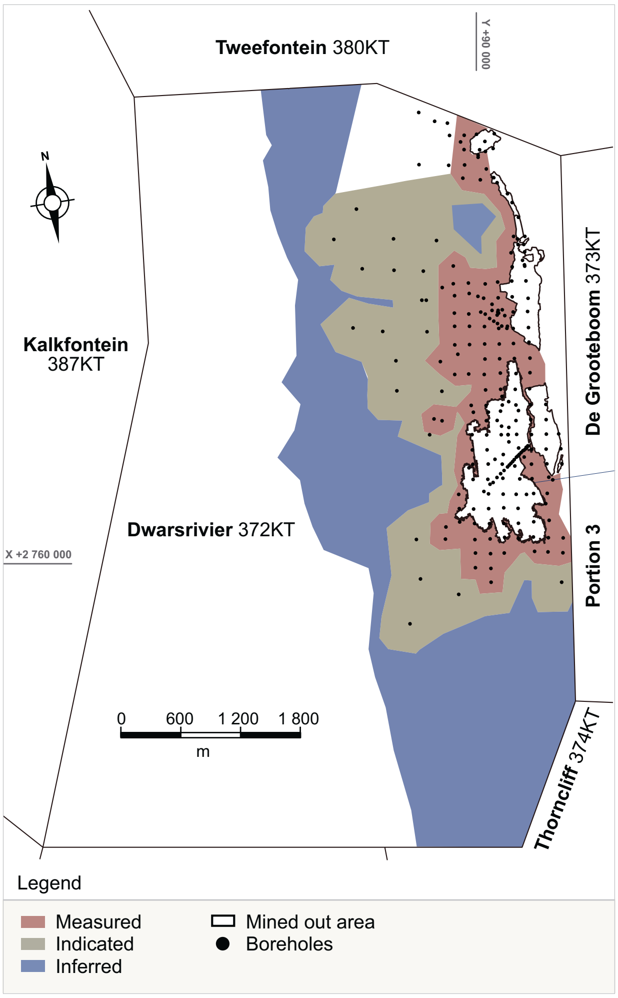
Dwarsrivier Chrome Mine: Chrome Resources and Reserves

	Mineral Resources		
	Mt	Cr_2O_3%	FeO%
Measured Indicated	17.25 31.52	39.20 38.97	23.07 23.01
Total Measured and Indicated 2011	**48.77**	**39.05**	**23.03**
Total Measured and Indicated 2010	50.60	39.03	22.98
Inferred	**48.05**	**39.15**	**23.01**

	Mineral Reserves		
	Mt	Cr_2O_3%	FeO%
Proved Probable	9.57 23.87	35.75 35.66	22.00 22.04
Total Reserves 2011	**33.44**	**35.69**	**22.03**
Total Reserves 2010	39.50	35.75	22.00

Mineral Resources are inclusive of Mineral Reserves.
Totals are rounded off.
Modifying factors: pillar losses, mining losses.

Dwarsrivier Mineral Resource classification map



Dwarsrivier Mine chromite ore stockpile

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 Africa (Pty) Limited.

Nkomati Mine: Resources

	Measured Resources						Indicated Resources						Inferred Resources						Total Resources (Measured and Indicated)				
	Cut-off (Ni)%	Mt	Ni%	Cu%	Co%	4E g/t	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
Underground Mine																							
MMZ	0.30	6.50	0.58	0.23	0.03	1.18	0.30	43.70	0.48	0.21	0.03	1.08	0.30	1.80	0.36	0.24	0.02	0.80	50.20	0.49	0.21	0.03	1.09
PCMZ	0.30	2.29	0.37	0.12	0.02	0.83	0.30	26.90	0.38	0.13	0.02	0.83	0.30	52.10	0.37	0.12	0.02	0.90	29.19	0.38	0.13	0.02	0.83
Open Pit																							
MMZ Pit 3	0.16	23.70	0.40	0.18	0.02	0.98	0.16	69.90	0.37	0.17	0.02	0.94	–	–	–	–	–	–	93.60	0.38	0.17	0.02	0.95
PCMZ Pit 3	0.16	20.50	0.27	0.08	0.01	0.79	0.16	97.10	0.22	0.07	0.01	0.66	–	–	–	–	–	–	117.60	0.23	0.07	0.01	0.68
Total 2011 Mineral Resources		**52.99**	**0.37**	**0.14**	**0.02**	**0.92**		**237.60**	**0.33**	**0.13**	**0.02**	**0.84**		**53.90**	**0.37**	**0.12**	**0.02**	**0.90**	**290.59**	**0.34**	**0.13**	**0.02**	**0.85**
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

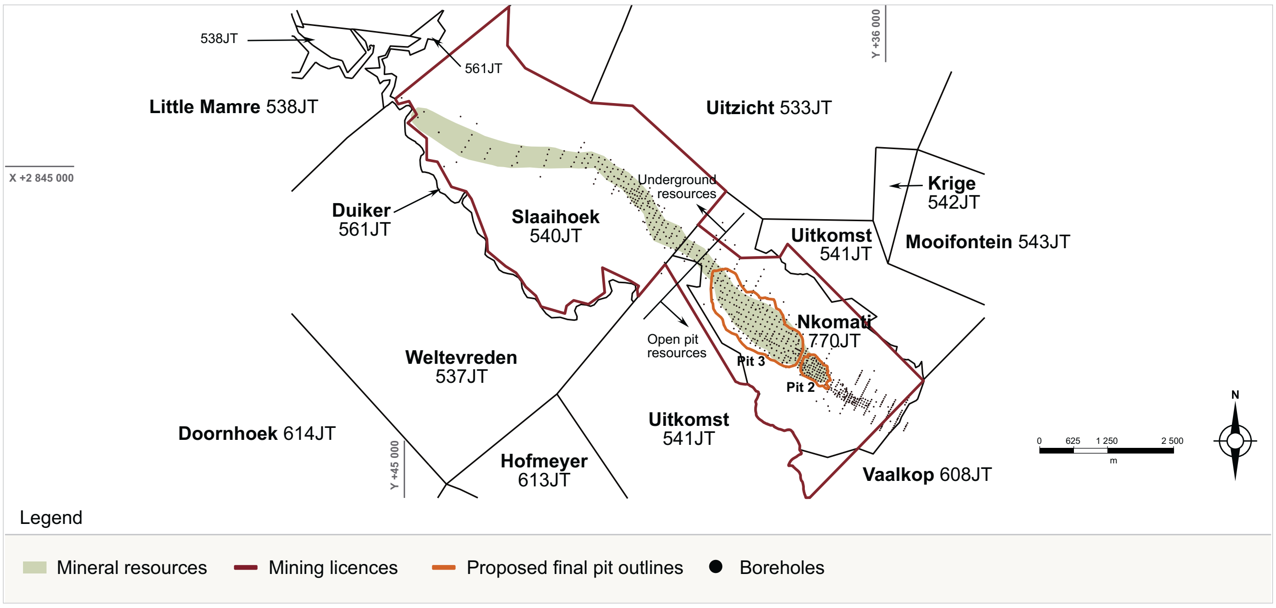
4E = Platinum + palladium + rhodium + gold.
Mineral Resources are inclusive of Mineral Reserves.
Totals are rounded off.

Nkomati Mine: Reserves

	Proved Reserves						Probable Reserves						Total 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
Underground Mine MMZ (underground)	–	–	–	–	–	–	0.35	10.66	0.48	0.21	0.03	1.15	10.66	0.48	0.21	0.03	1.15
Open Pit																	
MMZ Pits 3	0.16	21.56	0.40	0.17	0.02	0.96	0.16	44.00	0.36	0.16	0.02	0.92	65.56	0.37	0.16	0.02	0.93
PCMZ Pits 3	0.16	19.11	0.27	0.08	0.01	0.78	0.16	39.56	0.23	0.07	0.01	0.68	58.67	0.24	0.07	0.01	0.71
Total 2011 Mineral Reserve		**40.67**	**0.34**	**0.13**	**0.02**	**0.88**		**94.22**	**0.32**	**0.13**	**0.02**	**0.85**	**134.89**	**0.33**	**0.13**	**0.02**	**0.85**
Total 2010 Mineral Reserve		–	–	–	–	–		129.51	0.34	0.13	0.02	0.87	129.51	0.34	0.13	0.02	0.87

***4E** = platinum + palladium + rhodium + gold.*
Totals are rounded off.
Modifying factors: Economic pit design, geotechnical, and metallurgical factors.

Nkomati Mine locality map



Oxidised Massive Chromitite Resources

	Measured Resources		Indicated Resources		Inferred Resources		Total Resources (Measured + Indicated)	
	Mt	Cr_2O_3%	Mt	Cr_2O_3%	Mt	Cr_2O_3%	Mt	Cr_2O_3%
Total 2011 Chromitite (at 20% Cr_2O_3 cut-off) Resources	**1.43**	**31.59**	**–**	**–**	**–**	**–**	**1.43**	**31.59**
Total 2010 Chromitite (at 30% Cr_2O_3 cut-off) Resources	–	–	2.00	31.63	–	–	2.00	31.63

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

Oxidised Massive Chromitite Reserves

	Proved Reserves		Probable Reserves		Total Reserves	
	Mt	Cr_2O_3%	Mt	Cr_2O_3%	Mt	Cr_2O_3%
Total 2011 Chromitite (at 20% Cr_2O_3 cut-off) Reserves	**1.16**	**27.57**	**–**	**–**	**1.16**	**27.57**
Total 2010 Chromitite (at 30% Cr_2O_3 cut-off) Reserves	–	–	2.00	31.63	2.00	31.63

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

Chromite Stockpile Reserves

	Proved Reserves		Probable Reserves		Total Reserves	
	Mt	Cr_2O_3%	Mt	Cr_2O_3%	Mt	Cr_2O_3%
PCR stockpile	1.81	19.20	–	–	1.81	19.20
ROM Chromite stockpile	0.10	32.00	–	–	0.1	32.00
High Sulphur chromite stockpile	0.09	34.11	–	–	0.09	34.11
Chromite fines stockpile	0.02	23.00	–	–	0.02	23.00
2011 Total stockpile Reserves	**2.02**	**20.54**	**–**	**–**	**2.02**	**20.54**

Totals are rounded off.

ARM Platinum continued

Oxidised Chromititic Peridotite (PCR)

	Measured Mineral Resources		Indicated Mineral Resources		Inferred Mineral Resources	
	Mt	Cr_2O_3%	Mt	Cr_2O_3%	Mt	Cr_2O_3%
Total 2011 Oxidized PCR	**–**	**–**	**–**	**–**	**0.80**	**15.70**
Total 2010 Oxidized PCR	–	–	–	–	3.70	10.30

Totals are rounded off.

Nkomati Nickel Mine PCMZ concentrator plant Sandvik Crusher during construction

Two Rivers Platinum Mine

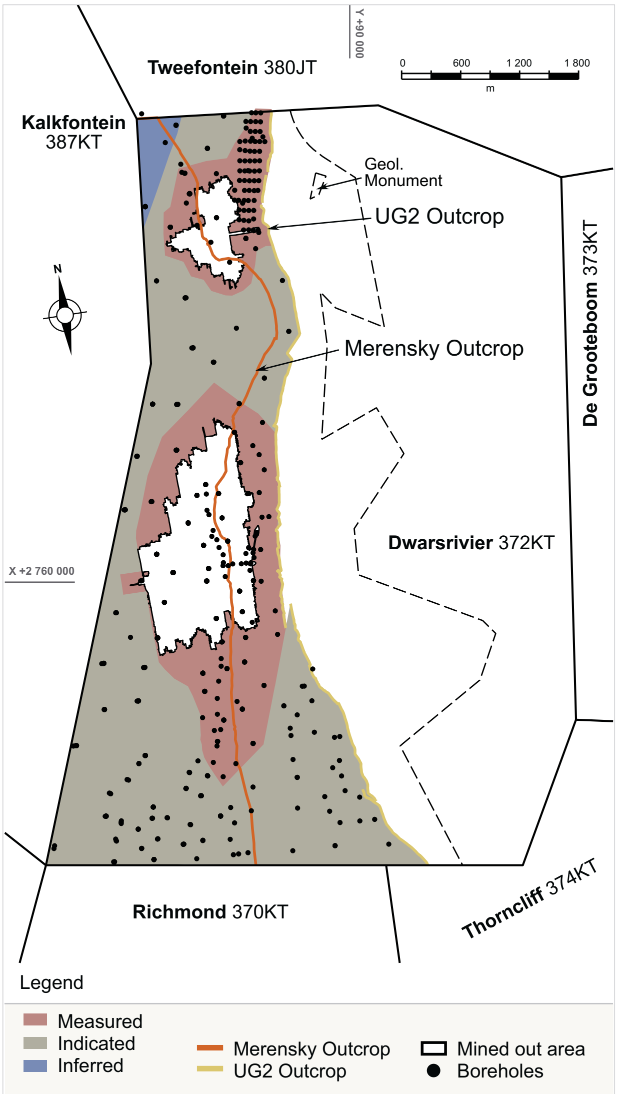
ARM's attributable beneficial interest in Two Rivers operations is 55%. The other 45% is held by Impala Platinum.

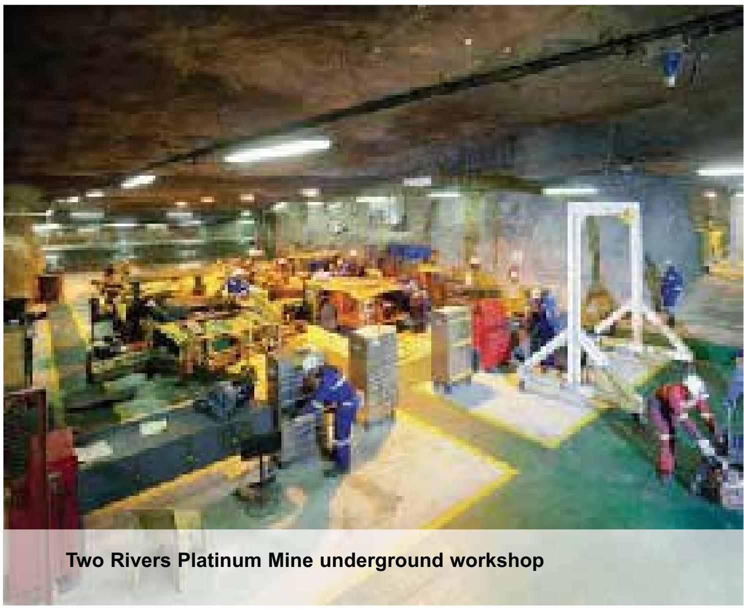
UG2 Mineral Resources

	(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	12.68	2.59	1.46	0.49	0.04	4.58	5.49	1.05	2.24
Indicated	46.65	2.00	1.20	0.37	0.04	3.62	4.33	3.00	6.49
Total 2011	**59.33**	**2.13**	**1.26**	**0.40**	**0.04**	**3.82**	**4.58**	**4.06**	**8.73**
Total 2010	55.65	2.17	1.27	0.41	0.04	3.89	4.67	3.88	8.36
Inferred	1.17	2.69	1.43	0.50	0.04	4.66	5.66	0.10	0.21

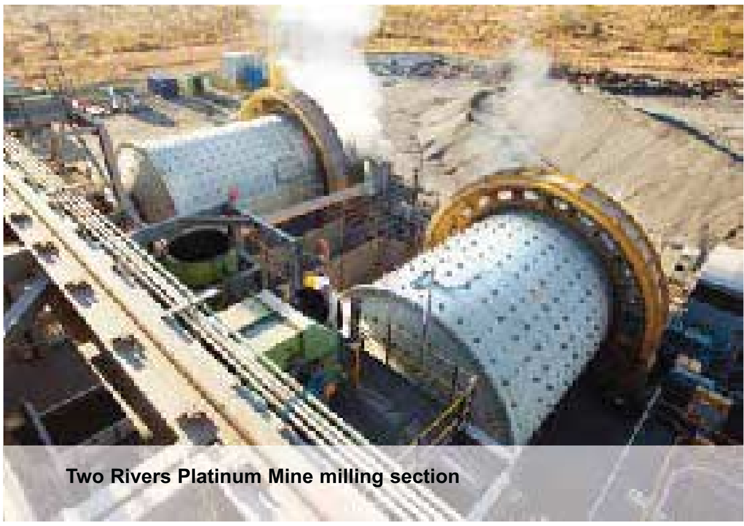
__3PGE__ = platinum + palladium + rhodium; __5PGE__ = platinum + palladium + rhodium + iridium + ruthenium; __6E__ = 5PGE + gold.
Mineral Resources are inclusive of Mineral Reserves.
Totals are rounded off.

Two Rivers Mine UG2 Resource classification map





Two Rivers Platinum Mine underground workshop



Two Rivers Platinum Mine milling section

ARM Platinum continued

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	9.57	1.87	1.04	0.36	0.03	3.30	3.96	0.58	1.22
Probable	29.45	1.57	0.93	0.30	0.03	2.83	3.40	1.49	3.22
Total 2011	**39.03**	**1.64**	**0.95**	**0.32**	**0.03**	**2.95**	**3.54**	**2.06**	**4.44**
Total 2010	35.92	1.65	0.95	0.32	0.03	2.94	3.54	1.90	4.09

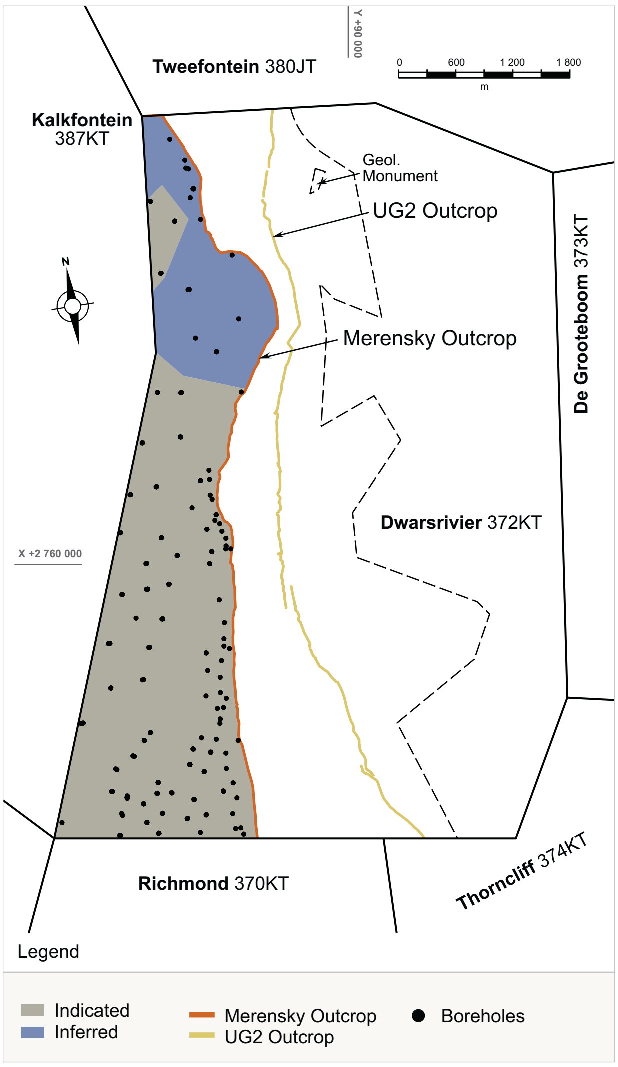
__3PGE__ = platinum + palladium + rhodium; __5PGE__ = platinum + palladium + rhodium + iridium + ruthenium; __6E__ = 5PGE + gold.
Totals are rounded off.
Modifying factors: Mining losses, dilution, geotechnical and metallurgical factors.

Merensky Reef Mineral Resources

	Mt	Pt g/t	Pd g/t	Rh g/t	Au g/t	(3PGE + Au) g/t	6E g/t	Pt Moz	6E Moz
Measured	–	–	–	–	–	–	–	–	–
Indicated	38.36	1.73	0.96	0.10	0.20	2.98	3.17	2.13	3.91
Total 2011	**38.36**	**1.73**	**0.96**	**0.10**	**0.20**	**2.98**	**3.17**	**2.13**	**3.91**
Total 2010	18.70	2.01	0.98	0.07	0.28	3.34	3.55	1.21	2.13
Inferred	10.39	1.64	0.88	0.11	0.18	2.81	2.99	0.55	1.00

__3PGE__ = platinum + palladium + rhodium; __5PGE__ = platinum + palladium + rhodium + iridium + ruthenium; __6E__ = 5PGE + gold.
Totals are rounded off.

Two Rivers Mine Merensky Resource classification map




Two Rivers Platinum Mine flotation section


Two Rivers Platinum Mine ore stockpile

Modikwa Platinum Mine

ARM's attributable beneficial interest in Modikwa's operations is 41.5%. The other 50% is held by Anglo American Platinum.

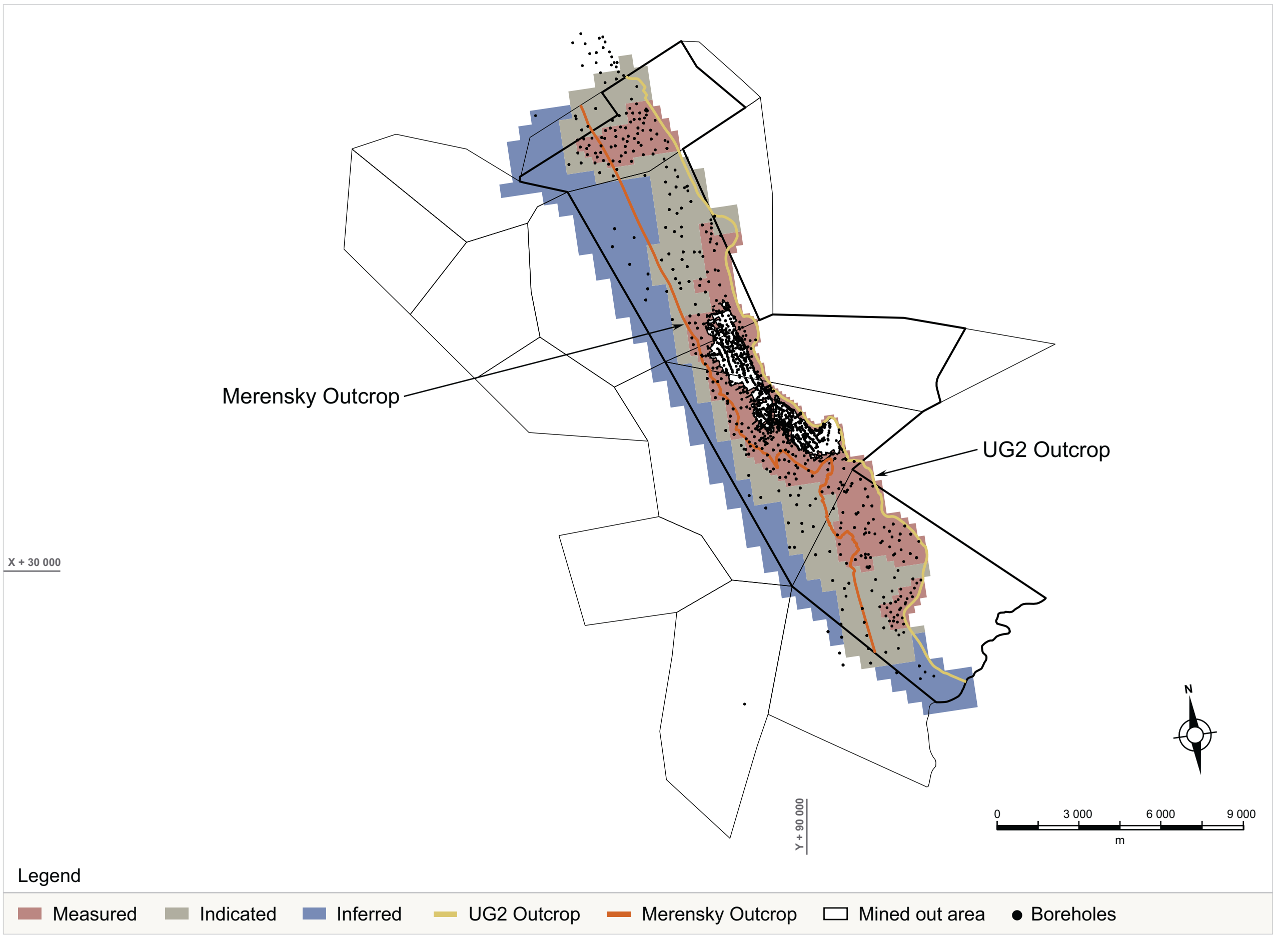
Mineral Resources and Reserves UG2

	Mineral Resources		
	Mt	3PGE + Au g/t	Moz
Measured Indicated	50.2 91.0	5.89 5.88	9.5 17.2
Total Measured and Indicated 2011	**141.2**	**5.89**	**26.7**
Total Measured and Indicated 2010 Inferred	149.01 75.5	5.86 6.18	28.08 15.0

	Mineral Reserves		
	Mt	3PGE + Au g/t	Moz
Proved Probable	20.49 34.94	4.96 4.79	3.27 5.38
Total Reserves 2011	**55.43**	**4.86**	**8.65**
Total Reserves 2010	47.57	4.94	7.55

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

Modikwa Mineral Resource classification map

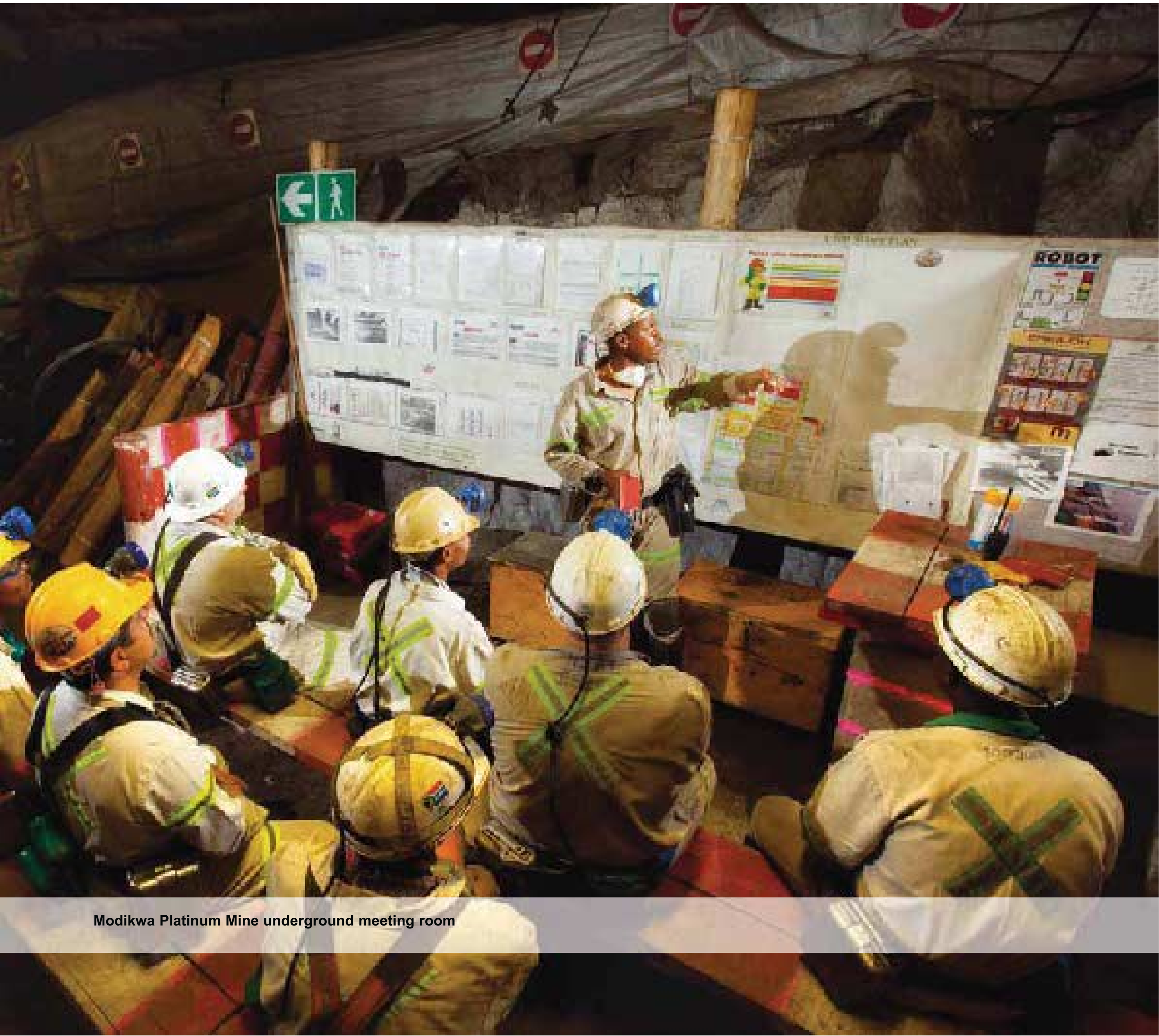


ARM Platinum continued

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 2011	**72.00**	**2.78**	**6.44**
Total Measured and Indicated 2010	72.00	2.78	6.44
Inferred	136.84	2.65	11.66

***3PGE** = platinum + palladium + rhodium.*
Totals are rounded off.



Modikwa Platinum Mine underground meeting room

Kalplats Platinum Projects

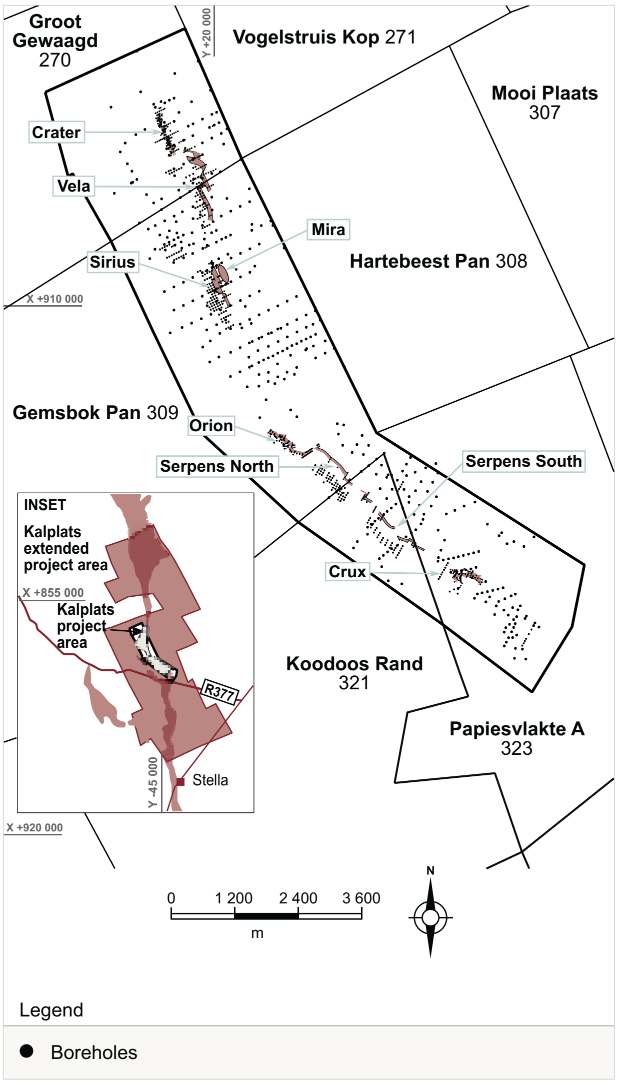
ARM's attributable beneficial interest in Kalplats' operations is currently 90%.

Kalplats Mineral Resources

	Measured Resources		Indicated Resources		Total 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	–	–	4.96	1.41	4.96	1.41	0.22	2.74	1.47	7.70	1.43	0.35
Serpens S	–	–	–	–	–	–	–	10.76	1.34	10.76	1.34	0.46
Total 2011	**14.04**	**1.59**	**55.88**	**1.46**	**69.91**	**1.48**	**3.33**	**67.44**	**1.57**	**137.36**	**1.53**	**6.74**
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

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

Kalplats Platinum Projects locality map




Modikwa Platinum Mine 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

	Measured Mt	Indicated Mt	Measured and Indicated Mt	Inferred Mt	Proved Mt	Probable Mt	Total Reserves Mt	Saleable Mt
Total Resources 2011	**566.6**	**41.4**	**608.0**	**–**	**357.7**	**6.1**	**363.8**	**206.2**
Total Resources 2010	522.9	27.7	550.6	63.2	364.4	–	364.4	195.4

ARM Copper

Konkola North Copper Project

ARM's attributable beneficial interest in Konkola North Copper project, Zambia, is 50%. The other 50% is held by Vale. Konkola North was subject to a buy-in right of up to 20% (5% free-carried interest) by state owned Zambia Consolidated Copper Mines Investment Holdings plc (ZCCM). ZCCM has exercised this right and the transfer of the 20% is in the process of being effected.

The Konkola North Copper Project

Mineral Resources	Mt	%TCu	Mt Contained Cu
Measured South Limb	0.7	2.70	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	2.10	0.01
Indicated Fold axis	11.8	2.70	0.32
Total Fold axis	**12.2**	**2.68**	**0.33**
Total Measured and Indicated 2011	**57.4**	**2.42**	**1.40**
Total Measured and Indicated 2010	57.4	2.42	1.39
Inferred South Limb	13.8	2.22	
Inferred East Limb	0.4	2.00	
Inferred Fold axis	9.7	2.25	
Inferred Area A	219.5	2.64	

Totals are rounded off.

ARM Copper

ARM's attributable beneficial interest in exploration ventures is 30%. Vale owns 30%, whilst the balance of 40% is owned by Gecamines.

Mineral Resources are at total 0.5% copper cut-off grade.

Kalumines Properties (DRC) – Mineral Resources

Mineral Resources	Mt	%TCu	Mt Contained Cu
Lupoto			
Indicated Domain 1	12.25	2.33	0.29
Indicated Domain 2	10.40	2.63	0.27
Total Indicated Mineral Resources (Lupoto)	22.65	2.47	0.56
Kasonta			
Indicated Domain 1	10.03	1.29	0.13
Indicated Domain 2	8.73	1.74	0.15
Total Indicated Mineral Resources (Kasonta)	18.76	1.50	0.28
Karu East			
Indicated Domain 2	6.81	2.10	0.14
Total Indicated Mineral Resources (Karu East)	6.81	2.10	0.14
Niamumenda			
Indicated Domain 1	1.96	1.44	0.03
Indicated Domain 2	2.07	2.46	0.05
Total Indicated Mineral Resource (Niamumenda)	4.03	1.96	0.08
Total Indicated Mineral Resources	**52.25**	**2.03**	**1.06**
Lupoto			
Inferred Domain 1	12.28	1.85	0.23
Inferred Domain 2	0.75	2.37	0.02
Kasonta			
Inferred Domain 1	4.13	1.31	0.05
Inferred Domain 2	0.016	0.79	–
Karu East			
Inferred Domain 2	0.15	2.70	0.004
Niamumenda			
Inferred Domain 1	0.56	1.17	0.007
Inferred Domain 2	0.003	0.67	–

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.

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.