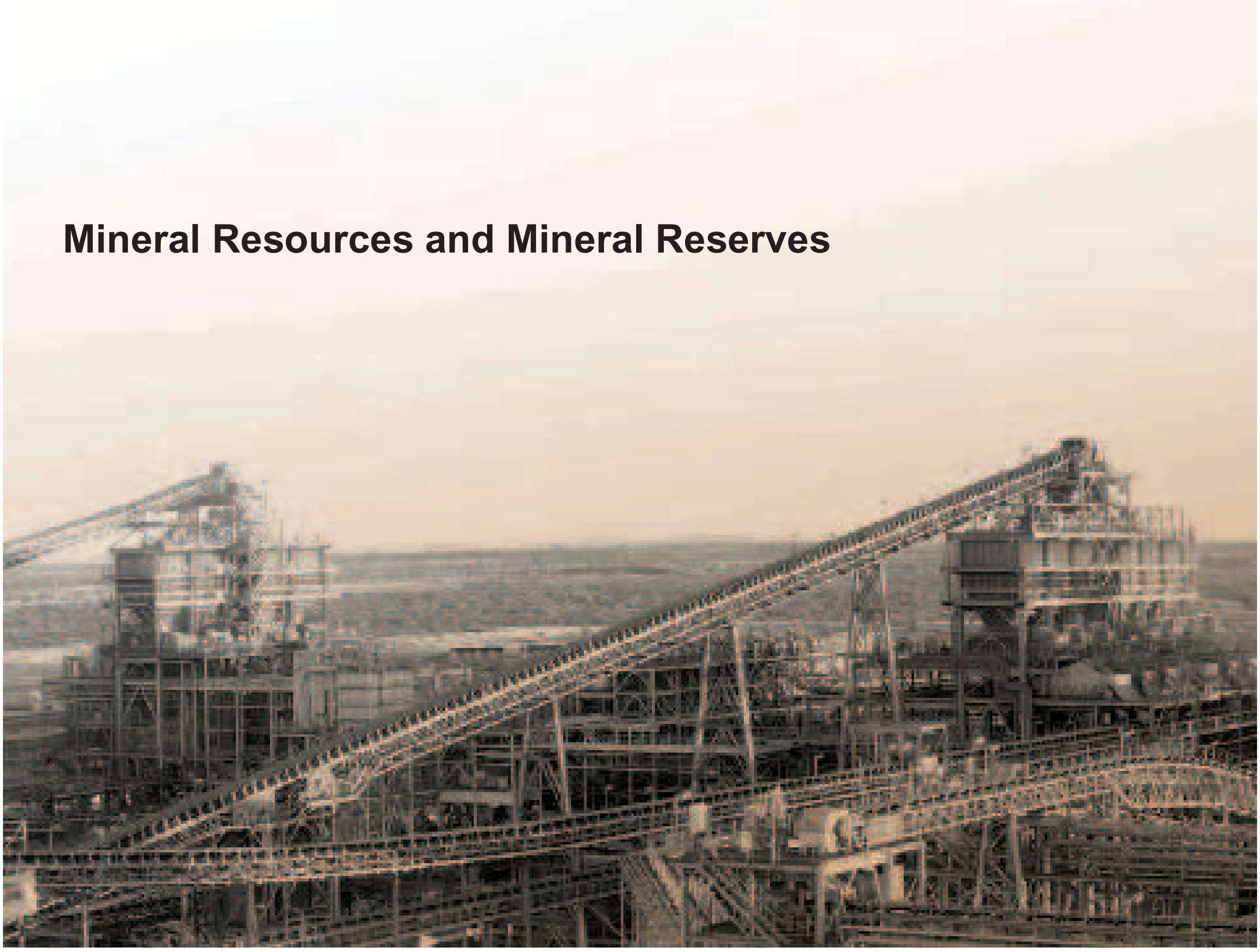
Mineral Resources and Mineral Reserves



Competent person's report on Mineral Resources and Mineral Reserves

The report is issued as the annual update of the 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 F2012

ARM Ferrous	
Khumani	Significant increase in King Measured and Indicated Resources from 376.46 to 481.18 million tonnes after drilling additional boreholes and remodelling.
Beeshoek	A total of 12.50 million tonnes on the contaminated ore dumps has been included in the Mine's Reserve inventory.
Nchwaning	Mineral Reserves increased by 4% to 110.34 million tonnes due to the increase in the mining cut from 3.5 to 4.5 metres for Nchwaning 3.
Gloria	The drilling of 27 new boreholes and remodelling of Seam 1 resulted in an increase of 37% in Mineral Reserves to 93.82 million tonnes.
Dwarsrivier	17% increase in Mineral Reserves to 39.15 million tonnes due to inclusion of 47 new boreholes in the Mineral Resources and Reserves update.
ARM Platinum	
Two Rivers	UG2 Inferred Mineral Resources were upgraded to Indicated category following re-interpretation of the geological structures in the north-western part of the Mine.
ARM Coal	
Goedgevonden	Production increased by 8% to 6.4 million tonnes.
ARM Copper	
Lubambe	Mineral Reserves of 9.34 million tonnes covering a three year plan area have been declared.

F2012 Mineral Resources/Reserves summary

Platinum	Mineral Resources (Measured and Indicated) Mt	Mineral Resources Grade (g/t)	Mineral Reserves (Proved and Probable) Mt	Mineral Reserves Grade (g/t)	Mineral Reserves Moz
Two Rivers					
UG2	57.82	4.55(6E)	35.14	3.52(6E)	3.98(6E)
Merensky	38.16	3.17(6E)			
Modikwa*					
UG2	143.24	5.89(4E)	54.78	4.71(4E)	8.30(4E)
Merensky	72.00	2.78(4E)			
Nkomati	281.01	0.86(4E)	128.61	0.93(4E)	3.85(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) Mt	Mineral Resources Ni%	Mineral Reserves (Proved and Probable) Mt	Mineral Reserves Ni%
Nkomati MMZ+PCMZ	281.01	0.34	128.61	0.32

Manganese	Mineral Resources (Measured and Indicated) Mt	Mineral Resources Mn%	Mineral Resources Fe%	Mineral Reserves (Proved and Probable) Mt	Mineral Reserves Mn%	Mineral Reserves Fe%
Nchwaning						
Seam 1	142.38	43.9	9.0	110.34	43.9	9.0
Seam 2	180.80	42.4	15.5			
Black Rock						
Seam 1	43.60	40.6	18.1			
Seam 2	26.81	38.6	19.8			
Gloria						
Seam 1	126.79	37.6	4.7	93.82	37.6	4.7
Seam 2	29.40	29.9	10.1			

Iron ore	Mineral Resources (Measured and Indicated) Mt	Mineral Resources Fe%	Mineral Reserves (Proved and Probable) Mt	Mineral Reserves Fe%
Beeshoek	117.45	63.73	54.00	64.05
Dumps			12.50	55.44
Khumani				
Bruce	227.79	64.53	168.73	64.15
King	481.18	64.13	344.13	64.61
Dumps			1.76	56.22

Chromite	Mineral Resources (Measured and Indicated) Mt	Mineral Resources Cr_2O_3%	Mineral Reserves (Proved and Probable) Mt	Mineral Reserves Cr_2O_3%
Dwarsrivier	55.03	38.11	39.15	34.01
Nkomati	0.23	33.95	0.23	27.92

Coal	Mineral Resources (Measured and Indicated) Mt	Mineral Reserves Proved and Probable Mt	Mineral Reserves Saleable Mt
Goedgevonden	604.0	349.0	198.0

Copper	Mineral Resources (Measured and Indicated) Mt	Mineral Resources %TCu	Mineral Reserves (Proved and Probable) Mt	Mineral Reserves %TCu
Lubambe	57.4	2.42	9.34*	2.33

* *Mineral Reserves based on a three year plan area.*

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 2012. External consulting firms audit the resources and reserves of the ARM operations on a three-to-four year cycle basis.

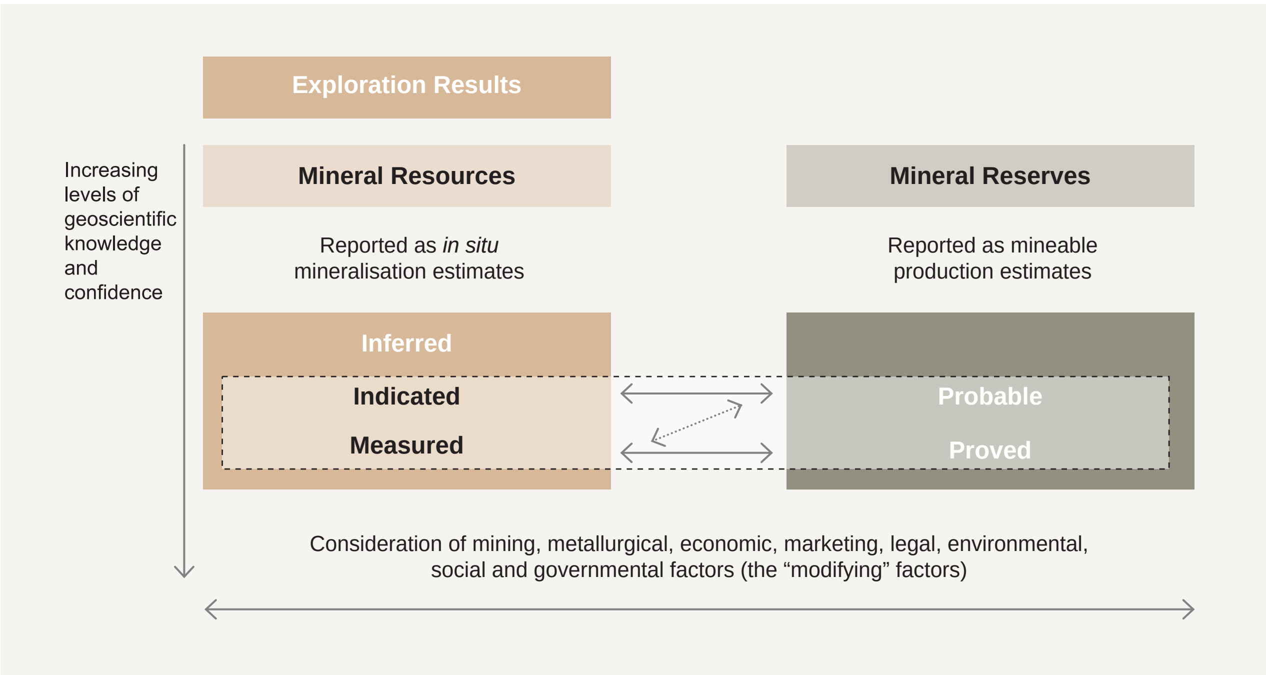
The classification into Measured, Indicated and Inferred Mineral Resources is done by means of geostatistical parameters such as kriging efficiency, kriging variance, slope of regression and a combination of the number of samples used and the dynamic search volume to inform a block. The spacing of boreholes as well as the geological structures are also considered in the classification.

The Mineral Resources and Mineral Reserves are reported on a total basis regardless of the attributable beneficial interest that ARM has on the individual projects or mines. When the attributable beneficial interest on a mine or project is less 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



Two Rivers Platinum Mine silos and conveyors

Competence

The competent person with overall responsibility for the compilation of the Mineral Reserves and Resources 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
P D Haken	S.A.I.M.M	Copper

* *External consultants.*

P J van der Merwe
24 Impala Road, Chislehurston, Sandton

16 October 2012

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

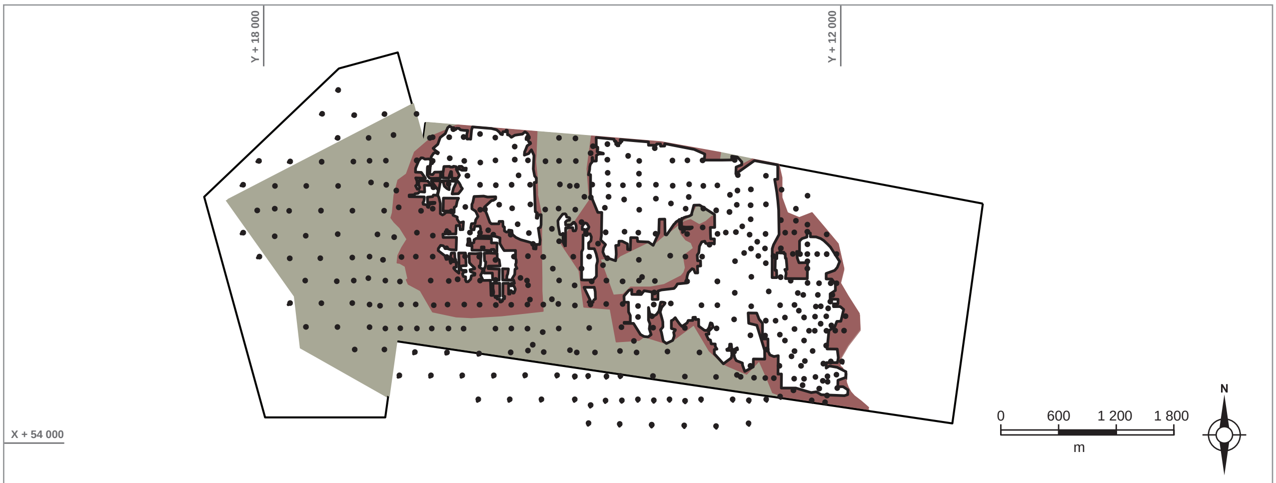
Nchwaning Mine: Seam 1 Manganese Resources and Reserves

	Mineral Resources		
	Mt	Mn%	Fe%
Measured	42.89	45.8	9.4
Indicated	99.49	43.1	8.8
Total Resources (Seam 1) 2012	**142.38**	**43.9**	**9.0**
Total Resources (Seam 1) 2011	126.69	44.9	8.6

	Mineral Reserves		
	Mt	Mn%	Fe%
Proved	33.24	45.8	9.4
Probable	77.10	43.1	8.8
Total Reserves (Seam 1) 2012	**110.34**	**43.9**	**9.0**
Total Reserves (Seam 1) 2011	106.28	44.9	8.6

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

Nchwaning Seam 1 Mineral Resource Classification Map



Legend

Measured Indicated Mined out area Boreholes

Gloria Manganese Mine plant

Nchwaning Mine: Seam 2 Manganese Resources

Mineral Resources	Mt	Mn%	Fe%
Measured	53.37	42.0	16.3
Indicated	127.43	42.6	15.2
Total Resources (Seam 2) 2012	**180.80**	**42.4**	**15.5**
Total Resources (Seam 2) 2011	180.80	42.4	15.5

Totals are rounded off.

Black Rock: Seam 1 Manganese Resources

Mineral Resources	Mt	Mn%	Fe%
Measured	9.03	40.3	18.1
Indicated	34.57	40.7	18.1
Total Resources (Seam 1) 2012	**43.60**	**40.6**	**18.1**
Total Resources (Seam 1) 2011	43.60	40.6	18.1

Totals are rounded off.

Black Rock: Seam 2 Manganese Resources

Mineral Resources	Mt	Mn%	Fe%
Measured	8.23	37.4	19.8
Indicated	18.58	39.2	19.8
Total Resources (Seam 2) 2012	**26.81**	**38.6**	**19.8**
Total Resources (Seam 2) 2011	26.81	38.6	19.8

Totals are rounded off.

Parsons plant, Khumani Iron Ore Mine

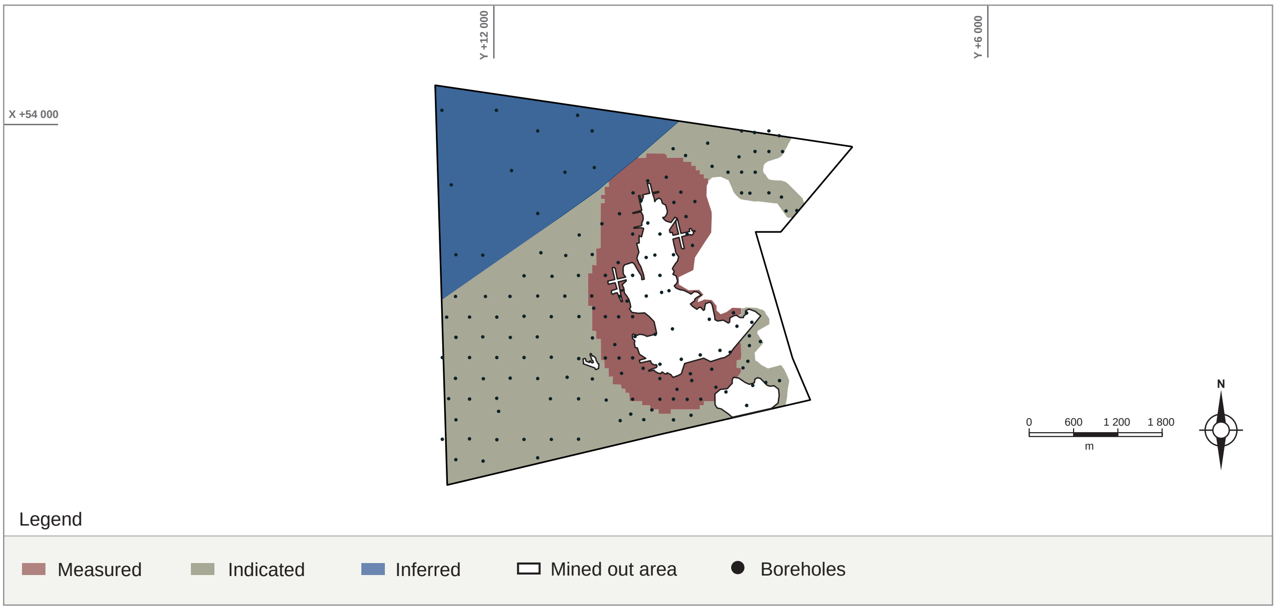
Gloria Mine: Seam 1 Manganese Resources and Reserves

	Mineral Resources		
	Mt	Mn%	Fe%
Measured	33.92	37.7	4.9
Indicated	92.87	37.6	4.6
Total Resources (Seam 1) 2012	**126.79**	**37.6**	**4.7**
Total Resources (Seam 1) 2011	92.23	37.8	4.9
Inferred 2012	48.49	36.7	5.0

	Mineral Reserves		
	Mt	Mn%	Fe%
Proved	25.10	37.7	4.9
Probable	68.72	37.6	4.6
Total Reserves (Seam 1) 2012	**93.82**	**37.6**	**4.7**
Total Reserves (Seam 1) 2011	68.25	37.8	4.9

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

Gloria Seam 1 Mineral Resource Classification Map



Gloria Mine: Seam 2 Manganese Resources

Mineral Resources	Mt	Mn%	Fe%
Measured			
Indicated	29.40	29.9	10.1
Total Resources (Seam 2) 2012	**29.40**	**29.9**	**10.1**
Total Resources (Seam 2) 2011	29.40	29.9	10.1
Inferred 2012	128.24		

Totals are rounded off.

Iron Ore Mines

Beeshoek Iron Ore Mine: Resources and Reserves

Pit/Area	Measured Resources Mt	Measured Resources Fe%	Indicated Resources Mt	Indicated Resources Fe%	Inferred Resources Mt	Inferred Resources Fe%	Total Resources Measured + Indicated Mt	Total Resources Measured + Indicated Fe%	Proved Reserves Mt	Proved Reserves Fe%	Probable Reserves Mt	Probable Reserves Fe%	Total Reserves Mt	Total Reserves Fe%
BN	22.44	63.30					22.44	63.30	12.79	63.53			12.79	63.53
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	2.69	64.93	0.05	65.03			2.74	64.93						
West Pit	9.45	63.19			0.050	61.88	9.45	63.19						
Detrital*					2.500	60.00								
Total 2012	**114.06**	**63.73**	**3.39**	**63.55**	**2.553**	**60.04**	**117.45**	**63.73**	**53.99**	**64.05**	**0.01**	**63.64**	**54.00**	**64.05**
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

Mineral Resources are inclusive of Mineral Reserves.
Totals are rounded off.
Modifying factors: Economic pit design, customer product specifications.
* *Detrital is loose fragmented material occurring in various areas at Beeshoek.*

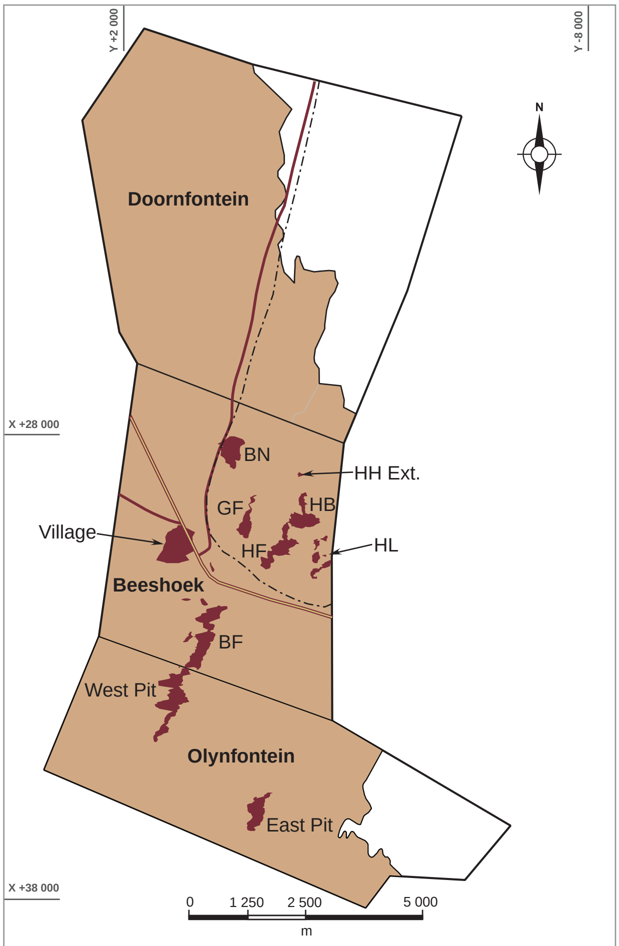
Beeshoek ROM Dumps

Area	Probable Reserves Mt	Probable Reserves Fe%	Total Reserves Mt	Total Reserves Fe%
North Mine (B Dump)	0.60	60.00	0.60	60.00
North Mine (C Dump)	2.10	55.00	2.10	55.00
South Mine (B Dump)	0.50	60.00	0.50	60.00
South Mine (C Dump)	9.30	55.00	9.30	55.00
Total 2012 Dumps*	**12.50**	**55.44**	**12.50**	**55.44**

Totals are rounded off.
* *Dumps are beneficiated to produce a saleable product.*

Beeshoek Iron Ore Mine

Beeshoek Orebody Locality Map



Legend

Orebody outlines

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	79.79	64.63	36.72	64.36	0.07	64.11	116.51	64.54	64.83	64.36	26.95	63.76	91.78	64.18
Bruce B	74.73	64.50	20.60	63.90	7.79	64.95	95.33	64.37	59.08	64.17	9.38	63.15	68.46	64.03
Bruce C	11.35	65.40	4.60	65.54	0.30	62.88	15.95	65.44	7.66	64.78	0.83	64.95	8.49	64.80
King/Mokaning	311.03	64.40	170.15	63.65	11.70	62.18	481.18	64.13	202.93	64.72	141.20	64.44	344.13	64.61
Detrital*					4.00	60.00								
Total 2012	**476.90**	**64.48**	**232.07**	**63.82**	**23.86**	**62.73**	**708.97**	**64.26**	**334.50**	**64.55**	**178.36**	**64.27**	**512.86**	**64.46**
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

Mineral Resources are inclusive of Mineral Reserves.
Totals are rounded off.
Modifying factors: Economic pit design, customer product specifications.
* *Detrital is loose fragmented material occurring in various areas at Khumani.*

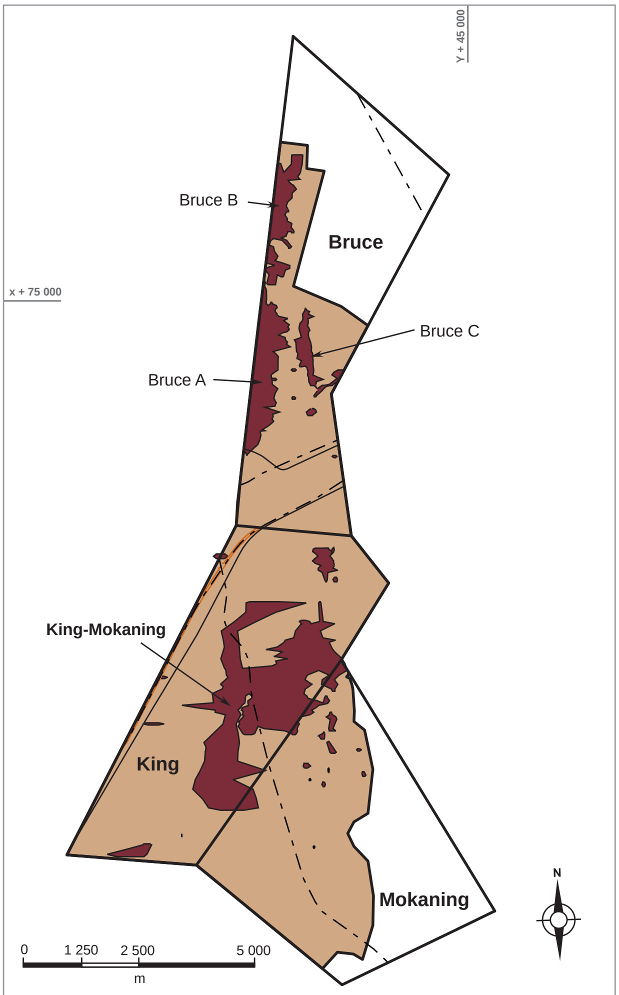
Khumani ROM Dumps

Area	Probable Reserves		Total Reserves	
	Mt	Fe%	Mt	Fe%
Bruce (Off-grade)	1.33	55.00	1.33	55.00
King (Detrital)	0.43	60.00	0.43	60.00
Total 2012 Dumps*	**1.76**	**56.22**	**1.76**	**56.22**

Totals are rounded off.
* *Dumps are beneficiated to produce a saleable product.*

Load-out stackers, Khumani Iron Ore Mine

Khumani Orebody Locality Map



Legend

Orebody outlines

Chromite Mine

Dwarsrivier Chrome Mine: Chrome Resources and Reserves

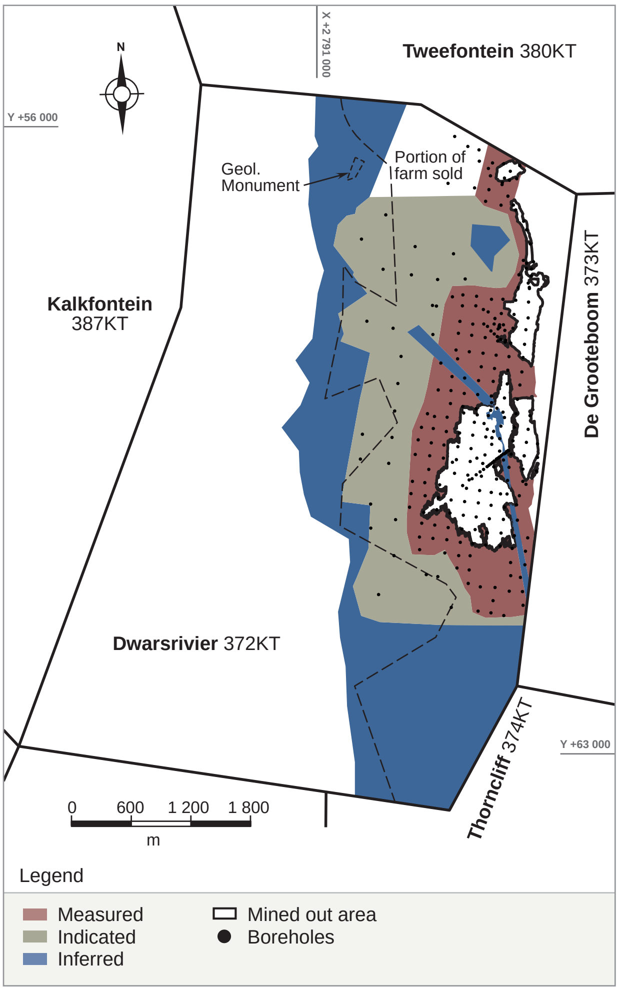
	Mineral Resources		
	Mt	Cr_2O_3%	FeO%
Measured	20.43	38.45	22.62
Indicated	34.60	37.91	22.50
Total Measured and Indicated 2012	**55.03**	**38.11**	**22.54**
Total Measured and Indicated 2011	48.77	39.05	23.03
Inferred	48.17	38.35	22.96

	Mineral Reserves		
	Mt	Cr_2O_3%	FeO%
Proved	12.99	33.79	21.15
Probable	26.16	34.12	21.33
Total Reserves 2012	**39.15**	**34.01**	**21.27**
Total reserves 2011	33.44	35.69	22.03

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

Dwarsrivier Chrome Mine

Dwarsrivier Mineral Resource Classification Map



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)					
	Mt	Ni%	Cu%	Co%	4E g/t	Cr_2O_3 %	Mt	Ni%	Cu%	Co%	4E g/t	Cr_2O_3 %	Mt	Ni%	Cu%	Co%	4E g/t	Cr_2O_3 %	Mt	Ni%	Cu%	Co%	4E g/t	Cr_2O_3 %
Underground Mine MMZ (Cut-off 0.30% Ni)	6.42	0.58	0.23	0.03	1.18		43.54	0.48	0.21	0.03	1.08		1.84	0.36	0.24	0.02	0.80		49.96	0.49	0.21	0.03	1.09	
Underground Mine PCMZ (Cut-off 0.30% Ni)	2.27	0.36	0.12	0.02	0.83	13.96	26.91	0.38	0.13	0.02	0.83	9.75	52.14	0.37	0.12	0.02	0.90	11.06	29.18	0.38	0.13	0.02	0.83	10.08
Open Pit MMZ Pit 3 (Cut-off 0.16% Ni)	22.26	0.41	0.18	0.02	1.00		67.60	0.37	0.17	0.02	0.94								89.86	0.38	0.17	0.02	0.95	
Open Pit PCMZ Pit 3 (Cut-off 0.16% Ni)	16.01	0.27	0.08	0.01	0.80	12.95	96.00	0.22	0.07	0.01	0.66	13.80							112.01	0.23	0.07	0.01	0.68	13.68
Total 2012 Mineral Resources	**46.96**	**0.38**	**0.15**	**0.02**	**0.95**		**234.05**	**0.33**	**0.13**	**0.02**	**0.84**		**53.98**	**0.37**	**0.12**	**0.02**	**0.90**		**281.01**	**0.34**	**0.13**	**0.02**	**0.86**	
Total 2011 Mineral Resources	52.99	0.37	0.13	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	

***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				
	Mt	Ni%	Cu%	Co%	4E g/t	Mt	Ni%	Cu%	Co%	4E g/t	Mt	Ni%	Cu%	Co%	4E g/t
Underground Mine MMZ (underground) Cut-off 0.35% Ni)						11.16	0.46	0.21	0.03	1.17	11.16	0.46	0.21	0.03	1.17
Open Pit MMZ Pits 3 (Cut-off 0.16% Ni)	19.72	0.39	0.17	0.02	0.98	42.22	0.34	0.17	0.02	0.93	61.94	0.36	0.17	0.02	0.95
PCMZ Pits 3 (Cut-off 0.16% Ni)	14.60	0.27	0.08	0.01	0.79	40.91	0.23	0.07	0.01	0.89	55.51	0.24	0.07	0.01	0.86
Total 2012 Mineral Reserve	**34.32**	**0.34**	**0.13**	**0.02**	**0.90**	**94.29**	**0.31**	**0.13**	**0.02**	**0.94**	**128.61**	**0.32**	**0.13**	**0.02**	**0.93**
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

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

Oxidised Massive Chromitite Resources

	Measured Resources		Indicated Resources		Inferred Resources		Total Resources (Measured and Indicated)	
	Mt	Cr_2O_3%	Mt	Cr_2O_3%	Mt	Cr_2O_3%	Mt	Cr_2O_3%
Total 2012 Chromitite Resources (Cut-off 20% Cr_2O_3)	**0.23**	**33.95**					**0.23**	**33.95**
Total 2011 Chromitite Resources (Cut-off 20% Cr_2O_3)	1.43	31.59					1.43	31.59

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

Oxidised Chromititic Peridotite (PCR) Resources

	Measured Resources		Indicated Resources		Inferred Resources	
	Mt	Cr_2O_3%	Mt	Cr_2O_3%	Mt	Cr_2O_3%
Total 2012 Oxidised PCR Pit 3					**0.41**	**16.58**
Total 2011 Oxidised PCR					0.80	15.70

Oxidised Massive Chromitite Reserves

	Proved Reserves		Probable Reserves		Total Reserves	
	Mt	Cr_2O_3%	Mt	Cr_2O_3%	Mt	Cr_2O_3%
Total 2012 Chromitite Reserves (Cut-off 20% Cr_2O_3)	**0.23**	**27.92**			**0.23**	**27.92**
Total 2011 Chromitite Reserves (Cut-off 20% Cr_2O_3)	1.16	27.57			1.16	27.57

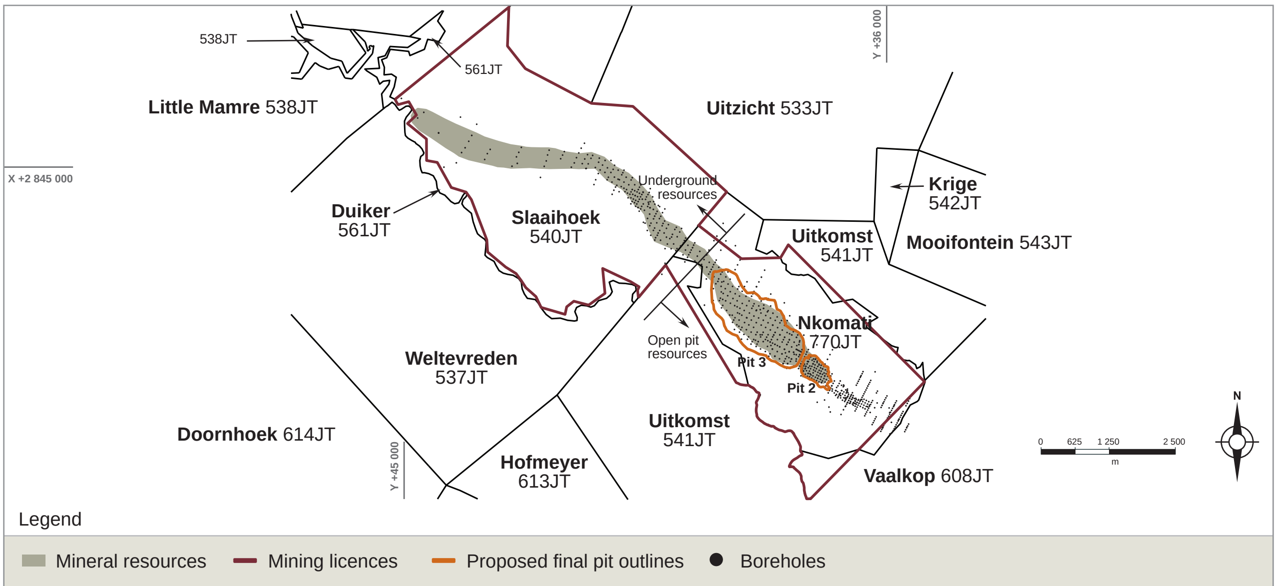
Totals are rounded off.
Modifying factors: Economic pit design, mining losses, mining dilution, metallurgical, geotechnical.

Chromite Stockpile Reserves

	Proved Reserves		Probable Reserves		Total Reserves	
	Mt	Cr_2O_3%	Mt	Cr_2O_3%	Mt	Cr_2O_3%
PCR stockpile	2.16	19.20			2.16	19.20
ROM Chromite stockpile	0.21	35.43			0.21	35.43
Chromite fines stockpile	0.04	28.85			0.04	28.85
2012 Total stockpiles Reserves	**2.41**	**20.77**			**2.41**	**20.77**
2011 Total stockpiles Reserves	2.02	20.54			2.02	20.54

Totals are rounded off.

Nkomati Mine Mineral Resource Locality Map



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)								
Mineral Resources	Mt	Pt g/t	Pd g/t	Rh g/t	Au g/t	4E g/t	6E g/t	Pt Moz	6E Moz
Measured	12.53	2.56	1.45	0.48	0.04	4.54	5.45	1.03	2.20
Indicated	45.29	1.99	1.19	0.37	0.04	3.58	4.30	2.89	6.26
Total (Measured and Indicated) 2012	**57.82**	**2.11**	**1.24**	**0.40**	**0.04**	**3.79**	**4.55**	**3.92**	**8.45**
Total (Measured and Indicated) 2011	59.33	2.13	1.26	0.40	0.04	3.82	4.58	4.06	8.73

__4E__ = platinum + palladium + rhodium + gold; __6E__ = platinum + palladium + rhodium + iridium + ruthenium + gold.
Mineral Resources are inclusive of Mineral Reserves.
Totals are rounded off.

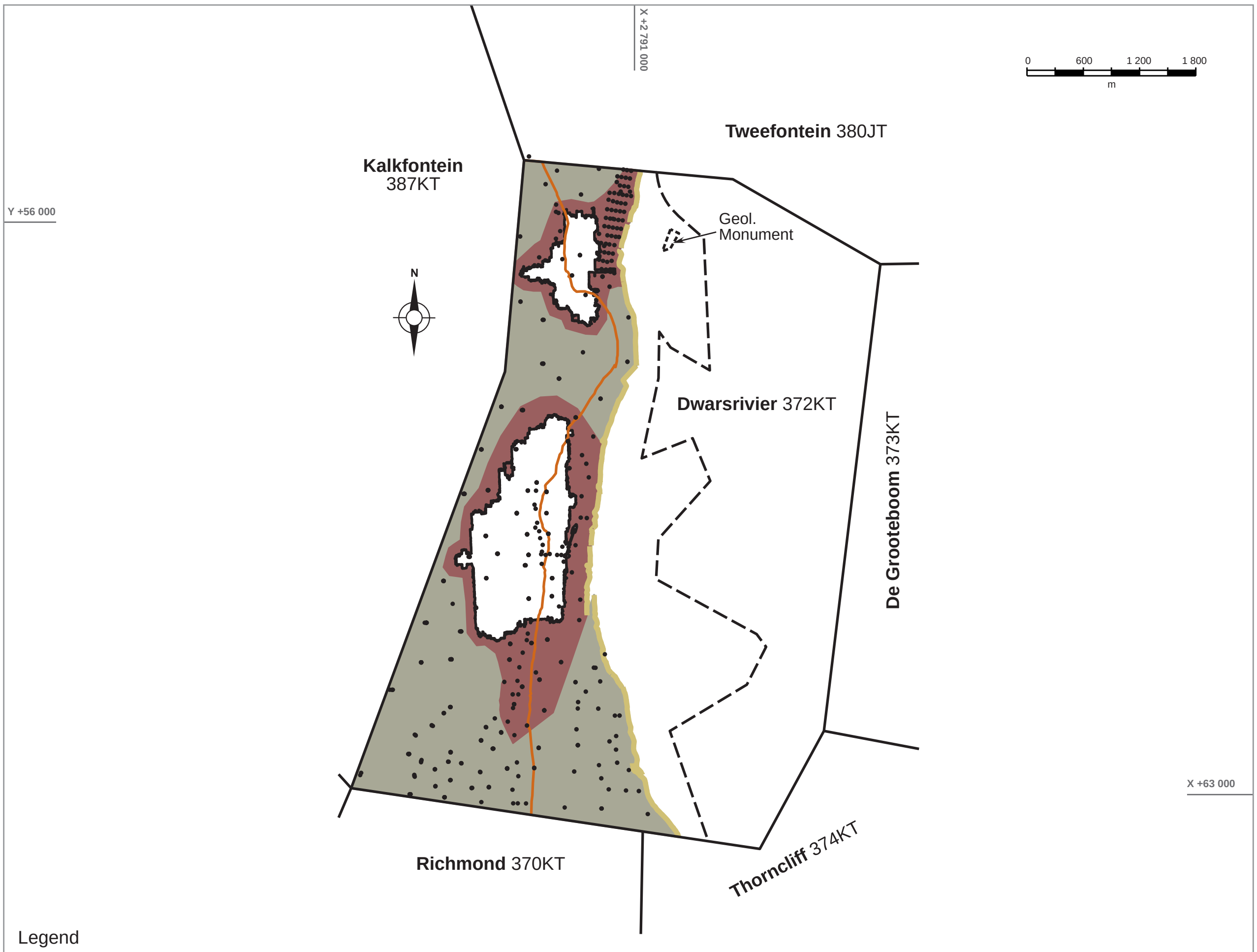
UG2 Mineral Reserves

	(UG2 + Internal Pyroxenite)								
Mineral Reserves	Mt	Pt g/t	Pd g/t	Rh g/t	Au g/t	4E g/t	6E g/t	Pt Moz	6E Moz
Proved	7.99	1.88	1.02	0.36	0.03	3.29	3.95	0.48	1.02
Probable	27.15	1.58	0.92	0.30	0.03	2.82	3.40	1.38	2.96
Total Reserves 2012	**35.14**	**1.65**	**0.94**	**0.31**	**0.03**	**2.93**	**3.52**	**1.86**	**3.98**
Total Reserves 2011	39.03	1.64	0.95	0.32	0.03	2.95	3.54	2.06	4.44

__4E__ = platinum + palladium + rhodium + gold; __6E__ = platinum + palladium + rhodium + iridium + ruthenium + gold.
Totals are rounded off.
Modifying factors: Mining losses, mining dilution, metallurgical and geotechnical.

Main portal underground ore pass to conveyor station, Two Rivers Platinum Mine

Two Rivers Mine UG2 Resource Classification Map



Legend

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

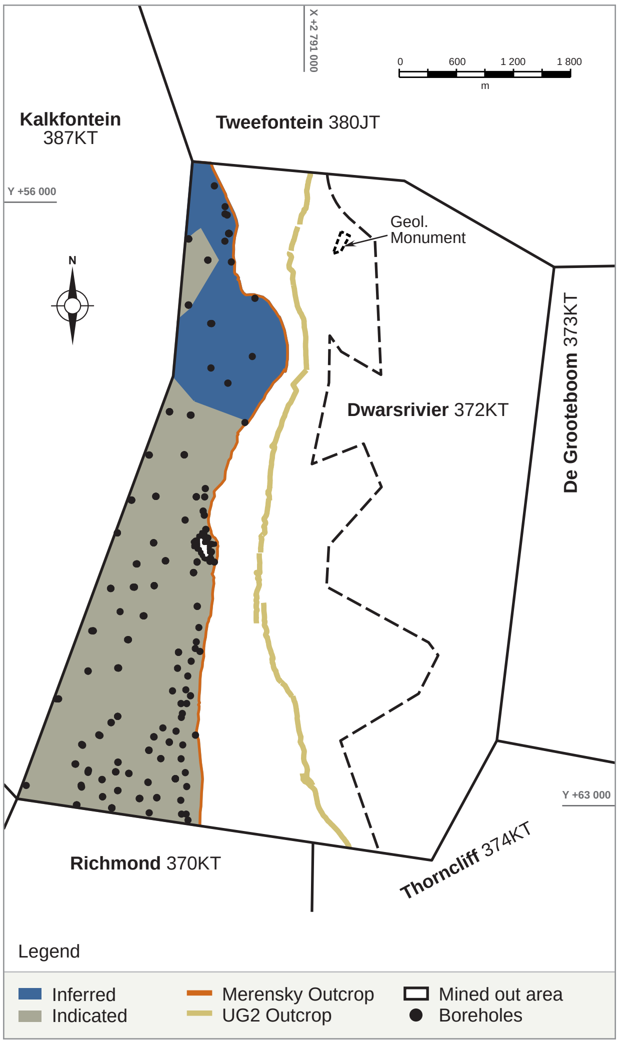
Merensky portal, Two Rivers Platinum Mine

Merensky Reef Mineral Resources

Mineral Resources	Mt	Pt g/t	Pd g/t	Rh g/t	Au g/t	4E g/t	6E g/t	Pt Moz	6E Moz
Measured									
Indicated	38.16	1.73	0.96	0.10	0.20	2.98	3.17	2.12	3.89
Total (Measured and Indicated) 2012	**38.16**	**1.73**	**0.96**	**0.10**	**0.20**	**2.98**	**3.17**	**2.12**	**3.89**
Total (Measured and Indicated) 2011	38.36	1.73	0.96	0.10	0.20	2.98	3.17	2.13	3.91
Inferred 2012	10.39	1.64	0.88	0.11	0.18	2.81	2.99	0.55	1.00

__4E__ = platinum + palladium + rhodium + gold; __6E__ = platinum + palladium + rhodium + iridium + ruthenium + gold.
Mineral Resources are inclusive of Mineral Reserves.
Totals are rounded off.

Two Rivers Mine Merensky Resource Classification Map



Underground workshops, Two Rivers Platinum Mine

Modikwa Platinum Mine

ARM's attributable beneficial interest in Modikwa's operations is 41.5%, 8.5% is held by the Modikwa Communities and 50% is held by Anglo American Platinum.

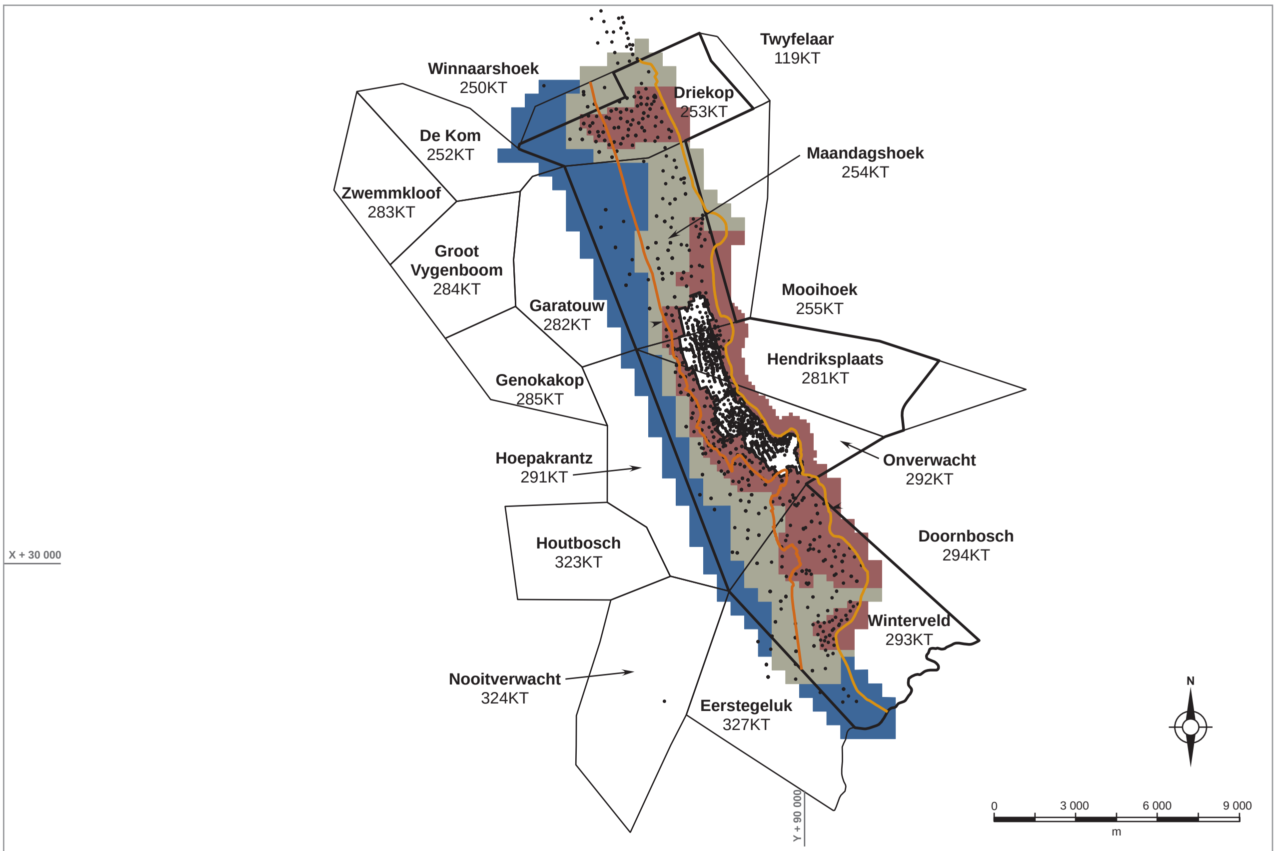
UG2 Mineral Resources and Reserves

	Mineral Resources		
	Mt	4E g/t	4E Moz
Measured	50.98	5.90	9.67
Indicated	92.26	5.89	17.47
Total Measured and Indicated 2012	**143.24**	**5.89**	**27.14**
Total Measured and Indicated 2011	141.20	5.89	26.70
Inferred 2012	76.33	6.19	15.20

	Mineral Reserves		
	Mt	4E g/t	4E Moz
Proved	17.61	4.76	2.70
Probable	37.17	4.69	5.60
Total Reserves 2012	**54.78**	**4.71**	**8.30**
Total Reserves 2011	55.43	4.86	8.65

***4E** = platinum + palladium + rhodium + gold.*
Mineral Resources are exclusive of Reserves.
Totals are rounded off.

Modikwa Mine UG2 Resource Classification Map



Legend

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

Merensky Reef Mineral Resources

	Mineral Resources		
	Mt	4E g/t	4E Moz
Measured	17.95	2.94	1.70
Indicated	54.05	2.73	4.74
Total Measured and Indicated 2012	**72.00**	**2.78**	**6.44**
Total Measured and Indicated 2011	72.00	2.78	6.44
Inferred 2012	136.84	2.65	11.66

__4E__ = platinum + palladium + rhodium + gold.
Totals are rounded off.

Goedgevonden Coal Mine

Kalplats Platinum Projects

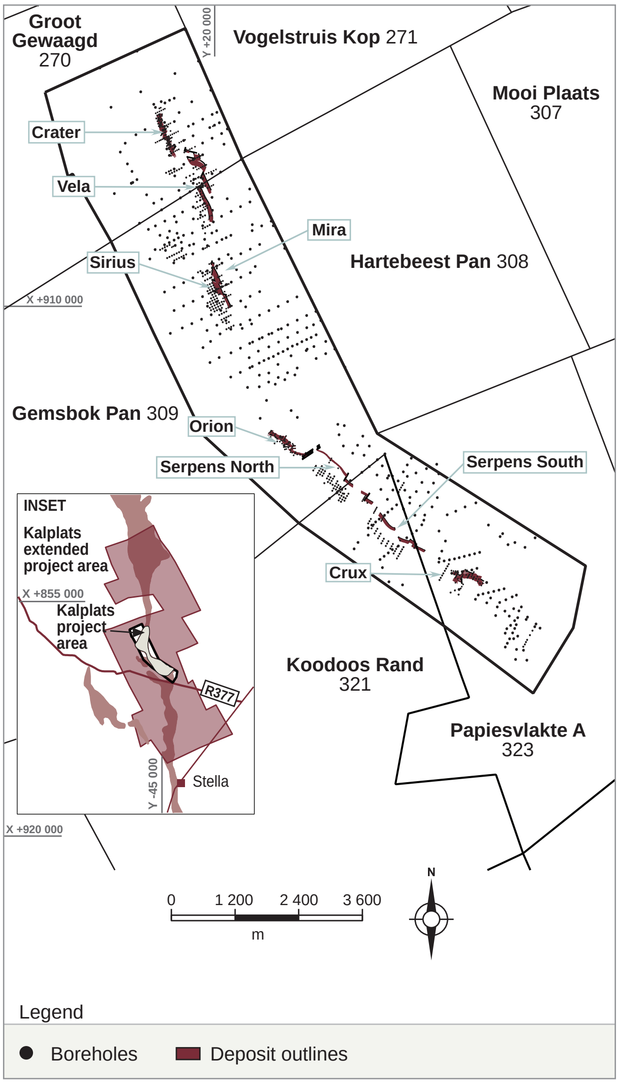
Kalplats PGM Project – ARM Platinum's attributable beneficial interest is currently 78%. Platinum Australia Limited (PLA) holds 12% and Anglo American Prospecting Services 10%.

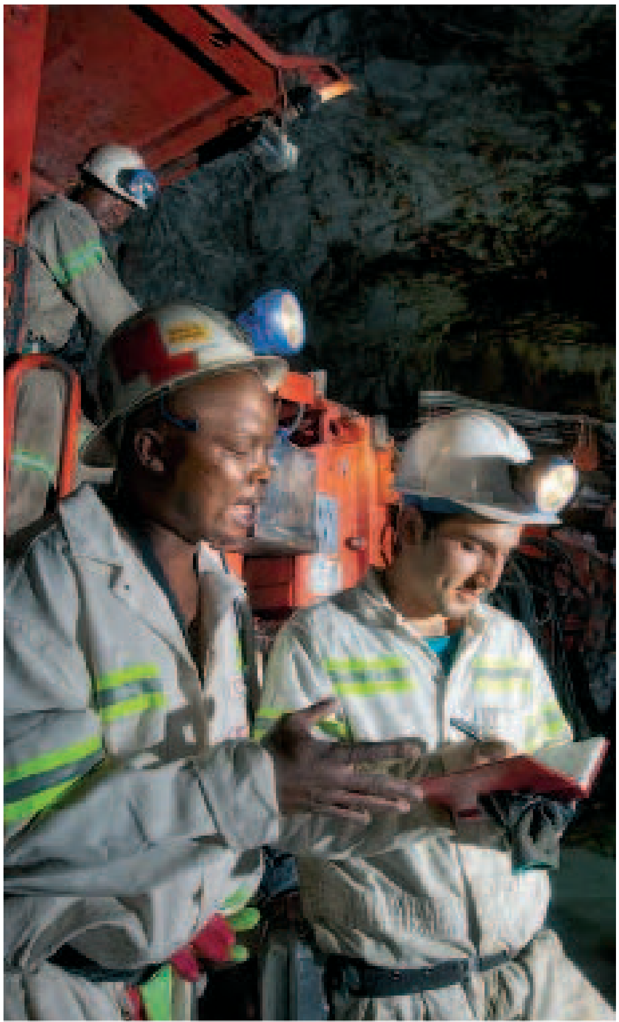
Kalplats Mineral Resources

	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 2012	**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 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

__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 mineralised width for all seven layers.
Cut off grade of 0.5 g/t 3E has been applied.

Kalplats Platinum Projects Deposits Locality Map




Modikwa South 2 twin boom drill rig

ARM Coal

Goedgevonden Coal Mine

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

Goedgevonden Resources and Reserves

	Measured Mt	Indicated Mt	Measured and Indicated Mt	Proved Mt	Probable Mt	Total Reserves Mt	Saleable Mt
Total 2012	**580.0**	**24.0**	**604.0**	**273.0**	**76.0**	**349.0**	**198.0**
Total 2011	566.6	41.4	608.0	357.7	6.1	363.8	206.2

ARM Copper

The Lubambe Copper Project

ARM's attributable beneficial interest in the Lubambe Copper Project is 40%. Vale owns 40% of the project and ZCCM-IH 20%.

The Lubambe Copper Project Mineral Resources

Mineral Resources	Mt	%TCu	Mt Contained Cu
Measured South Limb Indicated South Limb	1.1 35.7	2.48 2.32	0.03 0.83
Total South Limb	**36.8**	**2.32**	**0.86**
Measured East Limb Indicated East Limb	4.0 16.6	2.64 2.58	0.11 0.43
Total East Limb	**20.6**	**2.59**	**0.53**
Total Measured and Indicated 2012 Total Measured and Indicated 2011	**57.4** 57.4	**2.42** 2.42	**1.39** 1.39
Inferred South and East Limb Inferred Area A	23.9 219.5	2.23 2.64	

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

The Lubambe Copper Project Mineral Reserves

Mineral Reserves	Mt	%TCu	Mt Contained Cu
Proved South Limb Probable South Limb	0.76 1.99	2.49 2.11	0.02 0.04
Total Reserves South Limb	**2.75**	**2.22**	**0.06**
Proved East Limb Probable East Limb	1.88 4.71	2.34 2.39	0.04 0.11
Total Reserves East Limb	**6.59**	**2.38**	**0.16**
Total Reserves 2012 Total Reserves 2011	**9.34**	**2.33**	**0.22**

Totals are rounded off.
Modifying factors: Mining losses, mining dilution and metallurgical.
The Mineral Reserves cover a 3 Year Plan Area.

Gold: Harmony

ARM owns 14.7% 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.

Corporate Governance report

The ARM Board of Directors confirms its commitment to the **highest standards** of corporate governance. Corporate governance **encompasses the concept of sound business practice** which is inextricably linked to the management systems, structures and policies of the Company.

ARM is a public company listed on the JSE Limited (JSE). The Company complies with the JSE Listings Requirements, applicable statutes, regulatory requirements and other authoritative directives regulating its conduct. Save for the exceptions noted in this report, ARM applies the principles set out in the King Report on Corporate Governance for South Africa 2009 and the King Code of Governance Principles (collectively, King III), which came into effect for JSE-listed companies for financial years ending after 1 March 2011. ARM complies with additional good governance principles, which qualified the Company for inclusion in the JSE's Socially Responsible Investment Index in 2011.

As more fully described under the heading "Ethics" on page 135 of this Corporate Governance report, all the Directors and employees are required to maintain high standards of integrity and ethical behaviour.

ARM's business practices are conducted in good faith, in the interests of the Company and all its stakeholders, with due observance of the principles of good corporate governance.

The unitary Board of Directors (the Board) is the foundation of ARM's corporate governance systems and is accountable and responsible for ARM's performance. The Board retains effective control through a clear governance structure and has established Committees to assist it in accordance with the provisions of ARM's Board Charter. The Board recognises that delegating authority does not reduce the responsibility of Directors to discharge their statutory and common law duties.

To ensure consistent standards of governance and internal controls, the Company's subsidiaries and joint ventures have established boards and committees, as appropriate to each entity's legal form.

The divisional Chief Executives regularly report to the Board regarding the activities of the divisions.

Companies Act

The Companies Act 71 of 2008, as amended by the Companies Amendment Act 3 of 2011, and the Regulations promulgated thereunder (the Companies Act) came into effect on 1 May 2011. The Board is committed to the implementation of the new Companies Act. Accordingly, in 2012 the Company commenced a programme to achieve compliance with the new requirements imposed upon the Company.

Other matters are being addressed within the transition periods set out in the Companies Act, such as the recommendation to adopt a new Memorandum of Incorporation, to replace the Memorandum and Articles of Association of the Company, which has been included in the Notice of Annual General Meeting on page 249.

King III

ARM supports the principles and practices set out in King III and has taken steps to ensure that it complies with the recommendations and requirements as a consequence thereof. The Company conducted a gap analysis in August 2010 to assess its compliance level in respect of King III and to identify areas that require improvement. ARM also uses developments and governance trends as an opportunity to review its governance structures. With this objective, provisions impacting the divisions and operations have been and are being identified, assessed and addressed. Gaps, if any, are addressed through action plans and regular monitoring and reporting to the appropriate governance structures. Ongoing progress reports in this regard are presented to the Audit and Risk Committee and the divisional audit committees. A number of policies and procedures have already been implemented. These include the following:

- The Code of Ethics was revised by the Board in June 2011 and renamed the Code of Conduct. An online Code of Conduct training programme was rolled out in 2012.
- The annual evaluation of the independent status of the Directors is conducted in accordance with King III standards and JSE Listings Requirements criteria.
- The Company prepared a comprehensive Sustainability Report for F2011, which was independently assured at a moderate (Type II) level of assurance in terms of the AccountAbility AA1000AS (2008) Standard.

- A Combined Assurance Model for ARM has been developed and is being implemented. The model is being rolled out to the divisions.
- An Information Technology (IT) Governance Framework and Charter as well as the IT Strategy were approved by the Board in August 2012.
- A Legal Compliance and Regulatory Policy was adopted by the Company.
- A Sustainability Model has been developed and is revised continually to take account of legislative and other changes and best practice.
- In addition to the stakeholder communication policy included in the Code of Conduct, the development of a more comprehensive stakeholder communication/engagement policy is in progress. The Company has an Executive Director: Corporate Affairs and an Executive: Business Development and Investor Relations and has appointed a Senior Executive: Corporate Affairs for ARM.

King III Checklist	Apply	Partially apply	Under review/do not apply
Ethical leadership and corporate citizenship			
Effective leadership based on an ethical foundation	✓		
Responsible corporate citizen	✓		
Effective management of the Company's ethics	✓		
Assurance statement on ethics in the Integrated Annual Report	✓		
Boards and Directors			
The Board is the focal point for and custodian of corporate governance	✓		
Strategy, risk, performance and sustainability are inseparable	✓		
Directors act in the best interests of the Company	✓		
The chairman of the Board is an Independent Non-executive Director			✓[1]
Framework for the delegation of authority has been established	✓		
The Board comprises a balance of power, with a majority of Non-executive Directors who are independent	✓		
Directors are appointed through a formal process	✓		
Formal induction and ongoing training and development of Directors is conducted	✓		
The Board is assisted by a competent, suitably qualified and experienced Company Secretary	✓		
Regular performance evaluations of the Board, its committees and the individual Directors	✓		
Appointment of well-structured committees and oversight of key functions	✓		
An agreed governance framework between ARM and the boards of its subsidiaries is in place	✓		
Directors and executives are fairly and responsibly remunerated	✓		
Remuneration of Directors and senior executives is disclosed	✓		
The Company's Remuneration Policy is approved by its shareholders by a non-binding advisory vote	✓		
Internal audit			
Effective risk-based internal audit	✓		
Written assessment of the effectiveness of the Company's system of internal controls and risk management	✓		
Internal audit is strategically positioned to achieve its objectives	✓		

King III Checklist	Apply	Partially apply	Under review/do not apply
Audit and Risk Committee			
Effective and independent	✓		
Suitably skilled and experienced Independent Non-executive Directors	✓		
Chaired by an Independent Non-executive Director	✓		
Oversees integrated reporting		✓[2]	
A combined assurance model is applied to improve efficiency in assurance activities		✓[3]	
Satisfies itself of the expertise, resources and experience of the Company's finance function	✓		
Oversees the internal audit	✓		
Integral to the risk management process	✓		
Recommending the appointment of the external auditor	✓		
Oversees the external audit process	✓		
Reports to the Board and shareholders on how it has discharged its duties	✓		
Compliance with laws, codes, rules and standards			
The Board ensures that the Company complies with the relevant laws and considers adherence to non-binding rules, codes and standards	✓		
The Board, and each individual Director, has a working understanding of the relevance and implications of non-compliance	✓		
Compliance risk forms an integral part of the Company's risk management process	✓		
The Board has delegated to management the implementation of an effective compliance framework and processes	✓		
Governing stakeholder relationships			
Appreciation that stakeholders' perceptions affect a company's reputation	✓		
Management proactively deals with stakeholder relationships	✓		
There is an appropriate balance between its various stakeholder groupings	✓		
Equitable treatment of shareholders	✓		
Transparent and effective communication with stakeholders	✓		
Disputes are resolved effectively, efficiently and expeditiously	✓		
The governance of information technology (IT)			
The Board is responsible for IT governance	✓[4]		
IT is aligned with the performance and sustainability objectives of the Company	✓		
Management is responsible for the implementation of an IT governance framework	✓[5]		
The Board monitors and evaluates significant IT investments and expenditure	✓		
IT is an integral part of the Company's risk management	✓		
IT assets are managed effectively	✓		

King III Checklist	Apply	Partially apply	Under review/do not apply
The Audit and Risk Committee assists the Board in carrying out its IT oversight responsibilities	✓		
The governance of risk			
The Board is responsible for the governance of risk and setting levels of risk tolerance	✓		
The Risk Management Committee assists the Board in carrying out its risk responsibilities	✓		
The Board delegates the process of risk management to management	✓		
The Board ensures that risk assessments and monitoring is performed on a continual basis	✓		
Framework and methodologies are implemented to increase the probability of anticipating unpredictable risks	✓		
Management implements appropriate risk responses	✓		
The Board receives assurance on the effectiveness of the risk management process	✓		
Sufficient risk disclosure is made to stakeholders	✓		
Integrated reporting and disclosure			
The Board ensures the integrity of the Company's Integrated Annual Report	✓[2]		
Sustainability reporting and disclosure is integrated with the Company's financial reporting	✓[2]		
Sustainability reporting and disclosure is independently assured	✓		

Explanatory Notes

1 *ARM has an Executive Chairman and a Lead Independent Non-executive Director. Additional information may be found under the heading "Executive Chairman and Chief Executive Officer" on page 125 of the 2012 Integrated Annual Report.*

2 *The Audit and Risk Committee has had oversight of the preparation of this Integrated Annual Report.*

3 *The Company is committed to appointing service providers to provide independent assurance on both the financial and non-financial aspects of the business based upon their specific expertise and experience. The Company has developed and implemented a combined assurance model, which is being further refined and rolled out to the divisions. Additional information is available under the heading "Risk management programme" on pages 136 to 138 of the 2012 Integrated Annual Report.*

4 *ARM has an IT department under the direction of a Chief Information Officer who reports quarterly to the ARM Management Risk Committee and the ARM Audit and Risk Committee and has a line function reporting to a divisional chief executive. With the assistance of the Company's internal auditors, an IT Governance Framework with processes, procedures and structures was developed by the Company and approved by the Board. The Company's external auditors are assisting the Audit and Risk Committee with determining its responsibilities in assisting the Board with IT governance.*

5 *Management is responsible for the implementation of IT governance. The role of existing management structures, such as the IT steering committee, is being formalised.*

Comment from Integrated Reporting & Assurance Services (IRAS):

IRAS conducted an assessment of ARM's compliance with King III's 'apply or explain' recommendations, and found no concerns relative to ARM's assertions regarding the specific recommendations.

Of the 60 recommendations reviewed, only one was a 'Not Apply', and two were 'Partially Apply', with all three accompanied by reasonable explanations.

For more information, go to the assurance statement within the 2012 Sustainability Report available on ARM's corporate website: **www.arm.co.za**

Board composition

ARM has a unitary Board comprising 14 Directors of whom nine are Independent Non-executive Directors and five are Executive Directors.

Curricula vitae of the Board members are provided on pages 150 and 151.

Of the Company's 14 Directors, six Directors, or 43%, are black Directors. Two Directors, or 14%, are black female Directors.

Director	Executive (E) Independent Non-executive (I)
P T Motsepe (Executive Chairman)	E
M P Schmidt (Chief Executive Officer)[1]	E
F Abbott	I
M Arnold	E
Dr M M M Bakane-Tuoane[2]	I
T A Boardman	I
A D Botha	I
J A Chissano	I
W M Gule	E
M W King	I
A K Maditsi	I
Dr R V Simelane	I
Z B Swanepoel	I
A J Wilkens[3]	E

1 *Appointed an Executive Director on 1 September 2011 and Chief Executive Officer on 1 March 2012.*
2 *Lead Independent Non-executive Director.*
3 *Ceased to be the Chief Executive Officer on 1 March 2012. Remains an Executive Director.*

Independence

The Board believes that the Independent Non-executive Directors appointed are of the appropriate calibre, diversity and number for their views to carry significant weight in the Board's deliberations and decisions.

The Independent Non-executive Directors are highly experienced and have the skills, background and knowledge to fulfil their responsibilities.

The classification of Independent Non-executive Directors is determined by the Board on the recommendation of the Nomination Committee in accordance with the guidelines set out in King III. In determining the independence of the Independent Non-executive Directors, character and judgement are considered together with any of their relationships or circumstances which are likely to affect, or could appear to affect, their judgement and with due regard to the criteria for determining independence as set out in King III.

Mr M P Schmidt was appointed as an Executive Director on 1 September 2011.

Mr F Abbott, the former Financial Director of the Company, became a Non-executive Director on 1 August 2009 and on 1 August 2012 became an Independent Non-executive Director. Non-executive Directors are not considered independent if they were executives of the Company or a subsidiary within the preceding three financial years.

The independence of Mr Chissano, who receives consultancy fees, was also considered. Given his extensive relationships with leaders of African countries, Mr Chissano assists in the facilitation of high-level business discussions and introductions and his specific assignments are determined by the Executive Chairman and the Chief Executive Officer. The fees paid are market-related and are not material and, as such, the Company is satisfied that this aspect does not impair his independence.

In accordance with the independence requirements in the JSE Listings Requirements, none of the Independent Non-executive Directors participate in any share incentive scheme of the Company.

Executive Chairman and Chief Executive Officer

The roles of the Executive Chairman and the Chief Executive Officer are separate and distinct. ARM's Executive Chairman, Mr Patrice Motsepe, contrary to the independence requirements of King III, is an executive representing the Company's largest shareholder, which held 40.84% of the Company's share capital as at 30 June 2012. ARM is satisfied that the non-independence of the Executive Chairman is adequately addressed by the composition of the Board and particularly by the appointment of a Lead Independent Non-executive Director, Dr Manana Bakane-Tuoane, in accordance with and as required by King III.

In addition to the general requirements for the re-election of Directors set out in the Company's Articles of Association (the Articles), and discussed below, the Executive Chairman is required to be elected by the Board annually. Mr Motsepe was re-elected as Executive Chairman for the period of one year commencing 1 January 2012. The Chief Executive Officer is appointed by the Board.

Board Charter

The Board Charter, which was approved in May 2009, was amended by the Board in June 2011 to ensure compliance with King III and the new Companies Act. The Board Charter provides guidelines to Directors in respect of, *inter alia,* the Board's responsibilities, authority, composition, meetings and the need for performance evaluations.

The roles and responsibilities of the Board as set out in the Board Charter include the following:

- determining the Company's purpose, values and identifying its stakeholders and developing strategies in relation thereto;
- being the focal point for and custodian of good corporate governance by managing the Board's relationship with management, the shareholders of the Company and other stakeholders;
- providing strategic direction and leadership which is aligned to the Company's value system by reviewing and approving budgets, plans and strategies for ARM and monitoring the implementation of such strategic plans and approving the capital funding for such plans;
- ensuring that ARM's business is conducted ethically and monitoring the ethics performance of ARM;
- approving business plans, budgets and strategies which are aimed at achieving ARM's long-term strategy and vision;
- annually reviewing the Board's work plan;
- monitoring the operational performance of ARM including financial and non-financial aspects relating to such performance;
- ensuring the sustainability of ARM's business;
- reporting in ARM's integrated annual report on the going concern status of ARM and whether ARM will continue to be a going concern in the next financial year;

- determining, implementing and monitoring policies, procedures, practices and systems to ensure the integrity of risk management and internal controls in order to protect ARM's assets and reputation;
- identifying and monitoring key performance indicators of ARM's business and evaluating the integrity of the systems used to determine and monitor such performance;
- monitoring and ensuring compliance with the Company's policies, codes of best business practice, the recommendations of King III and all applicable laws and regulations;
- adopting and annually reviewing the information technology governance framework and receiving independent assurance on such framework;
- considering, through the Audit and Risk Committee, specific limits for the levels of risk tolerance;
- defining levels of materiality, thereby reserving certain powers for itself and delegating other matters to management of the Company;
- ensuring that the Company's annual financial statements are prepared and are laid before a duly convened Annual General Meeting of the Company;
- ensuring that a communications policy is established, implemented and reviewed annually and, in addition to its statutory and regulatory reporting requirements, that such policy contains accepted principles of accurate and reliable reporting including being open, transparent, honest, understandable, clear and consistent in ARM's communications with stakeholders;
- considering recommendations made to the Board by the Nomination Committee in regard to the nomination of new Directors and the re-appointment of retiring Directors, both as Executive Directors and Non-executive Directors;
- ensuring that the competency and other attributes of the Directors are suitable for their appointment as Directors and the roles which they are intended to perform on the Board and that they are not disqualified in any way from being appointed as Directors;
- ensuring that appointments to the Board are formal and transparent and comply with all prescribed procedures;
- ensuring that a succession plan for the Executive Directors and senior management is implemented;
- selecting and appointing suitable candidates as members of committees of the Board and the chairmen of such committees;
- ensuring that annual performance evaluations are conducted in respect of the Board, the Executive Chairman, the Chief Executive Officer and other individual Directors, and Board committees and their respective chairmen; and
- ensuring that the Board comprises a balance of Executive and Non-executive Directors, with the majority of Non-executive Directors being independent, and ensuring that the Directors are persons who have the relevant knowledge, skills and experience required for governing the Company efficiently.

The Board Charter also provides for a clear division of responsibilities to ensure a balance of power and authority, so that no one Director has unfettered powers of decision-making. The Board agreed to postpone a detailed review of the Board Charter until the Company's new Memorandum of Incorporation had been presented to and approved by shareholders.

Election, induction, succession and assessment

Election

The Articles of Association call for one-third of elected Directors, who have been in office longest since their last election, to retire by rotation at each Annual General Meeting. Being eligible, these Directors may seek re-election should they so wish.

The tables below set out the Directors who, being eligible, make themselves available for re-election at the Annual General Meeting to be held on Friday, 7 December 2012, together with the years when the Directors who are not standing for re-election in 2012 are required to retire and may stand for re-election.

Executive Directors: Appointment and re-election dates*

	Date first appointed to the Board	Due for re-election in 2012**
P T Motsepe (Executive Chairman)	5 May 2003	✓
M P Schmidt (Chief Executive Officer)	1 September 2011	–
M Arnold	1 August 2009	–
W M Gule	1 December 2004	–
K S Mashalane***	9 May 2006	n/a
L A Shiels***	20 February 2008	n/a
J C Steenkamp***	12 May 2003	n/a
A J Wilkens	26 October 2004	✓

* *In terms of the Company's Articles of Association, one-third of all of the serving Directors shall retire at Annual General Meetings of the Company or, if the total number of serving Directors who shall retire does not constitute a multiple of three, the number of Directors who shall retire shall be the number, adjusted upwards, that is the closest to one-third.*

** *Should the proposed new Memorandum of Incorporation be adopted by shareholders at the December 2012 Annual General Meeting, Executive Directors will no longer be required to retire by rotation, in accordance with Schedule 10 of the JSE Listings Requirements.*

*** *Ceased to be Executive Directors with effect from 1 June 2012, but remain as senior executives of the Company.*

Non-executive Directors: Appointment and re-election dates*

	Date first appointed to the Board	Due for re-election in 2012**
Dr M M M Bakane-Tuoane (Lead Independent Non-executive Director)	30 April 2004	–
F Abbott	30 April 2004	–
T A Boardman	1 February 2011	–
A D Botha	1 August 2009	✓
J A Chissano	21 April 2005	✓
M W King	30 April 2004	–
A K Maditsi	30 April 2004	✓
Dr R V Simelane	30 April 2004	–
Z B Swanepoel	5 May 2003	–

* *In terms of the Company's Articles of Association, one-third of all of the serving Directors shall retire at Annual General Meetings of the Company or, if the total number of serving Directors who shall retire does not constitute a multiple of three, the number of Directors who shall retire shall be the number, adjusted upwards, that is the closest to one-third.*

** *Should the proposed new Memorandum of Incorporation be adopted by shareholders at the December 2012 Annual General Meeting, only Non-executive Directors will be required to retire by rotation, in accordance with the JSE Listings Requirements.*

Messrs P T Motsepe, A D Botha, J A Chissano, A K Maditsi and A J Wilkens are required to retire by rotation. They make themselves available for re-election. The re-election of all of the above-mentioned Directors is supported by the Board.

Directors appointed by the Board between Annual General Meetings, either to fill a casual vacancy or as an addition to the existing Board, hold office only until the next Annual General Meeting and are eligible for election (but are not included in determining the number of Directors who are to retire by rotation). When appointing Directors upon the recommendation of the Nomination Committee, the Board considers, *inter alia,* whether the candidates have the necessary skills and experience.

The Nomination Committee evaluates nominees and, taking into account past performance and contribution made, recommends such nominees to the Board for recommendation to shareholders for election and re-election at Annual General Meetings of share-holders, as the case may be.

The Directors' *curricula vitae* may be found on pages 150 and 151.

Induction and continuing education

All newly appointed Directors receive a comprehensive information pack, including the Articles of Association, the Board Charter, terms of reference of the committees of the Board, Board policies and other documents relating to the Company; key legislation and regulations; as well as corporate governance, financial and reporting documents, including minutes and documents of an administrative nature.

Directors are encouraged to attend courses providing information and training relating to their duties, responsibilities, powers and potential liabilities. Regulatory and legislative updates are provided regularly. The Company holds an annual budget planning workshop and a Bosberaad with senior management and the Board to, *inter alia*, inform Directors about the Company's business. Site visits are also conducted.

Succession

The Company has a succession plan for Executive Directors and senior management, which provides for the sustainability of the business of the Company. The Company continuously strives to improve its talent pool through a comprehensive and focused plan for management, career development and recruitment. The Company adopts an integrated approach to succession planning. For example, the Social and Ethics Committee regularly reviews reports on leadership and employment equity programmes, and reports on developments in these areas to the Board. The Remuneration Committee monitors the remuneration framework, which includes incentives to attract and retain management. As a result, the Board is satisfied that the ongoing efforts to strengthen leadership provide short- and long-term management depth.

Following a succession process led by the Nomination Committee, Mr M P Schmidt was appointed the Chief Executive Officer Designate and an Executive Director of the Company with effect from 1 September 2011 to work with Mr Wilkens for six months as part of a hand over process. Mr Schmidt took over as Chief Executive Officer of ARM on 1 March 2012 and Mr Wilkens continues to serve on the Board as the Executive Director: Growth and Strategic Development in the Executive Chairman's office.

Assessment

The Board is committed to transparency in assessing the performance of the Board, its committees and individual Directors, as well as the governance processes that support Board activities. The effectiveness of the Board and its committees is assessed annually. The most recent assessment was conducted in 2012. Independent external advisors assisted the Nomination Committee and the Executive Chairman with evaluations of the Board, its committees, the Executive Chairman and the Company Secretary.

The Board is of the view that the involvement of independent external advisors assists to ensure a rigorous and impartial evaluation process.

Matters considered in the 2012 assessment focused on the effectiveness of the Board, including:

- Board composition
- Board meetings and content
- Roles of the Executive Chairman and the Company Secretary
- Board accountability
- Appointment, induction and training, and succession planning
- Performance evaluation and remuneration
- Board Committees
- Interaction: communication and relationships
- Board dynamics and leadership
- Board focus and function: strategy and compliance

- Risk management and internal controls
- Information Technology Governance
- Accounting and audit
- Non-financial (sustainability) performance
- Balance of power and authority
- Ethics

In the assessment process consideration was also given to the Board's diversity, size and demographics.

The findings of the 2012 assessment will be considered by the Board in F2013.

Performance assessments of all of the Executive Directors, including the Executive Chairman and the Chief Executive Officer, are completed annually and form the basis of their remuneration, as discussed in the Remuneration report starting on page 139.

Board meetings

The Board meets at least four times a year to consider the business and strategy of the Company. The Board reviews reports of the Chief Executive Officer, the Financial Director, divisional chief executives and other senior executives, chairmen of the committees and independent advisors. During the financial year ended 30 June 2012, four Board meetings were held. A meeting attendance schedule is set out below. The quorum for Board meetings is the majority of Directors.

The Company's annual budget workshop was held in August 2012 as part of the fourth annual Bosberaad for Directors and senior management. Members of the Board and senior executives of the Company consider the budget and review the Company's three-year financial plan. During the strategy sessions, the Company's future strategy is considered in detail.

Agendas for Board meetings are prepared by the Company Secretary in consultation with the Executive Chairman, the Chief Executive Officer and the Financial Director. Information provided to the Board is compiled from external sources, such as independent third-party reports, and internally from minutes and plans as well as reports relating to, for example, safety, health, sustainable development, risk, financial, governance and legal matters likely to affect ARM. Meeting materials are delivered to every Director prior to each meeting.

Advice and information

No restriction is placed on a Director's access to Company information, records, documents and property. Non-executive Directors have access to management and regular interaction is encouraged. All Directors are entitled to seek independent professional advice concerning the affairs of the Company at its expense.

Board of Directors: Meeting attendance

	Aug '11	Dec '11	Feb '12	May '12
P T Motsepe (Executive Chairman)	✓	✓	✓	✓
A J Wilkens (Chief Executive Officer until 29 February 2012)	✓	✓	✓	✓
M P Schmidt (Chief Executive Officer from 1 March 2012)*	n/a	✓	✓	✓
F Abbott	✓	✓	✓	✓
M Arnold	✓	✓	✓	✓
Dr M M M Bakane-Tuoane (Lead Independent Non-executive Director)	✓	✓	✓	✓
T A Boardman	✓	✓	✓	✓
A D Botha	✓	✓	✓	✓
J A Chissano	✓	a	✓	✓
W M Gule	✓	✓	✓	✓
M W King	✓	✓	✓	✓
A K Maditsi	✓	✓	✓	✓
K S Mashalane**	✓	✓	✓	✓
L A Shiels**	✓	a	✓	✓
Dr R V Simelane	✓	✓	✓	✓
J C Steenkamp**	✓	✓	✓	✓
Z B Swanepoel	a	✓	✓	✓

a = apologies
* *Mr M P Schmidt was appointed to the Board on 1 September 2011.*
** *Messrs K S Mashalane, L A Shiels and J C Steenkamp ceased to be Directors with effect from 1 June 2012.*

Company Secretary

All Directors have access to the services and advice of the Company Secretary, Ms Alyson N D'Oyley.

The Company Secretary is responsible for developing and maintaining the procedures and processes required for the proper administration of Board proceedings, and supports the Board as a whole and Directors individually with guidance as to how to fulfil their responsibilities as Directors in the best interests of the Company. The Company Secretary also guides and advises the Board, and is a resource within the Company on, *inter alia,* governance and ethics matters and changes in legislation. To achieve these objectives, independent advisory services are retained by the Company Secretary at the request of the Board or its committees. The Company Secretary oversees the induction of new Directors, as well as the ongoing training of Directors.

The Board appointed the Company Secretary in accordance with the requirements of the Companies Act. In May 2012, the JSE Listings Requirements were amended to provide that with effect from 1 December 2012 boards must consider and satisfy themselves annually regarding the competence, qualifications and experience of the company secretary. Therefore in August 2012, upon the recommendation of the Nomination Committee, the Board considered details regarding the Company Secretary's competence, qualifications and experience, the salient details of which are set out below as required by the JSE Listings Requirements:

Competence	Qualifications	Experience
Competence evaluation by the Nomination Committee and by the Board.	BCom, LLB and LLM	– Many years experience as a Barrister and Solicitor – Three years experience as a General Counsel at a listed company – Seven years experience as a company secretary

The Board also confirmed that the Company Secretary is not a Director of the Company and maintains an arm's-length relationship with the Board.

Board Committees

The Board has established Committees to assist it with fulfilling its responsibilities in accordance with the provisions of the Company's Board Charter. Nonetheless, the Board acknowledges that the granting of authority to its Committees does not detract from the Board's responsibility to discharge its duties to the Company's shareholders.

The Committees have Terms of Reference, which are reviewed annually. They set out the Committees' roles and responsibilities, functions, scope of authority and composition. The annual review takes into account amendments to applicable legislation and developments in international best practices. Committees report to the Board at each Board meeting and make recommendations in accordance with their Terms of Reference.

In F2011, the Terms of Reference were reviewed by the Committees and amendments to the Terms of Reference were approved by the Board to reflect the requirements under King III and the new Companies Act. In F2012, the Audit Committee and the Social and Ethics Committee Terms of Reference were further amended. Amendments were also made to the Remuneration Committee and Nomination Committee Terms of Reference in August 2012.

The membership of the Board Committees currently consists solely of Independent Non-executive Directors. Until 29 August 2012, ARM's Executive Chairman was a member of the Nomination Committee; King III provides that the chairman of a board may be a member of a nomination committee. Each Committee is chaired by an Independent Non-executive Director. Attendance schedules for committee meetings held in F2012 are included in each Committee report. The Committee Chairmen attend Annual General Meetings of shareholders to answer any questions.

The Board has established the following permanent Committees: Audit and Risk Committee, Investment Committee, Nomination Committee, Non-executive Directors' Committee, Remuneration Committee and Social and Ethics Committee (formerly called the Sustainable Development Committee).

Audit and Risk Committee

Members:
M W King (Chairman)
Dr M M M Bakane-Tuoane
T A Boardman
A D Botha
A K Maditsi
Dr R V Simelane

The Audit and Risk Committee is constituted as a statutory committee of the Board in terms of Section 94 of the Companies Act and its composition complies with the provisions of that section.

The Audit and Risk Committee comprises six Independent Non-executive Directors, each of whom has extensive relevant experience. In accordance with the guidelines in King III, the Audit and Risk Committee Chairman is an Independent Non-executive Director and the Chief Executive Officer attends Audit and Risk Committee meetings at the Committee's request. The Financial Director is also an invitee at each meeting.

The Board's amendments to the Audit and Risk Committee Terms of Reference in F2011 and in F2012, following the annual review, meet the requirements of the new Companies Act.

Based on the Terms of Reference, a comprehensive agendas framework/workplan is prepared to ensure that all tasks assigned to the Audit Committee are considered at least once a year.

The Audit and Risk Committee performs its review function over all ARM operations. To assist the Audit and Risk Committee with its reviews, all operational joint ventures have audit committees. The chairmen of the audit committees of the subsidiaries and joint ventures report to the Audit and Risk Committee, highlighting areas of concern and remedial actions taken by management. In addition, the minutes of audit committee meetings as well as internal and external audit reports of all operations are submitted to the Audit and Risk Committee.

The primary objective of the Audit and Risk Committee is to assist the Board in discharging its duties relating to the safeguarding of assets; the operation of adequate systems, internal controls and control processes; and the preparation of accurate financial reports and statements in compliance with all applicable legal requirements, corporate governance and accounting standards; as well as enhancing the reliability, integrity, objectivity and fair presentation of the affairs of the Company. It also oversees financial and other risks in conjunction with the Social and Ethics Committee (formerly called the Sustainable Development Committee). In fulfilling its oversight responsibilities, the Audit Committee reviews and discusses the audited financial statements with management and the external and internal auditors.

The Audit and Risk Committee has oversight of the Company's financial reporting process on behalf of the Board. Management has primary responsibility for the financial statements, for maintaining effective internal control over financial reporting, and for assessing the effectiveness of internal control of such reporting.

The Audit and Risk Committee, after due consideration, is of the view that the independent registered audit firm, which is responsible for expressing an opinion on the conformity of the audited financial statements with International Financial Reporting Standards (IFRS), is independent of the Company and its management.

Upon the recommendation of the Audit and Risk Committee at the Annual General Meeting, shareholders will be requested to re-appoint Ernst & Young Inc. (E&Y) as external auditors of the Company and to re-appoint Mr E A L Botha as the designated individual auditor. E&Y and Mr Botha are registered with the JSE in accordance with the JSE Listings Requirements.

The Audit and Risk Committee meets with the internal and external auditors on a regular basis to discuss the results of their examinations, their evaluation of the Company's internal controls and the overall quality of the Company's financial reporting. The Committee also discusses the overall scope and plans for the respective audits of the Company's internal and external auditors. The principles of the Audit and Risk Committee for the use of external auditors for non-audit services are set out in the formal policy on non-audit services which was updated on 5 May 2011. The key principle is that annual non-audit services are not to exceed 5% of the annual audit fee. The Financial Director is authorised to engage the external auditors for matters for which the fee would not exceed R75 000. Matters for which the fee will exceed R75 000 must be pre-approved by the Audit and Risk Committee. The policy also prescribes permitted non-audit services.

In accordance with the JSE Listings Requirements, the Company has a Financial Director, Mr Michael (Mike) Arnold, who was appointed to the Board with effect from 1 August 2009. The Audit and Risk Committee reviews the Financial Director's qualifications and experience annually and is satisfied that the Financial Director and finance function are adequately resourced and that Mr Arnold has the necessary experience and expertise to discharge his responsibilities.

The Management Risk Committee reports to the Audit and Risk Committee and its report is included on pages 134 and 135 of this Corporate Governance report.

During the year under review, the Audit and Risk Committee's performance and effectiveness were evaluated. As a result of that evaluation, the Board is satisfied that the Audit and Risk Committee has complied with its Terms of Reference.

The Audit and Risk Committee acts as a forum for communication between the Board, management and the external and internal auditors. It is required to meet at least six times a year. Seven meetings were held during the 2012 financial year.

The Report of the Audit and Risk Committee, may be found on pages 156 and 157.

Audit and Risk Committee: Meeting attendance

	Aug '11	Sept '11	Sept '11	Nov '11	Feb '12	March '12	May '12
M W King (Chairman)	a[1]	✓	✓	✓	✓	✓	✓
Dr M M M Bakane-Tuoane	✓	✓	✓	✓	✓	✓	✓
T A Boardman	✓	✓	✓	✓	✓	✓	✓
A D Botha	✓	✓	✓	✓	✓	✓	✓
A K Maditsi	✓	✓	✓	✓	✓	✓	✓
Dr R V Simelane	✓	✓	✓	✓	✓	✓	✓

a = apology

1 Mr M W King was excused from the Meeting. Mr A D Botha chaired the Meeting in Mr King's absence.

Investment Committee

Members:

Z B Swanepoel (Chairman)
F Abbott
A D Botha
M W King
A K Maditsi

The Investment Committee comprises five Independent Non-executive Directors.

The Investment Committee's purpose is to consider substantial investments proposed by management, including mining projects, acquisitions and disposals of assets, and to make such recommendations to the Board as it considers appropriate. The Investment Committee also reviews the results attained on completion of each project.

In terms of the Terms of Reference approved by the Board in F2011, the Investment Committee is required to meet at least once a year. Three meetings were held during the 2012 financial year.

Investment Committee: Meeting attendance

	Oct '11	March '12	May '12
Z B Swanepoel (Chairman)	✓	✓	✓
F Abbott	✓	a	✓
A D Botha	✓	✓	a
M W King	✓	✓	✓
A K Maditsi	✓	✓	✓

a = apologies

Nomination Committee

Members:

Dr M M M Bakane-Tuoane (appointed to the Committee as Chairman from 29 August 2012)
J A Chissano (appointed to the Committee on 1 June 2012)
A K Maditsi (Chairman until 29 August 2012)
P T Motsepe (Committee member until 29 August 2012)
Dr R V Simelane

The Nomination Committee comprises four Independent Non-executive Directors.

For additional information in this regard refer to the section entitled "Board Committees" on page 129 of this Corporate Governance report.

The Nomination Committee is responsible, *inter alia*, for establishing formal and transparent procedures for the appointment of Directors; recommending to the Board suitable candidates for appointment as members of its committees and the chairmen of such committees; ensuring compliance with those provisions of the Articles of Association governing the rotation of Directors and making recommendations to the Board with regard to the eligibility of retiring Directors of the Company for re-election.

The Nomination Committee is also responsible for developing a formal induction programme for new Directors of the Company, overseeing access by Directors to external continuing professional development programmes for Directors so as to ensure that new Directors are developed through mentorship and training programmes; and ensuring that Directors receive regular briefings on changes in risks, laws and the environment in which ARM operates.

The Nomination Committee assists the Executive Chairman to lead the overall performance evaluation, at least once a year, of the Chief Executive Officer and the other Directors in respect of their roles as Directors as well as evaluations of the Board as a whole and its committees. The Nomination Committee assists the Lead Independent Non-executive Director to lead the overall performance evaluation, at least once a year, of the Executive Chairman, with the assistance of the Company Secretary.

The Nomination Committee reviews, from time to time, the structure, composition and size of the Board and makes recommendations to the Board regarding any changes that are considered necessary to enhance the effectiveness of the Board, including recommendations on the general composition of the Board and the balance between Executive and Non-executive Directors appointed to the Board. The Nomination Committee monitors succession planning for the Executive Chairman, the Chief Executive Officer, other Directors and senior management who are not Directors.

The Terms of Reference of the Nomination Committee were amended by the Board in August 2012 to provide, *inter alia*, that the Committee must be chaired by the Lead Independent Non-executive Director for as long as the Board has an Executive Chairman.

In line with JSE guidance, the Nomination Committee is chaired by Dr Bakane-Tuoane, the Lead Independent Non-executive Director. Mr Motsepe, the Executive Chairman, ceased to be a member of the Nomination Committee with effect from 29 August 2012, and now attends committee meetings as an invitee.

The Nomination Committee led the process to identify a successor to Mr A J Wilkens as Chief Executive Officer. Given the importance of the succession of the Chief Executive Officer, all Non-executive Directors and the incumbent Chief Executive Officer were invited to committee meetings during F2011 that dealt with this matter and to attend the interviews of the prospective candidates. In addition to a placement agency, an independent technical advisor was appointed to assist the committee with its deliberations. The results of the search were announced in June 2011 and were effective on 1 September 2011 and 1 March 2012, respectively.

In 2012, the Nomination Committee considered reducing the number of Executive Directors on the Board from eight to five in line with global best practice. Following a recommendation to and approval by the Board such changes were made with effect from 1 June 2012.

In terms of the Terms of Reference at least one meeting must be held per year. During F2012, one meeting was held.

For additional information regarding the succession process, please refer to page 127.

Nomination Committee: Meeting attendance*

	May '12
A K Maditsi (Chairman until 29 August 2012)	✓
P T Motsepe**	✓
Dr R V Simelane	✓

* *Dr Bakane-Tuoane was appointed to the Committee as Chairman and Mr Chissano was appointed as a Committee Member subsequent to the final meeting of the financial year.*

** *Mr Motsepe ceased to be a Committee member subsequent to the financial year-end.*

Non-executive Directors' Committee

Members:

Dr M M M Bakane-Tuoane (Chairman)
F Abbott
T A Boardman
A D Botha
J A Chissano
A K Maditsi
M W King
Dr R V Simelane
Z B Swanepoel

The committee comprises all of the Independent Non-executive Directors and meets formally on a quarterly basis without management. Currently, all Committee members are Independent Non-executive Directors. The meetings are chaired by the Lead Independent Non-executive Director, Dr M M M Bakane-Tuoane.

Terms of Reference for the Committee were approved by the Board in F2011. Amendments were considered by the Committee in F2012; however, no amendments were proposed to the Board. The committee provides a forum for the Non-executive Directors of the Company to consider and discuss issues of importance to ARM, including the promotion of increased investor confidence, stimulating business growth, reducing fraudulent practices through effective business leadership, fostering sustainable long-term growth in both the social and economic arenas, and cultivating and promoting an ethical corporate culture within ARM.

Four meetings were held during the 2012 financial year.

Non-executive Directors' Committee: Meeting attendance

	Aug '11	Dec '11	Feb '12	May '12
Dr M M M Bakane-Tuoane (Chairman)	✓	✓	✓	✓
F Abbott	✓	✓	✓	✓
T A Boardman	✓	✓	✓	✓
A D Botha	✓	✓	✓	✓
J A Chissano	✓	a	✓	✓
M W King	✓	✓	✓	✓
A K Maditsi	✓	a	✓	✓
Dr R V Simelane	✓	✓	✓	✓
Z B Swanepoel	a	✓	✓	✓

a = apologies

Remuneration Committee

Members:
Dr M M M Bakane-Tuoane (Chairman until August 2012)
A K Maditsi (appointed to the Committee in July 2011 and appointed Chairman in August 2012)
F Abbott (appointed to the Committee in July 2011)
T A Boardman (appointed to the Committee in August 2011)
A D Botha

The Remuneration Committee is a Board committee comprising five Independent Non-executive Directors. It meets at least twice per year. The Remuneration Committee assists the Board with fulfilling its responsibility for setting the Company's remuneration policies to ensure that these policies are aligned with ARM's business strategy and create value for ARM over the long-term.

The Remuneration Committee's responsibilities include, *inter alia*:
- ensuring that remuneration policies for the remuneration payable to all employees of ARM have been developed and monitoring of the implementation of such policies;
- ensuring that, in developing the Company's remuneration policies, the mix of fixed and variable remuneration in cash, shares and other elements of remuneration meets ARM's business needs and furthers its strategic objectives and that there is an appropriate balance between short-term and long-term incentives;
- ensuring that performance targets in all occupational categories of ARM and its joint ventures are set and monitored;
- ensuring that the Company's remuneration policies are put to a non-binding advisory vote of shareholders at the Annual General Meeting of the Company;
- ensuring that independent third-party advisors are engaged with regard to the benchmarking of the remuneration of Executive Directors and senior management;
- reviewing the results of benchmarking surveys of the remuneration packages of Executive Directors and senior management;
- recommending basic salaries for Executive Directors to the Board for approval;
- determining specific remuneration packages for senior management, including but not limited to basic salary;
- ensuring that remuneration levels accurately reflect the contribution of Executive Directors and senior management;
- considering and making recommendations to the Board regarding any proposed cash bonus schemes or amendments to any existing cash bonus schemes in respect of the Executive Directors and senior management;
- ensuring that annual bonuses clearly relate to performance against annual objectives which are consistent with long-term value for shareholders. Individual and corporate performance targets, both financial and sustainability-related, must be tailored to the needs of ARM's business;
- determining whether any cash performance bonuses will be awarded to any of the Executive Directors and senior management taking cognisance of the respective job descriptions and the performance of ARM against the budgetary and strategic objectives as approved by the Board;
- regularly reviewing ARM's share-based incentive schemes to ensure the continued contribution of Executive Directors and senior management to shareholder value and guarding against unjustified windfalls and inappropriate gains from the operation of ARM's share-based incentives;
- considering and making recommendations to the Board regarding any proposed long-term shared-based incentive schemes or amendments to any such existing schemes in respect of the Executive Directors and senior management;
- determining any grants or awards made pursuant to ARM's long-term share-based incentive schemes including grants or awards to Executive Directors and senior employees of ARM;
- monitoring long-term (share-based) incentives to ensure that remuneration policies do not encourage behaviour contrary to the Company's risk management policy and strategy;
- satisfying itself as to the accuracy of recorded performance measures that govern the vesting of long-term (shared-based) incentives;
- ensuring that management develops appropriate retirement and pension scheme arrangements for employees of the Company;
- receiving reports from management in regard to all employee benefits including benefits in kind and other financial arrangements to ensure that they are justified, correctly valued and suitably disclosed;
- ensuring that independent third-party advisors are engaged with regard to the benchmarking and recommendation of Non-executive Directors' fees;
- reviewing the results of benchmarking surveys of the fees payable to Non-executive Directors;

- making recommendations to the Board for submission to an Annual General Meeting of the Company regarding Board and committee fees payable to Non-executive Directors;
- making recommendations to the Board for submission to an Annual General Meeting of shareholders of the Company regarding the fee payable to the Lead Independent Non-executive Director for chairing meetings of the Non-executive Directors' Committee;
- ensuring that Non-executive Directors do not receive remuneration contingent upon the performance of ARM; and
- upon being notified by management of the terms of any agreement with any Non-executive Director, making recommendations, if required, to senior management or to the Board regarding such agreement.

In 2011, the Board determined that the Remuneration Committee's performance would be enhanced by the appointment of additional committee members following the retirement of Mr J R McAlpine on 30 June 2011, and therefore the Board appointed three additional members in F2012. In August 2012, Mr Maditsi was appointed as the Committee Chairman. Dr Bakane-Tuoane remains a Committee member.

Four meetings were held during the 2012 financial year.

Remuneration Committee: Meeting attendance

	July '11	Aug '11	Oct '11	Feb '12
Dr M M M Bakane-Tuoane (Chairman until 29 August 2012)	✓	✓	✓	✓
F Abbott*	✓	✓	✓	a
T A Boardman**	n/a	✓	✓	✓
A D Botha	✓	✓	✓	✓
A K Maditsi (Chairman from 29 August 2012)*	✓	✓	✓	✓

* *Messrs F Abbott and A K Maditsi were appointed to the Remuneration Committee in July 2011.*
** *Mr T A Boardman was appointed to the Remuneration Committee in August 2011.*

Additional information is provided in the Remuneration report on pages 139 to 145 and the Directors' report on pages 159 to 167.

Social and Ethics Committee (formerly called the Sustainable Development Committee)

Members:
Dr R V Simelane (Chairman)
F Abbott (resigned from the Committee on 1 June 2012)
Dr M M M Bakane-Tuoane
A K Maditsi (appointed to the Committee on 1 June 2012)

The Company's sustainable development philosophy is underpinned by the realisation that there is a need to turn mineral wealth into sustainable economic growth and development. Through its business endeavours, ARM seeks to act as a catalyst for local, national, regional and international development, to make a lasting and important social, economic and environmental contribution to the developing regions in which ARM operates and to achieve and maintain world-class performance standards in the management of safety, health (occupational), and the environment, Tuberculosis, HIV & Aids and corporate social investment.

Social and Ethics Committee: Meeting attendance

	Aug '11	Nov '11	Feb '12	May '12
Dr R V Simelane (Chairman)	✓	✓	✓	✓
F Abbott*	✓	✓	a	a
Dr M M M Bakane-Tuoane	✓	✓	✓	✓

* *Mr F Abbott resigned from the Social and Ethics Committee in June 2012. Mr A K Maditsi was appointed to the Committee subsequent to the final meeting of the financial year.*

The purpose of the Social and Ethics Committee is to monitor and report on the manner in and extent to which ARM protects, enhances and invests in the economy, society and the natural environment in which ARM 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 whilst meeting the requirements of mining rights conversions and other requirements detailed in the Mineral and Petroleum Resources Development Act 28 of 2002 and other legislation.

The Social and Ethics Committee Terms of Reference were amended by the Board in May 2011 in compliance with King III and the committee name was amended in August 2011 when the Sustainable Development Committee was renamed the Social and Ethics Committee. The Terms of Reference of the Social and Ethics Committee were further amended with effect from 1 May 2012 to comply with the Companies Act.

The Social and Ethics Committee is responsible for:

- monitoring activities having regard to relevant legislation and other legal requirements and codes of best practice;

MMZ plant, Nkomati Mine

- drawing relevant matters to the attention of the Board; and
- reporting to the shareholders of the Company at Annual General Meetings.

In particular, the Social and Ethics Committee is responsible for monitoring:
- Social and economic development;
- Good corporate citizenship;
- Environment, health and public safety ;
- Consumer relationships, as applicable; and
- Labour and employment.

The Social and Ethics Committee Terms of Reference provide that the committee must have a minimum of three members, the majority of whom must be Independent Non-executive Directors. Currently, the committee is comprised of three Non-executive Directors, all of whom are independent.

Invitees include the Chief Executive Officer of the Company, the Executive Director: Corporate Affairs, the divisional chief executives, the Executive: Business Development and Investor Relations, the Executive: Sustainable Development, the Executive: Human Resources and the Leader: Risk Management.

Four meetings were held during the 2012 financial year.

Additional information may be found in the Report of the Social and Ethics Committee on pages 146 and 147 of the 2012 Integrated Annual Report, in the Sustainability review on pages 31 to 46 of the 2012 Integrated Annual Report and in the comprehensive stand-alone Sustainability Report available on ARM's corporate website: **www.arm.co.za**

Ad Hoc Committees

The Board has the right to appoint and authorise special *ad hoc* Committees, comprising the appropriate Board members, to perform specific tasks as required.

Management Committees

The Company has various management committees comprising Executive Directors and senior executives that are considered essential to the functioning of the Company and ensuring the appropriate control and provision of information to the Board.

Executive Committee

The Executive Committee was formed in January 2012 and its members meet monthly. The Committee is chaired by the Executive Chairman. Standard items on the agenda include strategic matters, reports from the Chief Executive Officer and the Financial Director and divisional reports, including safety, stakeholder and operational issues.

Management Risk Committee

Members:
M P Schmidt (Chairman) (Executive Director)
M Arnold (Executive Director)
C Blakey-Milner
N Botes-Schoeman
J M Bräsler
W M Gule (Executive Director)
A Joubert (appointed in September 2012)
K S Mashalane
H L Mkatshana (appointed in September 2012)
J M Pistorius
D V Simelane
J C Steenkamp
A J Wilkens (Executive Director)

The Management Risk Committee, a management sub-committee of the Audit and Risk Committee, assists the Audit and Risk 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 Management

Risk Committee's Terms of Reference were amended in F2011 to comply with King III.

The Management Risk Committee is chaired by the Chief Executive Officer and its membership includes the Financial Director, the chief executives of the divisions, the Leader: Risk Management, the Executive: Sustainable Development and the Chief Information Officer. With effect from 1 July 2011, the internal auditors were invited to attend one meeting per year. The Chairman of the Management Risk Committee and the Leader: Risk Management attend Audit and Risk Committee meetings and report on the activities of the sub-committee. The Chief Executive Officer and the Chairman of the Audit and Risk Committee report on risk matters to the Board. The Leader: Risk Management and the Executive: Sustainable Development are invited to attend Board meetings to respond to any risk-related matters raised by the Directors.

The Management Risk Committee met four times during the 2012 financial year.

Additional information regarding the Risk management programme and combined assurance may be found on pages 136 to 138.

Steering Committee

The Steering Committee is charged with the implementation of approved corporate strategy and other operational matters. The Steering Committee is chaired by the Chief Executive Officer and its membership includes Executive Directors and senior management. It meets quarterly, or more often as required.

The Steering Committee members are listed on pages 152 and 153.

Growth and Strategic Development Committee

The Growth and Strategic Development Committee evaluates growth opportunities. The Committee, which was formed in March 2012 and is chaired by the Executive Director: Growth and Strategic Development, meets weekly, or more often as required. Its members include the Chief Executive Officer, the Financial Director, the Chief Executive: ARM Copper, the Chief Executive: ARM Exploration and Technical Services, the Executive: New Business Development and Investor Relations and the Executive: Corporate Development.

Employment Equity and Skills Development Committee

The Employment Equity and Skills Development Committee considers employment equity, transformation and skills development strategies throughout the Company. The Company took a decision to combine the employment equity and the skills development management committees six years ago as the committees had common goals and addressed issues which are interrelated. Until 30 June 2012, the Committee was chaired by Mr J C Steenkamp. With effect from 1 July 2012, the Committee is chaired by Mr W M Gule, the Executive Director: Corporate Affairs. Its members include the Chief Executive Officer, the Executive: Human Resources, the divisional chief executives, the Senior Executive: Corporate Affairs for ARM, the Executive: Corporate Affairs for ARM Platinum, the Leader: Transformation and other senior executives. The Committee meets monthly, or more often as required. The Committee chairman and the Executive: Human Resources attend and report at Social and Ethics Committee meetings.

Treasury Committee

The Treasury Committee meets monthly and, if required, more frequently, under the chairmanship of the Financial Director. The Committee membership includes the ARM Finance Executive: Operations, the ARM Finance Executive: Corporate and the Company Financial Manager. Representatives of Andisa Treasury Solutions Proprietary Limited (Andisa), to whom the treasury function is outsourced, attend meetings by invitation. The Treasury Committee reviews operational cash flows, currency and interest rate exposures as well as funding issues within the Company. While not performing an executive or decisive role in the deliberations, Andisa implements decisions taken when required. Advice is also sought from other advisors on an ongoing basis.

Comment from Sustainability Assurance Provider:

As part of the scope of work to provide independent third party assurance over ARM's sustainability reporting, Integrated Reporting & Assurance Services (IRAS) conducted an assessment of ARM's ethics policies and procedures, in line with King III recommendations. Based on our review, it appears that ARM has a robust system of policies – including the recently updated Code of Conduct – procedures and controls in place to meet reasonable expectations for monitoring and measuring of ethical compliance.

For more information, go to the assurance statement within the 2012 Sustainability Report available on ARM's corporate website: **www.arm.co.za**

Information Technology Steering Committee

The Information Technology (IT) Steering Committee which was formed in November 2007 implements the IT Governance Framework and the IT Strategy adopted by the Board in August 2012 and develops IT policies and procedures. The Committee is chaired by Mr J C Steenkamp, formerly an Executive Director and the Chief Executive of ARM Ferrous and currently the Chief Executive: Exploration and Technical Services. Its members include the Chief Executive: Exploration and Technical Services, the Chief Information Officer, the Chief Executive: ARM Ferrous, various senior ARM Ferrous and ARM Exploration executives, the Executive: Operations Support, senior general managers of Assmang operations and all senior IT project managers from the divisions. The Committee meets quarterly, or more often as required. The Committee chairman and the Chief Information Officer attend and report at Audit and Risk Committee meetings.

Ethics

The Company is committed to high moral, ethical and legal standards in dealing with all of its stakeholders. All Directors and employees are required to maintain high standards to ensure that the Company's business is conducted honestly, fairly and legally and in a reasonable manner, in good faith and in the best interests of the Company. These principles are set out in ARM's Code of Conduct (the Code), which was previously known as the Code of Ethics. The Code was amended in F2011 to reflect the Company's obligations under King III and the new Companies Act. A Code of Conduct on-line training programme was rolled out at the corporate office and at the ARM Platinum operations and subsequently will be rolled out to the ARM Ferrous operations.

The Code of Conduct may be found on ARM's corporate website: **www.arm.co.za**

Whistleblowers' facility

An independent service provider operates ARM's whistleblowers' facility to enable employees and other stakeholders to report confidentially and anonymously any unethical or risky behaviour. Information about the facility is included in the Code and contact information is posted in each Company office. Initiatives to heighten awareness of the whistleblowers' facility are implemented on an ongoing basis. Formal procedures in place result in each whistle-blowing report being investigated and policy and procedures revised, where applicable, with feedback reports being provided to the operators of the ARM whistleblowers' facility. No material non-compliance incidents were reported during the year under review.

Conflicts of interest

The Code includes a policy prohibiting the acceptance of any gift which may be construed as an attempt to influence an employee, regardless of value. The acceptance of any gift is subject to the approval of a member of the executive.

Disclosure

The Code includes a policy regarding communications, which encourages complete, accurate and timely communications with the public. A more detailed communications policy is being prepared in accordance with King III.

The Chief Executive Officer, the Financial Director, the Head of Investor Relations and the Company Secretary oversee compliance with the disclosure requirements contained, *inter alia*, in the JSE Listings Requirements.

Internal control and internal audit

The Board, with the assistance of the Audit and Risk Committee, the Management Risk Committee and the internal auditors (outsourced to KPMG Services (Pty) Ltd), reviews the Company's risk profile annually. In terms of the risk-based internal audit programme approved annually by the Audit Committee, the internal auditors perform a number of reviews to assess the adequacy and effectiveness of systems of internal control and risk management. The results of these reviews, together with updates on the corrective action taken by management to improve control systems, are reported to the Audit and Risk Committee and the Board.

Going concern

On the recommendation of the Audit and Risk Committee, the Board annually considers the appropriateness of the going concern basis in the preparation of the year-end financial statements.

Risk management programme

ARM's well established and proactive risk management processes underscore ARM's commitment to comprehensive and effective risk management at all levels. ARM recognises that integrating risk management philosophy and practice into its culture is an on-going process which, in order to be effective, must be a continuous, dynamic and developing endeavour that addresses risks and opportunities across a spectrum, ranging from those associated with strategy and its implementation, to operational, legal, social, ethical and reputational risks and opportunities.

The Board tasks the Audit and Risk Committee with oversight of risk management. In view of the importance of this function the Audit Committee has established a management sub-committee, the Management Risk Committee, to assist it with managing and reporting on ARM's risk management processes and procedures. The Management Risk Committee is chaired by the Chief Executive Officer and its members include chief executives of divisions, the Financial Director, the Executive: Sustainable Development, the Chief Information Officer, the Leader: Risk Management and various members of the ARM Steering Committee.

ARM Risk Management has championed the integration of risk and assurance processes over many years and this approach not only assists in providing assurance and appropriate corporate governance compliance, but also provides a practical and effective tool for the management of risk within ARM.

Reporting on the implementation, co-ordination and monitoring of ARM's risk management policy, programme and approved annual Risk Management Plan takes place at operational, divisional and at Management Risk Committee meetings on a quarterly basis.

The structure of reporting on risk management within ARM has been developed and formalised to ensure that the process remains dynamic and is consistent, comprehensive and allows for constant review and refinement.

A Risk and Control Dashboard system provides a focused approach to the monitoring of the control effectiveness of risks and processes, ensures that risks are managed within approved levels of tolerance and facilitates a process of continuous improvement.

The functional reporting areas and their objectives are set out below:

Risk Register/Enterprise Risk Management (ERM) Programme

Ensures that a robust system of identifying, quantifying, monitoring, managing and reporting risks and opportunities is applied consistently throughout the Company.

ARM continually reviews and updates the ERM Framework, initially based on the Committee of Sponsoring Organisations of the Treadway Commission (COSO) framework of 2004, to ensure it remains consistent with the principles of ISO 31000, the principles of King III and best practice risk management principles and standards. It sets out the ERM process used throughout ARM, provides standards and guidelines and identifies risk tolerance levels for our operations, divisions and the Company. The Management Risk Committee periodically reviews risk tolerance levels, which are approved by the Audit and Risk Committee.

The scope of the ERM process extends from addressing principal (strategic, tactical and major operational) risks and opportunities to detailed risk assessments at a process level (as well as for specialised functions) across ARM. The aim is to ensure ARM identifies relevant risks and opportunities, and considers and implements corresponding appropriate, current and effective mitigating strategies and controls. This focus on ensuring implementation of mitigating strategies and effective controls corresponds with the move towards reporting of performance of controls (measured in terms of the risk and control dashboards) and the move away from exception reporting.

The ERM process with its focus on risks and attendant controls allows for focused management oversight and more comprehensive reporting to the Management Risk Committee, operations and audit committees. It also complements ARM's 'We do it better' management style, which incorporates the principle of continuous improvement.

The process of setting control effectiveness performance targets, measuring the quality of assurance and the compliance with risks and processes, provides an effective way of evidencing and monitoring this continuous improvement process.

Physical risk management function

Ensures that physical risk grading, risk improvement and other risk controls are appropriate, and maintains and enhances performance against agreed international risk standards.

While ARM's ERM process addresses all business risks from strategic, tactical and major operational risk to process level risks, in order to ensure focused attention on physical/insurance risk ARM addresses and reports on physical risks and their respective control environments separately and specifically.

While operational management remains accountable for risk management, external consultants assist with identifying risk, rating and benchmarking risk management performance, and providing recommendations to improve risk preparedness and to address any potential loss-producing events. This is done by measuring the performance of each operation against ARM's Balanced Scorecard. The Balanced Scorecard measures the quality of risk management (control effectiveness) at individual operations, expressed in rating percentages, and provides a risk profile for each operation.

ARM's objective is that all its operations achieve an 80% overall performance rating against the international risk management standards contained in the Balanced Scorecard.

ARM also benchmarks its risk preparedness against some 400 mining operations worldwide, rated by International Mining Industry Underwriters (IMIU). The majority of ARM's operations are rated in the top quartile of worldwide operations rated by IMIU.

Risk financing and insurance

Ensures that ARM's risk financing and insurance programmes are comprehensive and adequately protect the Company against catastrophic risk.

Continuing improvement in ARM's risk profile as a result of focused risk control initiatives ensures that cost-effective risk control, financing and insurance programmes are in place to avoid or reduce adverse effects on financial results and Company performance.

The principal risks, uncertainties and opportunities are set out on pages 24 and 25.

Governance and Risk: monitoring new developments

Ensures that the risks arising from new developments in ARM's operating environment are considered on an on-going basis.

ARM Risk Management constantly monitors risk issues that stem from new developments, such as non-compliance with changes in corporate governance requirements or codes of practice, to ensure that risk management within ARM remains relevant.

The Risk and Control Dashboards which are consistently used at divisional audit committee and ARM Audit and Risk Committee forums, provide a consistent and measurable management assurance metric on the control effectiveness of a broad spectrum of risks and processes.

Combined Assurance

ARM's Combined Assurance Model, developed after consultation with management assurance/audit institutions, continues to be refined to ensure integration with ERM processes that have been in place within ARM for a number of years. The ERM process of identifying risks from strategic, tactical and major operational risks through to process level risks at all levels throughout the Company together with corresponding mitigating actions and attendant controls, provides a significant base for the development of the Combined Assurance Status Report (Status Report) which will guide the development and implementation of ARM's Combined Assurance Plan.

The approach has been not only to focus on applying the principles contained in King III relative to combined assurance, but more importantly to do so through an effective and efficient process that builds on and complements the ERM work undertaken over the years enabling ARM to streamline and improve its assurance processes.

During the implementation phase the draft Status Report will continue to be updated and refined to identify gaps and duplication of assurance. These 'gaps and duplications' of assurance in specific risk and management processes form the basis of determining appropriate internal and external assurance requirements with all stakeholders and form the basis of an on-going Combined Assurance Plan, the results of which will continue to be reported quarterly to the Management Risk Committee, the various joint venture audit committees as well as to the Audit and Risk Committee.

A brief overview of the combined assurance process includes:

Combined Assurance Model

The model sets out the objectives and our approach to combined assurance; describes the three lines of defence (First: management-based assurance; Second: internal assurance – independent from the process; Third: external/independent assurance); defines what constitutes assurance relative to the First, Second and Third levels of defence; identifies the coordinators and sponsors; and sets the measurement criteria for what constitutes the various levels of Quality of Assurance.

Combined Assurance Status Report

The Status Report provides the framework, format and the reporting for information collated on assurance providers. It enables analysis of assurance provided and the identification of potential 'gaps and duplications' which is considered in the continuing development of the Combined Assurance Plan.

Combined Assurance Plan

This details the actions required by a variety of stakeholders to ensure appropriate combined assurance based on the risk appetite of ARM.

Legal compliance

Internal and external legal and regulatory audits are regularly conducted at all operations and any instances of non-compliance with legal or regulatory requirements are reported to management for corrective action.

Internal audits are undertaken annually and external audits of safety, health and environmental (SHE) performance at all of ARM's operations, are undertaken biennially. The most recent external SHE audit was conducted in F2011. All findings are being addressed through the risk and non-conformance systems of the different operations. Sixteen corporate standards on risk assessment, legal compliance, water management, waste management, contractor management, biodiversity, waste and emissions management were implemented during F2011.

During F2012 the Company did not receive any administrative penalties nor was it fined nor has it been prosecuted for any anti-competitive practices or non-compliance with any legislative or regulatory obligations.

A legal and regulatory compliance policy for the Company has been adopted. Chief Executives and senior management report on legal and regulatory compliance to the Management Risk Committee and the Audit and Risk Committee.

Mining Charter

ARM is committed to the spirit of the Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry (the Mining Charter), which is to bring about "a globally competitive mining industry that draws on the human and financial resources of all of South Africa's people and offers real benefits to all South Africans". The Mining Charter was developed through a consultative process between Government, labour and the mining industry, and was ratified in October 2002. Measures for assessing the contribution of mining companies to the socio-economic goals of the Mining Charter were developed. These include the mining scorecard and focus on nine key elements: human resource development; employment equity; migrant labour; mine community and rural development; housing and living conditions; procurement; ownership and joint ventures; beneficiation; and reporting. The Mining Charter was revised in September 2010. Revisions included amendments to the scorecard and the nine key elements.

A section describing the progress ARM has made against the requirements of the Revised Mining Charter is provided in the 2012 Sustainability Report available on ARM's corporate website: **www.arm.co.za**

Dealings in securities and insider trading policy

ARM enforces closed periods in compliance with legislation and regulation. During these times, Directors, officers and designated persons are precluded from dealing in ARM securities. All Directors and employees are provided with relevant extracts from the Security Services Act 36 of 2004, and the Company's procedures in this regard. Directors and employees are reminded of their obligations in terms of insider trading and the penalties for contravening the regulations. The policy was amended in F2011 following amendments to the JSE Listings Requirements in April 2010.

The complete policy governing dealings in Company securities and insider trading may be found on ARM's corporate website **www.arm.co.za**

Donations to political parties

ARM supports South Africa's democratic processes and makes contributions to political parties. A policy relating to making donations to political parties has been adopted by the Company. In the year under review, donations were made to political parties in accordance with the policy and the budget approved by the Board.

Investor relations and communication with stakeholders

ARM is committed to transparent, comprehensive and objective communication with its stakeholders. The Company maintains a website, which provides information regarding the Company's operations, financial performance and other information. The Company has an Executive Director: Corporate Affairs and an Executive: Business Development and Investor Relations and has appointed a Senior Executive: Corporate Affairs for ARM.

Shareholders are encouraged to attend the Annual General Meeting and to use this opportunity to engage with the Board and senior management. Summaries of the results of decisions taken at shareholders' meetings are disclosed on the Company's website following the meetings.

The Company's stakeholder communication policy is included in the Code of Conduct. The development of a more comprehensive stakeholder communication/engagement polity is in progress.

ARM's investor relations department is responsible for communication with institutional shareholders, the investment community and the media. The Company has developed a comprehensive investor relations programme to communicate with domestic and international institutional shareholders, fund managers and investment analysts. Engagements include participation by ARM senior executives in one-on-one meetings with institutional investors in South Africa, the United Kingdom, North America and Singapore, through investor roadshows and conferences.

Additional information regarding investor relations and communication with stakeholders may be found in the Investor Relations report on pages 243 to 246 and in the 2012 Sustainability Report available on ARM's corporate website: **www.arm.co.za**

Annual General Meeting

The Notice of the Annual General Meeting may be found on pages 249 to 256.

Sponsor

Deutsche Securities (SA) (Pty) Ltd is the Company's sponsor, in compliance with the JSE Listings Requirements.

Remuneration report

Role of the Remuneration Committee

In 2005, ARM embarked on an aggressive growth strategy with the objective of doubling the size of the Company. This was achieved in 2010. ARM is focussed on continuing to grow in its portfolio of commodities. ARM has world-class resources and excellent partnerships to achieve its strategic objectives. ARM recognises that this strategy can only be delivered with the foresight, dedication and hard work of management and employees.

It is also recognised that the Company competes for a small talent pool and set of competencies within the global and South African mining industries. South African mining talent is regarded as among the best in the world and is in demand in most mining countries. The growth in African mining escalates the risk of the loss of key talent. ARM's own growth and additional demand for talent is contingent on the Company's attraction and retention strategies in terms of current and potential employees.

The Remuneration Committee acknowledges its responsibility to apply the remuneration strategy to ensure a fine balance in attracting and retaining employees through competitive remuneration practices, while creating shareholder value. Supporting a progressive Remuneration policy are ARM's succession planning, human resources development and manpower planning process, which aim to ensure the appointment of competent and experienced individuals to realise the Company's growth expectations and growth strategy. This forms a critical component of the total Employee Value Proposition and our objective to be an Employer of Choice.

These elements are discussed in more detail in the Sustainability Report available on ARM's corporate website: **www.arm.co.za**

Composition of the Remuneration Committee

Members:

Dr M M M Bakane-Tuoane (Chairman until August 2012)
A K Maditsi (appointed to the Committee in July 2011 and appointed Chairman in August 2012)
F Abbott (appointed to the Committee in July 2011)
T A Boardman (appointed to the Committee in August 2011)
A D Botha

In accordance with King III, the Remuneration Committee consists entirely of Independent Non-executive Directors. The Board considers the composition of the Committee to be appropriate in terms of the necessary blend of knowledge, skills and experience, and that the members have a strong blend of expertise and experience in the financial and human capital fields.

Functions of the Remuneration Committee and Terms of Reference

Purpose

The purpose of the Committee is to assist the Board with its responsibility for setting the Company's remuneration policies to ensure that these policies are aligned with ARM's business strategy and create value for ARM over the long term. The Committee also assists the Board to promote a culture that supports enterprise and innovation with appropriate short-term and long-term performance related rewards that are fair and achievable.

Functions and responsibilities

As set out in greater detail on pages 132 to 133, the Committee must perform the functions and responsibilities necessary to fulfil its purpose as stated in the previous paragraph, including the following:

- ensuring that policies for the remuneration payable to all employees of ARM have been developed, and monitoring their implementation;
- ensuring that, in developing the Company's remuneration policies, the mix of fixed and variable remuneration in cash, shares and other elements of remuneration meets ARM's business needs and furthers its strategic objectives and that there is an appropriate balance between short-term and long-term incentives;
- ensuring that performance targets in all occupational categories within ARM and its joint ventures are set and monitored; and
- ensuring that the Company's remuneration policies are put to a non-binding advisory vote by shareholders at the Annual General Meeting.

It is also the responsibility of the Remuneration Committee to ensure alignment with the remuneration guidelines of King III. The Remuneration Committee is satisfied that the Company is indeed so aligned.

Committee activities

The Remuneration Committee met four times during F2012. The scheduled work plan was followed with the normal cycle of activities that included, but was not limited to, the following:

- The recommendation to the Board of the annual increases in the base salaries of Executive Directors.
- The approval of the annual increases in the base salaries of senior management.
- The approval of the annual bonuses paid to Executive Directors and senior management in terms of the Out Performance Bonus Scheme.
- The approval of the annual offers of share-based instruments under The African Rainbow Minerals Share Incentive Scheme (the Scheme) and The African Rainbow Minerals Limited 2008 Share Plan (Share Plan).
- The recommendation of the Board retainer and Board and Committee meeting attendance fees for Non-executive Directors to the Board, for submission to shareholders.
- Review of the deferred bonus/co-investment scheme under the Share Plan.
- The review of the Remuneration Policy.
- The review of the conditions of employment and benefits to ensure that they are reasonable in terms of best practices.

During F2012 ARM achieved the 6th place in the "giant size" company category and was certified as a "Best Employer South Africa 2012/2013" by the CRF Institute. ARM was audited in the following categories:

- Primary benefits
- Secondary benefits and working conditions
- Training and development
- Career development
- Culture management

This indicates that ARM's remuneration and benefits policies and practices (primary and secondary benefits – elements 1 and 2) measure extremely well against South African and international practices.

The Chief Executive Officer, Financial Director and the Chief Human Resources Officer attend Committee meetings by invitation and assist the Committee in its deliberations, except when issues relating to their own remuneration are discussed.

No Director was involved in deciding his or her remuneration. The Chairman of the Remuneration Committee attends Annual General Meetings to answer any questions from shareholders.

Additional information may be found under the heading "Remuneration Committee" in the Corporate Governance report on pages 132 and 133.

Advisors to the Remuneration Committee

In F2012 the Remuneration Committee was advised by Deloitte, which provided, *inter alia*, market bench-marking information on executive remuneration, and also advised on and assisted with the design, implementation and verification of calculations pertaining to offers and awards pursuant to short- and long-term incentive plans. All short- and long-term incentive calculations are audited by either the Company's internal auditors (KPMG) or, at financial year-end, by the external auditors Ernst & Young Incorporated.

The Remuneration Committee and the Company also made use of the professional services and advice of PricewaterhouseCoopers (PwC)/Remchannel and Compensation Technologies to conduct Non-executive Director fees and conditions of employment surveys and benchmarking for other management and employee categories. This was aimed at ensuring overall competitiveness.

Non-binding advisory vote

Chapter 2 of King III, which deals with "Boards and directors", requires a company to table at its annual general meetings its Remuneration policy for approval by shareholders of the company by a non-binding advisory vote. This vote enables shareholders to express their views on a company's remuneration policy and on its implementation.

Ordinary resolution number 9 (included in the Notice of Annual General Meeting) is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing arrangements. However, the Board and the Remuneration Committee will take the outcome of the vote into consideration when considering the Company's Remuneration policy.

Additional information may be found in the Notice of Annual General Meeting on pages 249 to 256.

Remuneration Philosophy and Policy: Executive remuneration

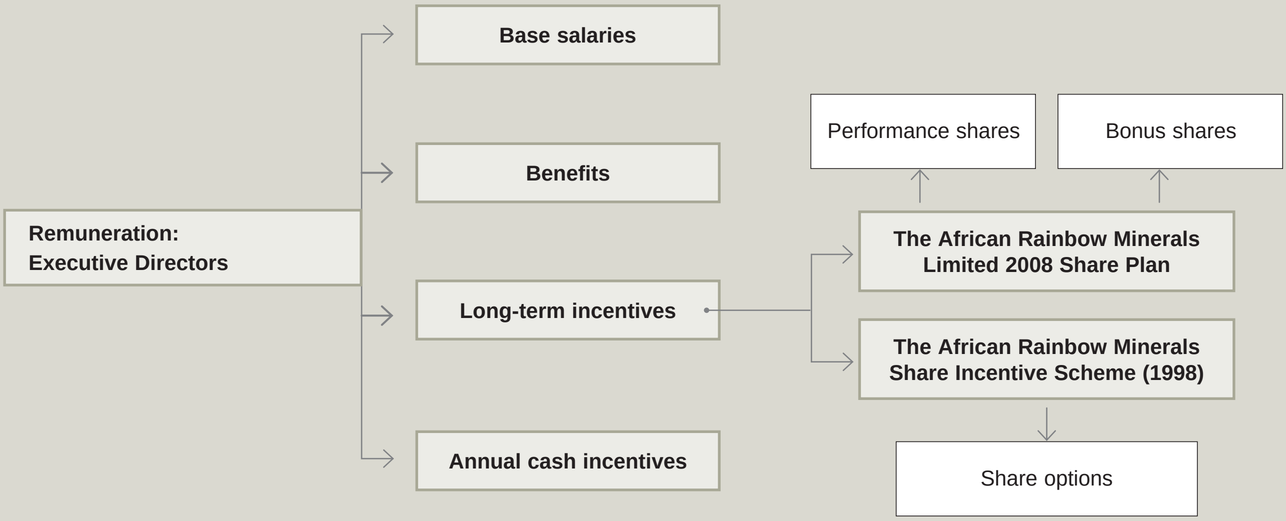
Principles of executive remuneration

ARM's executive remuneration philosophy aims to attract and retain high-calibre executives, and to motivate and reward them for developing and implementing the Company's strategy to deliver consistent and sustainable shareholder value. The Company demonstrates:

- the ability to attract top talent throughout the Group, as 95% of all job offers made were accepted;
- the ability to retain that top talent, as the annual turnover is only 1.9% with no turnover in top management;
- a management team that realises the slogan of "We do it better" and consistently achieves and exceeds business targets, meets project budgets and timelines and thereby creates sustainable shareholder value; and
- a management team that has delivered on the Company's strategy since 2005 and achieved its strategic objectives.

The Remuneration policy conforms to best international practice and is based on the following principles:

- **total rewards** are competitive with those offered by other employers in the mining and resources sector;
- **incentive-based rewards** are earned through the achievement of performance targets consistent with shareholder expectations over the short- and long-term;
- **annual cash incentives,** together with performance measures and targets, which are structured to reward effective operational performance; and
- **long-term (share-based) incentives** that are used to align the long-term interests of management with shareholders and that are responsibly implemented, so as not to expose shareholders to unreasonable or unexpected financial impact.



Elements of executive remuneration

- Base salaries (*i.e.*, fixed salaries)
- Benefits
- Annual cash incentives
- Long-term (share-based) incentives

The Remuneration Committee seeks to ensure an appropriate balance between the fixed- and performance-related elements of executive remuneration, and between those aspects of the package linked to short-term financial performance and those linked to longer term shareholder value creation. The Committee considers each element of the remuneration package relative to the market and takes into account the performance of the Company and the individual executive in determining both quantum and design.

For additional information regarding Executive Directors' emoluments for F2012, refer please to the Directors' report on pages 161 to 166.

The policies relating to the four components of executive remuneration are summarised in the table below.

Policy	Basis of delivery
Base salaries: • The salaries of Executive Directors and other senior executives are benchmarked against market practices, other South African mining companies that are comparable in size, business complexity and international scope. • Normally reflect market median levels based on role and individual skills and experience. • Base salaries of key individuals are aligned with salaries in the upper quartile of the resource market.	**Base salaries:** • Monthly in cash. • Reviewed annually, with changes taking effect annually on 1 July. • Increases in base salary are also determined by Company performance, individual performance and changes in responsibilities. • Base salary forms part of and is the major component of a total cost-to-company (TCTC) package, which also includes Benefits. Participation in short- and long-term incentive schemes is calculated on the basis of and in addition to the TCTC package.

Benefits:
Retirement/Pension Fund:
• Membership of the ARM Pension Fund is compulsory. Executives, if already members of a recognised industrial pension/retirement fund such as Sentinel, may remain members if so elected.
	Benefits:
	• Contributions are made by executives from the TCTC base salary.
	• The ARM Pension Fund is:
	  • Managed by eight trustees of whom 50% are appointed by ARM and 50% are elected by the members.
	  • Administrated by Alexander Forbes.
	  • A defined contribution fund.

Medical scheme: • It is compulsory to belong to a medical scheme.	• Executives may participate in any managed medical aid plan of their choice.

Policy	Basis of delivery
Other benefits and conditions of employment: • All other conditions of employment are comparable to those of the mining and resources sector and conditions do not differ from the rest of the employees in the company. No special or extraordinary conditions are applicable to executives.	**Other benefits and conditions of employment:** • Adjustments are made to the TCTC depending on the benefits selected by employees, *e.g.* car allowances.
Annual cash incentives: • Incentivised achievement of annual objectives and sustained performance against comparative and absolute targets are rewarded. • Executive Directors and senior executives are allowed the prior voluntary deferral of either 25%, one third or 50% of any bonus calculation into "co-investment" shares (see page 144 of this Remuneration report for details).	**Annual cash incentives:** • On-target bonus percentages are established by the Remuneration Committee in terms of ARM's overall reward strategy; however, the Out Performance Bonus payable at year-end depends upon actual Company performance against a weighting of: – targeted profit from operations in each of the operational clusters; and – targeted unit cost of sales in each of the mineral clusters. • The weighting of the metrics in the bullet point above applied to each member of the executive is in relation to his or her sphere of influence. • The Remuneration Committee establishes thresholds and targets for each metric in accordance with the Board approved business plan, and reviews the measures annually to ensure that they are appropriate, given the economic climate and the performance expectations for the Company. • A performance managed incentive scheme based on profit applies to non-executive employees at corporate level. At operational level, the incentive bonus for all employees, payable at financial year-end, depends upon actual operational performance against a weighting of the following: – targeted profit from the operations; – targeted operational unit cost of sales in each of the mineral cluster(s); and – targeted operational production. • Health and safety is either an additional measure or penalty. The weighting of the above metrics is applied to each employee in relation to his or her sphere of influence. • Non-executive Directors are not incentivised.
Long-term (share-based) incentives: • ARM share-based incentives are based on two schemes: • The African Rainbow Minerals Share Incentive Scheme; and • The African Rainbow Minerals Limited 2008 Share Plan.	**Long-term (share-based) incentives:** • Prior to 2008, ARM's only form of long-term incentive was a long-standing share option scheme inherited from Anglovaal Mining Limited (Avmin), now referred to as The African Rainbow Minerals Share Incentive Scheme (the Scheme). • Following developments in the tax, accounting and regulatory treatments of share-based incentives, together with evolving local and international best practice, various adjustments were made to the manner of its implementation to bring it in line with these developments. This was done within the parameters of the original approval by the JSE and shareholders. • Additionally its reward impact was significantly reduced, but then supplemented by The African Rainbow Minerals Limited 2008 Share Plan (the Share Plan), approved by shareholders at the 2008 Annual General Meeting and subsequently amended at the 2010 Annual General Meeting. • ARM's long-term (share-based) incentives now consist of: – performance shares; – bonus shares; and – share options. • Performance shares are awarded and bonus shares are granted pursuant to the Share Plan. Share options are offered under the Scheme. • The resulting compound (hybrid), share-based incentive programme aligns ARM with best international practice; provides for the inclusion of a number of performance conditions, designed to align the interests of executives with those of the Company's shareholders; acts as a retention tool; and rewards executives for Company performance above that of the performance of the economy or the mining and resources sector. All ARM corporate employees at managerial levels are eligible participants.

The implementation of the share-based incentives is described below:

Performance share method

The performance share method aligns the interests of shareholders and executives by rewarding superior shareholder return in the future, and by encouraging executives to build a shareholding in ARM.

In terms of the Share Plan, conditional awards of full value performance shares have been made to executives annually since 2008. These awards vest after a performance period of three-years or four years, as the case may be, subject to the Company's achievement of pre-determined performance criteria, set by the Remuneration Committee at the time that awards are made.

Performance criteria

Until F2011, the performance criteria for the vesting of the performance shares were defined in terms of the achievement of a Market Price Appreciation (MPA) performance, in comparison to the 20 companies then comprising the constituent members of the FTSE/JSE Resources Index (RESI 20). This approach to performance vesting was selected on the basis that it incentivises the creation of shareholder value.

The MPA for this purpose is defined to be the increase in value of a portfolio of shares purchased on a specified date, holding the shares until the third or fourth anniversary of the purchase date, as the case may be, and then selling the portfolio on that day.

Since F2011, as a result of the reduction in the number of constituent members of the FTSE/JSE Index from 20 (RESI 20) to 10 (RESI 10) the performance criteria for the vesting of the performance shares, both prior awards and subsequent awards, are now defined in terms of the achievement of MPA performance, in terms of the RESI 10.

For performance shares awarded prior to 1 November 2011 and performance shares awarded on or after 1 November 2011 to participants other than senior executives, the MPA is determined over a three year performance period. For performance shares awarded on or after 1 November 2011 to senior executives, the MPA is determined over a four year performance period.

Vesting

Conditional performance shares awarded to participants prior to 1 November 2011 and conditional performance shares awarded to participants other than senior executives after 1 November 2011 vest and are settled after a performance period of three years, subject to the achievement of predetermined criteria.

In 2011 the Board, upon the recommendation of the Remuneration Committee, resolved to extend the vesting period of awards made after 1 November 2011 to senior executives from three years to four years and to assess the performance criteria annually commencing after two years.

Since F2011 additional awards of performance shares may be made in terms of the deferred bonus/co-investment scheme, described below.

For additional information regarding performance share awards, please refer to the Directors' report on pages 162 to 163 and 166 to 167.

Bonus share method

The bonus share method is an additional share-based incentive for those executives who, through their performance on an annual basis, have demonstrated their value to the Company. It also encourages executives to build a shareholding in ARM.

In terms of the Share Plan, annually since 2008, participants have received a grant of full value ARM shares that match, according to a specified ratio, a portion of the annual cash incentive accruing to them. All bonus shares granted to participants prior to 1 November 2011 and bonus shares subsequently granted to participants other than senior executives vest and are settled after three years, subject to continued employment with the Company.

However, the purpose of the bonus share method is to retain senior executives for the long term, and in order to achieve this objective, the Board, upon the recommendation of the Remuneration Committee, resolved in 2011 to extend the vesting period for bonus share grants made to senior executives on or after 1 November 2011. Such bonus shares will vest and be settled after four years, subject to continued employment with the Company.

Since F2011 additional grants of bonus shares may be made in terms of the deferred bonus/co-investment scheme, described below.

For additional information regarding bonus share grants, please refer to the Directors' report on pages 163 to 164 and 166 to 167.

Share option scheme

Annual allocations of share options in terms of the Scheme are made to executives, but at a much reduced scale following the adoption of the Share Plan.

Share options vest in total on the third or fourth anniversary of their allocation. Executives may elect to defer exercising any share option until the eighth anniversary of its allocation.

The Scheme was amended in December 2010 to allow the Company to offer participants the opportunity to net settle share options when they exercise such options.

For additional information regarding share option allocations, please refer to the Directors' report on pages 164 to 167.

Deferred bonus/co-investment scheme

In February 2011, the Remuneration Committee approved a deferred bonus/co-investment scheme, in which executives may invest in additional bonus shares which are matched by the Company with performance shares under the existing terms and conditions of the Share Plan.

Executives and senior managers are offered the opportunity, before the end of March each year, to elect that a portion (25%, one third or a maximum of 50%) of any bonus calculated at the end of the performance year, is deferred and converted into an equivalent value of bonus shares.

Additionally, any portion of the calculated bonus above a certain threshold (Rand) level is to be deferred on a compulsory basis and converted into an equivalent value of bonus shares.

The remainder of the bonus, after any elective or compulsory deferral, will accrue to executives and be paid out in cash.

To encourage executives to take up the deferral(s), the deferred bonus shares are matched with performance shares according to prescribed ratios.

The vesting period(s) of both deferred bonus shares and matching performance shares will be three years. The performance criteria for the matching performance shares will be identical to that adopted for the Share Plan, but the performance period will remain at three years and there is only one performance assessment.

The deferred bonus share element will be utilised to enhance the retention characteristics of the current reward of Executive Directors and senior management. The Company is of the view that the deferral of a portion of immediate cash bonuses demonstrates a heightened commitment to performance and shareholder alignment, and enhances both the retention of employees and the performance and shareholder alignment characteristics of the Share Plan.

Although the deferred bonus shares will still be at risk to share price volatility, a high level of reward certainty exists for the grantees, as the only performance criteria associated with the vesting of the bonus shares is a grantee's continued employment. Performance and shareholder alignment will be enhanced by the matching of the deferred bonus shares with additional performance shares in specific ratios that reflect the risk/reward characteristics the Company wishes to operate under.

Summaries of long-term incentives

The number of performance shares, bonus shares and share options offered to and accepted by participants, along with an analysis of share-based payments accruing to Executive Directors and to Prescribed Officers, is provided in the Directors' report on pages 162 to 167.

Service contracts: Executive Directors

Employment agreements have been entered into between the Company and the Executive Directors, namely Messrs Motsepe (Executive Chairman), Schmidt (Chief Executive Officer), Arnold (Financial Director), Gule (Executive Director: Corporate Affairs) and Wilkens (Executive Director: Growth and Strategic Development). These contracts are subject to a one calendar month's notice period by either party. None of the employment contracts is a fixed-term contract.

The remuneration paid in terms of the executive employment agreements with the Executive Directors is set out in detail on page 161 of the Directors' report.

Executive Directors are not paid by the Company for their services and duties as Directors of the Company. They only receive remuneration in terms of their employment relationship with the Company.

The Company has not concluded any agreements with its Executive Directors to pay a fixed sum of money on termination of employment.

There are no other service contracts between the Company and its Executive Directors.

Remuneration policy: Non-executive Directors' remuneration

Non-executive Directors' fees

The Board appoints high-calibre Non-executive Directors who contribute significantly to the Company's strategic direction. On the advice of the Remuneration Committee, which engages independent third-party advisors to assist with the benchmarking of Directors' fees to comparable companies, the Board considers and makes recommendations to shareholders regarding Directors' fees payable.

In determining the level of fees, consideration is given, inter alia, to the importance of attracting and retaining experienced Non-executive Directors, market dynamics and the increasingly demanding responsibilities of Directors as well as the contributions of each Director and their participation in the activities of the Board and its committees.

Board retainers and Board and committee meeting attendance fees are paid quarterly and in arrears. Board attendance fees are paid for site visits and seminars. The Company reimburses reasonable travel, subsistence and accommodation expenses to attend meetings, however, office costs, including telecommunication costs, are deemed to be included in the Board retainers.

Full details regarding the fees paid to Non-executive Directors are provided in the Directors' report on page 162.

Board retainers and per meeting attendance fees

On the advice of the Remuneration Committee, the Board recommends an annual retainer and meeting fees for attendance at Board meetings payable to Non-executive Directors for approval by shareholders.

A comprehensive benchmarking exercise was performed on Non-executive Directors' Board fees using Deloitte surveys, PwC surveys and Annual Reports of various similar-sized companies in the resources sector. Based upon the outcome of this exercise, a proposed 6% per annum increase (rounded to the nearest R50) in retainer fees and Board meeting attendance fees to be paid to Non-executive Directors will be submitted for approval to shareholders at the Annual General Meeting scheduled to be held on Friday, 7 December 2012. This will bring the Company's Board retainers and per meeting fees more in line with the market and ensure that ARM retains the skills and experience of its Non-executive Directors.

Executive Directors do not receive Directors' fees.

Annual Board retainers and meeting attendance fees

	2012/13 Fees (Rand)*		2011/12 Fees (Rand)**	
	Annual	Per meeting	Annual	Per meeting
Independent Non-executive Director	**336 850**	**16 200**	317 800	15 300
Non-executive Director	**269 500**	**16 200**	254 250	15 300

* *Effective 1 July 2012, should the increase be approved by shareholders at the Annual General Meeting.*
** *Effective 1 July 2011.*

Committee meeting attendance fees

The Company also conducted a comprehensive third-party benchmarking exercise on Non-executive Directors' committee meeting attendance fees, including the use of Deloitte's surveys. On the advice of the Remuneration Committee, the Board recommends for approval by shareholders an increase in the committee meeting attendance fees payable to Non-executive Directors of 6% per annum (rounded to the nearest R50) for the Audit and Risk Committee and 10% per annum (rounded to the nearest R50) for all other committees, as set out in the table below. The level of such committee attendance fees reflects the impact, influence and risk component of a committee's role in achieving the Company's objectives as well as the experience of the committee members. The fees provide remuneration for preparation for and attendance at meetings.

Committee meeting attendance fees

		2012/13 per Meeting fees (Rand)*	2011/12 per Meeting fees (Rand)**
Audit and Risk Committee			
	Chairman	**84 200**	79 450
	Member	**33 700**	31 800
Investment Committee, Nomination Committee, Remuneration Committee and Social and Ethics Committee			
	Chairman	**33 000**	30 000
	Member	**22 000**	20 000

* *Effective 1 July 2012, should the increase be approved by shareholders at the Annual General Meeting.*
** *Effective 1 July 2011.*

Fee for the Lead Independent Non-executive Director

On the advice of the Remuneration Committee, the Board recommends for approval by shareholders an increase of 12% (rounded to the nearest R50), effective 1 July 2012, of the fee of R19 050 to R21 350 per meeting to be paid to the Lead Independent Non-executive Director for chairing the formal, quarterly meetings of the Non-executive Directors' Committee, which are held without management.

Please refer to the Notice of Annual General Meeting on pages 249 to 256.

Service contracts: Non-executive Directors

In addition to Directors' fees, Non-executive Directors may receive advisory fees in terms of agreements or other service contracts, concluded at market rates, for defined and pre-approved services.

An agreement has been entered into between the Company and Mr Chissano to perform services on behalf of the Company. The renewable contract is subject to one month's termination notice by either party.

There are no other service contracts between the Company and its Non-executive Directors.

No agreements to pay a fixed sum of money on termination of contract have been concluded between the Company and any of its Non-executive Directors.

Details regarding amounts paid in F2012 in terms of service contracts with Non-executive Directors are provided in the Directors' report on page 162.

Report of the Social and Ethics Committee

This report is provided by the Social and Ethics Committee (Committee) in compliance with Regulation 43(5)(c) of the Companies Act 71 of 2008, as amended (the Companies Act).

Composition and Terms of Reference

This statutory Committee was established on 23 August 2011. It was previously called the Sustainable Development Committee. With effect from 1 May 2012, the Committee's Terms of Reference were amended by the Board of Directors (the Board) to elaborate on the Committee's role and responsibilities in terms of the Companies Act. The Committee monitors and oversees those functions set out in the Companies Act as well as those responsibilities assigned to it by the Board.

Information on the composition of the Social and Ethics Committee, its Terms of Reference and its procedures are set out more fully in the Corporate Governance report on pages 133 and 134 of the 2012 Integrated Annual Report, of which this report forms a part.

At the Annual General Meeting, the Committee chairman will report to shareholders on the Company's performance with respect to relevant legislation and codes of best practice, social and economic development, labour, and safety, health and the environment.

Purpose and Functions

Legislation and Codes of Best Practice

The Committee is responsible for monitoring the Company's activities, having regard to any relevant legislation, other legal requirements and prevailing codes of best practice in the areas set out in the Companies Act. In respect of legal and regulatory requirements, during the year under review the Committee, *inter alia:*

- discharged those regulatory obligations of a social and ethics committee as prescribed by Companies Regulation 43(5);
- monitored complaints received via ARM's whistleblowers' hotline, including complaints or concerns regarding sustainable development matters; and
- considered reports provided by management regarding compliance with legal and regulatory requirements in terms of the Company's Legal and Regulatory Compliance Policy;
- received reports regarding the on-going Competition Act compliance training programme.
- received a report regarding the biennial safety, health and environmental internal audits, including compliance with the National Environmental Management Act and the National Water Act; and
- monitored compliance with the Mining Charter and the Department of Trade and Industry targets as well as the Company's status in respect of standards of best practice, including International Council on Mining & Metals guidelines and membership requirements.

The Company is committed to high moral, ethical and legal standards in dealing with all of its stakeholders. All the Directors and employees are required to maintain high standards to ensure that the Company's business is conducted honestly, fairly and legally and in a reasonable manner, in good faith and in the best interests of ARM. These principles are set out in ARM's Code of Conduct. The Committee received and considered reports regarding the Code of Conduct on-line training programme, which was introduced at the Company's corporate office and ARM Platinum during F2012.

The Company reviewed its initiatives to counteract risks of fraud, bribery and corruption. As more fully described on page 136 of the Corporate Governance report the Company has a whistleblowers' policy and the Committee received reports regarding the results of investigations of calls made to the independent whistleblowers' hotline facility.

Social and Economic Development

ARM seeks to make a significant contribution towards addressing challenges confronting South Africa, including poverty alleviation, job creation, education, welfare and healthcare. The Committee monitored and reviewed the implementation of policies regarding adding value to and giving to the communities in which ARM operates including:

- corporate social responsibility;
- local economic development, including: infrastructure, enterprise development, and community development projects committed under the social and labour plans; and
- the ARM Broad-based Economic Empowerment Trust projects.

The Committee specifically focussed on commitments in the priority areas identified by the Committee, *i.e.*, (i) health, (ii) education, (iii) sporting events, (iv) community capacity building, (v) arts and culture, (vi) job creation, and (vii) infrastructure.

Labour

ARM is committed to fair labour practices and freedom of association. The Company's policies are aimed at eliminating unfair discrimination and promoting equality in line with, *inter alia,* the South African Constitution, the Labour Relations Act, the Employment Equity Act and the Broad-Based Black Economic Empowerment Act, taking cognisance of the Universal Declaration on Human Rights, the Fundamental Human Rights Conventions of the International Labour Organization and the International Labour Organization Protocol. The Committee monitored and reviewed the implementation of labour policies including:

- attraction, retention and development of skills to support the Company's growth plan;
- employment equity;
- employee turnover;
- learnerships and bursaries;
- educational training and development of its employees; and
- literacy.

Safety, Health and Environment

ARM is committed to providing its employees with a safe and healthy work environment. The Committee monitored and reviewed the implementation of safety, health and wellness policies, including:

- safety performance,
- occupational health and wellness; and
- Tuberculosis, HIV & Aids.

The most significant environmental issues confronting ARM are climate change and resource management. The Committee monitored and reviewed the implementation of environmental sustainability policies including:

- environmental management;
- water management;
- land use management (rehabilitation and biodiversity management);
- climate change; and
- the status of ARM's participation in the Carbon Disclosure Project;

Additional information may be found in the Sustainability review on pages 31 to 46 of the 2012 Integrated Annual Report and in the comprehensive stand-alone Sustainability Report available on ARM's corporate website: **www.arm.co.za**

Based on the foregoing, we are of the opinion that the Social and Ethics Committee has executed its duties and responsibilities during the financial year in accordance with the Companies Act and its Terms of Reference.

On behalf of the Social and Ethics Committee

Dr Rejoice V Simelane
Chairman of the Social and Ethics Committee

17 October 2012

Board of Directors

1 **Patrice Motsepe**
(50)
Executive Chairman
BA (Legal), LLB

2 **Mike Schmidt**
(54)
Chief Executive Officer
Pr Cert Eng

3 **Mike Arnold**
(55)
Financial Director
BSc Eng (Mining Geology), BCompt (Hons), CA(SA)

4 **André Wilkens**
(63)
Executive Director: Growth and Strategic Development
Mine Managers Certificate of Competency, MDPA (Unisa), RMIA

5 **Mangisi Gule**
(60)
Executive Director: Corporate Affairs
BA (Hons) Wits, P & DM (Wits Business School)

6 **Dr Manana Bakane-Tuoane**
(64)
Lead Independent Non-executive Director
BA, MA, PhD (Econ)

7 **Frank Abbott**
(57)
Independent Non-executive Director
BCom, CA(SA), MBL

8 **Tom Boardman**
(62)
Independent Non-executive Director
BCom, CA(SA)

9 **Anton Botha**
(59)
Independent Non-executive Director
BCom (Marketing), BProc, BCom (Hons), SEP (Stanford)

10 **Joaquim Chissano**
(72)
Independent Non-executive Director
PhD

11 **Mike King**
(75)
Independent Non-executive Director
CA(SA), FCA

12 **Alex Maditsi**
(50)
Independent Non-executive Director
BProc, LLB, LLM

13 **Dr Rejoice Simelane**
(60)
Independent Non-executive Director
BA (Econ and Acc), MA, PhD (Econ), LLB (UNISA)

14 **Bernard Swanepoel**
(51)
Independent Non-executive Director
BSc (Min Eng), BCom (Hons)

1 Patrice Motsepe

Appointed to the Board in 2003. Patrice Motsepe became Executive Chairman during 2004. Patrice was a partner in one of the largest law firms in South Africa, Bowman Gilfillan Inc. He was a visiting attorney in the USA with the law firm, McGuire Woods Battle and Boothe. In 1994 he founded Future Mining, which grew rapidly to become a successful contract mining company. He then formed ARMgold in 1997, which listed on the JSE in 2002. ARMgold merged with Harmony in 2003 and subsequently took over Anglovaal Mining (Avmin). In 2002 he was voted South Africa's Business Leader of the Year by the CEOs of the top 100 companies in South Africa. In the same year, he was the winner of the Ernst & Young Best Entrepreneur of the Year Award. He is also the Non-executive Chairman of Harmony and the Deputy Chairman of Sanlam. He is also President of Mamelodi Sundowns Football Club.

2 Mike Schmidt

Appointed to the Board in 2011. Mike Schmidt joined ARM as Executive: Platinum Operations in July 2007 after 13 years with Lonmin Platinum where he was Vice President Limpopo operations at the time he left the company. Prior to that, he was employed by Hartebeestfontein Gold Mining Company. Mike was appointed as the Chief Executive Officer Designate of ARM and an Executive Director of the Company with effect from 1 September 2011. He has been the Chief Executive Officer of ARM since 1 March 2012.

3 Mike Arnold

Appointed to the Board in 2009. Mike Arnold's working career started in the mining industry in 1980 when he was employed as a geologist at Anglo American Corporation. He qualified as a Chartered Accountant (SA) in 1987 and completed his articles at a large South African auditing firm. Mike joined ARM in 1999 as the Group Financial Manager of Avgold Limited and in 2003 was appointed as its Financial Director. In 2004, Mike was appointed Executive Finance of ARM. Most recently, he was appointed as the Chief Financial Officer of ARM in 2008.

4 André Wilkens

Appointed to the Board in 2004. André Wilkens was appointed the Chief Executive Officer of ARMgold in 1998. He was then appointed the Chief Operating Officer of Harmony following the merger of ARMgold with Harmony in 2003. André subsequently served as Chief Executive of ARM Platinum, a division of ARM. André was appointed as Chief Executive Officer of ARM in 2004 and appointed to its Board in the same year. With the appointment of ARM's Chief Executive Officer on 1 March 2012, André became the Executive Director: Growth and Strategic Development based in the office of the Executive Chairman. The balance of André's 43 years mining experience was gained with Anglo American Corporation of South Africa, where he commenced his career in 1969 and culminated in his appointment as Mine Manager at Vaal Reefs in 1991.

5 Mangisi Gule

Appointed to the Board in 2004. Mangisi Gule was appointed Chief Executive of ARM Platinum on 27 February 2005 and in May 2007 he was appointed Chief Executive of ARM Coal, a role which he held until August 2012. Mangisi is currently Executive Director: Corporate Affairs. He has extensive experience in the field of management, training, human resources, communications, corporate affairs and business development. Apart from his qualifications in business management from Wits Business School, Mangisi has proven experience in leadership and mentorship. He has been a lecturer, as well as chairman of various professional bodies and a member of various executive committees and associations. He has also been an executive director and board member for ARMgold as well as an executive director and board member of Harmony. He is currently a director of ARM Coal, ARM Mining Consortium Limited and Modikwa Mining Personnel Services (Pty) Limited. He was appointed the chairman of the ARM Employment Equity and Skills Development Committee with effect from 1 July 2012.

6 Dr Manana Bakane-Tuoane

Appointed to the Board in 2004. Dr Manana Bakane-Tuoane became the Lead Independent Non-executive Director in 2009. Manana has extensive experience in the economics field. Her 20-year career in the academic field included lecturing at various institutions, including the University of Botswana, Lesotho and Swaziland (UBLS), National University of Lesotho (NUL), University of Saskatchewan (Sectional Lecturer) and the University of Fort Hare as Head of Department and Associate Professor. During this part of her career she was seconded to work in the public service, where she has held various senior management positions since 1995. Concurrent with the above, Manana has been a member and office bearer of several international organisations, including Winrock International and the African Economic Research Consortium (AERC). She serves as a non-executive director of Sanlam Limited and certain Sanlam trusts, Manana is also a Special Advisor (Economics) to the South African Minister of Water and Environmental Affairs.

7 Frank Abbott

Appointed to the Board in 2004. Frank Abbott joined the Rand Mines Group in 1981, where he obtained broad financial management experience at an operational level. He was a director of various listed gold mining companies and was appointed as financial director of Harmony Gold Mining Company in 1997. Frank was appointed financial director of ARM in 2004 while remaining on Harmony's board as a non-executive director. In August 2007, Frank was seconded to Harmony as interim financial director and in August 2009 Frank retired as ARM's financial director. He is now an Independent Non-executive Director of ARM. Frank was appointed as the Financial Director of Harmony with effect from 7 February 2012.

8 Tom Boardman

Appointed to the Board in 2011. Tom Boardman was Chief Executive of Nedbank Group Limited from December 2003 to February 2010. He was previously Chief Executive and an executive director of BoE Limited, one of South Africa's leading private and investment banking companies which was acquired by Nedbank in 2002. He was the founding shareholder and Managing Director of retail housewares chain Boardmans, which he sold to Pick 'n Pay in 2006. The Boardmans chain of stores is now owned by Edcon. Prior to this he was Managing Director of Sam Newman Limited and worked for the Anglo American Corporation for three years. He served his articles at Deloitte. He is a non-executive director of Nedbank Group, Woolworths Holdings and Royal Bafokeng Holdings. Tom has also been appointed as a non-executive director of Kinnevik, a listed Swedish investment company. He is a director of The Peace Parks

Foundation and is the Chairman of The David Rattray Foundation and serves as a trustee on a number of other charitable foundations.

9 Anton Botha

Appointed to the Board in 2009. Anton Botha is a director and co-owner of Imalivest, a private investment group that manages proprietary capital provided by its owners, the Imalivest Flexible Funds and a private hedge fund. He also serves as a non-executive director on the boards of the JSE Limited, the University of Pretoria, Vukile Property Fund Limited (Chairman), Sanlam Limited and certain Sanlam subsidiaries. He is a past president of the AHI (Afrikaanse Handelsinstituut). Anton spent most of his career as Chief Executive Officer of Gensec, building it into a leading South African investment banking group that became a wholly-owned subsidiary of Sanlam Limited in 2000.

10 Joaquim Chissano

Appointed to the Board in 2005. Joaquim Chissano is a former President of Mozambique who has served that country in many capacities, initially as a founding member of the Frelimo movement during that country's struggle for independence. Subsequent to independence in 1975 he was appointed foreign minister and on the death of Samora Machel in 1986 assumed the office of President. Frelimo contested and won the multiparty elections in 1994 and 1999, returning Joaquim to the presidency on both occasions. He declined to stand for a further term of office in 2004. His presidency commenced during a devastating civil war and ended with the economy in the process of being reconstructed. He served a term as chairman of the African Union from 2003 to 2004. Joaquim is also a non-executive director on Harmony's board. In 2006, Joaquim was awarded the annual Chatham House Prize, which is awarded for significant contributions to the improvement of international relations. He was the recipient of the inaugural Mo Ibrahim Prize for Achievement in African Leadership in 2007.

11 Mike King

Appointed to the Board in 2004. Mike King served his articles with Deloitte, Plender, Griffiths, Annan & Co. (now Deloitte) and qualified as a chartered accountant (SA). He later became a Fellow of The Institute of Chartered Accountants in England and Wales (FCA). After 13 years with merchant bank Union Acceptances Limited, he joined Anglo American Corporation of South Africa Limited in 1973 as a manager in the finance division and in 1979 was appointed Finance Director. In 1997, he was appointed Executive Deputy Chairman of Anglo American Corporation. He was the Executive Vice-chairman of Anglo American plc from its formation in May 1999 until his retirement in May 2001. Mike is a non-executive director of a number of companies.

12 Alex Maditsi

Appointed to the Board in 2004. Alex Maditsi is employed by Coca-Cola South Africa as a Franchise Director for South Africa. Previously, he was Country Manager for Kenya, Senior Director Operations Planning and Legal Director for Coca-Cola Southern and East Africa. Prior to joining Coca-Cola, Alex was the Legal Director for Global Business Connections in Detroit, Michigan. He also spent time at Lewis, White and Clay, The Ford Motor Company and Schering-Plough in the USA, practising as an attorney. Alex was a Fulbright Scholar and a member of the Harvard LLM Association.

13 Dr Rejoice Simelane

Appointed to the Board in 2004. Rejoice Simelane commenced her career at the University of Swaziland, as a lecturer in Economics. Between 1998 and 2001 she worked at the National Department of Trade and Industry and at the National Treasury. She later served in the capacity of Special Adviser, Economics, to the then Premier of Mpumalanga until mid-2004, when she assumed the position of Chief Executive of Ubuntu-Botho Investments. Rejoice's board directorships include Sanlam Limited, Mamelodi Sundowns Football Club and the Council for Medical Schemes. A recipient of a CIDA Scholarship and a Fulbright Fellow, she also served as a member of the Presidential Economic Advisory Panel (PEAP) under former President Mbeki until 2009. In addition, she was a member of the Advisory Board of the Bureau for Economic Policy Analysis (BEPA) of the University of Pretoria.

14 Bernard Swanepoel

Appointed to the Board in 2003. Bernard Swanepoel started his career with Gengold in 1983, culminating in his appointment as General Manager of Beatrix Mines in 1993. He joined Randgold in 1995 as Managing Director of the Harmony mine. He was appointed Chief Executive Officer of Harmony in 1997. In August 2007 he left Harmony to start To-the-Point Growth Specialists. Bernard is a Non-executive board member of Sanlam Limited. He is the Chief Executive Officer of Village Main Reef.

Steering Committee

Mike Schmidt
Chief Executive Officer

Mike Arnold
Financial Director

Mangisi Gule
Executive Director: Corporate Affairs

André Wilkens
Executive Director: Growth and Strategic Development

Alyson D'Oyley
Company Secretary

André Joubert
Chief Executive: ARM Ferrous

Bennie Boshielo
Executive: ARM Platinum Corporate Affairs

Busi Mashiane
Executive: Human Resources

Chris Blakey-Milner
Leader: Risk Management

Claus Schlegel
Executive: ARM Exploration

Dan Simelane
Chief Executive: ARM Copper

Director Matlala
Leader: Transformation

Francois Uys
Executive: ARM Platinum

Graham Butler
Executive: Exploration and Project Investment

Imrhan Paruk
Executive: Corporate Development

Jan Steenkamp
Chief Executive: ARM Exploration and Technical Services

Johan Pistorius
Chief Information Officer

Jongisa Klaas
Head of Investor Relations and Corporate Development

Mandla Tobela
Executive Legal: ARM Ferrous

Mark Bräsler
Executive: Operations Support

Nerine Botes-Schoeman
Executive: Sustainable Development

Peter Manda
Executive: Legal

Pierre Joubert
Executive: ARM Copper Operations

Princess Thwala
Executive: ARM Ferrous

Rilette Avenant-Buys
Executive: Logistics

Sandile Langa
Executive Legal: ARM Coal

Steve Mashalane
Senior Executive: ARM Corporate Affairs

Stompie Shiels
Executive: ARM Business Development and Investor Relations

Thando Mkatshana
Chief Executive: ARM Coal

Zandile Moseke
Human Resources Manager: Corporate

Annual financial statements

Load-out stackers at Khumani Iron Ore Mine

Directors' responsibility

Directors' responsibility for the annual financial statements

The Company's Directors are responsible for the overall co-ordination of the preparation and fair presentation to shareholders of these financial statements in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act 71 of 2008, as amended. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Audit and Risk Committee has confirmed that effective systems of internal control and risk management are being maintained. There were no breakdowns in the functioning of the internal financial control systems during the year, which had a material impact on the Company and Group annual financial statements. A description of the Audit and Risk Committee's functions is included in the Corporate Governance report on pages 121 to 138 of this Integrated Annual Report.

The Board considers that in preparing the financial statements the most appropriate accounting policies have been consistently applied and supported by reasonable and prudent judgements and estimates in accordance with IFRS. The Directors are satisfied that the annual financial statements of the Company and the Group fairly present the results of operations and the financial position for the Company and the Group at year-end and that the additional information included in this Integrated Annual Report is accurate and consistent with the financial statements.

The responsibility of the external auditors, Ernst & Young Inc., is to express an independent opinion on the fair presentation of the annual financial statements based on their audit of the Company and Group. The Audit and Risk Committee has satisfied itself that the external auditors were independent of the Company.

The consolidated and separate annual financial statements on pages 155 to 241, were approved by the Board and are signed on its behalf by:

Patrice Motsepe
Executive Chairman

Mike Schmidt
Chief Executive Officer

Johannesburg
17 October 2012

Certificate of the Company Secretary

In my capacity as Company Secretary, I hereby confirm, in terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, that for the year ended 30 June 2012, the Company has lodged with the Commissioner all such returns and notices which are required of a public company in terms of this Act, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

Alyson D'Oyley
Company Secretary

Johannesburg
17 October 2012

Report of the Audit and Risk Committee

This report is provided by the Audit and Risk Committee appointed in respect of the F2012 financial year of ARM in compliance with Section 94 of the Companies Act 71 of 2008, as amended (the Companies Act).

Information on the membership and composition of the Audit and Risk Committee, its Terms of Reference and its procedures is described more fully in the Corporate Governance report on pages 129 and 130 of this Integrated Annual Report, of which the annual financial statements form a part.

Execution of functions of the Audit and Risk Committee

The Audit and Risk Committee has executed its duties and responsibilities during the financial year in accordance with its Terms of Reference as they relate to ARM's accounting, internal auditing, internal control, risk and financial reporting practices.

During the year under review:

In respect of the external auditor and the external audit, the Audit and Risk Committee, *inter alia*:

- ensured that the appointment of the external auditor complied with the Act and all applicable legal and regulatory requirements for the appointment of auditor. The Audit and Risk Committee confirms that the external auditor and designated auditor are accredited by the JSE;
- approved the external audit plan and the budgeted audit fees payable to the external auditor;
- reviewed and evaluated the effectiveness of the external auditor and its independence;
- obtained and accepted an annual written statement from the auditor that its independence was not impaired;
- determined the nature and extent of all non-audit services provided by the external auditor;
- pre-approved all permissible non-audit services provided by the external auditor in terms of its Policy on the Approval of Audit Services and the Pre-approval of Non-Audit Services; and
- recommended to shareholders that Ernst & Young Inc. be re-appointed as the external auditor and that Mr E A L Botha be re-appointed as the designated auditor for the financial year ending 30 June 2013.

In respect of the financial statements, the Audit and Risk Committee, *inter alia*:

- confirmed the going concern status of the Company and Group as the basis of preparation of the interim, provisional and annual financial statements;
- examined and reviewed the interim, provisional and annual financial statements, as well as all financial information, disclosed to the public prior to submission and approval by the Board;
- ensured that the annual financial statements fairly present the financial position of the Company and of the Group as at the end of the financial year and the results of operations and cash flows for the financial year of the Company and of the Group;
- considered accounting treatments, significant unusual transactions and accounting judgements;
- considered the appropriateness of the accounting policies adopted and changes thereto;
- reviewed the Independent Auditor's Report;
- considered any problems identified and reviewed any significant legal and tax matters that could have a material impact on the financial statements;
- considered management's recommendation to the Board on the dividend paid to shareholders; and
- met separately with management, external audit and internal audit.

In respect of internal control and internal audit, the Audit and Risk Committee, *inter alia*:

- reviewed and approved the annual internal audit plan and evaluated the independence, effectiveness and performance of the internal auditor;
- reviewed significant issues raised by the internal audit process and the adequacy of corrective action in response to significant internal audit findings;
- considered the reports of the internal auditor and external auditor on the Group's systems of internal control, including financial controls, business risk management and maintaining effective internal control systems:
  - the internal auditors' report on internal financial controls for the year ended 30 June 2012, based on negative assurance, delivered an assessment of "Good". Control improvement opportunities identified were primarily of a housekeeping nature. The internal auditors specifically confirmed that, based on the scope of their assignment, no material breakdown in internal financial controls had come to their attention; and
  - the internal auditors' report on internal controls and enterprise risk management for the year ended to 30 June 2012, based on negative assurance, delivered an assessment of "Acceptable; with room for improvement". Based on their scope, the internal auditors confirmed that no material breakdown in internal controls had come to their attention.
- the Audit and Risk Committee has considered the effectiveness of the systems of internal financial controls of the Company and its business entities taking into consideration reports by management and the above-mentioned reports by the internal auditors thereon and have also considered the reports by the external auditors on the annual financial statements; and
- based on the above, the Audit and Risk Committee concluded that nothing had come to its attention that would suggest that the internal financial controls were not effective for the year to 30 June 2012. In addition, the Audit and Risk Committee has considered the accounting practices and the annual financial statements of the Company and Group and consider these to be fair and reasonable.

In respect of risk management, the Audit and Risk Committee, in its oversight role of the Management Risk Committee:

- reviewed the Enterprise Risk Management Framework setting out ARM's policies and processes on risk assessment and risk management and implementation thereof throughout the Group;
- ensured that the Company has applied a combined assurance model to provide a co-ordinated approach to all assurance activities;
- reviewed the communication of risks to stakeholders in the Integrated Annual Report; and
- considered and reviewed the findings and recommendations of the Management Risk Committee.

In respect of legal and regulatory requirements to the extent that they may have an impact on the financial statements, the Audit and Risk Committee, *inter alia*:

- reviewed with management, and to the extent deemed necessary, internal and/or external counsel legal matters that could have a material impact on the Company and Group;

- discharged those statutory obligations of an audit committee as prescribed by Section 94 of the Companies Act;
- monitored complaints received via ARM's whistleblowers' hotline, including complaints or concerns regarding accounting matters, internal audit, internal accounting controls, contents of the financial statements, potential violations of the law and questionable accounting or auditing matters; and
- considered reports provided by management, the internal auditor and the external auditor regarding compliance with legal and regulatory requirements.

The Audit and Risk Committee also considered the experience and expertise of the Financial Director and concluded that these were appropriate.

Qualifications of Audit and Risk Committee members*

Audit and Risk Committee member**	Academic qualifications	Membership on other ARM Committees***	Date first appointed to ARM Board	Date first appointed to Audit and Risk Committee
M W King (Chair)	CA(SA), FCA	Member of the Investment Committee.	30 April 2004	12 July 2004
Dr M M M Bakane-Tuoane	BA, MA, PhD (Econ)	Lead Independent Non-executive Director. Member of the Social and Ethics Committee, the Remuneration Committee and Chairman of the Nomination Committee and the Non-executive Directors' Committee.	30 April 2004	4 July 2008
T A Boardman	BCom, CA(SA)	Member of the Remuneration Committee.	1 February 2011	1 February 2011
A D Botha	BCom (Marketing), BProc, BCom (Hons), SEP (Stanford)	Member of the Remuneration Committee and the Investment Committee.	1 August 2009	9 June 2010
A K Maditsi	BProc, LLB, LLM	Chairman of the Remuneration Committee and a member of the Nomination Committee, the Social and Ethics Committee and the Investment Committee.	30 April 2004	12 July 2004
Dr R V Simelane	BA (Econ and Acc), MA, PhD (Econ), LLB	Chairman of the Social and Ethics Committee and a member of the Nomination Committee.	30 April 2004	12 July 2004

* *The curricula vitae of the Audit and Risk Committee members may be found on pages 150 to 151.*
** *All of the current members of the Audit and Risk Committee are Independent Non-executive Directors.*
*** *All of the Audit and Risk Committee members are members of the Non-executive Directors' Committee.*

Independence of external auditor

The Audit and Risk Committee is satisfied that Ernst & Young Inc. is independent of ARM. The conclusion was arrived at, *inter alia*, after taking into account the following factors:

- representations made by Ernst & Young Inc. to the Audit and Risk Committee;
- the auditor does not, except as external auditor or in rendering permitted non-audit services, receive any remuneration or other benefits from the Company;
- the external auditor's independence was not impaired by any consultancy, advisory or other work undertaken by the auditor; and
- the external auditor's independence was not prejudiced as a result of any previous appointment as auditor.

Following our review of the annual financial statements for the year ended 30 June 2012, we are of the opinion that, in all material respects, they comply with the relevant provisions of the Companies Act and International Financial Reporting Standards as issued by the International Accounting Standards Board, and fairly present the consolidated and separate results of operations, cash flows, and the financial position of ARM. On this basis, the Audit and Risk Committee recommended the Company and Group annual financial statements of ARM as set out in the 2012 Integrated Annual Report and recommended the 2012 Integrated Annual Report for approval to the Board. The Board subsequently approved the financial statements, which will be open for discussion at the forthcoming Annual General Meeting.

On behalf of the Audit and Risk Committee

Michael W King
Chairman of the Audit and Risk Committee

17 October 2012

Report of the independent auditors

To the shareholders of African Rainbow Minerals Limited

We have audited the consolidated and separate financial statements of African Rainbow Minerals Limited set out on pages 159 to 234, which comprise the statements of financial position as at 30 June 2012 and the income statements, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, the Directors' report and the notes, comprising a summary of significant accounting policies and other explanatory notes and information.

Directors' Responsibility for the Consolidated and Seperate Financial Statements

The Company's Directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on the audit we conducted in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of African Rainbow Minerals Limited as at 30 June 2012, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 30 June 2012, we have read the Audit and Risk Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports except where indicated otherwise and accordingly do not express an opinion on these reports.

Ernst & Young Inc.
Director – Ernest Adriaan Lodewyk Botha
Registered Auditor
Chartered Accountant (SA)
Wanderers Office Park
52 Corlett Drive, Illovo
Johannesburg

17 October 2012

Directors' report

The Directors have pleasure in presenting their report on the annual financial statements of African Rainbow Minerals Limited (ARM or the Company) for the year ended 30 June 2012.

Nature of business

ARM is a niche, diversified South African mining company with excellent long-life, low unit cost operations in key commodities. ARM, its subsidiaries, joint ventures and associates explore, develop, operate and hold interests in the mining and minerals industry. The current operational focus is on precious metals, ferrous metals and alloys, which include platinum group metals, nickel, iron ore, manganese ore, chrome ore, ferromanganese and ferrochrome alloys. ARM has an investment in Harmony Gold Mining Company Limited. ARM's partners at the various South African operations are Anglo American Platinum Limited, Assore Limited, Impala Platinum Holdings Limited, Norilsk Nickel Africa (Pty) Ltd and Xstrata South Africa (Pty) Ltd.

ARM's assets in the rest of Africa are held in a 50:50 joint venture with Vale SA, in terms of an agreement concluded in March 2009. The joint venture consists of development projects and exploration areas, including a copper development in Zambia and a copper/cobalt prospect in the Democratic Republic of Congo (DRC). The Lubambe Copper Project will commission its concentrator plant at the end of December 2012. Zambian Consolidated Copper Mines Investment Holdings, a state-controlled company, owns 20% of the Lubambe Copper Project.

Holding company

The Company's largest shareholder is African Rainbow Minerals & Exploration Investments (Pty) Ltd (ARMI), holding 40.84% of the issued ordinary share capital as at 30 June 2012. The sole shareholder of ARMI is a company which is owned by trusts established for the benefit of Mr Patrice Motsepe and his immediate family. In addition, 0.29% of the issued ordinary share capital of ARM is held by Botho-Botho Commercial Enterprises (Pty) Ltd, all the shares of which are beneficially owned by trusts for the benefit of Mr Motsepe and his immediate family.

ARM is one of the largest black-controlled mineral resources companies in South Africa. ARM is committed to the spirit and objectives of the Mineral and Petroleum Resources Development Act, and the Broad-Based Socio-Economic Charter for the South African Mining Industry (the Mining Charter). To this end and for the benefit of historically disadvantaged South Africans (HDSAs), the Company has created the ARM Broad-Based Economic Empowerment Trust (ARM BBEE Trust), which owns 28 614 740 ARM shares. A rigorous process of allocating 20.4 million units equivalent to approximately 10% of ARM's issued share capital to various trust beneficiaries, which includes several South African communities and community leaders, church groups, union representatives, a women's upliftment trust and seven regional upliftment trusts, has been completed. The ARM BBEE Trust distributed R23 million to beneficiaries during the past year arising from ARM's Dividend No 5.

Review of operations

The reader is referred to reviews by the Executive Chairman, the Chief Executive Officer, the Financial Director and the review of operations, which report on the Group's activities and results for the year ended 30 June 2012, on pages 4 to 119.

Corporate governance

The Board is committed to high standards of corporate governance. These standards are evident throughout the Company's systems of internal controls, practices, policies and procedures. They provide the framework for innovation while ensuring the sustainability of the business. The Board continuously reviews governance matters and control systems to ensure that these are in line with international best practices. The Board considers that, for the year under review, the Company applied the principles of King III, except for the principles noted and explained in the Corporate Governance report on pages 121 to 138.

Financial results

The consolidated and separate annual financial statements and accounting policies appear on pages 155 to 241 of this report. The results for the year ended 30 June 2012 have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of those standards adopted by the International Accounting Standards Board, the AC 500 standards issued by the Accounting Practices Board and the standards issued by its successor, and in the manner required by the Companies Act, as amended, and the JSE Listings Requirements. The consolidated and separate annual financial statements fairly present the state of affairs and adequate accounting records have been maintained.

Borrowings and cash

Total interest-bearing borrowings at 30 June 2012 amounted to R3.2 billion, which are slightly higher than the F2011 amount (R3.1 billion). Cash and cash equivalents decreased by R104 million to R3.6 billion at 30 June 2012. As a result ARM is in a net cash position of R327 million (F2011: net cash position of R599 million).

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

Going concern

To make a determination as to whether the Company is considered to be a going concern, the Directors have considered facts and assumptions, including the Company's cash flow forecasts for the period to the end of June 2013. The Board believes that the Company has adequate resources to continue business in the foreseeable future. For this reason the Company continues to adopt the going concern basis in preparing its financial statements.

Taxation

The latest tax assessment for the Company relates to the year ended June 2010.

All tax submissions up to and including June 2011 have been submitted. The tax return for June 2012 will be submitted during F2013.

During the year, the Company entered into a cash settlement of R40 million with the South African Revenue Service (SARS) relating to the previously reported contingent liability which arose from its dispute with SARS over the deductibility of a loan stock redemption premium claimed in the Company's 1998 tax submission.

Subsidiaries, joint ventures, associates and investments

The Company's direct and indirect interests in its principal subsidiaries, joint ventures, associates and investments are reflected in separate schedules presented on pages 232 to 234.

Dividend

The sixth annual dividend of 475 cents per share gross declared on Monday, 3 September 2012 in respect of the year ended 30 June 2012 (F2011: 450 cents per share) amounted to a distribution of approximately R1 021 million.

The dividend was subject to the new Dividend Withholding Tax, introduced with effect from 1 April 2012. In accordance with paragraphs 11.17(a)(i) to (x) and 11.17(c) of the JSE Listings Requirements the following additional information is disclosed:

- The dividend has been declared out of income reserves;
- The South African Dividends Tax rate is 15%;
- The dividend per share was 475 cents and the Secondary Tax on Companies (STC) credits utilised were 475 cents per share;
- STC credits remain after this dividend;
- The gross local dividend amount was 475 cents per ordinary share for shareholders exempt from the Dividends Tax;
- The net local dividend amount was 475 cents per ordinary share for shareholders liable to pay the Dividends Tax;
- As at the date of this report, ARM has 214 851 896 ordinary shares in issue; and
- ARM's income tax reference number is 9030/018/60/1.

A gross dividend of 475 cents per ordinary share, being the dividend for the year ended 30 June 2012, was paid to shareholders on Monday, 1 October 2012. In accordance with the requirements of Section 4 of the Companies Act 71 of 2008, as amended, the Board determined that the solvency and liquidity requirements prescribed therein were met for the payment of the dividend.

Capital expenditure

Capital expenditure for F2012 amounted to R4.3 billion (F2011: R3.5 billion restated). Full details are set out in the Financial Director's report on pages 14 to 19 and in the Operational reviews on pages 48 to 119.

Events after the reporting date

The Company's corporate loan facility of R1.75 billion was refinanced and increased to R2.25 billion. The new facility matures in August 2015.

No other significant events have occurred subsequent to the year end that could materially effect the results.

Share capital

The share capital of the Company, both authorised and issued, is set out in note 14 to the annual financial statements. No share repurchases took place during the year under review.

Shareholder analysis

A comprehensive analysis of shareholders together with a list of shareholders beneficially holding, directly or indirectly, in excess of 5% of the ordinary shares of the Company at 30 June 2012, is set out in the Investor Relations report on pages 243 to 246.

Directorate

The composition of the Board is set out on page 125. *Curricula vitae* of the Directors may be found on pages 150 and 151.

Mr J R McAlpine retired as an Independent Non-executive Director on 30 June 2011 on attainment of his 70th birthday. Mr M P Schmidt, was appointed as the Chief Executive Officer Designate and Executive Director on 1 September 2011, and as Chief Executive Officer on 1 March 2012. Mr A J Wilkens, the former Chief Executive Officer, remains an Executive Director: Growth and Strategic Development in the Executive Chairman's Office.

Messrs K S Mashalane, L A Shiels and J C Steenkamp ceased being Executive Directors on 1 June 2012. They remain executives of the Company. Mr W M Gule ceased his role as Chief Executive: ARM Coal on 3 September 2012, but remains an Executive Director: Corporate Affairs.

The Articles of Association provide for one-third of the previously elected Directors to retire by rotation. The Directors affected by this requirement are Messrs P T Motsepe, A D Botha, J A Chissano, A K Maditsi and A J Wilkens each of whom is available for re-election.

Interest of Directors

The direct beneficial and non-beneficial interest of the Directors of the Company in the issued share capital of the Company at 30 June 2012 were as follows:

	30 June 2012				30 June 2011			
	Direct		**Indirect**		Direct		Indirect	
	Beneficial	**Non-beneficial**	**Beneficial**	**Non-beneficial**	Beneficial	Non-beneficial	Beneficial	Non-beneficial
P T Motsepe	**–**	**–**	**88 382 206**	**–**	–	–	87 750 417	–
M Arnold	**9 029**	**–**	**–**	**–**	–	–	–	–
A D Botha	**–**	**–**	**17 450**	**–**	–	–	15 000	–
M P Schmidt	**8 563**	**–**	**–**	**–**	–	–	–	–
L A Shiels[1]	**–**	**–**	**–**	**–**	2 000	–	–	–
A J Wilkens	**44 629**	**–**	**329 178**	**–**	–	–	–	–
Total	**62 221**	**–**	**88 728 834**	**–**	2 000	–	87 765 417	–

1 *Mr L A Shiels ceased to be an Executive Director on 1 June 2012.*

During F2012, Messrs W M Gule and K S Mashalane acquired and sold 9 873 shares and 9 776 shares respectively. Mr Mashalane ceased to be an Executive Director on 1 June 2012.

Between 30 June 2012 and the date of this report, no Directors acquired a direct or indirect beneficial or non-beneficial interest in the issued share capital of the Company.

Directors' remuneration: Executive Directors and Prescribed Officers

The remuneration of Executive Directors consists of base salaries, benefits, annual cash incentives, and long-term (share-based) incentives. Executive Directors do not receive Directors' fees. Additional information regarding the fixed and variable components of Executive Directors' remuneration packages is detailed in the Remuneration report found on pages 139 to 145.

The table below sets out the emoluments paid during the year ended 30 June 2012 to Executive Directors and Prescribed Officers.

The Board has determined the Prescribed Officers of the Company in terms of Section 66(10) of the Companies Act 71 of 2008, as amended, and as further described in Section 38 of the Regulations thereto.

Emoluments paid to Executive Directors and Prescribed Officers

All figures in R000	Salary F2012	Pension scheme contri-butions F2012	Allow-ances F2012	**Total gross annual package F2012[5]**	Accrued bonus F2012	Total F2012	Total gross annual package F2011	Accrued bonus F2011[5]	Total F2011
Executive Directors									
P T Motsepe	6 938	–	2	**6 940**	2 673	9 613	6 738	3 492	10 230
A J Wilkens	5 778	444	545	**6 767**	2 281	9 048	6 829	3 332	10 161
M Arnold	3 151	335	332	**3 818**	2 563	6 381	3 500	2 093	5 593
W M Gule	2 267	253	367	**2 887**	1 849	4 736	2 731	1 812	4 543
K S Mashalane[1]	2 153	193	357	**2 703**	825	3 528	2 991	1 011	4 002
M P Schmidt[2]	4 118	360	285	**4 763**	1 553	6 316	–	–	–
L A Shiels[3]	2 061	265	316	**2 642**	1 695	4 337	2 676	1 812	4 488
J C Steenkamp[3]	3 890	487	723	**5 100**	4 364	9 464	5 247	3 768	9 015
Total for Executive Directors				**35 620**		53 423	30 712		48 032
Prescribed Officers[4]									
L A Shiels	189	24	27	**240**	154	394	–	–	–
J C Steenkamp	353	44	65	**462**	397	859	–	–	–
Total for Prescribed Officers				**702**		1 253	–		–
Total for Executive Directors and Prescribed Officers				**36 322**		54 676	30 712		48 032

1 Ceased to be an Executive Director on 1 June 2012. Remains a senior executive of the Company. Remuneration is shown for 1 July 2011 to 31 May 2012.
2 Mr M P Schmidt was appointed to the Board 1 September 2011. Remuneration is shown for 1 September 2011 to 30 June 2012.
3 Ceased to be an Executive Director on 1 June 2012. Remains a senior executive and a Prescribed Officer of the Company. Remuneration is shown for 1 July 2011 to 31 May 2012.
4 Prescribed Officers are disclosed in terms of the Companies Act, Section 30(4)(a) upon the assumption of their new roles with effect from 1 June 2012. Remuneration is shown for 1 June 2012 to 30 June 2012.
5 Total gross annual package before bonuses.

The accrued bonuses indicated for F2012 are based upon performance in F2012.

The Company enters into employment agreements with Executive Directors and senior executives on a total cost-to-company basis. Executive Directors and senior executives structure their total salary packages to allow for pension contributions, medical aid contributions, travel allowances and other benefits in accordance with their individual requirements.

The bonuses earned by Executives Directors and Prescribed Officers were generally lower than those paid in the previous year notwithstanding the small increase in headline earnings of 2% year-on-year. These bonuses were earned based on targets for a combination of profit performance and cost performance at operations, and were approved by the Remuneration Committee after considering aspects of the operational results for all divisions.

Directors' remuneration: Non-executive Directors

The remuneration of Non-executive Directors consists of Directors' fees. Board and committee retainers and attendance fees are paid quarterly and in arrears. Additional information regarding Board and committee fees may be found in the Remuneration report on pages 144 and 145.

The Board has agreed to recommend an increase in Non-executive Directors' fees, effective from 1 July 2012, to ensure that Non-executive Directors' fees remain competitive. The Board further agreed to recommend an increase in the fee payable to the Lead Independent Non-executive Director for chairing the quarterly *in camera* meetings of Non-executive Directors. At the Annual General Meeting, shareholders will be requested to approve the increase in Directors' fees and the Lead Independent Non-executive Director fee, as set out in the Notice of Annual General Meeting.

The table below sets out the emoluments paid to Non-executive Directors during the year ended 30 June 2012.

Emoluments paid to Non-executive Directors

All figures in R000	Board and Committee fees	Other*	Total F2012	Total F2011
Non-executive Directors[1]				
Dr M M M Bakane-Tuoane	939	–	**939**	805
F Abbott	471	–	**471**	457
T A Boardman[2]	723	–	**723**	269
A D Botha	815	–	**815**	735
J A Chissano	379	548	**927**	931
M W King	977	–	**977**	1 012
A K Maditsi	833	–	**833**	737
J R McAlpine[3]	–	–	**–**	698
Dr R V Simelane	803	–	**803**	831
Z B Swanepoel	515	–	**515**	495
Total	6 455	548	**7 003**	6 970

* *Additional information may be found under the heading "Service Contracts: Non-executive Directors" on page 145 of the Remuneration report.*
1 *Payments for the reimbursement of out-of-pocket expenses have been excluded.*
2 *Mr Boardman was appointed on 1 February 2011.*
3 *Mr McAlpine retired on 30 June 2011.*

Performance shares

Conditional awards of full value ARM shares are made to Executive Directors and Prescribed Officers pursuant to The African Rainbow Minerals 2008 Share Plan (the Share Plan). Performance shares are settled after a three-year or four-year period subject to the Company's achievement of prescribed performance criteria over this period.

The total number of performance shares awarded in September and November 2011 and April 2012 was 363 218. On 3 December 2011, the first performance shares awarded under the Share Plan vested. In December 2011 and April 2012, an additional 243 580 and 5 442 performance shares, respectively, were awarded in terms of the achievement against set performance criteria. During the year under review, 378 682 performance shares vested and were settled; and performance shares, held by employees who either retired or were retrenched during the year, were settled and 2 414 performance shares were forfeited. The total number of performance shares as at 30 June 2012 was 606 639.

Between 30 June 2012 and 28 September 2012, no performance shares were settled and 20 779 performance shares were forfeited.

The number of performance shares awarded to Executive Directors and Prescribed Officers is summarised below.

Performance shares

Executive Directors	**P T Motsepe**	**M Arnold**	**W M Gule**	**K S Mashalane[3]**
	Number of shares			
Opening balance as at 1 July 2011	46 313	11 591	9 466	9 756
Performance shares awarded[1]				
29 September 2011	18 968	5 598	3 281	1 830
9 November 2011	23 994	10 125	7 833	7 833
3 December 2011	40 896	7 326	8 202	8 556
Performance shares settled	(61 344)	(10 989)	(12 303)	(12 834)
Closing balance as at				
1 June 2012				**15 141**
30 June 2012[4]	**68 827**	**23 651**	**16 479**	

Executive Directors continued	M P Schmidt[2]	L A Shiels[3]	J C Steenkamp[3]	A J Wilkens
	Number of shares			
Opening balance as at 1 July 2011	8 748	9 448	22 105	46 577
Performance shares awarded[1]				
29 September 2011	3 799	3 281	6 821	18 099
9 November 2011	20 260	5 483	18 184	25 278
3 December 2011	7 326	8 180	18 334	41 128
Performance shares settled	(10 989)	(12 270)	(27 501)	(61 692)
Closing balance as at				
1 June 2012		**14 122**	**37 943**	
30 June 2012[4]	**29 144**			**69 390**

1 *Performance shares awarded in terms of the Share Plan and in terms of the Company's deferred bonus/co-investment scheme, which is more fully described in the Remuneration report on pages 143 and 144. Additional performance shares awarded at 3 December 2011 as determined by the Company's achievement of performance measures.*
2 *Mr Schmidt was appointed on 1 September 2011.*
3 *Ceased to be Executive Directors on 1 June 2012.*
4 *No performance shares were awarded or settled between 30 June 2012 and 28 September 2012.*

Prescribed Officers[1]	L A Shiels	J C Steenkamp
	Number of shares	
Opening balance as at 1 June 2012	14 122	37 943
Closing balance as at 30 June 2012	**14 122**	**37 943**

1 *Messrs Shiels and Steenkamp became Prescribed Officers in terms of the Companies Act when they ceased to be Executive Directors on 1 June 2012.*

Bonus shares

Pursuant to the Share Plan, executives receive a grant of full value ARM shares that match, according to a specified ratio, a portion of the annual cash incentive accruing to them. Bonus shares are only settled to participants after three or four years, as the case may be, conditional on continued employment. On 3 December 2012, the first bonus shares granted under the Share Plan vested, subject to the fulfilment of the conditions.

The total number of bonus shares granted in September 2011 and November 2011 was 282 999. During the year under review, 111 176 bonus shares vested and were settled; and 4 013 bonus shares, held by employees who either retired or were retrenched during the year, were settled and no bonus shares were forfeited. The total number of bonus shares as at 30 June 2012 was 413 700.

Between 30 June 2012 and 28 September 2012, no bonus shares were settled and 9 041 were forfeited.

The number of bonus shares granted to Executive Directors and Prescribed Officers is summarised below.

Bonus shares

Executive Directors	P T Motsepe	M Arnold	W M Gule	K S Mashalane[4]
	Number of shares			
Opening balance as at 1 July 2011	40 211	8 436	7 769	6 866
Bonus shares granted[1]				
29 September 2011	18 968	5 598	3 281	1 830
9 November 2011	28 381	8 693	6 725	3 751
Bonus shares settled	(20 445)	(4 217)	(4 325)	(3 626)
Closing balance as at				
1 June 2012				**8 821**
30 June 2012[2]	**67 115**	**18 510**	**13 450**	

Executive Directors continued	**M P Schmidt**[3]	**L A Shiels**[4]	**J C Steenkamp**[4]	**A J Wilkens**
	Number of shares			
Opening balance as at 1 July 2011	6 605	7 671	17 418	29 809
Bonus shares granted[1]				
29 September 2011	3 799	3 281	6 821	18 099
9 November 2011	5 062	4 707	16 778	24 112
Bonus shares settled	(3 430)	(4 228)	(8 704)	(13 468)
Closing balance as at				
1 June 2012		**11 431**	**32 313**	
30 June 2012[2]	**12 036**			**58 552**

1 Bonus shares granted in terms of the Share Plan and in terms of the Company's deferred bonus/co-investment scheme, which is more fully described in the Remuneration report on pages 143 and 144.
2 No Bonus shares were granted or settled between 30 June 2012 and 28 September 2012.
3 Mr Schmidt was appointed on 1 September 2011.
4 Ceased to be Executive Directors on 1 June 2012.

Prescribed Officers[1]	**L A Shiels**	**J C Steenkamp**
	Number of shares	
Opening balance as at 1 June 2012	11 431	32 313
Closing balance as at 30 June 2012	**11 431**	**32 313**

1 Messrs Shiels and Steenkamp became Prescribed Officers in terms of the Companies Act when they ceased to be Executive Directors on 1 June 2012.

Share option scheme

Annual allocations of share options in terms of The African Rainbow Minerals Share Incentive Scheme (the Scheme) are made to Executive Directors and senior executives, but at a much reduced scale following the adoption of the Share Plan. Schedules of share option entitlements accruing to Executive Directors and Prescribed Officers and the transactions that occurred during the year to 30 June 2012 are set out below:

Schedule of share option entitlements

Executive Directors	**P T Motsepe**		**M Arnold**		**W M Gule**		**K S Mashalane**[2]	
	No of options	Avg price R	No of options	Avg price R	No of options	Avg price R	No of options	Avg price R
Opening balance as at 1 July 2011	1 050 907	51.23	125 664	101.45	105 307	89.36	84 215	110.47
Options granted	19 396	182.67	9 959	182.67	7 704	182.67	7 704	182.67
Options exercised	(550 000)[1]		–		(70 513)		–	
Average issue price per option		27.00		–		94.03		–
Gross sale price per option		180.04		–		181.95		–
Options forfeited and lapsed	–		–		–		–	
Closing balance as at								
1 June 2012[2]							**91 919**	**116.52**
30 June 2012	**520 303**	**81.74**	**135 623**	**107.42**	**42 498**	**98.61**		
Grant date of options								
15 December 2004	–	–	–	–	18 000	27.00	–	–
10 October 2005	133 784	37.00	101	37.00	–	–	–	–
1 November 2006	254 468	73.99	82 051	73.99	–	–	36 573	73.99
16 October 2007	85 880	139.73	21 598	139.73	–	–	30 330	139.73
21 May 2008	–	–	3 914	279.50	–	–	–	–
5 December 2008	16 068	96.20	6 397	96.20	7 160	96.20	7 471	96.20
15 October 2009	10 707	155.20	5 316	155.20	4 771	155.20	4 978	155.20
15 October 2010	–	–	6 287	178.49	4 863	178.49	4 863	178.49
9 November 2011	19 396	182.67	9 959	182.67	7 704	182.67	7 704	182.67

Executive Directors continued	M P Schmidt[3]		L A Shiels[2]		J C Steenkamp[2]		A J Wilkens	
	No of options	Avg price R	No of options	Avg price R	No of options	Avg price R	No of options	Avg price R
Opening balance as at 1 July 2011	70 986	139.39	251 834	61.70	295 654	86.75	659 200	62.99
Options granted	15 328	182.67	6 163	182.67	14 903	182.67	19 124	182.67
Options exercised	–		(50 000)		(40 000)		(329 178)[1]	
Average issue price per option		–		32.00		37.00		30.43
Gross sale price per option		–		180.11		179.54		176.76
Options forfeited and lapsed	–		–		–		–	
Closing balance as at								
1 June 2012[2]			**207 997**	**72.42**	**270 557**	**99.39**		
30 June 2012	**86 314**	**110.47**					**349 146**	**100.24**
Grant date of options								
15 June 2005	–	–	90 000	32.00	–	–	–	–
1 November 2006	–	–	68 756	73.99	175 220	73.99	219 714	73.99
16 October 2007	55 464	139.73	26 314	139.73	51 020	139.73	66 557	139.73
5 December 2008	6 397	96.20	7 142	96.20	12 006	96.20	19 011	96.20
15 October 2009	4 262	155.20	4 759	155.20	8 000	155.20	12 668	155.20
15 October 2010	4 863	178.49	4 863	178.49	9 408	178.49	12 072	178.49
9 November 2011	15 328	182.67	6 163	182.67	14 903	182.67	19 124	182.67

1 *Share options exercised and shares acquired by subscription.*
2 *Ceased to be Executive Directors on 1 June 2012.*
3 *Mr Schmidt was appointed on 1 September 2011.*

Prescribed Officers[1]	L A Shiels[2]		J C Steenkamp	
	Number of options	Average price R	Number of options	Average price R
Opening balance as at 1 June 2012	207 997	72.42	270 557	99.39
Closing balance as at 30 June 2012	**207 997**	**72.42**	**270 557**	**99.39**
Grant date of options				
15 June 2005	90 000	32.00	–	–
1 November 2006	68 756	73.99	175 220	73.99
16 October 2007	26 314	139.73	51 020	139.73
5 December 2008	7 142	96.20	12 006	96.20
15 October 2009	4 759	155.20	8 000	155.20
15 October 2010	4 863	178.49	9 408	178.49
9 November 2011	6 163	182.67	14 903	182.67

1 *Messrs Shiels and Steenkamp became Prescribed Officers in terms of the Companies Act when they ceased to be Executive Directors on 1 June 2012.*
2 *50 000 share options were exercised between 30 June 2012 and 28 September 2012 at an issue price of R32.00 per option and a gross sale price of R183.17 per option.*

Vesting dates

Performance shares

All performance shares conditionally awarded prior to 1 November 2011: Performance shares vest and are settled after a performance period of three years subject to the achievement of predetermined performance criteria.

Performance shares conditionally awarded to participants other than senior executives after 1 November 2011: Performance shares vest and are settled after a performance period of three years subject to the achievement of predetermined performance criteria.

Performance shares conditionally awarded to senior executives after 1 November 2011: Performance shares awarded vest and are settled after a performance period of four years subject to the achievement of predetermined performance criteria.

The schedule of vesting dates may be found below.

Schedule of performance share vesting dates

	Number of shares
Performance shares outstanding at 30 June 2012	**606 639**
Vesting on	
16 October 2012	116 379
27 April 2013	4 695
16 October 2013	114 493
2 April 2014	7 854
30 September 2014	93 367
10 November 2014	67 147
10 November 2015	174 125
4 April 2014	15 090
4 April 2015	13 489

Bonus shares

Bonus shares granted prior to 1 November 2011: Bonus shares vest and are settled after three years subject to continued employment.

Bonus shares granted to participants other than senior executives after 1 November 2011: Bonus shares vest and are settled after three years subject to continued employment.

Bonus shares granted to senior executives after 1 November 2011: Bonus shares vest and are settled after four years subject to continued employment.

The schedule of vesting dates may be found below.

Schedule of bonus share vesting dates

	Number of shares
Bonus shares outstanding at 30 June 2012	**413 700**
Vesting on	
16 October 2012	11 479
16 October 2013	118 988
2 April 2014	234
30 September 2014	93 367
10 November 2014	46 869
10 November 2015	142 763

Share options

Options granted before 1 December 2008: No options may be exercised prior to the first anniversary of the issue date relative to such options. Up to a third of such options may be exercised each year until the third anniversary of the issue date.

Options granted after 1 December 2008: No options may be exercised prior to the third anniversary of the issue date relative to such options.

Options granted to senior executive management after 1 November 2011: No options may be exercised prior to the fourth anniversary of the issue date relative to such options.

Options may not be exercised later than the eighth anniversary of the issue date, after which such options lapse.

The schedule of vesting dates may be found below.

Schedule of option vesting dates

	Number of options	Average issue price per option
Options outstanding at 30 June 2012	**3 168 450**	**R96.57**
Vested		
11 October 2006	62 513	R37.00
17 December 2006	32 716	R27.00
17 June 2007	9 375	R32.00
11 October 2007	74 044	R37.00
2 November 2007	180 824	R73.99
17 December 2007	86 589	R27.00
6 June 2008	12 666	R119.00
17 June 2008	106 782	R32.00
11 October 2008	77 222	R37.00
17 October 2008	168 082	R139.73
2 November 2008	211 554	R73.99
16 April 2009	13 821	R271.00
22 May 2009	1 304	R279.50
6 June 2009	12 666	R119.00
17 October 2009	168 550	R139.73
2 November 2009	426 099	R73.99
16 April 2010	13 821	R271.00
22 May 2010	1 304	R279.50
6 June 2010	18 334	R119.00
17 October 2010	170 167	R139.73
2 November 2010	187 720	R73.99
16 April 2011	13 824	R271.00
22 May 2011	1 306	R279.50
6 June 2011	13 666	R119.00
2 November 2011	220 012	R73.99
6 December 2011	169 868	R96.20
18 March 2012	8 815	R120.80
6 June 2012	18 002	R119.00
Vesting on		
16 October 2012	174 548	R155.20
27 April 2013	4 808	R195.60
16 October 2013	185 631	R178.49
2 April 2014	8 559	R223.00
10 November 2014	134 074	R182.67
3 April 2015	14 293	R182.19
10 November 2015	158 030	R182.67
3 April 2016	6 861	R182.19

Share incentive movements

	Options		Performance shares[1]		Bonus shares[1]	
	F2012	F2011	**F2012**	F2011	**F2012**	F2011
Opening balance as at 30 June 2011	**4 081 733**	4 335 942	**375 495**	262 553	**245 890**	130 045
Exercised	**(1 225 485)**	(440 164)	**–**	–	**–**	–
Settled	**–**	–	**(129 660)**	(3 557)	**(115 189)**	(5 397)
Granted/awarded/granted	**313 258**	196 635	**363 218**	125 530	**282 999**	121 589
Forfeited	**(1 056)**	(10 680)	**(2 414)**	(9 031)	**–**	(347)
Closing balance as at 30 June 2012	**3 168 450**	4 081 733	**606 639**	375 495	**413 700**	245 890
Subsequent to year-end:						
Exercised	**(220 917)**	–	**–**	–	**–**	–
Granted/awarded/granted	**–**	–	**–**	–	**–**	–
Forfeited	**(15 927)**	–	**(20 779)**	–	**(9 041)**	–
Balance as at 28 September 2012	**2 931 606**	4 081 733	**585 860**	375 495	**404 659**	245 890

1 *Conditional.*

External auditors

Ernst & Young Inc. (E&Y) continued in office as external auditors for the Company. At the Annual General Meeting, shareholder approval will be sought for the re-appointment of E&Y as ARM's external auditors for the 2013 financial year and confirmation of Mr E A L Botha as the individual registered auditor.

Secretary

Ms Alyson D'Oyley is the Company Secretary of ARM. Her business and postal addresses appear on the inside back cover of the report. Additional information regarding the office of the Company Secretary during the year are set out on page 129.

Special resolutions

The following special resolutions were passed by shareholders of ARM at the Annual General Meeting held on 2 December 2011:

- Remuneration of Non-executive Directors;
- Financial assistance – for related or inter-related companies; and
- Financial assistance – for subscription for securities.

No special resolutions were passed by the shareholders of ARM's subsidiaries from 17 October 2011 to the date of this report.

Listings

The Company's shares are listed on the JSE Limited (JSE) under General Mining under the JSE share code: ARI.

A sponsored Level 1 American Depositary Receipt (ADR) programme is also available to investors for over-the-counter or private transactions under the ticker symbol AFRBY.

Strate (Share Transactions Totally Electronic)

The Company's shares were dematerialised on 5 November 2001. Should shareholders wish to trade certificated ARM (previously Avmin) shares on the JSE they are urged to deposit them with a CSDP (Central Securities Depository Participant) or qualifying stockbroker, as soon as possible. Trading in the Company's shares on the JSE is only possible if they exist in electronic format in the Strate environment. If members have any queries, they should contact the Company's transfer secretaries, Computershare Investor Services Proprietary Limited, whose details are reflected on the inside back cover of this report.

Convenience translations into United States Dollars

To assist users of this report, translations of convenience into United States Dollars are provided for in the Company's financial statements. These translations are based upon average rates of exchange for income statement and cash flow statement items and at those rates prevailing at year-end for statement of financial position items. These statements are included on pages 235 to 241 and do not form part of the audited statements.

Statements of financial position

at 30 June 2012

		Group			Company		
	Notes	F2012 Rm	Restated* F2011 Rm	1 July 2010 Rm	F2012 Rm	Restated* F2011 Rm	1 July 2010 Rm
Assets							
Non-current assets							
Property, plant and equipment	4	**18 707**	15 584	13 256	**2 268**	2 215	1 933
Investment property	5	**12**	12	12	**–**	–	–
Intangible assets	6	**191**	202	212	**–**	–	–
Deferred tax assets	16	**3**	87	44	**–**	85	43
Loans and long-term receivables	8	**221**	186	51	**240**	198	10
Financial assets	9	**74**	45	84	**–**	–	–
Inventories	11	**141**	130	148	**–**	13	15
Investment in associate	7	**1 354**	1 331	1 292	**432**	432	432
Other investments	10	**4 959**	5 798	5 191	**8 751**	8 818	8 383
		25 662	23 375	20 290	**11 691**	11 761	10 816
Current assets							
Inventories	11	**2 458**	2 155	1 834	**169**	155	65
Trade and other receivables	12	**3 606**	3 113	3 026	**396**	195	324
Taxation	35	**26**	75	44	**–**	–	–
Cash and cash equivalents	13	**3 564**	3 668	3 039	**314**	1 248	1 047
		9 654	9 011	7 943	**879**	1 598	1 436
Total assets		**35 316**	32 386	28 233	**12 570**	13 359	12 252
Equity and liabilities							
Capital and reserves							
Ordinary share capital	14	**11**	11	11	**11**	11	11
Share premium	14	**3 937**	3 840	3 803	**3 937**	3 840	3 803
Other reserves		**571**	1 201	728	**275**	1 003	498
Retained earnings		**18 681**	16 160	13 223	**6 333**	6 562	5 754
Equity attributable to equity holders of ARM		**23 200**	21 212	17 765	**10 556**	11 416	10 066
Non-controlling interest		**1 205**	958	764	**–**	–	–
Total equity		**24 405**	22 170	18 529	**10 556**	11 416	10 066
Non-current liabilities							
Long-term borrowings	15	**2 216**	2 337	2 582	**–**	410	784
Deferred tax liabilities	16	**3 777**	3 593	2 961	**442**	538	407
Long-term provisions	17	**892**	549	500	**154**	137	131
		6 885	6 479	6 043	**596**	1 085	1 322
Current liabilities							
Trade and other payables	18	**2 318**	2 448	2 315	**436**	312	311
Short-term provisions	19	**463**	287	268	**107**	118	134
Taxation	35	**224**	270	314	**134**	100	90
Overdrafts and short-term borrowings							
– interest-bearing	20	**1 021**	732	764	**450**	37	38
– non-interest-bearing	20	**–**	–	–	**291**	291	291
		4 026	3 737	3 661	**1 418**	858	864
Total equity and liabilities		**35 316**	32 386	28 233	**12 570**	13 359	12 252

* *Restated after early adoption of IFRIC 20: Accounting for stripping costs in the production phase of a surface mine (Refer note 1 and 3).*

Income statements

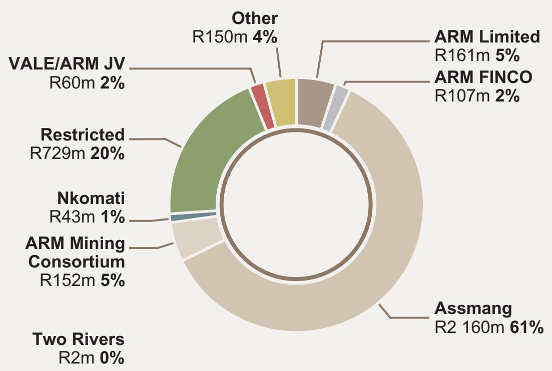
for the year ended 30 June 2012

	Notes	Group F2012 Rm	Group Restated* F2011 Rm	Company F2012 Rm	Company Restated* F2011 Rm
Revenue	23	**18 142**	15 357	**3 238**	3 089
Sales	23	**17 530**	14 893	**1 554**	1 499
Cost of sales	24	**(11 463)**	(8 875)	**(1 497)**	(1 049)
Gross profit		**6 067**	6 018	**57**	450
Other operating income	25	**859**	511	**693**	462
Other operating expenses	26	**(1 710)**	(1 130)	**(918)**	(711)
Profit/(loss) from operations before exceptional items	27	**5 216**	5 399	**(168)**	201
Income from investments	28	**279**	216	**1 148**	1 166
Finance costs	29	**(232)**	(216)	**(62)**	(53)
Income/(loss) from associate**	7	**11**	(135)	**–**	–
Profit before taxation and exceptional items		**5 274**	5 264	**918**	1 314
Exceptional items	30	**(70)**	(11)	**1**	(4)
Profit before taxation		**5 204**	5 253	**919**	1 310
Taxation	31	**(1 633)**	(1 693)	**(189)**	(76)
Profit for the year		**3 571**	3 560	**730**	1 234
Attributable to:					
Non-controlling interest		**133**	194		
Equity holders of ARM		**3 438**	3 366	**730**	1 234
		3 571	3 560	**730**	1 234
Additional information					
Headline earnings (R million)	33	**3 451**	3 374		
Headline earnings per share (cents)	32	**1 615**	1 585		
Basic earnings per share (cents)		**1 609**	1 581		
Diluted headline earnings per share (cents)	32	**1 604**	1 578		
Diluted basic earnings per share (cents)	32	**1 598**	1 574		
Number of shares in issue at end of year (thousands)		**214 852**	213 133		
Weighted average number of shares in issue (thousands)		**213 689**	212 889		
Weighted average number of shares used in calculating diluted earnings per share (thousands)	32	**215 118**	213 871		
Net asset value per share (cents)	32	**10 798**	9 952		
EBITDA (R million)		**6 531**	6 517		
Dividend declared after year end (cents per share)	32	**475**	450	**475**	450

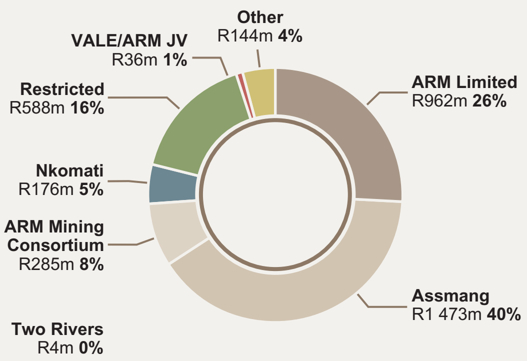
Restated after early adoption of IFRIC 20: Accounting for stripping costs in the production phase of a surface mine (Refer note 1 and 3).
*** Exceptional gain net of tax included in income/(loss) from associate R38 million (F2011: nil).*

Analysis of specific financial statements items

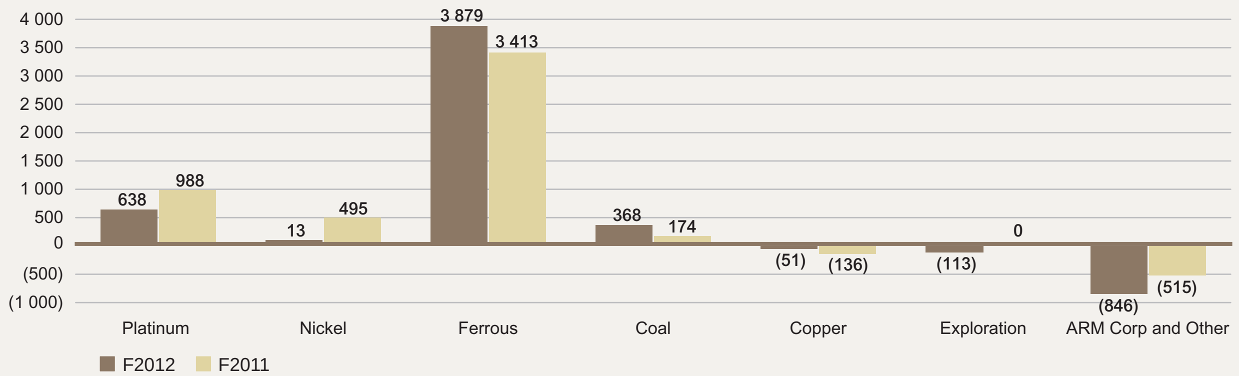
Cash and cash equivalents – statement of financial position F2012 (R million) (refer note 13)



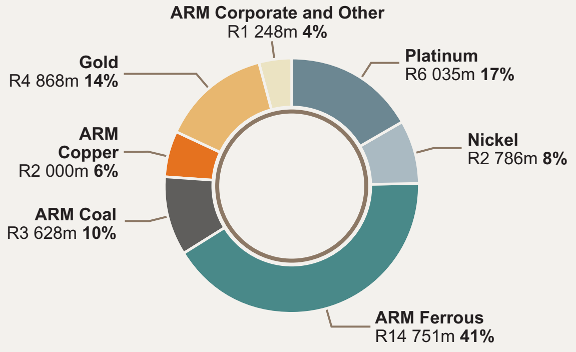
Cash and cash equivalents – statement of financial position F2011 (R million) (refer note 13)



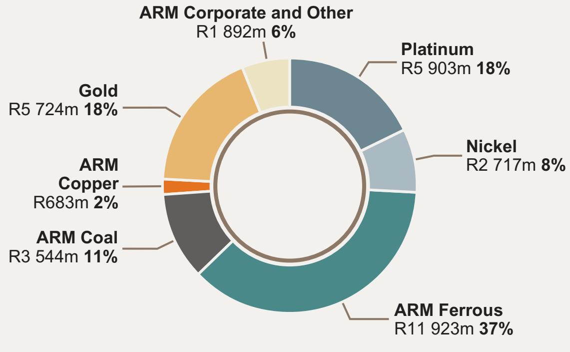
Cash inflow/(outflow) from operating activities
(R million) (refer note 2)



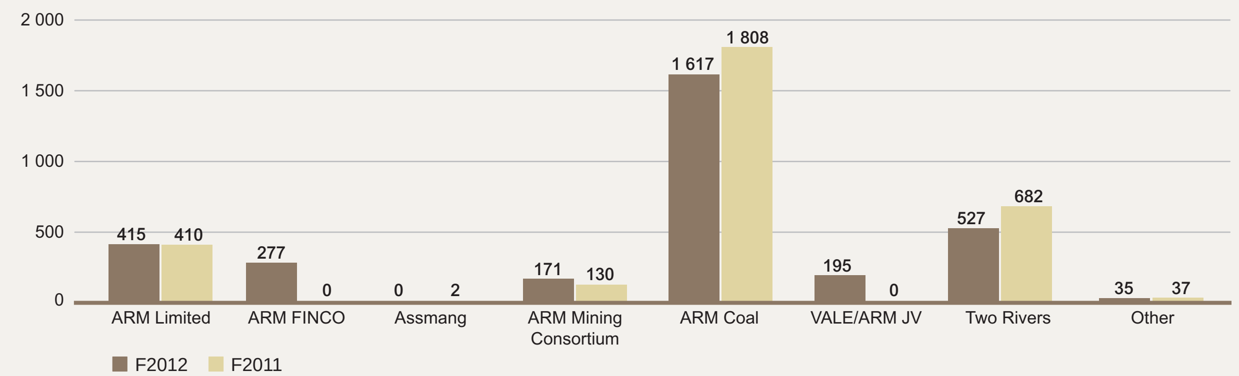
Segment assets F2012
(R million) (refer note 2)



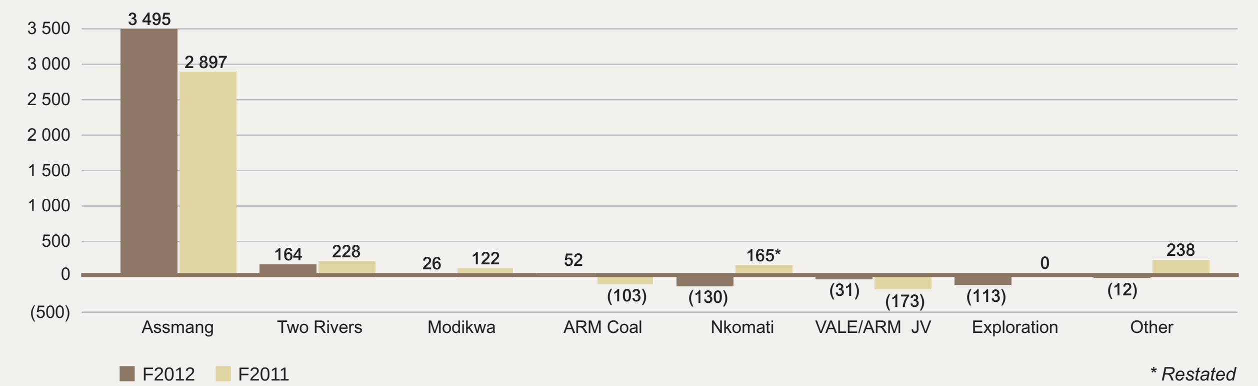
Segment assets F2011
(R million) (refer note 2)



Long and short-term borrowings
(R million) (refer note 15 and 20)

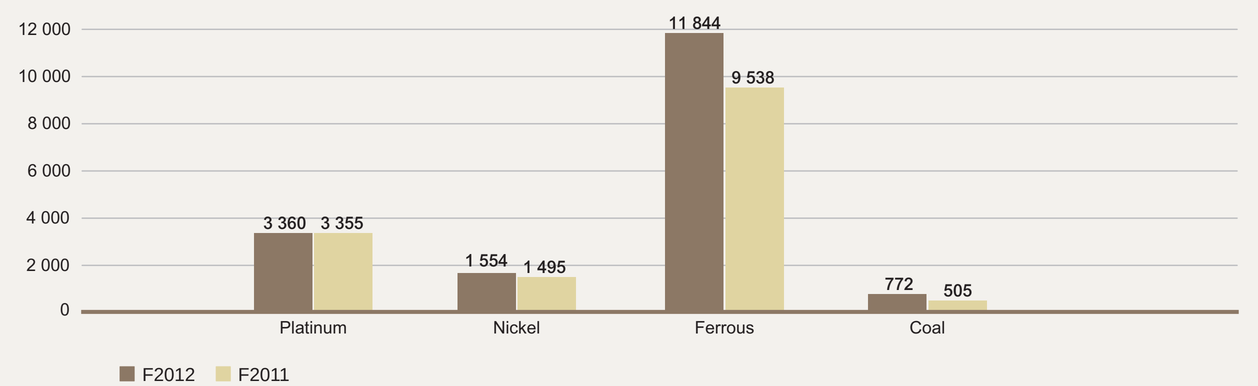


Headline earnings
(R million) (refer note 2)

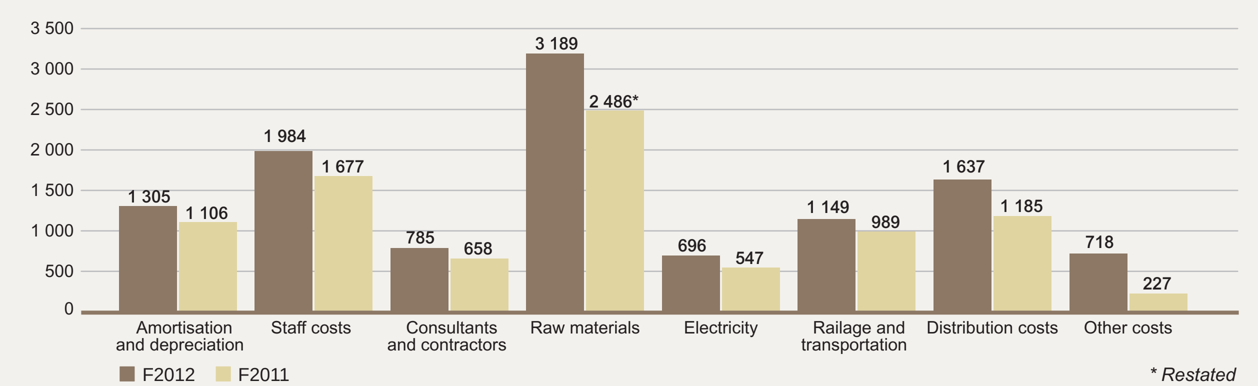


** Restated*

Sales
(R million) (refer note 2)

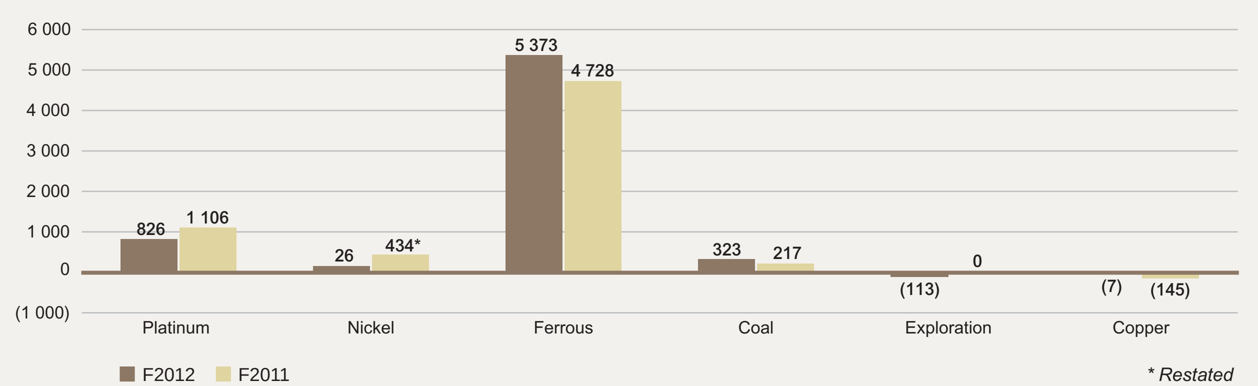


Cost of sales
(R million) (refer note 24)



** Restated*

EBITDA
(R million) (refer note 2)



** Restated*

Statements of comprehensive income

for the year ended 30 June 2012

	Notes	Group Available-for-sale reserve Rm	Other Rm	Retained earnings Rm	Total share-holders of ARM Rm	Non-controlling interest Rm	Total Rm
For the year ended 30 June 2011 (Restated)*							
Profit for the year to 30 June 2011		–	–	3 366	3 366	194	**3 560**
Other comprehensive income							
Revaluation of listed investment	10	544	–	–	544	–	**544**
Deferred tax on revaluation of listed investment		(76)	–	–	(76)	–	**(76)**
Net impact of revaluation of listed investment		468	–	–	468	–	**468**
Foreign exchange on loans to foreign Group entity		–	(82)	–	(82)	–	**(82)**
Deferred tax on foreign exchange on loans to foreign Group entity			11		11	–	**11**
Cashflow hedge reserve	7	–	(4)	–	(4)	–	**(4)**
Foreign currency translation reserve movement		–	40	–	40	–	**40**
Total other comprehensive income		468	(35)	–	433	–	**433**
Total comprehensive income for the year		468	(35)	3 366	3 799	194	**3 993**
For the year ended 30 June 2012							
Profit for the year to 30 June 2012		**–**	**–**	**3 438**	**3 438**	**133**	**3 571**
Other comprehensive income							
Revaluation of listed investment	10	**(856)**	**–**	**–**	**(856)**	**–**	**(856)**
Deferred tax on revaluation of listed investment		**81**	**–**	**–**	**81**	**–**	**81**
Net impact of revaluation of listed investment		**(775)**	**–**	**–**	**(775)**	**–**	**(775)**
Realisation of foreign exchange on loans to foreign Group entity		**–**	**87**	**–**	**87**	**–**	**87**
Deferred tax on realisation of foreign exchange on loans to foreign Group entity		**–**	**(12)**	**–**	**(12)**	**–**	**(12)**
Foreign exchange movements on loans to a foreign Group entity		**–**	**30**	**–**	**30**	**–**	**30**
Deferred tax on unrealised foreign exchange movements on loans to a foreign Group entity		**–**	**(8)**		**(8)**		**(8)**
Cashflow hedge reserve	7	**–**	**(11)**	**–**	**(11)**	**–**	**(11)**
Foreign currency translation reserve movement		**–**	**16**	**–**	**16**	**–**	**16**
Total other comprehensive income		**(775)**	**102**	**–**	**(673)**	**–**	**(673)**
Total comprehensive income for the year		**(775)**	**102**	**3 438**	**2 765**	**133**	**2 898**

* *Restated after early adoption of IFRIC 20: Accounting for stripping costs in the production phase of a surface mine (Refer note 1 and 3).*

		Company		
	Notes	Available-for-sale reserve Rm	Retained earnings Rm	Total Rm
For the year ended 30 June 2011 (Restated)*				
Profit for the year to 30 June 2011		–	1 234	**1 234**
Other comprehensive income				
Revaluation of listed investment	10	544	–	**544**
Deferred tax on revaluation of listed investment		(76)	–	**(76)**
Net impact of revaluation of listed investment		468	–	**468**
Total other comprehensive income		468	–	**468**
Total comprehensive income for the year		468	1 234	**1 702**
For the year ended 30 June 2012				
Profit for the year to 30 June 2012		**–**	**730**	**730**
Other comprehensive income				
Revaluation of listed investment	10	**(856)**	**–**	**(856)**
Deferred tax on revaluation of listed investment		**81**	**–**	**81**
Net impact of revaluation of listed investment		**(775)**	**–**	**(775)**
Total other comprehensive income		**(775)**	**–**	**(775)**
Total comprehensive income for the year		**(775)**	**730**	**(45)**

* *Restated after early adoption of IFRIC 20: Accounting for stripping costs in the production phase of a surface mine (Refer note 1 and 3).*

Statements of changes in equity

for the year ended 30 June 2012

	Notes	Group Share capital and premium Rm	Available-for-sale reserve Rm	Other* Rm	Retained earnings Rm	Total shareholders of ARM Rm	Non-controlling interest Rm	Total Rm
Balance at 30 June 2010		3 814	446	282	13 223	17 765	764	**18 529**
Profit for the year to 30 June 2011 (Restated)**		–	–	–	3 366	3 366	194	**3 560**
Other comprehensive income		–	468	(35)	–	433	–	**433**
Total comprehensive income for the year		–	468	(35)	3 366	3 799	194	**3 993**
Share-based payments		–	–	37	–	37	–	**37**
Share options exercised	14	37	–	–	–	37	–	**37**
Dividend paid	32	–	–	–	(426)	(426)	–	**(426)**
Other		–	–	3	(3)	–	–	**–**
Balance at 30 June 2011		3 851	914	287	16 160	21 212	958	**22 170**
Profit for the year to 30 June 2012		–	–	–	3 438	3 438	133	**3 571**
Other comprehensive income		–	(775)	102	–	(673)	–	**(673)**
Total comprehensive income for the year		–	(775)	102	3 438	2 765	133	**2 898**
Share-based payments		–	–	94	–	94	–	**94**
Share options exercised	14	50	–	–	–	50	–	**50**
Bonus and performance shares issued to employees	14	47	–	(47)	–	–	–	**–**
Dividend paid	32	–	–	–	(959)	(959)	–	**(959)**
Part disposal of interest in Lubambe		–	–	–	38	38	114	**152**
Other		–	–	(4)	4	–	–	**–**
Balance at 30 June 2012		**3 948**	**139**	**432**	**18 681**	**23 200**	**1 205**	**24 405**

	F2012 Rm	F2011 Rm	F2010 Rm
* Other reserves consist of the following:			
General reserve	**32**	32	32
Insurance contingency	**14**	18	15
Share-based payments	**351**	304	267
Cashflow hedge reserve	**1**	12	16
Foreign exchange on loans to foreign Group entity	**20**	(77)	(6)
Foreign currency translation reserve (FCTR)	**28**	12	(28)
Premium paid on purchase of non-controlling interest	**(14)**	(14)	(14)
Total	**432**	**287**	**282**

** *Restated after early adoption of IFRIC 20: Accounting for stripping costs in the production phase of a surface mine (Refer note 1 and 3).*

		Company				
	Notes	Share capital and premium Rm	Available-for-sale reserve Rm	Other* Rm	Retained earnings Rm	Total Rm
Balance at 30 June 2010		3 814	240	258	5 754	**10 066**
Profit for the year to 30 June 2011 (Restated)**		–	–	–	1 234	**1 234**
Other comprehensive income		–	468	–	–	**468**
Total comprehensive income for the year		–	468	–	1 234	**1 702**
Dividend paid	32	–	–	–	(426)	**(426)**
Share-based payments		–	–	37	–	**37**
Share options exercised	14	37	–	–	–	**37**
Balance at 30 June 2011		3 851	708	295	6 562	**11 416**
Profit for the year to 30 June 2012		–	–	–	730	**730**
Other comprehensive income		–	(775)	–	–	**(775)**
Total comprehensive income for the year		–	(775)	–	730	**(45)**
Dividend paid	32	–	–	–	(959)	**(959)**
Share-based payments		–	–	94	–	**94**
Share options exercised	14	50	–	–	–	**50**
Bonus and performance shares issued to employees	14	47	–	(47)	–	**–**
Balance at 30 June 2012		**3 948**	**(67)**	**342**	**6 333**	**10 556**

	F2012 Rm	F2011 Rm	F2010 Rm
* Other reserves consist of the following:			
General reserve	**35**	35	35
Share-based payments	**307**	260	223
Total	**342**	295	258

** *Restated after early adoption of IFRIC 20: Accounting for stripping costs in the production phase of a surface mine (Refer note 1 and 3).*

Statements of cash flows

for the year ended 30 June 2012

	Notes	Group F2012 Rm	Group Restated* F2011 Rm	Company F2012 Rm	Company Restated* F2011 Rm
Cash flow from operating activities					
Cash receipts from customers		**17 883**	15 409	**1 938**	2 092
Cash paid to suppliers and employees		**(11 914)**	(9 421)	**(1 986)**	(1 584)
Cash generated/(utilised) from operations	34	**5 969**	5 988	**(48)**	508
Interest received		**214**	181	**36**	79
Interest paid		**(106)**	(117)	**(46)**	(52)
Dividends received		**64**	33	**1 064**	1 032
Dividend paid		**(959)**	(426)	**(959)**	(426)
Taxation paid	35	**(1 294)**	(1 240)	**(85)**	(54)
Net cash inflow/(outflow) from operating activities		**3 888**	4 419	**(38)**	1 087
Cash flow from investing activities					
Additions to property, plant and equipment to maintain operations		**(1 180)**	(797)	**(77)**	(11)
Additions to property, plant and equipment to expand operations		**(2 866)**	(2 241)	**(199)**	(476)
Proceeds on disposal of property, plant and equipment		**1**	3		
Investment in associate		**(23)**	(178)	**–**	–
Investment in RBCT		**(17)**	(63)	**–**	–
Investment in subsidiary		**–**	–	**(48)**	–
Decrease/(increase) in loans and receivables		**8**	(106)	**(617)**	(62)
Net cash outflow from investing activities		**(4 077)**	(3 382)	**(941)**	(549)
Cash flow from financing activities					
Proceeds on exercise of share options		**50**	37	**50**	36
Long-term borrowings raised		**501**	283	**(3)**	205
Long-term borrowings repaid		**(294)**	(596)	**–**	(575)
Decrease in short-term borrowings		**(78)**	(312)	**–**	(2)
Net cash inflow/(outflow) from financing activities		**179**	(588)	**47**	(336)
Net (decrease)/increase in cash and cash equivalents		**(10)**	449	**(932)**	202
Cash and cash equivalents at beginning of year		**3 227**	2 791	**1 211**	1 009
Foreign currency translation on cash balance		**10**	(13)	**–**	–
Cash and cash equivalents at end of year	13	**3 227**	3 227	**279**	1 211
Cash generated from operations per share (cents)	32	**2 794**	2 813	**(22)**	238

* *Restated after early adoption of IFRIC 20: Accounting for stripping costs in the production phase of a surface mine (Refer note 1 and 3).*

Notes to the financial statements

for the year ended 30 June 2012

1 Accounting policies

Statement of Compliance

The Group and Company annual financial statements are prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and Interpretations of those standards, as adopted by the International Accounting Standards Board (IASB), requirements of the South African Companies Act, the AC 500 standards, as issued by the Accounting Practice Board or its successor and the Listings Requirements of the JSE Limited.

Impact of new standards

During the current financial year, the following new and revised accounting standards were adopted by ARM but have had no financial impact on the financial statements other than as noted below and certain disclosure changes:

Standard	Subject
IFRS 1	• First-time adoption of International Financial Reporting Standards – Accounting policy changes in the year of adoption (Annual improvements project 2010) • First-time adoption of International Financial Reporting Standards – Severe hyperinflation and removal of fixed dates for first time adaptors (Amendment) • First-time adoption of International Financial Reporting Standards – Revaluation basis as deemed cost (Annual improvements project 2010) • First-time adoption of International Financial Reporting Standards – Replacement of fixed dates for certain exceptions with the date of transition to IFRS (Amendment) • First-time adoption of International Financial Reporting Standards – Use of deemed cost for operations subject to date regulation (Annual improvements project 2010)
IFRS 7	Financial instruments: Disclosures – Transfer of financial assets (Amendment)
	Financial instruments: Disclosures – Clarification of disclosures (Annual improvements project 2010)
IAS 1	Presentation of financial statements – Clarification of statements of changes in equity (Annual improvements project 2010)
IAS 24	Related party disclosure (revised)
IAS 34	Interim financial reporting – Significant events and transactions (Annual improvements project 2010)
IFRIC 13	Customer loyalty programmes – Fair value of award credit (Annual improvements project 2010)
IFRIC 14	IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interactions – Prepayments of a minimum funding requirement (Amendment)

The Group has early adopted IAS 1 – Presentation of Financial Statements, which was amended as a result of the IASB's Annual Improvements projects in May 2012. The amendment clarifies the requirements for certain disclosures and comparative information. As a result no notes are presented with regards to the third statement of financial position.

The adoption of these amendments, standards and interpretations only resulted in changes to the manner in which the annual financial statements are presented as well as additional disclosures in the annual financial statements.

The Group has early adopted: IFRIC 20 – Accounting for stripping costs in the production phase of a surface mine.

This interpretation is effective for annual periods commencing on or after 1 January 2013, which would ordinarily mean it would apply to the Group from the year ending 30 June 2013, however the Group has elected to early adopt this interpretation and apply it for the year ended 30 June 2012. In accordance of the transitional provision of the interpretation, the requirements were applied retrospectively to production stripping costs incurred on or after 1 July 2010 (commencement of the comparative financial period). The interpretation now clarifies that an entity can recognise production stripping costs of a surface mining operation as part of a stripping activity asset if certain requirement as per the IFRIC 20 are met. Refer to note 3 for details of the financial effect of the early adoption of this interpretation.

Basis of preparation

The Group and Company financial statements for the year have been prepared under the supervision of the financial director, Mr M Arnold CA(SA).

The principal accounting policies as set out below are consistent in all material aspects with those applied in the previous years except for the above-mentioned new and revised standards and comply with IFRS.

The Group and Company financial statements have been prepared on the historical cost basis except for certain financial instruments that are fairly valued by mark to market.

The financial statements are presented in South African Rand and all values are rounded to the nearest million (Rm) unless otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of African Rainbow Minerals Limited and its subsidiaries, joint ventures and associates at 30 June each year.

Inter-company transactions and balances

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

Subsidiary companies

Subsidiary companies are investments in entities in which the Company has control over the financial and operating decisions of the entity.

Subsidiaries are consolidated in full from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date such control ceases.

Non-controlling interest represents the portion of income statement and equity not held by the Group and is presented separately in the income statement and within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

Losses of subsidiaries are attributed to the non-controlling interest even if that results in a deficit balance. Before 1 January 2009, losses in subsidiaries were carried by the Group only.

Investments in subsidiaries in the Company financial statements are accounted for at cost less impairment.

Joint ventures

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

Unincorporated joint ventures are consolidated in the Company financial statements on the same basis as above.

Jointly controlled entities are accounted for in the Company financial statements at cost less impairment (refer note 21).

Investment in associate

An associate is an investment in an entity in which the Group has significant influence and is neither a subsidiary nor a joint venture of the Group. At Group level investments in associates are accounted for using the equity method of accounting. Investments in the associates are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The income statement reflects the Group's share of the post-acquisition profit after tax of the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment losses.

Investments in associates in the Company financial statements are accounted for at cost less impairment.

Business combinations

The acquisition method of accounting is used to account for the acquisition of subsidiaries, joint ventures and associates by the Group. The cost of an acquisition is measured as the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition is expensed in the income statement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Non-controlling interest is measured at each business combination at either the proportionate share of the identifiable net assets or at fair value.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill is tested for impairment on an annual basis. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

When an acquisition is achieved in stages and control is achieved the fair values of all the identifiable assets and liabilities are recognised. The difference between the previous equity held interest value and the current fair value for the same equity is recognised in the income statement. When there is a change in the interest of a subsidiary that does not result in the loss of control, the difference between the fair value of the consideration transferred and the change in non-controlling interest is recognised directly in the statement of changes in equity.

Current taxation

The charge for current tax is based on the results for the year as adjusted for income that is exempt and expenses that are not deductible using tax rates that have been enacted or substantially enacted at reporting date that are applicable to the taxable income. Taxation is recognised in the income statement except to the extent that it relates to items recognised directly in equity, or in other comprehensive income in which case the tax amounts are recognised directly in equity or other comprehensive income.

Deferred taxation

A deferred tax asset is the amount of income taxes recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits.

A deferred tax liability is the amount of income taxes payable in future periods in respect of taxable temporary differences.

Temporary differences are differences between the carrying amount of an asset or liability and its tax base. The tax base of an asset is the amount that is deductible for tax purposes if the economic benefits from the asset are taxable or the carrying amount of the asset if the economic benefits are not taxable. The tax base of a liability is the carrying amount of the liability less the amount deductible in respect of that liability in future periods. The tax base of revenue received in advance is the carrying amount less any amount of the revenue that will not be taxed in future periods.

Deferred tax is recognised for all temporary differences, unless specifically exempt, at the tax rates that have been enacted or substantively enacted at the reporting date and is not discounted.

A deferred tax asset is only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax arising on investments in subsidiaries, associates and joint ventures is recognised except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Value added tax (VAT)

Revenues, expenses and assets are recognised net of the amount of VAT except for (a) where the VAT incurred on a purchase of an asset or service cannot be recovered from the taxation authorities, and (b) receivables and payables that are stated with the VAT included. The net amount of VAT recoverable or payable is included under receivables or payables in the statement of financial position.

Secondary taxation on companies (STC)

Secondary tax on companies is recognised on the declaration date of all dividends and is included in the taxation expense in the income statement in the related period.

Provisions

Provisions are recognised when the following conditions have been met:

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

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

Environmental rehabilitation obligation

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

Decommissioning

The present value of estimated decommissioning obligations, being the cost to dismantle all structures and rehabilitate the land on which it is located that arose through establishing the mine, is included in long-term provisions. The unwinding of the obligation is included in the income statement under finance cost. The initial related decommissioning asset is recognised in property plant and equipment.

The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Restoration

The present value of the estimated cost of restoration, being the cost to correct damage caused by ongoing mining operations, is included in long-term provisions. This estimate is revised annually and any movement is expensed in the income statement. Expenditure on ongoing rehabilitation is charged to the income statement under cost of sales as incurred.

Environmental rehabilitation trust fund

Annual payments are made to rehabilitation trust funds in accordance with statutory requirements. The investment in the trust funds are carried at cost in the Company. These funds are consolidated as ARM Group companies are the sole contributors to the funds and exercise full control through the respective boards of trustees. The balances are included under restricted cash.

Financial instruments

Financial instruments recognised on the statement of financial position include cash and cash equivalents, investments, trade and other receivables, trade and other payables and long- and short-term borrowings. The recognition methods adopted are disclosed in the individual policy statements associated with each item. The Group does not apply hedge accounting, except where it recognised its share of an associate's cash flow hedge reserve as part of the equity accounted investment in the associate.

Financial assets

All financial assets are recognised initially at fair value plus transaction costs except in the case of financial assets recorded at fair value through the income statement.

Financial assets at fair value through the income statement are measured at fair value with gains and losses being recognised in the income statement.

Held-to-maturity investments are measured at amortised cost less any impairment losses recognised to reflect irrecoverable amounts.

Loans and receivables are measured at amortised cost less impairment losses or reversals which are recognised in the income statement.

Available-for-sale financial assets are measured at fair value with gains and losses being recognised directly in equity. Impairment losses are recognised in the income statement.

Any impairment reversals on debt instruments classified as available-for-sale are recognised in the income statement.

Impairment losses on equity investments are not reversed through the income statement and increases in their fair value after impairment are recognised directly in equity.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence as a result of one or more events that has occurred after the initial recognition, that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is an indication that an impairment exists, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through use of an allowance account.

Available-for-sale assets

In the case of equity securities, if there is a continuous drop in the fair value of the security below its cost, the security is impaired. The cumulative loss, measured as the difference between the acquisition cost and the current fair value less any impairment loss previously recognised on the security, is then recognised in the income statement.

Financial liabilities

Financial liabilities at fair value through the income statement are measured at fair value with gains and losses being recognised in the income statement.

Financial liabilities at amortised cost are initially measured at fair value and subsequently at amortised cost using the effective interest method.

Financial guarantees

Financial Guarantee Contracts, that are not considered to be insurance contracts, are initially recognised at fair value and subsequently remeasured at the higher of the amount determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised, less when appropriate, cumulative amortisation recognised in accordance with IAS 18 Revenue.

Derivative instruments

Derivatives, including embedded derivatives, are initially and subsequently measured at fair value. Fair value adjustments are recognised in the income statement. Forward exchange contracts are valued at the reporting date using the forward rate available at the reporting date for the remaining maturity period of the forward contract. Any gain or loss from valuing the contract against the contracted rate is recognised in the income statement. A corresponding forward exchange asset or liability is recognised. On settlement of a forward exchange contract, any gain or loss is recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost.

Cash that is subject to legal or contractual restrictions on use is included in cash but indicated as restricted.

Investments

Investments, other than investments in subsidiaries, associates and joint ventures, are considered to be available for-sale financial assets and are subsequently carried at fair value. Increases and decreases in fair values of available for-sale investments are reflected in the revaluation reserve in other comprehensive income. On disposal of an investment, the balance in the revaluation reserve is recognised in the income statement. Where active markets exist, fair values are determined with reference to the stock exchange quoted selling prices at the close of business on the reporting date.

Where there are no active markets, fair value is determined using valuation techniques like recent similar transactions, reference to similar transactions, discounted cash flow and option pricing models. Where a reliable fair value cannot be determined, investments are carried at cost. All regular purchases and sales of financial assets are recognised on the trade date, i.e. the date the Group commits to purchasing the asset.

Receivables

Trade receivables, which generally have 30 – 90 day terms, are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or cost that are an integral part of the effective interest rate.

Receivables are financial assets classified as loans and receivables. Some receivables are classified at fair value through the income statement. These are receivables where the amount that will be received in the future is dependent on the commodities or concentrate content, and/or the price at the date of settlement. An impairment is recognised when there is evidence that an entity will not be able to collect all amounts due according to the original terms of the receivables. The impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rates. The amount of the impairment is charged to the income statement.

Payables

Trade and other payables are not interest bearing and are initially recorded at fair value and subsequently at amortised cost and classified as financial liabilities at amortised cost.

Interest-bearing loans and borrowings

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

Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in the income statement.

Set-off

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

Intangible assets

Intangible assets acquired are reflected at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised over their useful economic life and assessed for impairment where there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end.

Amortisation is based on units of production. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

Internally generated intangible assets are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually. This is done individually or at the cash generating unit level. The assessment of the indefinite life is reviewed annually to see if it is supportable, if not supportable it is changed prospectively to finite.

Investment property

Investment properties are carried at cost and depreciated on a straight-line basis over their estimated useful lives to an estimated residual value. Where the residual value exceeds the carrying amount, amortisation is continued at a zero charge until its residual value subsequently decreases to an amount below the carrying amount. Where the building has changed from owner occupied to investment property in order to earn rentals and for capital appreciation, the cost deemed is the carrying amount if applicable. An impairment is taken in the income statement when the recoverable amount is less than the carrying amount.

Property, plant and equipment

Property, plant and equipment other than land and buildings, are stated at cost less accumulated depreciation and accumulated impairment losses.

Land and buildings

Land and buildings are carried at cost. Land is only depreciated where the form is changed so that it affects its value. Land is then depreciated on a straight-line method over the mining activity to a maximum of 25 years to its estimated residual value. Buildings are depreciated on a straight-line basis over their estimated useful lives to an estimated residual value, if such value is significant. The annual depreciation rates used vary between 2% and 5%. New acquisitions and additions to existing land and buildings are reflected at cost.

Mine development and decommissioning

Costs to develop new ore bodies, to define further mineralisation in existing ore bodies and to expand the capacity of a mine or its current production, site preparation and pre-production stripping costs, as well as the decommissioning thereof, are capitalised when it is probable that the future economic benefits will flow to the entity and it can be measures reliably. Development expenditure is net of proceeds from the sale of ore extracted during the development phase. Capitalised development costs are classified under Mine development and decommissioning assets and are recognised at cost. Development costs to maintain production are expensed as incurred.

Mine development and decommissioning assets are depreciated using the units-of-production method based on estimated proven and probable ore reserves from which future economic benefits will be realised, resulting in these assets being carried at cost less depreciation and any impairment losses. Proven and probable ore reserves reflect estimated quantities of economically recoverable reserves which can be recovered in future from known mineral deposits. These reserves are reassessed annually. The maximum period of amortisation using this method is 25 years.

Production stripping costs

The capitalisation of pre-production stripping costs as part of Mine development and decommissioning assets ceases when the mine is commissioned and ready for production. Subsequent stripping activities that are undertaken during the production phase of a surface mine may create two benefits, being either the production of inventory or improved access to the ore to be mined in the future.

Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where production stripping costs are incurred and where the benefit is the creation of mining flexibility and improved access to ore to be mined in the future, the costs are recognised as a non-current asset, referred to as a 'stripping activity asset', if:

a. future economic benefits (being improved access to the ore body) are probable,
b. the component of the ore body for which access will be improved can be accurately identified, and
c. the costs associated with the improved access can be reliably measured.

The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing asset, being the mine asset included under mine development and decommissioning asset, and disclosed in note 4. If all the criteria are not met, the production stripping costs are charged to the statement of comprehensive income as operating costs.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset. If, the costs of the stripping activity asset and the inventory produced are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset.

The stripping activity asset is subsequently depreciated over the life of the identified component of the ore body that became more accessible as a result of the stripping activity. Based on proven and probable reserves, the units-of-production method is used to determine the expected useful life of the identified component of the ore body that became more accessible. As a result, the stripping activity asset is carried at cost less depreciation and any impairment losses.

Mineral rights

Mineral rights that are being depleted are depreciated over their estimated useful lives using the units-of-production method based on proven and probable ore reserves. The maximum rate of depletion of any mineral right is 25 years.

Plant and machinery

Mining plant and machinery is depreciated on the units-of production method over the lesser of its estimated useful life based on estimated proven and probable ore reserves.

Non-mining plant and machinery is depreciated over its useful life. The maximum life of any single item as used in depreciation calculation is 25 years.

When plant and equipment comprises major components with different useful lives, these components are accounted for as separate items. Expenditure incurred to replace or modify a significant component of plant is capitalised and any remaining book value of the component replaced is written off in the income statement.

Mine properties

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

Furniture, equipment and vehicles

Furniture, equipment and vehicles are depreciated on a straight-line basis over their expected useful lives, to estimated residual values.

Finance leases

Finance leases are depreciated on a straight-line basis over their expected useful lives, to estimated residual values.

Depreciation rates

Depreciation rates that are based on units-of-production take into account, proven and probable ore reserves. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

In assessing asset lives, factors such as technological innovation, asset life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal value.

The annual depreciation rates generally used in the Group are:

- furniture and equipment 10% to 33%;
- mine properties 4% to 7%;

- motor vehicles 20%;
- mine development plant and machinery, and mineral rights and land 10 to 25 years;
- investment properties 2%; and
- intangible assets over life-of-mine to a maximum of 25 years.

Exploration expenditure

All exploration expenditures are expensed until they result in projects that are evaluated as being technically and commercially feasible and a future economic benefit is highly probable. In evaluating if expenditures meet these criteria to be capitalised, the Company utilises several different sources of information and also differentiates projects by levels of risks, including:

- Degree of certainty over the mineralisation of the orebody.
- Commercial risks, including but not limited to country risk.
- Prior exploration knowledge available about the target ore body.

Exploration expenditure on greenfields sites, being those where the Group does not have any mineral deposits which are already being mined or developed, is expensed as incurred until a bankable feasibility study has been completed, after which the expenditure is capitalised.

Exploration expenditure on brownfields sites, being those adjacent to any mineral deposits which are already being mined or developed, is only expensed as incurred until the Company has obtained sufficient information from all available sources to ameliorate the project risk areas identified above and which indicates by means of a pre-feasibility study that the future economic benefits are highly probable.

Exploration expenditure relating to extensions of mineral deposits which are already being mined or developed, including expenditure on the definition of mineralisation of such mineral deposits, is capitalised.

Activities in relation to evaluating the technical feasibility and commercial viability of mineral resources are treated as forming part of exploration expenditures.

Costs related to property acquisitions and mineral and surface rights are capitalised.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale (under current assets) if the carrying amount of these assets will be recovered principally through a sale transaction rather than through continued use. This condition will only be regarded as met if the sale transaction is highly probable and the asset (or disposal group) is available for sale in its present condition. For the sale to be highly probable management must be committed to the plan to sell the asset and the transaction should be expected to qualify for recognition as a complete sale within 12 months of the date of classification. Non-current assets held for sale are measured at the lower of their previous carrying amounts and their fair value less cost to sell and are not depreciated.

Impairment of non-financial assets

The carrying value of assets is reviewed at each statement of financial position date to assess whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset or cash generating unit is estimated. The recoverable amount is the higher of fair value less cost to sell or value in use. Value in use is determined by an estimated future cash flow discounted at a pre-tax discount rate.

Where the carrying value exceeds the estimated recoverable amount, such assets are written down to their recoverable amount and the difference is expensed in the income statement. If the circumstances leading to the impairment no longer exist, the appropriate portion of the impairment loss previously recognised is written back.

Intangible assets with an indefinite life are tested annually for impairment.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or development of a qualifying asset that requires a substantial period of time to be prepared for its intended use are capitalised. Capitalisation of borrowing costs as part of the cost of a qualifying asset commences when:

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

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

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

Inventories

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

- Consumables and maintenance spares are valued at weighted average cost.
- Ore stockpiles are valued at weighted average cost.
- Finished products are valued at weighted average cost. Unallocated overhead costs due to below normal capacity are expensed as short workings.
- Houses are valued at their individual cost.
- Work-in-progress is valued at weighted average cost, including an appropriate portion of direct overhead costs.

Unallocated overhead costs due to below normal capacity are expensed as short workings.

- Raw materials are valued at weighted average cost.
- By-products are valued at weighted average cost.

Inventories are classified as current when it is reasonable to expect them to be sold within their normal cycle which could be the next financial year. If not, they are classified as non-current.

Foreign currency translations

The Group and Company financial statements are presented in South African Rand, which is the Company's functional currency.

Foreign entities

Financial statements of all entities that have a functional currency different from the presentation currency of their parent entity, are translated into the presentation currency using the exchange rates applicable at the reporting date, as follows:

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

Foreign currency transactions and balances

Transactions in foreign currencies are converted to the functional currency at the rate of exchange ruling at the date that the transaction is recorded.

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

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to control the asset.

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

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

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

Employee benefits

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

Other long-term benefits

The Group provides certain long-term incentive schemes to attract, retain, motivate and reward eligible senior employees. The cost of providing these incentives is determined by actuaries using the projected unit credit method. Actuarial gains and losses are recognised as income or expense when incurred. The past service costs are recognised as an expense on a straight-line basis over the period until the benefits vest.

Share-based payments

The Company issues equity-settled share-based instruments to certain employees. Equity-settled share-based payments are measured at the fair value of the instruments at the date of the grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period on a straight-line basis, based on management's estimate, which is considered annually, of shares that are expected to vest.

Fair value is measured using an option pricing model. The fair values used in the model have been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

When the Company settles rights in cash, the grants are remeasured at each reporting date. For equity-settled options the expense is recognised over the expected vesting period.

Broad Based Black Economic Empowerment (BBBEE) transactions

When entering into BBBEE share-based transactions any excess of the fair value of the shares over the consideration received is recognised as an expense in that period.

Revenue recognition

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

Revenue is measured at the fair value of the amount received or receivable net of VAT, cash discounts and rebates.

Dividend income

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

Mining products

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

In some cases, where the terms of the executed sales agreement allow for an adjustment to the sale price based on a survey of the goods by the customer, recognition of the sales revenue is based on the most recently determined estimate of product specification.

Sales on FOB (free on board) and CIF (cost insurance freight) are recognised on the date of loading.

In the case of certain commodities the final sale price is determined a number of months after the concentrate is delivered. Revenue is measured at the best estimate of future prices and adjusted subsequently in revenue.

Rental income

Rental income on investment properties is accounted for on a straight-line basis over the term of the lease.

Interest

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

Cost of sales

All costs directly related to the producing of products are included in cost of sales. Costs that cannot be directly linked are included separately or under other operating expenses.

When inventories are sold, the carrying amount is recognised in cost of sales. Any write-down, losses or reversals of previous write-downs or losses are recognised in cost of sales.

Early settlement discounts and rebates

These are deducted from revenue and cost of inventories when applicable.

Reinsurance

Premiums are disclosed on a gross basis in the other operating income note (refer note 25). Claims are presented on a gross basis in receivables and payables. The Group cedes insurance risk in the normal course of business for the majority of its business.

Segment reporting

An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from other operations, whose operating results are regularly reviewed by the entity's chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance. There is discrete financial information available for each operation (refer note 2 for the operating segments).

A geographical segment is a group of products and services within a particular economic environment that is subject to risks and returns that are different from segments operating in other economic environments.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events but is not recognised because it is not probable the obligation will be required to be settled, or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised as liabilities.

Significant accounting judgements and estimates

The preparation of the financial statements requires management to make certain estimates. The principles used are the same as in previous years. When estimates are compared to actual and variances occur, the estimates are adjusted accordingly. Adjustments to estimates are a normal occurrence in light of the significant judgements and estimates involved. Factors influencing changes in the above include, amongst others, revisions to estimated reserves, resources and life of operations, developments in technology, regulatory requirements and environmental management strategies, changes in estimated costs of anticipated activities, inflation rates, foreign exchange rates and movements in interest rates affecting the discount rate applied. For assumptions on certain specific estimates used, refer to individual notes.

In particular, information about significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements are described below.

Capitalised stripping costs

Waste removal costs (stripping costs) are incurred during the development and production phases at surface mining operations. Furthermore, during the production phase, stripping costs are incurred in the production of inventory as well as in the creation of future benefits by improving access and mining flexibility in respect of the ore to be mined, the latter being referred to as a 'stripping activity asset'. Judgement is required to distinguish between these two activities at each of the surface operations.

The ore bodies need to be identified in its various separately identifiable components for each of its surface mining operations. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Judgement is required to identify and define these components, and also to determine the expected volumes (tonnes) of waste to be stripped and ore to be mined in each of these components. These assessments may vary between mines because the assessments are undertaken for each individual mine and are based on a combination of information available in the mine plans, specific characteristics of the ore body, the milestones relating to major capital investment decisions, and the type of minerals being mined.

Judgement is also required to identify a suitable production measure that can be applied in the calculation and allocation of production stripping costs between inventory and the stripping activity asset. The ratio of expected volume (tonnes) of waste to be stripped for an expected volume (tonnes) of ore to be mined for a specific component of the ore body, compared to the current period ratio of actual volume (tonnes) of waste to the volume (tonnes) of ore is considered to determine the most suitable production measure.

These judgements and estimates are used to calculate and allocate the production stripping costs to inventory and/or the stripping activity asset(s). Furthermore, judgements and estimates are also used to apply the units of production method in determining the depreciable lives of the stripping activity asset.

Production start date

The phase of each mine construction project is assessed to determine when a mine moves into the production phase. The criteria used to assess the start date is determined by the unique nature of each mine's construction project and includes factors such as the complexity of a plant and its location. Various relevant criteria are considered to assess when the mine is substantially complete and ready for its intended use and moves into the production phase. Some of the criteria would include but are not limited to the following:

- the level of capital expenditure compared to the construction cost estimates;

- completion of a reasonable period of testing of the mine plant and equipment;
- ability to produce inventory in saleable form; and
- ability to sustain ongoing production of inventory.

When a mine construction project moves into the production phase, the capitalisation of certain mine construction costs ceases and costs are either regarded as inventory or expensed, except for capitalisable costs related to mining asset additions or improvements, production phase stripping costs capitalisable as stripping activity asset(s), and exploration expenditure that meets the criteria for capitalisation.

Mine rehabilitation provision (refer note 17)

Mine rehabilitation provisions are assessed annually. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases, and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required. Changes to estimated future costs are recognised in the statement of financial position by adjusting the rehabilitation asset and liability. If, for mature mines, the revised mine assets net of rehabilitation provisions exceeds the carrying value, that portion of the increase is charged directly to expense. For closed sites, changes to estimated costs are recognised immediately in the income statement.

Other resources and reserves estimates (refer Mineral Resources and Reserves section)

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the mining properties. Ore reserves and mineral resource estimates are based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgements made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may impact upon the carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, goodwill, provision for rehabilitation, recognition of deferred tax assets, and depreciation and amortisation charges.

Units of production depreciation

Estimated recoverable reserves are used in determining the depreciation and/or amortisation of mine-specific assets.

This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life-of-mine production. Each item's life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. Numerous units of production depreciation methodologies are available to choose from; the Group adopts a Run of the Mine tonnes of ore produced methodology for mining costs and an ounces/pounds of metal produced methodology for post-mining costs.

Changes are accounted for prospectively.

Impairment of assets (refer note 27)

Each cash generating unit is assessed annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future approved expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted by an appropriate discount rate, taking into account factors, including weighted average cost of capital and applicable risk factors, to determine the net present value.

Deferred taxation asset (refer note 16)

Three-year business plans, the first year of which is approved by the Board and the content of the next two years being noted, are used to determine whether deferred tax assets will be utilised from taxable income in the future. These plans use many assumptions and estimates and will be adjusted every year as more information becomes available.

Asset useful life and residual values

These are assessed annually and may differ from previous years as many estimates and assumptions are used to determine the values. Estimates and assumptions are updated to improve the judgements made.

Share-based payments (refer note 41)

Estimation of the fair value of share-based payments requires determining the most appropriate model, inputs such as the expected life of the option, volatility and dividend yields.

Definitions

Cash and cash equivalents

Cash and cash equivalents include cash on hand and call deposits, as well as short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value. For cash flow purposes overdrafts are deducted from cash and cash equivalents that are on the statement of financial position.

Cash restricted for use

Cash which is subject to restrictions on its use is stated separately at the carrying value in the notes.

Active markets

This is normally a stock exchange where the public can purchase and sell shares on a regular basis and prices are determined by the market conditions.

Basic earnings per share

Earnings divided by the weighted average number of shares in issue.

Headline earnings per share

Headline earnings comprise earnings for the year, adjusted for profits/losses as a remeasurement in accordance with the requirements of Circular 3 of 2009 issued by the South African Institute of Chartered Accountants. Adjustments against earnings take account of attributable taxation and non-controlling interests. The adjusted earnings figure is divided by the weighted average number of shares in issue to arrive at headline earnings per share.

Amortised cost

This is calculated using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Fair value

Where an active market is available it is used to represent fair value. Where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions with reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis or other valuation models.

Effective interest method

This method determines the rate that discounts the estimated future cash flow payments or receipts through the expected life of the financial liability or financial asset to the net carrying amount of the financial liability or asset.

Diluted earnings per share

Diluted earnings per share is arrived at by dividing earnings (as used in calculating basic earnings per share) by the weighted average number of ordinary shares, adjusted for any financial instruments or other contracts that may entitle the holder thereof to ordinary shares. Fully diluted headline earnings per share are calculated on the same basis as fully diluted earnings per share.

Cash generated from operations per share

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

Exceptional items

These are items that are of a capital nature and not part of operating activities and that qualify for adjustment to the calculation of headline earnings.

EBITDA before exceptional items and income from associates

This comprises basic earnings, to which is added back taxation, exceptional items, income from associates, finance cost, income from investments and amortisation and depreciation.

New Standards

The following new standards have been issued but are only applicable for future periods.

Standard	Subject	Effective date
IFRS 9	Financial instruments: Classification and measurement 1 January 2013	1 January 2015
IFRS 10	Consolidated financial statements	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of interest in other entities	1 January 2013
IFRS 13	Fair value measurement	1 January 2013
IAS 1	Presentation of other comprehensive income (Amendment) 1 January 2013	1 January 2012
IAS 12	Income taxes – Recovery of underlying assets (Amendment) 1 January 2013	1 January 2012
IAS 19	Employee benefits (Amendment)	1 January 2013
IAS 27	Separate financial statements (as revised in 2011) 1 January 2013	1 January 2013
IAS 28	Investment in associate and Joint Ventures (as revised in 2011) 1 January 2013	1 January 2013

Impact of the above

Apart from IFRS 10, 11 and 12, none of the above standards or interpretations are expected to have any significant effect on the results of operation or the financial position of the Group.

IFRS 10 introduces the concept of a single model for establishing control that will be applicable to all entities, including special purpose entities.

IFRS 11 continues to allow joint operations to either be accounted for using the equity method or proportionate consolidation method, however the option of proportionate consolidation for joint ventures has been removed.

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, the disclosures that were previously included in IAS 31 and IAS 28, and a number of new disclosures. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities.

These three standards become effective for financial reporting periods beginning on or after 1 January 2013. The adoption of IFRS 10, 11 and 12 may potentially have an impact on the presentation and disclosures, when adopted, because the Group has a number of significant investments and joint arrangements. The Group is currently evaluating the impact of these standards.

2 PRIMARY SEGMENTAL INFORMATION

Business segments

For management purposes, the Group is organised into the following operating divisions. The operating divisions are ARM Platinum (which includes platinum and nickel), ARM Ferrous, ARM Coal, ARM Copper and ARM Exploration.

ARM has a strategic holding in Harmony (gold) of 14.7% (F2011: 14.8%).

Platinum comprises Two Rivers Platinum Mine as a 55% subsidiary and ARM Mining Consortium Limited through which ARM holds an effective 41.5% interest in the Modikwa Platinum Mine.

Nickel comprises Nkomati Mine as a 50% joint venture for both its nickel and chrome operations. In the corporate structure Nickel is included under ARM Platinum.

ARM Ferrous comprises Assmang as a 50% joint venture. Assmang comprises iron ore, manganese and chrome operations.

ARM Coal, a 51% joint venture for accounting purposes, comprises of a 10.2% participating investment in the existing coal operations of XCSA (the participating coal business or PCB) and a 26% joint venture interest in the Goedgevonden Mine (GGV). In addition, ARM has a direct 10% participating investment in PCB.

ARM Copper: With effect from 1 July 2011 this division comprises an effective 40% share in Lubambe (previously Konkola) Copper Project, an effective 30% shareholding in the Kalumines Copper Project and an effective 50% shareholding in the Lusaka Kabwe Project. All these projects are held in the 50:50 Vale/ARM joint venture.

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

The commodity groupings predominantly reflect the risks and rewards of trading and the operating divisions are therefore identified as the reporting segments.

2 PRIMARY SEGMENTAL INFORMATION continued

2.1 Year to 30 June 2012

	ARM Platinum Rm	ARM Ferrous Rm	ARM Coal Rm	ARM Copper Rm	ARM Exploration Rm	*Corporate and other Rm	Gold Rm	**Total Rm**
Sales	4 914	11 844	772	–	–	–	–	**17 530**
Cost of sales	(4 261)	(6 690)	(557)	–	–	45	–	**(11 463)**
Other operating income	33	435	–	23	–	368	–	**859**
Other operating expenses	(355)	(893)	(1)	(33)	(113)	(315)	–	**(1 710)**
Segment result	331	4 696	214	(10)	(113)	98	–	**5 216**
Income from investments	33	124	–	–	–	58	64	**279**
Finance cost	(47)	(14)	(103)	(34)	–	(26)	–	**(224)**
Finance cost Implats: Shareholders' loan Two Rivers	(4)	–	–	–	–	–	–	**(4)**
Finance cost ARM: Shareholders' loan Two Rivers	(4)	–	–	–	–	–	–	**(4)**
Income from associate	–	–	11	–	–	–	–	**11**
Exceptional items	1	(71)	–	–	–	–	–	**(70)**
Taxation	(110)	(1 292)	(32)	(5)	–	(194)	–	**(1 633)**
Non-controlling interest	(139)	–	–	18	–	(12)	–	**(133)**
Contribution to basic earnings	61	3 443	90	(31)	(113)	(76)	64	**3 438**
Contribution to headline earnings	60	3 495	52	(31)	(113)	(76)	64	**3 451**
Other information								
Segment assets, including investment in associate	8 821	14 751	3 628	2 000	–	1 248	4 868	**35 316**
Investment in associate	–	–	1 354	–	–	–	–	**1 354**
Segment liabilities	1 828	1 548	1 855	427	–	1 252	–	**6 910**
Unallocated liabilities (tax and deferred tax)								**4 001**
Consolidated total liabilities								**10 911**
Cash inflow/(outflow) from operations	742	4 877	367	(48)	(113)	144	–	**5 969**
Cash inflow/(outflow) from operating activities	651	3 879	368	(51)	(113)	(910)	64	**3 888**
Cash outflow from investing activities	(828)	(2 179)	(108)	(959)	–	(3)	–	**(4 077)**
Cash (outflow)/inflow from financing activities	(78)	(2)	(269)	191	–	337	–	**179**
Capital expenditure	928	2 171	151	1 065	–	6	–	**4 321**
Amortisation and depreciation	521	677	109	4	–	4	–	**1 315**
(Reversal)/impairment	(1)	69	–	–	–	–	–	**68**
EBITDA	852	5 373	323	(7)	(113)	103	–	**6 531**

* *Corporate, other companies and consolidation adjustments.*

2 Primary segmental information
continued

	ARM Platinum Rm	ARM Ferrous Rm	ARM Coal Rm	ARM Copper** Rm	*Corporate and other Rm	Gold Rm	Total Rm
Primary segmental information							
Year to 30 June 2011 (Restated)							
Total sales	4 854	9 538	505	–	–	–	**14 897**
Inter-group sales to ARM Ferrous	(4)	–	–	–	–	–	**(4)**
Sales	4 850	9 538	505	–	–	–	**14 893**
Cost of sales	(3 522)	(5 009)	(381)	–	37	–	**(8 875)**
Other operating income	31	125	–	–	355	–	**511**
Other operating expenses	(332)	(425)	(2)	(151)	(220)	–	**(1 130)**
Segment result	1 027	4 229	122	(151)	172	–	**5 399**
Income from investments	33	71	–	–	80	32	**216**
Finance cost	(45)	(13)	(85)	(47)	10	–	**(180)**
Finance cost Implats:							
Shareholders' loan Two Rivers	(16)	–	–	–	–	–	**(16)**
Finance cost ARM:							
Shareholders' loan Two Rivers	(20)	–	–	–	–	–	**(20)**
Loss from associate	–	–	(135)	–	–	–	**(135)**
Exceptional items	(4)	(7)	–	–	–	–	**(11)**
Taxation	(251)	(1 388)	(5)	(2)	(47)	–	**(1 693)**
Non-controlling interest	(212)	–	–	27	(9)	–	**(194)**
Contribution to basic earnings	512	2 892	(103)	(173)	206	32	**3 366**
Contribution to headline earnings	515	2 897	(103)	(173)	206	32	**3 374**
Other information							
Segment assets, including investment in associate	8 620	11 923	3 544	683	1 892	5 724	**32 386**
Investment in associate	–	–	1 331	–	–	–	**1 331**
Segment liabilities	1 811	1 271	1 924	209	1 138	–	**6 353**
Unallocated liabilities (tax and deferred tax)							**3 863**
Consolidated total liabilities							**10 216**
Cash generated from operations	1 665	4 362	173	(133)	(79)	–	**5 988**
Cash inflow/(outflow) from operating activities	1 483	3 413	174	(136)	(547)	32	**4 419**
Cash outflow from investing activities	(776)	(1 822)	(427)	(313)	(44)	–	**(3 382)**
Cash (outflow)/inflow from financing activities	(329)	(3)	78	–	(334)	–	**(588)**
Capital expenditure	923	1 967	85	475	44	–	**3 494**
Amortisation and depreciation	513	499	95	6	5	–	**1 118**
Impairment	4	–	–	–	–	–	**4**
EBITDA	1 540	4 728	217	(145)	177	–	**6 517**

* *Corporate, other companies and consolidation adjustments.*

** *ARM Copper was previously called ARM Exploration and comprised the Lubambe (previously Konkola North) Project, an effective 30% shareholding in the Kalumines Copper project and an effective 50% shareholding in the Lusaka Kabwe Project. All these projects are held within the Vale/ARM joint venture.*

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

2 Primary segmental information continued

2.2 Year to 30 June 2012

	Nkomati Rm	Two Rivers Rm	Modikwa Rm	Platinum Total Rm
Sales				
External sales	1 554	2 335	1 025	**4 914**
Cost of sales	(1 497)	(1 811)	(953)	**(4 261)**
Other operating income	11	10	12	**33**
Other operating expenses	(234)	(68)	(53)	**(355)**
Segment result	(166)	466	31	**331**
Income from investments	6	13	14	**33**
Finance cost	(3)	(42)	(2)	**(47)**
Finance cost Implats: Shareholders' loan Two Rivers	–	(4)	–	**(4)**
Finance cost ARM: Shareholders' loan Two Rivers	–	(4)	–	**(4)**
Exceptional items	1	–	–	**1**
Taxation	33	(132)	(11)	**(110)**
Non-controlling interest	–	(133)	(6)	**(139)**
Contribution to basic earnings	(129)	164	26	**61**
Contribution to headline earnings	(130)	164	26	**60**
Other information				
Segment and consolidated assets	2 786	3 443	2 592	**8 821**
Segment liabilities	366	1 048	414	**1 828**
Unallocated liabilities (tax and deferred tax)				**1 224**
Consolidated total liabilities				**3 052**
Cash generated from operations	7	688	47	**742**
Cash inflow from operating activities	13	588	50	**651**
Cash outflow from investing activities	(272)	(332)	(224)	**(828)**
Cash outflow from financing activities	(3)	(74)	(1)	**(78)**
Capital expenditure	242	467	219	**928**
Reversal of impairment	(1)	–	–	**(1)**
Amortisation and depreciation	192	249	80	**521**
EBITDA	26	715	111	**852**
Year to 30 June 2011				
Sales	1 499	2 274	1 081	**4 854**
Intergroup sales to ARM Ferrous	(4)	–	–	**(4)**
External sales	1 495	2 274	1 081	**4 850**
Cost of sales	(1 045)	(1 634)	(843)	**(3 522)**
Other operating income	11	12	8	**31**
Other operating expenses	(236)	(30)	(66)	**(332)**
Segment result	225	622	180	**1 027**
Income from investments	8	8	17	**33**
Finance cost	(2)	(41)	(2)	**(45)**
Finance cost Implats: Shareholders' loan Two Rivers	–	(16)	–	**(16)**
Finance cost ARM: Shareholders' loan Two Rivers	–	(20)	–	**(20)**
Exceptional items	(4)	–	–	**(4)**
Taxation	(65)	(138)	(48)	**(251)**
Non-controlling interest	–	(187)	(25)	**(212)**
Contribution to basic earnings	162	228	122	**512**
Contribution to headline earnings	165	228	122	**515**

2 Primary segmental information continued

	Nkomati Rm	Two Rivers Rm	Modikwa Rm	**Platinum Total Rm**
Other information				
Segment and consolidated assets	2 717	3 173	2 730	**8 620**
Segment liabilities	226	1 001	584	**1 811**
Unallocated liabilities (tax and deferred tax)				**1 230**
Consolidated total liabilities				**3 041**
Cash generated from operations	487	856	322	**1 665**
Cash inflow from operating activities	495	669	319	**1 483**
Cash outflow from investing activities	(483)	(174)	(119)	**(776)**
Cash outflow from financing activities	–	(329)	–	**(329)**
Capital expenditure	494	304	125	**923**
Amortisation and depreciation	209	228	76	**513**
Impairment	4	–	–	**4**
EBITDA	434	850	256	**1 540**

2 Primary segmental information
continued

2.3 Pro forma analysis of the Ferrous segment on a 100% basis

	Iron ore Division Rm	Manganese Division Rm	Chrome Division Rm	Total Rm	Attributable to ARM Rm
Year to 30 June 2012					
Sales	**15 296**	**6 352**	**2 040**	**23 688**	**11 844**
Other operating income	**1 022**	**417**	**163**	**1 602**	**435**
Other operating expense	**(1 688)**	**(596)**	**(234)**	**(2 518)**	**(893)**
Operating profit	**8 370**	**1 280**	**(258)**	**9 392**	**4 696**
Contribution to earnings	**5 835**	**1 223**	**(174)**	**6 884**	**3 443**
Contribution to headline earnings	**5 935**	**1 222**	**(171)**	**6 986**	**3 495**
Other information					
Consolidated total assets	**19 718**	**9 316**	**1 172**	**30 206**	**14 751**
Consolidated total liabilities	**5 042**	**1 934**	**838**	**7 814**	**1 548**
Capital expenditure	**3 339**	**886**	**293**	**4 518**	**2 171**
Amortisation and depreciation	**910**	**321**	**163**	**1 394**	**677**
Cash inflow from operating activities	**4 284***	**1 244**	**229**	**5 757**	**3 879**
Cash outflow from investing activities	**(3 262)**	**(602)**	**(494)**	**(4 358)**	**(2 179)**
Cash outflow from financing activities	**–**	**–**	**(5)**	**(5)**	**(2)**
EBITDA	**9 280**	**1 601**	**(95)**	**10 786**	**5 373**
Year to 30 June 2011					
Sales	10 342	6 466	2 267	19 075	9 538
Other operating income	378	147	36	561	125
Other operating expense	(691)	(317)	(152)	(1 160)	(425)
Operating profit	6 485	2 289	(315)	8 459	4 229
Contribution to earnings	4 650	1 369	(234)	5 785	2 892
Contribution to headline earnings	4 654	1 377	(234)	5 797	2 897
Other information					
Consolidated total assets	15 051	7 902	1 460	24 413	11 923
Consolidated total liabilities	4 203	1 984	718	6 905	1 271
Capital expenditure	3 225	656	216	4 097	1 967
Amortisation and depreciation	593	287	148	1 028	499
Cash inflow/(outflow) from operating activities	5 996	(980)*	(189)	4 827	3 413
Cash outflow from investing activities	(2 788)	(649)	(207)	(3 644)	(1 822)
Cash outflow from financing activities	–	–	(6)	(6)	(3)
EBITDA	7 078	2 576	(167)	9 487	4 728

* *Dividend paid amounting to R2 billion (F2011: R2 billion) included in cash flows from operating activities.*

	Group F2012 Rm	Group F2011 Rm

2 Segmental information continued

2.4 Geographical segments

	F2012 Rm	F2011 Rm
The Group operates principally in South Africa, however, the Vale/ARM joint venture operates in Zambia, the DRC and other countries.		
Assets by geographical area in which the assets are located are as follows:		
– South Africa	**31 786**	30 641
– Europe	**350**	162
– Americas	**145**	142
– Far and Middle East	**1 271**	749
– Zambia	**1 750**	663
– Other	**14**	29
	35 316	32 386
Sales by geographical area		
– South Africa	**4 389**	4 170
– Europe	**2 364**	2 258
– Far and Middle East	**10 127**	7 726
– Americas	**566**	649
– Other	**84**	90
	17 530	14 893
Sales to major customers		
The only segment that is affected by the requirement to show this analysis is the platinum segment and the breakdown is as follows:		
Rustenburg Platinum Mines Limited	**1 025**	1 080
Impala Platinum Limited	**2 336**	2 274
Capital expenditure		
– South Africa	**3 256**	3 020
– Rest of Africa	**1 065**	474
	4 321	3 494

3 Financial effect of early adoption of IFRIC 20 – Accounting for stripping costs in the production phase of a surface mine

Previously, ARM expensed all production phase stripping costs as incurred and did not capitalise any as deferred stripping assets. Accordingly, the adoption of IFRIC 20 did not have any impact on the opening balances in respect of the financial year ended 30 June 2011.

Adopting IFRIC 20 had the following impact on the profit before income taxes, net profit after income taxes, the statement of financial position and the statement of cash flows as of and for the year ended 30 June 2011:

	Group and Company		
Income statement for the year ended 30 June 2011	Pre tax Rm	Tax effect Rm	Post tax Rm
Increase due to the reversal of certain production phase stripping costs previously expensed	90	(25)	65
Change in inventory valuation as a result of capitalised stripping costs changing the value of cost per tonne	(7)	2	(5)
Decrease due to depreciation of the stripping activity asset	(6)	1	(5)
Net increase in profit	77	(22)	55

3 Financial effect of early adoption of IFRIC 20 – Accounting for stripping costs in the production phase of a surface mine continued

Statement of financial position as at 30 June 2011	Group As previously reported Rm	Group Effect of adoption of IFRIC 20 Rm	Group Restated after adoption of IFRIC 20 Rm	Company As previously reported Rm	Company Effect of adoption of IFRIC 20 Rm	Company Restated after adoption of IFRIC 20 Rm
Property, plant and equipment	15 500	84	15 584	2 131	84	2 215
Inventories	2 162	(7)	2 155	162	(7)	155
Deferred taxation	(3 571)	(22)	(3 593)	(516)	(22)	(538)
Retained earnings	(16 105)	(55)	(16 160)	(6 507)	(55)	(6 562)
Statement of cash flows for the year ended 30 June 2011						
Cash paid to suppliers and employees	(9 511)	90	(9 421)	(1 674)	90	(1 584)
Additions to property, plant and equipment to expand operations	(2 151)	(90)	(2 241)	(386)	(90)	(476)

Impact on the 30 June 2012 financial information

Adopting IFRIC 20 had the following impact on the profit before income taxes, net profit after income taxes, the statement of financial position and the statement of cash flows as of and for the current year ended 30 June 2012:

Income statement for the year ended 30 June 2012	Group and Company Pre tax Rm	Group and Company Tax effect Rm	Group and Company Post tax Rm
Increase due to the reversal of certain production phase stripping costs previously expensed	156	(44)	112
Change in inventory valuation as a result of capitalised stripping costs changing the value of cost per tonne	(5)	2	(3)
Decrease due to depreciation of the stripping activity asset	(54)	15	(39)
Net increase in profit	97	(27)	70

Statement of financial position as at 30 June 2012	Group and Company Effect of adoption of IFRIC 20 Rm
Property, plant and equipment	102
Inventories	(5)
Deferred taxation	(27)
Retained earnings	(70)
Statement of cash flows for the year ended 30 June 2012	
Cash paid to suppliers and employees	156
Additions to property, plant and equipment to expand operations	(156)

Effect on per share information

The effect of adopting IFRIC 20 on earnings per share and headline earnings per share for the years ending 30 June 2011 and 2012 was as follows:

	Group 2012 cents	Group 2011 cents
Basic earnings per share increase	**33**	26
Headline earnings per share increase	**33**	26
Diluted basic earnings per share increase	**33**	26
Diluted headline earnings per share increase	**33**	26

4 Property, plant and equipment

Group	Mine development and decommissioning assets Rm	Plant and machinery Rm	Land and buildings Rm	Mineral rights Rm	Mine properties Rm	Furniture equipment and vehicles Rm	Finance Leases Rm	Total property, plant and equipment Rm
Cost								
Balance at 30 June 2010	3 697	8 364	514	2 053	600	1 463	205	16 896
Additions	1 187	1 620	126	24	85	361	91	3 494
Reclassifications	(92)	23	1	3	22	61	–	18
Derecognition	–	(3)	–	–	–	(2)	–	(5)
Disposals	(2)	(101)	–	–	–	(30)	(7)	(140)
Realignment of currencies	(17)	(7)	(2)	–	(8)	(1)	–	(35)
Balance at 30 June 2011	4 773	9 896	639	2 080	699	1 852	289	20 228
Additions	1 906	1 586	69	–	64	629	67	4 321
Reclassifications	(34)	22	3	(26)	5	30	–	–
Change in estimates*	(8)	4	59	–	–	–	–	55
Disposals	(196)	(10)	(2)	–	–	(32)	(20)	(260)
Realignment of currencies	129	17	3	–	21	3	–	173
Balance at 30 June 2012	6 570	11 515	771	2 054	789	2 482	336	24 517
Accumulated amortisation, depreciation and impairment								
Balance at 30 June 2010	1 026	1 528	90	154	59	643	140	3 640
Charge for the year	319	444	26	35	9	240	35	1 108
Impairments	–	(1)	–	–	–	–	–	(1)
Disposals	(2)	(87)	–	–	–	(34)	(7)	(130)
Reclassifications	(59)	34	–	3	(2)	15	–	(9)
Change in estimate – provisions	(4)	–	48	–	–	–	1	45
Realignment of currencies	–	(6)	(2)	–	–	(1)	–	(9)
Balance at 30 June 2011	1 280	1 912	162	192	66	863	169	4 644
Charge for the year	294	562	16	29	10	338	55	1 304
Impairments/(reversal)	69	(1)	–	–	–	–	–	68
Reclassifications	–	(4)	–	4	–	–	–	–
Capitalised depreciation	3	31	–	–	–	–	–	34
Disposals	(196)	(8)	–	–	–	(31)	(20)	(255)
Realignment of currencies	1	9	3	–	–	2	–	15
Balance at 30 June 2012	1 451	2 501	181	225	76	1 172	204	5 810
Carrying value at 30 June 2011	3 493	7 984	477	1 888	633	989	120	15 584
Carrying value at 30 June 2012	5 119	9 014	590	1 829	713	1 310	132	18 707

* *Change in estimates relates to the fair value adjustment made in the compensation for potential loss of future income payable by Two Rivers to Assmang (refer note 17).*

4 Property, plant and equipment continued

a. Borrowing costs

Borrowing costs incurred at prime overdraft call rates applicable during the year, amounting to R3 million, were capitalised in respect of mine development and decommissioning assets and plant and machinery for the year to 30 June 2012 (F2011: R12 million).

b. Capital work-in-progress

Included in mine development and decommissioning assets and plant and machinery above are R2 580 million (F2011: R2 427 million) of assets relating to projects in progress. Included in this amount are: (i) R1 161 million in respect of the Assmang group at Khumani and on the WHIMS Project; (ii) R71 million pushback pre stripping (IFRIC 20) at Nkomati (iii) R1 348 million in respect of the Lubambe Copper Project in Zambia.

c. Pledged assets

The carrying value of assets pledged as security for loans amounts to R3.1 billion (F2011: R2 billion). Refer to note 15 for security granted in respect of loans to Two Rivers and ARM Coal. The carrying value of plant and machinery held under finance leases at year end was R126 million. Leased assets are pledge as security for the related finance lease.

d. Exploration and evaluation assets

These assets are included under mine development and decommissioning assets and amount to R90 million (F2011: R37 million).

Company	Mine development and decom-mission assets Rm	Plant and machinery Rm	Land and buildings Rm	Mineral rights Rm	Furniture equipment and vehicles Rm	Total Property, plant and equipment Rm
Cost						
Balance at 30 June 2010	205	1 800	34	144	158	2 341
Additions	390	83	1	–	24	498
Derecognition	–	(4)	–	–	(1)	(5)
Balance at 30 June 2011	595	1 879	35	144	181	2 834
Additions	234	2	–	–	12	248
Reclassification	–	(1)	–	–	1	–
Balance at 30 June 2012	829	1 880	35	144	194	3 082
Accumulated amortisation, depreciation and impairment						
Balance at 30 June 2010	202	178	2	–	26	408
Charge for the year	137	63	1	–	11	212
Impairment	–	(1)	–	–	–	(1)
Balance at 30 June 2011	339	240	3	–	37	619
Charge for the year	111	72	1	–	12	196
Impairment	–	(1)	–	–	–	(1)
Balance at 30 June 2012	450	311	4	–	49	814
Carrying value at 30 June 2011	256	1 639	32	144	144	2 215
Carrying value at 30 June 2012	379	1 569	31	144	145	2 268

a. Borrowing costs

No borrowing costs were capitalised in respect of mine development and decommissioning assets and plant and machinery for the year to 30 June 2012 (F2011: R12 million).

b. Capital work-in-progress

Included in mine development and decommissioning assets and plant and machinery above are R71 million (F2011: R122 million) pushback pre stripping (IFRIC 20) at Nkomati.

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

	Group F2012 Rm	Group F2011 Rm
5 Investment property		
Cost		
Opening balance	**20**	20
Accumulated depreciation and impairment		
Opening balance	**8**	8
Carrying value	**12**	12

The investment property is situated at 56 Main Street, Johannesburg South Africa.

This property was valued at R15 million by an independent valuer in February 2011 based on an open market valuation basis. Currently this property is 55% occupied with current lease contracts terminating between 2012 and 2017. Annual rental escalations are between 8% and 10%.

Refer to note 25 for rental income derived from this property.

The movements for depreciation during the year were less than R1 million.

	RBCT Entitlement Rm	Other Rm	Total Rm
6 Intangible assets			
Group			
Cost			
Balance at 30 June 2010	220	6	**226**
Balance 30 June 2011	220	6	**226**
Balance 30 June 2012	220	6	**226**
Accumulated amortisation, and depreciation			
Balance at 30 June 2010	14	–	**14**
Charge for the year	10	–	**10**
Balance 30 June 2011	24	–	**24**
Charge for the year	7	4	**11**
Balance 30 June 2012	31	4	**35**
Carrying value at 30 June 2011	196	6	**202**
Carrying value at 30 June 2012	189	2	**191**

Finite life intangible assets which are amortised comprise of: (i) the RBCT entitlement held by the Goedgevonden joint venture of R189 million (F2011: R196 million) and (ii) R2 million (F2011: R6 million) relating to patents, trademarks and software.

There are no indefinite life intangible assets. The export rights relating to the investment in RBCT are amortised on a units of export sales method. The remaining amortisation period of the RBCT entitlement is limited to 23 years (F2011: 24 years).

7 Investment in associate

	Group F2012 Rm	Group F2011 Rm	Company F2012 Rm	Company F2011 Rm
Through ARM's 51% investment in ARM Coal, the Group holds an effective 10.2% investment in the existing coal operations of XCSA.				
Opening balance	**862**	911	**–**	–
Original investment (10.2%)	**400**	400	**–**	–
Additional investment (ATCOM and ATC collieries)*	**9**	9	**–**	–
Additional investment RBCT (F2012: R23 million)	**201**	178	**–**	–
Retained income	**246**	316	**–**	–
Cashflow hedge	**6**	8	**–**	–
Profit/(loss) for the current year	**6**	(70)	**–**	–
Cash flow hedge current year	**(6)**	(2)	**–**	–
	862	839	**–**	–
ARM invested directly in 10% of the existing coal operations of XCSA on 1 September 2007.				
Opening balance	**630**	697	**432**	432
Original investment	**400**	400	**400**	400
Additional investment (ATCOM and ATC collieries)	**32**	32	**32**	32
Retained income	**192**	257	**–**	–
Cash flow hedge	**6**	8	**–**	–
Profit/(loss) for the current year	**5**	(65)	**–**	–
Cash flow hedge current year	**(5)**	(2)	**–**	–
	630	630	**432**	432
Less: dividend received prior years	**(138)**	(138)	**–**	–
Total investment	**1 354**	1 331	**432**	432
Total profit/(loss) for the year	**11**	(135)		
Total cash flow hedge for the year	**(11)**	(4)		
Group's interest in sales of associate	**1 562**	1 165		
Group's interest in associate statement of financial position				
Non-current assets	**4 098**	3 672		
Current assets	**882**	785		
Total assets	**4 980**	4 457		
Less liabilities				
Non-current liabilities	**3 411**	2 952		
Current liabilities	**215**	174		
Net assets	**1 354**	1 331		

* *Treated as a long-term loan and receivable in ARM Company which eliminates on consolidation (refer note 8).*

	Group F2012 Rm	Group F2011 Rm	Company F2012 Rm	Company F2011 Rm
8 Loans and long-term receivables				
Long-term receivables	**221**	186	**240**	198
Total	**221**	186	**240**	198
Long-term loans held as follows:				
Assmang	**107**	53	**–**	–
ARM Platinum (Modikwa)	**17**	19	**–**	–
ARM Coal (refer note 7)	**–**	–	**9**	9
ARM Coal (Xstrata)	**97**	114	**–**	–
ARM Coal (Corporate)	**–**	–	**231**	189
	221	186	**240**	198

The Assmang loan relates to loans to employees for houses built at the Khumani iron ore mine in the Northern Cape. These loans are interest bearing at prime less 2%.

The ARM Coal loan relates to a loan to RBCT for the construction of the phase V expansion of RBCT.

ARM Platinum (Modikwa) is a loan due by the communities (non-controlling interest) around the Modikwa mine and will be repaid as and when a dividend is declared from ARM Mining Consortium.

	Group F2012 Rm	Group F2011 Rm	Company F2012 Rm	Company F2011 Rm
9 Financial asset				
Structured investment	**70**	45	**–**	–
Arrangers fee	**4**	–	**–**	–
Total	**74**	45	**–**	–

The investment is a structured product, invested with ABSA Bank Limited, over a fixed term made with the strategic intention to attract, retain, motivate and reward eligible senior employees at Assmang R26 million (F2011: Rnil) and Two Rivers R44 million (F2011: R45 million). The investment capital growth is linked to the JSE Top 40 index growth. The investment maturity dates are 29 November 2013 and 30 September 2014 (F2011: 29 November 2011 and 29 November 2013). This asset is carried at fair value through the profit and loss.

During the year a US Dollar denominated loan was taken up with Standard Finance (Isle of Man) Limited whereby an arrangers fee was payable which will be amortised over the period of the loan which is 60 months starting from April 2012.

10 Other investments

	Group F2012 Rm	Group F2011 Rm	Company F2012 Rm	Company F2011 Rm
Listed – other investments*				
Opening balance	**5 724**	5 180	**5 724**	5 180
Unrealised revaluation (loss)/gain for the year	**(856)**	544	**(856)**	544
Total – listed investments classified as available-for-sale	**4 868**	5 724	**4 868**	5 724
Market value of listed investments	**4 868**	5 724	**4 868**	5 724
(Determined by reference to market share price)				
Unlisted Joint ventures				
Investment in joint ventures**			**2 031**	1 153
Loans*** (refer page 234)			**566**	676
RBCT	**80**	63	**–**	–
Preference shares	**11**	11	**–**	–
Unlisted – subsidiary companies				
Cost of investments			**529**	481
Loans*** (refer page 233)			**757**	784
Total unlisted	**91**	74	**3 883**	3 094
Total carrying amount of other investments	**4 959**	5 798	**8 751**	8 818

Investments in unquoted equity instruments are measured at cost. Their market value cannot be measured reliably due to the significant uncertainties which exist in estimating parameters such as exchange rates, commodity prices and general market conditions.

Market value was determined by reference to market share price at 30 June 2012 and 30 June 2011. Kingfisher Insurance Company Limited holds 10 103 non-redeemable preference shares in Investec Limited valued at R93.50 (F2011: R92.25).

Investments valued at cost amount to R529 million (F2011: R481 million) as reflected above in the Company column.

Certain listed and unlisted shares have been pledged as security for the ARM corporate loan which at 30 June 2012 was R415 million (F2011: R410 million) (refer note 15 and 20). The book value of the pledged shares amounts to R2 870 million (F2011: R3 367 million).

A report on investments appears on pages 232 to 234.

* *Harmony 63 632 922 shares at R76.50 per share (F2011: R89.95).*
** *ARM Coal Proprietary Limited, Assmang Limited and Vale/ARM joint venture.*
*** *These loans are interest free with no fixed terms of repayment except for:*
(i) *the loan to Two Rivers Platinum Mine of R62 million (F2011: R89 million) bears interest at the South African Revenue Service rate which is currently at 6.5% (F2011: 6.5%) pa.,*
(ii) *the loan to Venture Building Trust of R55 million (F2011: R55 million) bears interest at 2% below the prime bank overdraft rate,*
(iii) *Vale/ARM joint venture loans included under joint ventures R566 million which currently bears interest at Libor plus 5%.*
(F2011: R309 million bore interest at 4% and R367 million bore interest at prime. The loans in F2011 were capitalised in October 2011).

	Group F2012 Rm	Group F2011 Rm	Company F2012 Rm	Company F2011 Rm
11 Inventories				
Inventories (non-current)				
Ore Stockpiles	**141**	130	**–**	13
	141	130	**–**	13
Inventories consists of copper fines and lumpy material, high and low grade lumpy material, which were mined and stockpiled, not expected to be turned to account within a year.				
Inventories (current)				
Ore stockpiles	**285**	278	**75**	–
Consumable stores	**461**	254	**60**	44
Raw material	**127**	189	**–**	–
Work-in-progress	**64**	59	**12**	14
Khumani housing	**131**	81	**–**	–
Finished goods	**1 390**	1 294	**22**	97
	2 458	2 155	**169**	155
Stockpile quantities are determined using assumptions such as densities and grades which are based on studies, historical data and industry norms.				
Value of inventories carried at net realisable value is R217 million (F2011:R413 million).				
Refer to note 24 for the expense of inventory written down or up and the amount of inventories expensed during the year.				
Inventories to the value of R119 million (F2011: R139 million) have been pledged as security for loans in ARM Coal Proprietary Limited (refer note 15).				
12 Trade and other receivables				
Trade receivables	**1 776**	1 278	**119**	31
Related parties (refer note 42)	**1 204**	1 033	**229**	95
Other receivables	**626**	802	**48**	69
	3 606	3 113	**396**	195
Trade and other receivables are non-interest-bearing and are generally on 30 – 60 day payment terms				
Payment terms which vary from the norm are: – PGM which are paid approximately four months after delivery – 20% of nickel delivered which is paid approximately five months after delivery				
Debtors outstanding longer than their terms and that are not impaired				
Outstanding on terms' normal cycle	**3 278**	2 842	**387**	195
Outstanding longer than 30 days outside normal cycle	**173**	120	**–**	–
Outstanding longer than 60 days outside normal cycle	**59**	86	**–**	–
Outstanding longer than 90 days outside normal cycle	**60**	44	**–**	–
Outstanding longer than +120 days outside normal cycle*	**44**	41	**10**	13
Less: provisions for impairments	**(8)**	(20)	**(1)**	(13)
Total	**3 606**	3 113	**396**	195

* *No provision has been raised in F2012 on debtors outstanding longer than 120 days (F2011: R6 million) and the balance is considered recoverable. Total provision at year end amounted to R8 million (F2011: R20 million).*

	Group		Company	
	F2012 Rm	F2011 Rm	**F2012 Rm**	F2011 Rm

12 Trade and other receivables continued

	Group F2012 Rm	Group F2011 Rm	Company F2012 Rm	Company F2011 Rm
Provision for impairment				
Opening balance	**20**	14	13	7
(Release)/charge for the year	**(12)**	6	(12)	6
Closing balances	**8**	20	1	13

13 Cash and cash equivalents

	Group F2012 Rm	Group F2011 Rm	Company F2012 Rm	Company F2011 Rm
Cash at bank and on deposit	**2 838**	3 080	205	1 138
Restricted cash				
– Rehabilitation trust funds (refer note 22)	**174**	130	47	45
– Other*	**552**	458	62	65
Cash and cash equivalents per statement of financial position	**3 564**	3 668	314	1 248
Less: overdrafts (refer note 20)	**(337)**	(441)	(35)	(37)
Cash and cash equivalents per statement of cash flows	**3 227**	3 227	279	1 211
The cash is held as follows per statement of financial position:				
African Rainbow Minerals Limited	**161**	962	161	962
ARM Finance Company SA	**107**	–	–	–
Assmang Limited	**2 160**	1 473	–	–
ARM Platinum Proprietary Limited	**152**	285	–	–
Kingfisher Insurance Co Limited	**146**	139	–	–
Nkomati	**43**	176	43	176
Two Rivers Platinum Proprietary Limited	**2**	4	–	–
Vale/ARM joint venture	**60**	36	–	–
Venture Building Trust Proprietary Limited	**4**	5	–	–
Restricted cash	**729**	588	110	110
	3 564	3 668	314	1 248

Cash at bank and on deposit earns interest at floating rates based on daily bank deposit rates.

* *Guarantees issued mainly include:*
– *Two Rivers – to DMR and Eskom amounting to R53 million (F2011: R49 million).*
– *Nkomati – to DMR and Eskom amounting to R27 million (F2011: R27 million).*
– *Other restricted cash are rehabilitation trust funds of R174 million (F2011: R130 million) the ARM Trust of R36 million (F2011: R37 million), cash held by Mannequin Insurance PCC Limited (Cell AVL 18) amounting to R436 million (F2011: R343 million) in terms of an insurance contract.*

14 Share capital and share premium

	Group F2012 Rm	Group F2011 Rm	Company F2012 Rm	Company F2011 Rm
Share capital				
Authorised				
500 000 000 (F2011: 500 000 000) ordinary shares of 5 cents each	**25**	25	25	25
	25	25	25	25
Issued				
Opening balance	**11**	11	11	11
1 719 356 shares issued (F2011: 440 164)*	**–**	–	–	–
214 851 896 (F2011: 213 132 540) ordinary shares of 5 cents each	**11**	11	11	11
Share premium	**3 937**	3 840	3 937	3 840
– Balance at beginning of the year	**3 840**	3 803	3 840	3 803
– Premium on shares issued	**97**	37	97	37
Total issued share capital and share premium	**3 948**	3 851	3 948	3 851

* *The movement in issued shares was less than R1 million.*

15 Long-term borrowings

	Group F2012 Rm	Group F2011 Rm	Company F2012 Rm	Company F2011 Rm
Secured				
Loan facility (Two Rivers – mine housing project) This loan is repayable in bi-annual instalments which commenced on 9 July 2008, and a final instalment due at 30 September 2017. The interest rate was linked to the prime overdraft rate until completion of the project, and is now linked to JIBAR. At year end the rate was 5.6% (F2011: 7.1%). The loan is secured by a mortgage bond over the property and a cession of insurances.	**92**	108	**–**	–
Loan facility (ARM Corporate) This loan facility was for an amount of R1 750 million and the balance outstanding was repayable in August 2012. The interest rate is linked to JIBAR. The rate in F2012 was 8.8% (F2011: 8.8%). This loan has been secured by a pledge of shares (refer note 10). The cover ratio of the market value of the pledge shares or alternative security to loan indebtedness must exceed 2 times cover. In F2012 in was 9.4:1 (F2011: 10.47:1). This loan is reflected as short-term borrowings in F2012. The loan was refinanced after year end from R1 750 million to R2 250 million and is repayable in August 2015.The interest rate on the new facility is linked to JIBAR.	**415**	410	**415**	410
Loan facility (ARM Finance Company SA) This loan facility is for US$80 million for the development of the Lubambe Copper Project. The interest rate is LIBOR plus 3.65% and the loan is repayable from F2014 with a final payment in March 2017. At year end an amount of US$34 million had been drawn on this facility. ARM company has guaranteed this loan.	**277**	–	**–**	–
Loan facility (VALE/ARM joint venture) This loan is from ZCCM-IH relating to their 20% contribution to the funding of Lubambe Copper Mine Limited. The loan forms part of the inter-company loan agreements which each of the shareholders have with Lubambe Copper Mine Limited. The funding carries interest at a 6 month LIBOR rate plus 5%. The loan is funded by monthly draw downs, each attracting the LIBOR rate at that time. The LIBOR rates for the period under review varied between 0.72% to 0.81%. The loan is repayable in 12 equal quarterly instalments each year on 31 March, 30 June, 30 September and 31 December commencing 6 months after commercial production has begun, with final settlement on 30 June 2016.	**195**	–	**–**	–
Leases (Two Rivers) Finance leases over property, plant and equipment with a book value of R126 million (F2011: R113 million) bear interest at 7.47% linked to JIBAR (F2011: 2.65% below the prime overdraft rate) and are payable in varying monthly instalments over a maximum period of 60 months which commenced in 30 November 2008 and a final payment due 30 March 2015. (refer note 38).	**141**	113	**–**	–
Leases (Assmang) In F2011 finance leases over property, plant and equipment with a book value of R2 million bore interest at 1.28% below the prime overdraft rate and were payable in varying monthly instalments over 60 months which commenced on 31 October 2009 (refer note 38).	**–**	2	**–**	–

15 Long-term borrowings continued

	Group F2012 Rm	Group F2011 Rm	Company F2012 Rm	Company F2011 Rm
Leases (ARM Mining Consortium Limited)	**–**	1	**–**	–
In F2011 finance leases over property, plant and equipment with a book value of R5 million bore interest at 9.75% which commenced in January 2008 for a period of five years (refer note 38).				
Loan facility (ARM Coal – partner loan)	**1 413**	1 635	**–**	–
This loan is with Xstrata SA (XSA) and relates to the acquisition and development of the GGV Thermal Coal Mine.				
The loan consists of an acquisition facility of R751 million (F2011: R688 million), a phase 1 and 2 project facility of R662 million (F2011: R947 million).				
All these loans bear interest at the prime bank overdraft rate and repayments are expected to commence during the 2013 financial year.				
These are secured by:				
a cession in favour of XSA creating a first ranking security interest over ARM Coal's participating interest in the Goedgevonden joint venture;				
a cession in favour of XSA creating a first ranking security interest over all the preference shares in XSA held by ARM Coal;				
a cession in favour of XSA creating a first ranking security interest over ARM Coal's right, title and interest in and to the joint venture account;				
mortgage bonds to be registered by ARM Coal in favour of XSA over all immovable property of ARM Coal; and notarial bonds to be registered by ARM Coal in favour of XSA over all movable assets owned by ARM Coal.				
Unsecured				
Loan ARM Coal – RBCT phase V (partner loan)	**205**	173	**–**	–
This loan is with XSA and bears interest at the prime bank overdraft rate plus 0.5% and is repayable over 10 years.				
Total borrowings	**2 738**	2 442	**415**	410
Less: repayable within one year included in short-term borrowings (refer note 20)	**(522)**	(105)	**(415)**	–
Total SA Rand long-term borrowings	**2 216**	2 337	**–**	410
Held as follows:				
– African Rainbow Minerals Limited	**–**	410	**–**	410
– ARM Finance Company SA	**277**	–	**–**	–
– ARM Mining Consortium Limited	**–**	1	**–**	–
– ARM Coal Proprietary Limited	**1 604**	1 781	**–**	–
– Two Rivers Platinum Proprietary Limited	**140**	145	**–**	–
– Vale/ARM joint venture	**195**	–	**–**	–
	2 216	2 337	**–**	410

15 Long-term borrowings continued

Repayments schedule – undiscounted cash flows, excluding accounting adjustments

Group	Total borrowings F2012 Rm	Repayable during the year ending 30 June F2013 Rm	F2014 Rm	F2015 Rm	F2016 Rm	F2017 – onwards Rm
Secured Loans						
Loan facility (Two Rivers – mine housing project)	**92**	16	17	16	17	26
Loan facility (ARM Coal – partner loan)	**1 413**	4	41	85	105	1 178
Loan facility (ARM Finance Company SA)	**277**	–	49	196	32	–
Finance leases – Two Rivers	**141**	77	51	13	–	–
Vale/ARM joint venture	**195**	–	65	65	65	–
Loan facility (ARM Corporate)	**415**	415	–	–	–	–
Total secured loans	**2 533**	512	223	375	219	1 204
Unsecured loans						
Loan ARM Coal (RBCT)	**205**	10	19	22	24	130
Total unsecured loans	**205**	10	19	22	24	130
Total borrowings 30 June 2012	**2 738**	522	242	397	243	1 334

	F2011	F2011	F2013	F2014	F2015	F2016 – onwards
Total borrowings 30 June 2011	**2 442**	**105**	**515**	**80**	**103**	**1 639**

16 Deferred taxation

	Group F2012 Rm	Group F2011 Rm	Company F2012 Rm	Company F2011 Rm
Deferred tax assets				
Assessed losses	**–**	1	**–**	–
Provisions	**3**	1	**–**	–
STC	**–**	85	**–**	85
Deferred tax assets	**3**	87	**–**	85
Deferred tax liabilities				
Property, plant and equipment	**3 820**	3 460	**314**	354
Intangible assets	**53**	56	**–**	–
Provisions	**(259)**	(164)	**(15)**	(20)
Capital gains tax on revaluation of listed investment	**159**	240	**159**	240
Inventories	**24**	40	**–**	–
Post-retirement healthcare provisions	**(28)**	(27)	**(24)**	(24)
Unrealised related party foreign currency	**8**	(12)	**8**	(12)
Deferred tax liabilities	**3 777**	3 593	**442**	538
Reconciliation of opening and closing balance				
Opening deferred tax liabilities	**3 593**	2 961	**538**	407
Opening deferred tax assets	**(87)**	(44)	**(85)**	(43)
Net deferred tax liabilities opening balance	**3 506**	2 917	**453**	364
Temporary differences from:	**268**	589	**(11)**	89
Property, plant and equipment	**360**	705	**(40)**	74
Intangible assets	**(3)**	(3)	**–**	–
Provisions	**(97)**	(34)	**5**	(9)
Revaluation of investments – directly in equity	**(81)**	77	**(81)**	77
Inventories	**(16)**	(89)	**–**	–
Assessed loss	**1**	3	**–**	–
Post-retirement healthcare provisions	**(1)**	(1)	**–**	–
Unrealised related party foreign currency	**20**	(27)	**20**	(11)
STC asset reversal	**85**	(42)	**85**	(42)
Total deferred tax	**3 774**	3 506	**442**	453
Deferred tax liabilities	**3 777**	3 593	**442**	538
Deferred tax assets	**(3)**	(87)	**–**	(85)

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

Deferred tax assets are raised only when they can be utilised against future taxable profits. Future taxable profits are estimated based on approved business plans which include estimates and assumptions regarding economic growth, interest, inflation, metal prices, exchange rates, taxation rates and competitive forces.

17 Long-term provisions

	Group F2012 Rm	Group F2011 Rm	Company F2012 Rm	Company F2011 Rm
Environmental rehabilitation obligation				
Provision for decommissioning				
Balance at beginning of year	**296**	208	**20**	17
Provision for the year	**88**	79	**3**	1
Unwinding discount rate	**17**	16	**2**	2
Realignment of currency	**9**	–	**–**	–
Reallocation	**(16)**	(7)	**–**	–
Balance at end of year	**394**	296	**25**	20
Provision for restoration				
Balance at beginning of year	**102**	84	**30**	26
Reallocation	**16**	7	**–**	–
Unwinding of discount rate	**12**	6	**1**	1
Realignment of currency	**2**	–	**–**	–
Provision for the year	**77**	5	**3**	3
Balance at end of year	**209**	102	**34**	30
Total environmental rehabilitation obligation	**603**	398	**59**	50
The net present value of current rehabilitation liabilities is based on discount rates taking into consideration long bond yield rates of around 7.5% (F2011: around 8.5%), inflation rates of around 6% in line with the South African Reserve Bank long-term inflation target of between 3% to 6% (F2011: 3% – 6%) and life of mines of between 3 and 25 years (F2011: 3 and 25 years). The US Dollar denominated entity discount rate was 3.3% and inflation of 2.1% was used. Refer to note 22 for amounts held in trust funds.				
These provisions are based upon estimates of cash flows which are expected to occur at the end of life of mines. These assumptions have inherent uncertainties as they are derived from future estimates of mining and financial parameters, such as commodity prices, exchange rates and inflation.				
Post-retirement healthcare benefits				
Balance at beginning of year	**97**	98	**87**	88
Benefits paid	**–**	(9)	**–**	(9)
Interest cost	**3**	8	**–**	8
Balance at end of the year (refer note 40)	**100**	97	**87**	87
Other long-term provisions				
Balance at beginning of year	**54**	110	**–**	–
Change in estimate of variable purchase price for mine properties	**65**	(12)	**–**	–
Change in estimate structured investment	**14**	–	**–**	–
Payments	**–**	(9)	**–**	–
Transfer to short-term provisions	**(1)**	(33)	**–**	–
Provision/(reversal) for the year	**57**	(2)	**8**	–
Balance at end of the year	**189**	54	**8**	–
Total long-term provisions at end of the year	**892**	549	**154**	137

Other long-term provisions include: long-term incentive schemes aimed at attracting, retaining and rewarding eligible senior employees; compensation for potential loss of future income payable by Two Rivers to Assmang due to Two Rivers having a tailings dam on part of the mining area of Assmang.

	Group		Company	
	F2012 Rm	F2011 Rm	**F2012 Rm**	F2011 Rm
18 Trade and other payables				
Trade	**910**	919	**222**	82
Related parties (refer note 42)	**59**	–	**20**	–
Other	**1 349**	1 529	**194**	230
Total trade and other payables	**2 318**	2 448	**436**	312
Trade and other payables are generally non-interest-bearing and are typically on 30 – 90 day payment terms.				
19 Short-term provisions				
Bonus provision				
Balance at beginning of year	**152**	152	**98**	118
Provision for the period	**348**	154	**83**	100
Payments made during the year	**(173)**	(163)	**(98)**	(120)
Realignment of currency	**1**	–	**–**	–
Transfer from long-term provision	**–**	9	**–**	–
Balance at end of the year	**328**	152	**83**	98
Leave pay provision				
Balance at beginning of year	**96**	71	**20**	16
Provision for the period	**31**	29	**8**	6
Payments made during the year	**(6)**	(4)	**(4)**	(2)
Realignment of currency	**1**	–	**–**	–
Balance at end of the year	**122**	96	**24**	20
Other provisions				
Balance at beginning of year	**39**	45	**–**	–
Provision/(reversal) for the period	**1**	(30)	**–**	–
Payments made	**(28)**	–	**–**	–
Transfer from long-term provision	**1**	24	**–**	–
Balance at end of the year	**13**	39	**–**	–
Total short-term provisions	**463**	287	**107**	118

The bonus provision is based on the policy as approved by each operation.

The leave pay provision is calculated based on a combination of total pensionable salary packages multiplied by the leave days due at year end.

Other provisions – relates mainly to retrenchment packages at the Cato Ridge works.

20 Overdrafts and short-term borrowings

	Group F2012 Rm	Group F2011 Rm	Company F2012 Rm	Company F2011 Rm
Overdrafts	**337**	441	**35**	37
Loans from subsidiaries – non interest bearing	**–**	–	**291**	291
Short-term borrowings – partner loans (refer note 42)	**162**	186	**–**	–
Current portion of long-term borrowings (refer note 15)	**522**	105	**415**	–
	1 021	732	**741**	328
Overdrafts and short-term borrowings are held as follows:				
– African Rainbow Minerals Limited*	**415**	–	**415**	–
– Assmang Limited	**–**	2	**–**	–
– ARM Mining Consortium Limited	**57**	15	**–**	–
– ARM Mining Consortium Limited – Anglo Platinum (partner loan)	**114**	114	**–**	–
– ARM Coal Proprietary Limited	**14**	27	**–**	–
– Two Rivers Platinum Proprietary Limited – Bank loans	**338**	464	**–**	–
– Two Rivers Platinum Proprietary Limited – Impala Platinum (partner loan)	**48**	73	**–**	–
– Other	**35**	37	**35**	37
– Loans from subsidiaries	**–**	–	**291**	291
	1 021	732	**741**	328
Overdrafts are held as follows:				
– ARM Mining Consortium Limited	**57**	14	**–**	–
– Two Rivers Platinum Proprietary Limited	**245**	390	**–**	–
– Other	**35**	37	**35**	37
Total	**337**	441	**35**	37
Unutilised short-term borrowing and overdraft facilities				
– African Rainbow Minerals Limited	**430**	430	**430**	430
– Assmang Limited – 50%	**521**	521	**–**	–
– ARM Mining Consortium Limited	**44**	26	**–**	–
– Two Rivers Platinum Proprietary Limited	**255**	10	**–**	–
Total	**1 250**	987	**430**	430

* *Refinanced after year end (refer note 15).*

All of the above overdrafts facilities roll from year to year except Two Rivers Platinum Limited that expires December 2012 but is renewable. Overdrafts accrue interest at floating rates. Short term borrowings accrue interest at market related rates and loans from subsidiaries (which are dormant) are interest free as they are payable on demand.

	Group		Company	
	F2012 Rm	F2011 Rm	**F2012 Rm**	F2011 Rm

21 Joint ventures

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

- 50% share in Assmang Limited which includes Cato Ridge Alloys at 25%.
- 51% share in ARM Coal Proprietary Limited which includes the ARM Coal 51% interest in the Goedgevonden joint venture.
- 50% share in Modikwa joint venture which is held as a 83% subsidiary through ARM Mining Consortium and is consolidated as a subsidiary.
- 50% share in Vale/ARM joint venture.

The Company results include the proportionate share of the following unincorporated joint venture:

- 50% share in the Nkomati Nickel and Chrome Mine

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

	Group F2012 Rm	Group F2011 Rm	Company F2012 Rm	Company F2011 Rm
Income statements				
Sales	**15 195**	12 619	**1 554**	1 495
Cost of sales	**(9 697)**	(7 278)	**(1 497)**	(1 045)
Other operating income	**481**	145	**11**	11
Other operating expenses	**(1 215)**	(878)	**(234)**	(236)
Income from investments	**145**	97	**6**	8
Finance costs	**(156)**	(149)	**(3)**	(2)
Income/(loss) from associate	**6**	(70)	**–**	–
Exceptional items	**(70)**	(11)	**1**	(4)
Profit/(loss) before tax	**4 689**	4 475	**(162)**	227
Taxation	**(1 307)**	(1 508)	**33**	(65)
Profit/(loss) for the year after taxation	**3 382**	2 967	**(129)**	162
Non controlling interest	**12**	2	**–**	–
Attributable to equity holders of ARM	**3 394**	2 969	**(129)**	162
Statements of financial position				
Non-current assets	**17 565**	14 217	**2 215**	2 128
Current assets	**7 560**	6 338	**571**	513
Non-current liabilities (interest-bearing)	**1 799**	1 784	**–**	–
Non-current liabilities (non-interest-bearing)	**3 728**	3 183	**338**	344
Current liabilities (non-interest-bearing)	**2 221**	2 845	**317**	198
Current liabilities (interest-bearing)	**70**	44	**–**	–
Statements of cash flows				
Net cash inflow from operating activities	**4 258**	4 265	**13**	495
Net cash outflow from investing activities	**(3 740)**	(3 164)	**(272)**	(483)
Net cash (outflow)/inflow from financing activities	**(84)**	75	**(3)**	–

	Group F2012 Rm	Group F2011 Rm	Company F2012 Rm	Company F2011 Rm
22 Environmental rehabilitation trust funds				
Balance at beginning of year	**130**	109	**45**	44
Contributions	**37**	15	**1**	–
Interest earned	**7**	6	**1**	1
Total (included in cash and cash equivalents) (refer note 13)	**174**	130	**47**	45
Total environmental rehabilitation obligations (refer note 17)	**603**	398	**59**	50
Less: amounts in trust funds (see above)	**(174)**	(130)	**(47)**	(45)
Unfunded portion of liability	**429**	268	**12**	5
Part of the unfunded portion of the liability is secured by guarantees in favour of the Department of Mineral Resources as required of R254 million (F2011 R185 million) (refer note 37).				
23 Sales				
Sales – mining and related products	**17 530**	14 893	**1 554**	1 499
Made up as follows:				
Local sales	**4 458**	4 181	**26**	44
Export sales	**13 072**	10 712	**1 528**	1 455
Revenue	**18 142**	15 357	**3 238**	3 089
Sales – mining and related products	**17 530**	14 893	**1 554**	1 499
Interest received (refer note 28)	**215**	184	**84**	134
Dividends received (refer note 28)	**64**	32	**1 064**	1 032
Fees received	**273**	211	**536**	424
Property rental income	**5**	7	**–**	–
Net insurance premiums received	**55**	30	**–**	–
24 Cost of sales				
Amortisation and depreciation	**1 305**	1 106	**190**	207
Staff costs	**1 984**	1 677	**144**	135
– salaries and wages	**1 765**	1 464	**133**	126
– pension – defined contribution and benefit plans	**126**	94	**10**	8
– long service benefits	**13**	–	**–**	–
– medical aid	**80**	119	**1**	1
Consultants, contractors and other	**785**	658	**16**	6
Electricity	**696**	547	**78**	54
Inventories written down	**61**	90	**5**	1
Raw materials, consumables used and change in inventories	**3 128**	2 396	**1 035**	625
Railage and road transportation	**1 149**	989	**–**	–
Provisions – long-term	**68**	4	**11**	3
– short-term	**292**	94	**17**	18
Distribution costs	**1 637**	1 185	**–**	–
Other costs	**358**	129	**1**	–
	11 463	8 875	**1 497**	1 049

	Group F2012 Rm	Group F2011 Rm	Company F2012 Rm	Company F2011 Rm
25 Other operating income				
Fees received	**273**	293	**536**	425
Unrealised foreign exchange	**4**	38	**29**	7
Realised foreign exchange	**255**	71	**88**	–
Commission received	**21**	34	**6**	8
Insurance income received	**55**	30	**–**	–
Insurance income loss of revenue	**93**	–	**–**	–
Rental income from investment property (refer note 5)	**2**	4	**–**	–
Other	**156**	41	**34**	22
	859	511	**693**	462
26 Other operating expenses				
Exploration	**125**	49	**113**	–
Depreciation	**10**	12	**6**	5
Distribution cost	**180**	24	**180**	3
Direct operating expenses of investment property	**5**	6	**–**	–
Insurance	**149**	100	**14**	–
Operating lease payments	**2**	3	**–**	–
Rent paid	**5**	3	**10**	3
Mineral royalty tax	**492**	162	**7**	7
Staff cost	**195**	179	**187**	163
– salaries and wages	**182**	165	**174**	149
– pension – defined contribution and benefit plans	**9**	8	**9**	8
– long service rewards	**–**	1	**–**	1
– training	**4**	5	**4**	5
Consulting fees	**43**	22	**27**	17
Realised foreign exchange	**17**	32	**7**	29
Unrealised foreign exchange	**10**	–	**–**	40
Provisions – long-term	**154**	1	**–**	1
– short-term	**88**	59	**73**	86
Secretarial and financial services	**3**	3	**3**	3
Shortworkings	**46**	47	**–**	–
Share-based payments expensed	**94**	37	**94**	37
Other	**92**	391	**197**	317
	1 710	1 130	**918**	711
27 Profit/(loss) from operations before exceptional items				
Profit/(loss) from operations includes:				
Loss on disposal of property, plant and equipment	**(2)**	(7)	**–**	–
Amortisation and depreciation (refer notes 4 and 6)				
– buildings	**16**	26	**1**	1
– intangible assets	**11**	10	**–**	–
– mine development, exploration and decommissioning assets	**294**	313	**111**	131
– mineral rights	**29**	35	**–**	–
– plant and machinery	**562**	444	**72**	63
– mine properties	**10**	9	**–**	–
– finance leases	**55**	35	**–**	–
– furniture equipment and vehicles	**338**	240	**12**	11
Impairment/(reversal) of plant and equipment (refer notes 2 and 4)	**68**	4	**(1)**	4

	Group		Company	
	F2012 Rm	F2011 Rm	**F2012 Rm**	F2011 Rm
28 Income from investments				
Dividend income – listed	**64**	32	**64**	32
– unlisted (refer note 42)	**–**	–	**1 000**	1 000
Interest received – subsidiary companies and joint ventures (refer note 42)	**–**	–	**59**	76
– environmental trust funds (refer note 22)	**7**	6	**1**	1
– SARS	**7**	3	**–**	–
– short-term bank deposits and other	**201**	175	**24**	57
	279	216	**1 148**	1 166
The interest received is from financial assets categorised as loans and receivables (refer note 36).				
29 Finance cost				
Interest on finance leases	**11**	7	**–**	–
Gross interest paid – long- and short-term borrowings and overdrafts	**181**	184	**45**	52
SARS	**14**	11	**14**	11
Unwinding of discount rate	**29**	26	**3**	2
Less: capitalised (refer note 4)	**(3)**	(12)	**–**	(12)
	232	216	**62**	53
The interest paid is on financial liabilities categorised as other financial liabilities at amortised cost (refer note 36).				
30 Exceptional items				
Loss on sale of property, plant and equipment	**(2)**	(7)	**–**	–
(Impairments)/reversal of property, plant and equipment	**(68)**	(4)	**1**	(4)
Exceptional items per income statement	**(70)**	(11)	**1**	(4)
Profit on sale of property, plant and equipment accounted for directly in associate – ARM Coal	**52**	–	**–**	–
Taxation accounted for in associate	**(14)**	–	**–**	–
Taxation	**19**	3	**–**	1
Total amount adjusted for headline earnings	**(13)**	(8)	**1**	(3)
31 Taxation				
South African normal taxation				
– current year	**1 184**	975	**82**	63
– mining	**1 043**	875	**–**	–
– non-mining	**141**	100	**82**	63
– prior year	**69**	–	**37**	–
Foreign tax	**1**	–	**–**	–
State’s share of profits	**–**	93	**–**	–
STC	**50**	100	**–**	–
Total current taxation	**1 304**	1 168	**119**	63

31 Taxation continued

	Group F2012 Rm	Group F2011 Rm	Company F2012 Rm	Company F2011 Rm
Deferred taxation				
– current year	**329**	525	**70**	13
– prior year	**–**	–	**–**	–
Total deferred taxation	**329**	525	**70**	13
Capital Gains Tax	**–**	–	**–**	–
Total taxation	**1 633**	1 693	**189**	76
Attributable to:				
Profit before exceptional items	**1 652**	1 696	**189**	77
Exceptional items (refer note 30)	**(19)**	(3)	**–**	(1)
	1 633	1 693	**189**	76
Amounts recognised directly in statement of other comprehensive income:				
Unrealised (loss)/gain on available for sale financial asset	**(81)**	76	**(81)**	76
Realisation of foreign exchange movements on loans to a foreign Group entity	**11**	–	**–**	–
Unrealised foreign exchange movement on loans to a foreign Group entity	**9**	(11)	**–**	–
	(61)	65	**(81)**	76
Total movement in deferred tax liabilities	**268**	590	**(11)**	89
South African mining tax is calculated based on taxable income less capital expenditure.				
Where there is insufficient taxable income to offset capital expenditure, the remaining balance is carried forward as unredeemed capital expenditure.				
Reconciliation of rate of taxation:	**%**	%	**%**	%
Standard rate of Company taxation	**28**	28	**28**	28
Adjusted for:				
Disallowed expenditure	**1**	1	**21**	5
Exempt income	**–**	–	**(32)**	(23)
Effects of mining taxes – State's share of profits	**–**	1	**–**	–
Prior year under provision	**1**	–	**4**	–
STC	**1**	1	**–**	(4)
Tax on income/(loss) from associate	**–**	1	**–**	–
Effective rate of taxation	**31**	32	**21**	6
Estimated assessed losses available for reduction of future taxable income	**326**	519	**–**	–
No deferred tax asset has been raised on the estimated assessed losses of R284 million (F2011: R456 million) in the Vale/ARM joint venture group. R266 million of the F2011 balance is not recoverable in the DRC				
Unredeemed capital expenditure available for reduction of future mining income*	**4 188**	2 564	**1 163**	977

* *Deferred tax has been raised on these estimated tax benefits.*

The Company had unutilised credits in respect of STC of R2 242 million at 30 June 2012 (F2011: R2 138 million). No deferred tax asset has been raised on this as STC is phased out (F2011: R85 million). The post year end dividend declared will bear dividend withholding tax at 15% (F2011: STC of 10%) however no withholding tax will be payable on the dividend as the existing STC credits exceed the dividend.

The latest tax assessment for the Company relates to the year ended June 2010.

All returns up to and including June 2011 have been submitted.

	Group	
	F2012 Rm	F2011 Rm

32 Calculations per share

The calculation of basic earnings per share is based on basic earnings of R3 438 million (F2011: R3 366 million and a weighted average of 213 689 thousand (F2011: 212 889 thousand) shares in issue during the year.

The calculation of headline earnings per share is based on headline earnings of R3 451 million (F2011: R3 374 million), and a weighted average of 213 689 thousand (F2011: 212 889 thousand) shares in issue during the year.

The calculation of diluted basic earnings per share is based on basic earnings of R3 438 million (F2011: R3 366 million), with no reconciling items to derive at diluted earnings, and a weighted average of 215 118 thousand (F2011: 213 871 thousand) shares, calculated as follows:

	F2012	F2011
Weighted average number of shares used in calculating basic earnings per share (thousands).	**213 689**	212 889
Potential ordinary shares due to share options granted (thousands).	**1 429**	982
Weighted average number of shares used in calculating diluted earnings per share (thousands)	**215 118**	213 871

The calculation of diluted headline earnings per share is based on headline earnings of R3 451 million (F2011: R3 374 million) and a weighted average of 215 118 thousand (F2011: 213 871 thousand) shares.

The calculation of net asset value per share is based on net assets of R23 200 million (F2011: R21 212 million) and the number of shares at year end of 214 852 thousand (F2011: 213 133 thousand) shares.

The calculation of cash generated from operations per share (cents) is based on cash generated from operations of R5 969 million (F2011: R5 988 million) and the weighted average number of shares in issue of 213 689 thousand (F2011: 212 889 thousand)

Dividend per share

After the year end a dividend of 475 cents per share (F2011: 450 cents per share, F2010: 200 cents per share) was declared which approximates R1 021 million (F2011: R959 million, F2010: R426 million). This dividend was declared on 3 September 2012 (F2011: 31 August 2011, F2010: 30 August 2010) before approval of the financial statements but was not recognised as a distribution to owners during the period to June 2012.

33 Headline earnings

	F2012	F2011
Basic earnings per income statement	**3 438**	3 366
– Profit on sale of property, plant and equipment in associate – ARM Coal	**(52)**	–
– Impairments of property, plant and equipment	**68**	4
– Loss on disposal of property, plant and equipment	**2**	7
	3 456	3 377
– Taxation	**(5)**	(3)
Headline earnings	**3 451**	3 374

	Group		Company	
	F2012 Rm	F2011 Rm	**F2012 Rm**	F2011 Rm

34 Reconciliation of net profit before tax to cash generated from operations

	Group F2012 Rm	Group F2011 Rm	Company F2012 Rm	Company F2011 Rm
Profit from operations before exceptional items	**5 216**	5 399	**(168)**	201
Income/(loss) from associate	**11**	(135)	**–**	–
Exceptional items	**(70)**	(11)	**1**	(4)
Profit from operations after exceptional items	**5 157**	5 253	**(167)**	197
Adjusted for:	**2 001**	1 368	**286**	400
– Amortisation and depreciation of property, plant and equipment	**1 315**	1 118	**196**	212
– Impairment of debtors	**–**	6	**–**	–
– Long and short-term provisions	**496**	158	**102**	109
– Impairment of property, plant and equipment	**68**	4	**(1)**	4
– Inventory written off	**61**	–	**5**	–
– Loss on disposal of property, plant and equipment	**2**	7	**–**	–
– Unrealised foreign exchange (gains)/losses	**(8)**	(38)	**(116)**	33
– Associate (income)/loss	**(11)**	135	**–**	–
– Share-based payments expense	**94**	37	**94**	37
– Sale of houses – Khumani	**(45)**	(28)	**–**	–
– Other non-cash flow items	**29**	(31)	**6**	5
Cash from operations before working capital changes	**7 158**	6 621	**119**	597
Increase in inventories	**(375)**	(407)	**(19)**	(90)
(Increase)/decrease in receivables	**(528)**	(10)	**(191)**	136
(Decrease)/increase in payables and provisions	**(286)**	(216)	**43**	(135)
Cash generated from operations	**5 969**	5 988	**(48)**	508

35 Taxation paid

	Group F2012 Rm	Group F2011 Rm	Company F2012 Rm	Company F2011 Rm
Balance at beginning of year	**195**	270	**100**	90
Current taxation as per income statement (refer note 31)	**1 304**	1 168	**119**	64
Normal tax	**1 254**	975	**119**	64
State's share of profits	**–**	93	**–**	–
STC	**50**	100	**–**	–
Interest received	**(7)**	(3)	**–**	–
Balance at end of year	**(198)**	(195)	**(134)**	(100)
Tax payable	**(224)**	(270)	**(134)**	(100)
Tax receivable	**26**	75	**–**	–
Taxation paid	**1 294**	1 240	**85**	54

36 Financial instruments and risk management

The Group is exposed to certain financial risks in the normal course of its operations. To manage these risks, a treasury risk management committee monitors transactions involving financial instruments.

The Group does not acquire, hold or issue derivative instruments for trading purposes.

The following risks are managed through the policies adopted below:

a. Currency risk
The commodity market is predominantly priced in US Dollars which exposes the Group's cash flows to foreign exchange currency risks. (Refer note 36 (j) for sensitivity analysis).

In addition, there is currency risk on long lead-time capital items which may be denominated in US Dollars or Euros or other currencies.

Derivative instruments which may be considered to hedge the position of the Group against these risks include forward sale and purchase contracts as well as forward exchange contracts.

The use of these derivative instruments is considered on a month-by-month basis when appropriate.

Below is a summary of amounts included in the statement of financial position denominated in a foreign currency.

	Foreign currency amount	Year end exchange rate
Financial assets		
Foreign currency denominated items included in receivables:		
30 June 2012	US$191 million	8.16
30 June 2011	US$250 million	6.76
Foreign currency denominated items included in cash and cash equivalents:		
30 June 2012	US$21 million	8.16
30 June 2011	US$5 million	6.76
Financial liabilities		
Foreign currency denominated items included in payables:		
30 June 2012	US$20 million	8.16
30 June 2011	US$23 million	6.76
Foreign currency denominated items included in long-term borrowings		
30 June 2012	US$34 million	8.16
30 June 2011	US$nil million	6.76

Foreign currency contract
During the year under review Xstrata took out a number of foreign exchange contracts (FECs) whereby US Dollar revenue is hedged to a maximum of the forecast net local South African Rand operating costs of the Participating Coal Business (PCB) for a period of 12 months forward. The fair value movement of the open effective FECs at year end was reported in the statement of comprehensive income resulting in R1 million (F2011: R12 million) being recorded, at Group level, for the share of the cashflow hedge reserve in the PCB.

b. Liquidity risk management
The Group's executive meets regularly to review long and mid-term plans as well as short-term forecasts of cash flow.

Funding requirements are met by arranging banking facilities and/or structuring finance as applicable. All funding and related structures are approved by the Board of Directors.

The following table summarises the maturity profile of the Group's financial liabilities at 30 June 2012 and 2011 based on undiscounted cash flows.

36 Financial instruments and risk management continued

	Group F2012			
	Within one year	2 – 5 years	Over 5 years	Total
Long-term borrowings (refer note 15 and 20)	522	882	1 334	2 738
Trade and other payables (refer note 18)	2 318	–	–	2 318
Overdrafts and short-term borrowings (refer note 20)	499	–	–	499
Total	3 339	882	1 334	5 555

	Group F2011			
	Within one year	2 – 5 years	Over 5 years	Total
Long-term borrowings (refer note 15 and 20)	105	698	1 639	2 442
Trade and other payables (refer note 18)	2 448	–	–	2 448
Overdrafts and short-term borrowings (refer note 20)	627	–	–	627
Total	3 180	698	1 639	5 517

	Group	
	F2012	F2011
Overdrafts and short-term borrowings held as follows:		
ABSA Bank Limited	172	190
Nedbank Limited	114	200
The Standard Bank of South Africa Limited	182	14
Rand Merchant Bank Limited	182	–
Sanlam Limited	50	–
Other	145	115
Partner loans – short term	162	186
Partner loans – long term (included in R522 million) (2011: R105 million) transferred to short term	14	27
	1 021	732

c. Credit risk

Credit risk arises from possible defaults on payments by business partners or bank counterparties. The Group minimises credit risk by evaluating counterparties before concluding transactions in order to ensure the creditworthiness of such counterparties. The maximum exposure is the carrying amounts disclosed in note 12.

Major trade receivables include Impala Platinum R621 million (F2011: R670 million) and Rustenburg Platinum Mines R281 million (F2011: R297 million) and Norilsk Nickel R154 million (F2011: R37 million).

Cash is only deposited with institutions which have exceptional credit ratings with the amounts distributed appropriately among these institutions to minimise credit risk through diversification. The maximum exposure is the carrying values as per note 13.

The available-for-sale assets (which is the Harmony investment) exposure is the carrying value of these assets as per note 10.

	Group	
	F2012	F2011
Cash and cash equivalents are held at the following financial institutions:		
ABSA Bank Limited	649	445
Nedbank Limited	368	61
The Standard Bank of South Africa Limited	1 375	2 569
Investec Limited	29	36
First Rand Limited	483	92
Stanlib Collective Investment Limited	7	59
Barclays private clients international	434	343
Other	219	63
	3 564	3 668

36 Financial instruments and risk management continued

d. Treasury risk management

The treasury function is outsourced to Andisa Capital Proprietary Limited (Andisa), specialists in the management of third party treasury operations.

Together with ARM financial executives, Andisa coordinates the short-term cash requirements in the South African domestic money market.

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

e. Commodity price risk

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

The Nkomati, Two Rivers and Modikwa operations recognise revenue at the month end during which delivery of concentrate has occurred, at the closing spot price for the contained metal. There is a risk that the spot price does not realise when the metal price fixes on out turn at the refinery. Management is of the opinion that this method of revenue recognition is the most appropriate as opposed to using forward prices as an estimate. The risk is that where there are significant changes in metal prices after a reporting period end that the next reporting period is impacted. The value of accounts receivable for these three entities included in trade and other receivables (refer note 12) amounts to R1 199 million (F2011: R1 018 million). Refer to the sensitivity calculations which follow note (j) below.

f. Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations. (Refer to note 36 (j) for sensitivity analysis).

The Group manages its interest cost using a mix of fixed and variable rates.

Fluctuations in interest rates give rise to interest rate risks through the impact these fluctuations have on the value of short-term cash investments and financing activities.

Fixed interest rate loans carry a fair value risk due to change in market rates.

Cash is managed to ensure that surplus funds are invested in a manner to achieve maximum returns while minimising risks.

36 Financial instruments and risk management continued

The table quantifies the interest rate risk

Financial assets		Book value at year end Rm	Maturity date	Effective interest rate
Year ended 30 June 2012				
Cash – financial institutions	US$21 million	169	Overnight call deposit	0 – 1 percent
– financial institutions		2 802		5 – 7 percent
– fixed		593	July-12	5 – 7 percent
Total		3 564		
Year ended 30 June 2011				
Cash – financial institutions	US$5 million	37	Overnight call deposit	0 – 1 percent
– financial institutions		2 781		5 – 7 percent
– fixed		850	July-11	5 – 7 percent
Total		3 668		

Financial liabilities		Maturity date	Year-end rate
Year ended 30 June 2012			
Long-term borrowings			
Leases	141	2012	2.65% below prime
Loan facility (Two Rivers – mine housing project)	92	2016	5.6% link to JIBAR
Loan facility (ARM Corporate)*	415	2012	8.8%
Loan facility (ARM Finance Company SA)	277	2016	Libor plus 3.65%
Loan facility (Vale/ARM joint venture)	195	2016	Libor plus 5%
Loan ARM Coal – RBCT (partner loan)	205	2021	Prime plus 0.5%
Loan facility (ARM Coal – partner loan)	1 413	2025	Prime
	2 738		
Less: transferred to short-term	(522)		
Total	2 216		

* *Refinanced after year end (refer note 15).*

Summary of variable and fixed rates	Total	Transfer to short-term	Long-term	
Variable rates	2 738	522	2 216	
Fixed rates	–	–	–	
Total	2 738	522	2 216	
Year ended 30 June 2011				
Long-term borrowings				
Leases	116		2012	1.28% to 9.75% below prime
Loan facility (Two Rivers – mine housing project)	108		2016	7.1%
Loan facility (ARM Corporate)	410		2013	8.8%
Loan facility (ARM Coal)	173		2021	Prime plus 0.5%
Loan facility (ARM Coal – partner loan)	1 635		2025	Prime
	2 442			
Less: transferred to short term	(105)			
Total	2 337			

36 Financial instruments and risk management continued

Summary of variable and fixed rates	Total	Transfer to short-term	Long-term	
Variable rates	2 442	105	2 337	
Fixed rates	–	–	–	
Total	2 442	105	2 337	

Short-term financial liabilities	Book value at year end	Repricing date	Maturity date	
Year ended 30 June 2012				
– Financial institutions	859	30/06/2012	30/06/2012	Variable rate between 7% and 10%
– Anglo Platinum (partner loan)	114			No interest
– Impala Platinum (partner loan)	48			Variable rate at year end 6.5%
Total	1 021			
Year ended 30 June 2011				
Short-term financial liabilities				
– Financial institutions	546	30/06/2011	30/06/2011	Variable rate between 7% and 10%
– Anglo Platinum (partner loan)	114			No interest
– Impala Platinum (partner loan)	72			Variable rate at year end 6.5%
Total	732			

g. Fair value risk

Except for interest free loans given by the Company to its subsidiaries, the carrying amounts of trade receivables, cash and cash equivalents and trade and other payables approximate fair value because of the short-term duration of these instruments.

Fair value hierarchy

The Group uses the following hierarchy for determining the level of confidence in the valuation technique used.

Level 1 – Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 – a technique where all inputs that have an impact on the value are observable, either directly or indirectly.

Level 3 – a technique where all inputs that have an impact on the value are not observable.

36 Financial instruments and risk management continued

Financial instruments by categories — **Group F2012**

Category	Loans and receivable	At fair value through profit and loss	Available-for-sale assets	Other liabilities at amortised cost	Total book value	Total fair value	Fair value hierarchy level
Investments – Listed	**–**	**11**	**4 868**	**–**	**4 879**	**4 879**	**1**
Investments – unlisted	**80**	**–**	**–**	**–**	**80**	**80**	**2**
Trade and other receivables	**2 407**	**1 199**	**–**	**–**	**3 606**	**3 606**	**2**
Loans and long – term receivable	**221**	**–**	**–**	**–**	**221**	**221**	**2**
Financial assets – structured investment	**–**	**74**	**–**	**–**	**74**	**74**	**2**
Trade and other payables	**–**	**–**	**–**	**(2 318)**	**(2 318)**	**(2 318)**	**2**
Cash and cash equivalents	**3 564**	**–**	**–**	**–**	**3 564**	**3 564**	**2**
Long-term borrowings	**–**	**–**	**–**	**(2 216)**	**(2 216)**	**(2 216)**	**2**
Short-term borrowings	**–**	**–**	**–**	**(684)**	**(684)**	**(684)**	**2**
Overdrafts	**–**	**–**	**–**	**(337)**	**(337)**	**(337)**	**2**

Financial instruments by categories — Group F2011

Category	Loans and receivable	At fair value through profit and loss	Available-for-sale assets	Other liabilities at amortised cost	Total book value	Total fair value	Fair value hierarchy level
Investments – listed	–	11	5 724	–	5 735	5 735	1
Investments – unlisted	63	–	–	–	63	63	2
Trade and other receivables	2 095	1 018	–	–	3 113	3 113	2
Loans and long-term receivable	186	–	–	–	186	186	2
Financial assets – structured investment	–	45	–	–	45	45	2
Trade and other payables	–	–	–	(2 448)	(2 448)	(2 448)	2
Cash and cash equivalents	3 668	–	–	–	3 668	3 668	2
Long-term borrowings	–	–	–	(2 337)	(2 337)	(2 337)	2
Short-term borrowings	–	–	–	(291)	(291)	(291)	2
Overdrafts	–	–	–	(441)	(441)	(441)	2

36 Financial instruments and risk management continued

h. Acquisition risk

Acquisition risk is the risk that acquisitions do not realise expected returns. This risk is mitigated by ensuring that all major investments are reviewed by the ARM Investment Committee after being proposed by management.

i. Capital risk management

The management and maintenance of capital in ARM is a central focus of the Board and senior management especially as ARM has a declared policy of growth. The ability to continue as a going concern and to safeguard assets while optimally funding expansion is continually monitored.

Capital is mainly monitored on the basis of the net gearing ratio while giving due consideration to life of mine plans and business plans.

Capital structure is maintained and improved by ensuring an appropriate level of borrowings, adjusting dividends and reviewing returns from operations. ARM does not have a fixed policy on gearing but targets a net gearing threshold of 30% for external funding.

Total capital is defined as total equity on the statement of financial position plus debt.

(j) Sensitivity

The sensitivity calculations are performed on the variances in prices, exchange rates and interest rate changes.

The assumptions are calculated individually while keeping all other variables constant.

The effect is calculated only on the financial instruments as at year end.

It is relevant to note that the accounts receivable balance in (e) above of R1 199 million (F2011: R1 018 million) was valued using the following parameters: (i) Rand/US Dollar exchange rate of R8.16 (F2011: R6.76), (ii) platinum price of $1 443/oz (F2011: $1 722/oz), (iii) palladium price of $581/oz (F2011: $761/oz), rhodium of $1 250 oz (F2011: $2 000/oz) and a nickel price of $16 730/tonne (F2011: $23 125/tonne).

The sensitivity was applied to profit or loss before taxation and non-controlling interest. There is no other impact on equity.

	Group	
	F2012 Rm	F2011 Rm
The increase in profit before tax if:		
The Rand/US Dollar exchange rate weakens by R1	**147**	157
The price of nickel increases by 10%	**50**	34
The price of PGM increases by 10%	**162**	100
The interest rate increases by 1%	**2**	(5)
The decrease in profit before tax if:		
The Rand/US Dollar exchange rate strengthens by R1	**(147)**	(157)
The price of nickel decreases by 10%	**(50)**	(34)
The price of PGM decreases by 10%	**(162)**	(100)
The interest rate decreases by 1%	**(2)**	5

The interest change impact is calculated on the net financial instruments at reporting date and does not take into account any repayments of long or short term borrowings.

The prices of all other commodities are contractually fixed and are thus not impacted by price fluctuations after the reporting date.

37 Commitments and contingent liabilities

	Group F2012 Rm	Group F2011 Rm	Company F2012 Rm	Company F2011 Rm
Commitments				
Commitments in respect of capital expenditure:				
Approved by directors				
– contracted for	**3 580**	3 383	**72**	122
– not contracted for	**419**	600	**128**	87
Total commitments	**3 999**	3 983	**200**	209
Commitments allocated as follows				
Assmang Limited	**3 334**	2 687	**–**	–
ARM Mining Consortium Limited	**39**	36	**–**	–
ARM Coal Proprietary Limited	**10**	24	**–**	–
Nkomati	**200**	209	**200**	209
Two Rivers Platinum Proprietary Limited	**2**	4	**–**	–
Vale/ARM joint venture	**414**	1 023	**–**	–
	3 999	3 983	**200**	209

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

Electricity
The electrical infrastructure at Nkomati is currently being upgraded by Eskom. The cost for this is expected to be R66 million.

Contingent liabilities
Taxation
The Company had a contingent liability arising from its dispute with the South African Revenue Service (SARS) over the deductibility of a loan stock redemption premium claimed in the Company's 1998 tax submission.

During the current financial year the Company entered into a final cash settlement of R40 million with SARS.

Disputes
ARM has issued summons against Mr R Spoor for defamation. The claim is for an amount of R1.5 million. The pleadings are not yet closed and no trial date has as yet been allocated.

ARM Mining Consortium has made an application against the Department of Mineral Resources (DMR) and third party respondents requesting the court to order the DMR and third party to reassess applications for the prospecting rights brought by Modikwa JV that had been earlier rejected. The pleadings are not yet closed and no trial date has as yet been allocated.

Other
The Vale/ARM joint venture has a potential contingent liability of US Dollar 15 million (US Dollar 7.5 million attributable to ARM) arising from the DRC government review of a mining licence granted. The ultimate potential liability will only be the present value of the above amount that will need to be accrued in the capital cost of the mine, with payments in incremental instalments thereafter, should a decision be made by the Vale/ARM joint venture to develop a mine on this property.

37 Commitments and contingent liabilities continued

Guarantees

A back-to-back guarantee to Assore Limited (Assore) in respect of ARM's share of the guarantees issued to bankers by Assore to secure a short-term export finance agreement facility of R180 million (F2011: R180 million) by Assmang. Short-term export finance loans negotiated in terms of the above facility in the ordinary course of business at 30 June 2012 were Rnil (F2011: Rnil).

Guarantees to the Department of Mineral Resources for rehabilitation provision amounting to R254 million (F2011: R185 million)

Guarantees to Eskom amounting to R149 million (F2011: R56 million)

38 Leases

Finance Leases (refer note 4)	Group			
	F2012 Rm	**F2012 Rm**	F2011 Rm	F2011 Rm
	Minimum payments	**Present value of payments**	Minimum payments	Present value of payments
Within one year	**88**	**77**	62	55
After one year but not more than five years	**65**	**64**	64	61
Total minimum lease payments	**153**	**141**	126	116
Less: amounts representing finance charges	**(12)**	**–**	(10)	–
Present value of minimum lease payments	**141**	**141**	116	116
Operating leases – Group as lessee				
This is in respect of office building rentals paid				
Within one year	**–**	**–**	2	–
Total minimum lease payments	**–**	**–**	2	–
Operating leases – Group as lessor				
This is in respect of office building rentals received (refer note 5)				
Within one year	**1**	**–**	1	–
After one year but not more than five years	**4**	**–**	1	–
Total minimum lease payments	**5**	**–**	2	–

39 Retirement plans

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

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

Members contribute between 5.0% and 7.5% and employers between 6.2% and 18.12% of pensionable salaries to the funds.

Members' contribution for the current year amounts to R135 million (F2011: R102 million).

40 Post-retirement healthcare benefits

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

	Group		Company	
	F2012 Rm	F2011 Rm	**F2012 Rm**	F2011 Rm
African Rainbow Minerals Limited	**87**	87	**87**	87
Assmang Limited	**13**	10	**–**	–
	100	97	**87**	87

40 Post-retirement healthcare benefits continued

The liability is assessed periodically by an independent actuary. This assumptions used for African Rainbow Minerals Limited are as follows:

- A real discount rate of 2% per annum.
- An increase in healthcare costs at a rate of between 7% and 8% per annum.
- A 1% change in the net discount rate used is estimated to have an impact of plus 9.1% or less 7.9% (F2011: 9.5%) on the liability.
- The average expected working lifetime of eligible members was 7 (F2011: 8) years at the date of the valuation in 2012.

The assumptions used for Assmang Limited are as follows:

- A real discount rate of 1% per annum.
- An increase in healthcare costs at a rate of between 8% and 9% per annum.
- A1 % change in the net discount rate used is estimated to have an impact of plus 14.8% or less 12.1% on the liability.
- The average expected working lifetime of eligible members was 15 years at the date of the valuation in 2012.

The provisions raised in respect of post-retirement healthcare benefits amounted to R100 million (F2011: R97 million) at the end of the year. Interest of R3 million (F2011: R8 million) was charged against income in the current year (refer note 17).

The liabilities raised based on present values of the post-retirement benefit, have been recognised in full.

An actuarial valuation is carried out in respect of this liability at three yearly intervals. No new employees get this benefit and the liability is relatively stable. The last actuarial valuation was carried out in F2012 and the next one will be in F2014.

At retirement members are given the choice to have an actuarially determined amount paid into their pension fund to cover the expected cost of the post-retirement health cover. Alternatively the Group will continue to fund a portion of the retiring employee's medical aid contributions.

	F2012	F2011	F2010	F2009
Balance at 30 June (R million)	**100**	97	98	83

41 Share-based payment plans

Equity-settled plan

The Company uses three plans to attract, retain, motivate and reward eligible employees who are able to influence the performance of ARM on a basis which aligns their interest with those of the Company's shareholders.

Share options

The Company grants share options to certain employees under a share incentive scheme. The exercise price of the options is equal to the market price of the shares on the date of the grant. Before July 2008 the options start to vest one year after the grant date in three equal tranches over three years and from 1 July 2008 the options vest after three years. Both schemes are subject to continued employment.

The contract life of each option is eight years from the grant date	F2012 Share Options	F2011 Share Options	F2012 Average price Cents	F2011 Average price Cents
Outstanding at the beginning of the year	**4 081 733**	4 335 942	**8 033**	7 617
Granted during the year	**313 258**	196 635	**18 264**	18 043
Forfeited during the year	**(1 056)**	(10 680)	**17 849**	14 056
Exercised during the year	**(1 225 485)**	(440 164)	**4 041**	8 264
Outstanding at the end of the year	**3 168 450**	4 081 733	**10 585**	8 033
Exercisable at the end of the year	**2 481 646**	3 224 687		
Range of strike prices of options exercised (cents)			**2 700 to 13 973**	2 700 to 13 973
Range of strike prices of outstanding options (cents)			**2 700 to 27 950**	2 700 to 27 950

41 Share-based payment plans continued

Bonus shares method

Annually, eligible employees receive a grant of full value ARM shares that match, according to a specified ratio, a portion of the annual cash incentive accruing to them. Bonus shares will be settled to participants after three or four years, conditional on continued employment. The bonus share method of the plan provides an additional element of share-based retention to executives and senior management who through their performance, on an annual basis, have demonstrated their value to the Company, and by further encouraging executives and senior management to build up a shareholding in ARM.

	F2012 Bonus shares	F2011 Bonus shares
Outstanding at the beginning of the year	**245 890**	130 045
Granted during the year	**282 999**	121 589
Forfeited during the year	**–**	(347)
Shares vested	**(111 176)**	–
Shares vested*	**(4 013)**	(5 397)
Outstanding at the end of the year	**413 700**	245 890

* *This represents shares that vested during the year as a result of no fault terminations.*

Performance shares method

Annual conditional awards of full value shares are made to eligible employees. Performance shares vest after a three or four year period subject to continued employment and the Company's achievement against a weighted combination of challenging performance measures over this period, selected from:

- comparative total shareholder return in relation to a peer group;
- return on capital employed against a prescribed target; and
- growth in headline earnings per share in relation to an inflation index.

The selection of performance metrics has been made on the basis that, individually or in combination, they clearly foster the creation of shareholder value.

The performance share method closely aligns the interest of shareholders, executives and senior management by rewarding superior shareholder and financial performance in the future, and by encouraging executives and senior management to build up a shareholding in ARM.

	F2012 Perform-ance shares	F2011 Perform-ance shares
Outstanding at the beginning of the year	**375 495**	262 553
Awarded during the year	**363 218**	125 530
Additional award based on achievements above set performance criteria	**249 022**	–
Additional award settled (see above)	**(249 022)**	–
Forfeited during the year	**(2 414)**	(9 031)
Shares vested	**(121 790)**	–
Shares vested*	**(7 870)**	(3 557)
Outstanding at the end of the year	**606 639**	375 495

* *This represents shares that vested during the year as a result of no fault terminations.*

41 Share-based payment plans continued

The fair value of shares granted in these plans are estimated as at the date of the grant using an independent valuer that uses the Cox-Rox Rubinstein binomial tree model taking into account the terms and conditions upon which the options were granted. The following table lists the range of inputs to the models used on the grant date for the years ended 30 June 2012 and 30 June 2011.

	F2012	F2011
Dividend yield%	**2.39**	1.24
Expected volatility%	**42.60**	42.60
Risk-free interest rate%	**8.41**	8.91
Expected life of options (years)	**1 – 8**	1 – 8
Weighted average share price (cents)	**17 641**	19 036
Fair value of options issued during the year (Rm)	**23**	16
Fair value of options per option issued during the year (cents) – October	**–**	7 943
Fair value of options per option issued during the year (cents) – April	**–**	10 626
Fair value of options per option issued during the year (cents) – Nov – 3 year vesting period	**7 411**	–
Fair value of options per option issued during the year (cents) – Nov – 4 year vesting period	**7 328**	–
Fair value of options per option issued during the year (cents) – April – 3 year vesting period	**6 807**	–
Fair value of options per option issued during the year (cents) – April – 4 year vesting period	**6 751**	–
The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.		
The effect on the income statement for Group and Company was a charge of (Rm).	**94**	37

42 Related party transactions

The Company in the ordinary course of business enters into various sale, purchase, service and lease transactions with subsidiaries, associated companies and joint ventures.

A report on investments in subsidiaries, associated companies and joint ventures, that indicates the relationship and degree of control exercised by the Company, appears on pages 232 to 234.

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

	Group		Company	
	F2012 Rm	F2011 Rm	F2012 Rm	F2011 Rm
Amounts accounted in the income statement relating to transactions with related parties				
Assmang Limited				
– Provision of services			**262**	212
– Dividends received			**1 000**	1 000
Venture Building Trust Proprietary Limited – interest received			**4**	3
ARM Coal Proprietary Limited			**18**	8
Two Rivers Platinum Proprietary Limited				
– Interest received			**5**	20
– Provision of services			**2**	2
Vale/ARM joint venture – interest			**32**	45
Amounts outstanding at year-end owing to/receivable by ARM on current account				
Assore Limited – creditors	**(39)**	–	**–**	–
Assore Limited – debtor	**148**	29	**36**	29
Anglo Platinum – debtor	**281**	297	**–**	–
Impala Platinum – debtor	**621**	670	**–**	–
Norilsk Nickel – debtor	**154**	37	**154**	37
Norilsk Nickel – creditors	**(20)**	–	**(20)**	–
Impala Platinum – short term borrowing	**(48)**	(72)	**–**	–
Anglo Platinum – short term borrowing	**(114)**	(114)	**–**	–
Vale/ARM joint venture – ZCCM-IH – long term borrowing	**(195)**	–	**–**	–
Xstrata – long term borrowing	**(1 618)**	(1 808)	**–**	–
Assmang Limited	**–**	–	**38**	27
Two Rivers Platinum Proprietary Limited	**–**	–	**1**	2

42 Related party transactions

	Group F2012 Rm	Group F2011 Rm
Key management personnel		
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity and comprise members of the board of directors and senior management.		
Key management personnel: Senior management compensation		
Salary	**16**	17
Accrued bonuses	**10**	13
Pension scheme contributions	**2**	1
Reimbursive allowances	**2**	2
Total	**30**	33

Share options

	Number of options	Average price cents	Average gross selling price cents
Held on 1 July 2010	313 861	10 170	
Exercised during the year	(70 000)	11 900	21 417
Granted during the year	37 072	17 849	
Staff movements	126 076	12 531	
Held on 1 July 2011	407 009	10 724	
Granted during the year	48 118	18 260	
Staff movements	(54 464)	14 383	
Exercised during the year	(55 756)	4 090	17 157
Held on 30 June 2012	344 907	12 271	

Bonus and performance shares

	Number of bonus shares	Number of performance shares
Held on 1 July 2010	7 352	27 076
Granted/awarded during the year	20 213	20 905
Staff movements	12 012	17 941
Held on 30 June 2011	39 577	65 922
Granted/awarded during the year	71 742	105 705
Additional performance shares awarded in terms of the achievement against set performance criteria	–	38 948
Staff movements	(24 516)	(46 714)
Settled during the year	(18 521)	(58 422)
Held on 30 June 2012	68 282	105 439

	Group		Company	
	F2012 Rm	F2011 Rm	**F2012 Rm**	F2011 Rm
42 Related party transactions continued				
Details relating to directors emoluments, share options and shareholdings in the Company are disclosed in the Directors' report.				
Shareholders				
The principal shareholders of the Company are detailed in the Shareholder Analysis report.				
ARM's Executive Chairman, Patrice Motsepe, is involved through shareholdings and/or directorships in various other companies and trusts. The Company rents office space from one of the entities as disclosed below. Mr Motsepe's director's emoluments, share options and shareholding in the Company are disclosed in the Directors' report.				
Rental paid for offices at 29 Impala Road, Chislehurston, Sandton	**1**	1	**1**	1
This rental is similar to rentals paid to third parties in the same area for similar buildings.				

43 Events after the reporting date

Please refer to events after the reporting date included on page 160 of the Directors' report.

44 Major shareholders and shareholder spread

Please refer to major shareholders at 30 June 2012 on page 245 of the investor relations report and shareholder spread at 30 June 2012 on page 244 of the Investor relations report.

Report on subsidiary companies

for the year ended 30 June 2012

	Company	
	F2012 Rm	F2011 Rm
Investments		
Unlisted	**529**	481
Amounts owing by subsidiaries (refer note 10)	**757**	784
Amounts owing to subsidiaries (refer note 20)	**(291)**	(291)
	995	974
Income from subsidiaries		
Fees – management advisory services	**2**	2
	2	2
Members' aggregate interest in profits after taxation of subsidiaries		
Profits	**313**	381

Principal subsidiary companies

for the year ended 30 June 2012

		Issued capital Amount R million		Direct interest in capital %		Book value of the Company's interests: Shares R million		Book value of the Company's interests: Indebtedness by/(to) R million	
Name	Class	**F2012**	F2011	**F2012**	F2011	**F2012**	F2011	**F2012**	F2011
African Rainbow Minerals Platinum Proprietary Limited platinum mining	Ord	**–**	–	**100**	100	**257**	257	**634**	634
African Rainbow Minerals Finance Company SA – Financing*	Ord	**–**	–	**100**	–	**48**	–	**–**	–
Anglovaal Air Proprietary Limited air charter operator	Ord	**–**	–	**100**	100	**89**	89	**(212)**	(212)
Atscot Proprietary Limited investment company	Ord	**1**	1	**100**	100	**10**	10	**(23)**	(23)
Avmin Limited mining investment	Ord	**–**	–	**100**	100	**–**	–	**(17)**	(17)
Bitcon's Investments Proprietary Limited investment company	Ord	**–**	–	**100**	100	**2**	2	**(2)**	(2)
Jesdene Limited share dealer	Ord	**–**	–	**100**	100	**–**	–	**6**	6
Kingfisher Insurance Co Limited insurance	Ord	**–**	–	**100**	100	**35**	35	**–**	–
Lavino Proprietary Limited investment company	Ord	**–**	–	**100**	100	**4**	4	**(9)**	(9)
Letaba Copper & Zinc Corp Limited prospecting company	Ord	**1**	1	**94**	94	**–**	–	**–**	–
Mannequin Insurance PCC Limited Cell AVL18** insurance	Ord	**4**	4	**100**	100	**4**	4	**–**	–
Prieska Copper Mines Limited investment company	Ord	**27**	27	**97**	97	**–**	–	**–**	–
Sheffield Minerals Proprietary Limited investment company	Ord	**–**	–	**100**	100	**–**	–	**(4)**	(4)
South African Base Minerals Limited investment company	Ord	**–**	–	**100**	100	**–**	–	**–**	–
Tasrose Investments Proprietary Limited mining investment	Pref	**–**	–	**100**	100	**24**	24	**(24)**	(24)
Two Rivers Platinum Proprietary Limited platinum mining	Ord	**100**	100	**55**	55	**55**	55	**62**	89
Vallum Investments Proprietary Limited investment company	Ord	**–**	–	**100**	100	**–**	–	**–**	–
Venture Building Trust Proprietary Limited property investment	Ord	**–**	–	**100**	100	**1**	1	**55**	55
Total value of unlisted investment in subsidiary						**529**	481		
Amounts owing to subsidiaries								**(291)**	(291)
Amounts owing by subsidiaries								**757**	784

Ord – Ordinary shares
Pref – Preference shares
Unless otherwise stated, all companies are incorporated and carry on their principal operations in South Africa. Interests are shown to the extent that this information is considered material. A schedule with details of all other subsidiaries is available from the registered office.
** This is a new entity incorporated during the current year.*
*** Incorporated in Guernsey and has a December year end. Audited June figures are consolidated.*

Principal associate companies, joint ventures and other investments

Name of company	Group Number of shares held F2012	Group Number of shares held F2011	Company Number of shares held F2012	Company Number of shares held F2011	Group Effective percentage holding F2012	Group Effective percentage holding F2011	Group Value of investment Rm F2012	Group Value of investment Rm F2011	Company Value of investment Rm F2012	Company Value of investment Rm F2011	Company Indebtedness by Rm F2012	Company Indebtedness by Rm F2011
Associated companies												
Unlisted												
Lucas Block Minerals Limited (1936)												
Ordinary shares of 200 cents per share	**121**	121	**121**	121	**30**	30	**–**	–	**–**	–	**–**	–
Xstrata South Africa Proprietary Limited*												
Non-convertible participating preference shares of 100 cents per share	**384**	384	**384**	384	**20.2**	20.2	**1 042**	1 019	**432**	432	**–**	–
Investment in other companies												
Listed												
Harmony Gold Mining Company Limited												
Ordinary shares of 50 cents per share	**63 632 922**	63 632 922	**63 632 922**	63 632 922	**14.7**	14.8	**4 868**	5 724	**4 868**	5 724	**–**	–
Unlisted												
Business Partners Limited	**323 177**	323 177	**323 177**	323 177	**0.2**	0.2	**–**	–	**–**	–	**–**	–
Joint ventures and partnerships												
ARM Coal Proprietary Limited (including Goedgevonden)			**51**	51	**51**	51	**–**	–	**409**	409	**–**	–
Modikwa joint venture*	**–**	–	**–**	–	**41.5**	41.5	**–**	–	**–**	–	**–**	–
Nkomati joint venture**	**–**	–	**–**	–	**50**	50	**–**	–	**–**	–	**1 118**	988
Assmang Limited (including Cato Ridge Alloys)	**–**	–	**1 774 103**	1 774 103	**50**	50	**–**	–	**259**	259	**–**	–
Vale/ARM joint venture	**–**	–	**–**	–	**50**	50	**–**	–	**1 363**	485	**566**	676
– Investment held directly by ARM	**–**	–	**947**	203								
– Investment held indirectly by ARM	**–**	–	**532**	528								
									2 031	1 153	**566**	676

* *December year end, audited June figures are consolidated.*
** *Eliminated on a Company level, as Nkomati joint venture is an unincorporated joint venture.*

Convenience translation into US Dollars

For the benefit of international investors, the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and the statement of cash flows of the Group presented in South African Rands and set out on pages 168 to 176, have been translated into United States Dollars and are presented on this page and pages 236 to 241. This information is only supplementary and is not required by any accounting standard and does not represent US GAAP.

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

The statement of comprehensive income is translated at the average rate of the years reported.

The statement of changes in equity is translated at the rate ruling at the close of business at 30 June each year.

The following exchange rates were used:	**F2012 R/US$**	F2011 R/US$
Statement of financial position	**R8.16**	R6.76
Income statement and statement of cash flows	**R7.77**	R6.99

The US Dollar denominated statement of financial position, income statements, statement of comprehensive income, statement of changes in equity and statements of cash flows should be read in conjunction with the accounting policies of the Group as set out on pages 177 to 188 and with the notes to the financial statements on pages 189 to 231.

Statement of financial position

as at 30 June

US Dollar convenience translation

	Note	Group F2012 US$m	Group F2011 US$m
Assets			
Non-current assets			
Property, plant and equipment	4	**2 293**	2 305
Investment property	5	**1**	2
Intangible assets	6	**23**	30
Deferred tax assets	16	**–**	13
Loans and long-term receivables	8	**27**	28
Financial assets	9	**9**	7
Inventories	11	**17**	19
Investment in associate	7	**166**	197
Other investments	10	**608**	858
		3 144	3 459
Current assets			
Inventories	11	**301**	319
Trade and other receivables	12	**442**	461
Taxation	35	**3**	11
Cash and cash equivalents	13	**437**	543
		1 183	1 334
Total assets		**4 327**	4 793
Equity and liabilities			
Capital and reserves			
Ordinary share capital	14	**1**	2
Share premium	14	**482**	568
Other reserves		**70**	178
Retained earnings		**2 289**	2 390
Equity attributable to equity holders of ARM		**2 842**	3 138
Non-controlling interest		**148**	142
Total equity		**2 990**	3 280
Non-current liabilities			
Long-term borrowings	15	**272**	346
Deferred tax liabilities	16	**463**	531
Long-term provisions	17	**109**	81
		844	958
Current liabilities			
Trade and other payables	18	**284**	365
Short-term provisions	19	**57**	42
Taxation	35	**27**	40
Overdrafts and short-term borrowings – interest-bearing	20	**125**	108
		493	555
Total equity and liabilities		**4 327**	4 793

Income statement

for the year ended 30 June

US Dollar convenience translation

		Group	
	Note	**F2012 US$m**	F2011 US$m
Revenue	23	**2 335**	2 197
Sales	24	**2 256**	2 131
Cost of sales	26	**(1 475)**	(1 270)
Gross profit		**781**	861
Other operating income	25	**111**	73
Other operating expenses	26	**(220)**	(162)
Profit from operations before exceptional items	27	**672**	772
Income from investments	28	**36**	31
Finance costs	29	**(30)**	(31)
Income/(loss) from associate	7	**1**	(19)
Profit before taxation and exceptional items		**679**	753
Exceptional items	30	**(9)**	(2)
Profit before taxation		**670**	751
Taxation	31	**(210)**	(242)
Profit for the year		**460**	509
Attributable to:			
Non-controlling interest		**17**	28
Equity holders of ARM		**443**	481
		460	509
Additional information			
Headline earnings	33	**444**	483
Headline earnings per share (US cents)	34	**208**	227
Basic earnings per share (US cents)	34	**207**	226
Diluted headline earnings per share (US cents)	34	**206**	226
Diluted basic earnings per share (US cents)	34	**206**	225

Statement of comprehensive income

for the year ended 30 June

US Dollar convenience translation

	Notes	Group					
		Available-for-sale reserve US$m	Other US$m	Retained earnings US$m	Share-holders of ARM US$m	Non-controlling interest US$m	Total US$m
For the year ended 30 June 2011							
Profit for the year to 30 June 2011		–	–	481	481	28	509
Other comprehensive income							
Revaluation of listed investment	9	78	–	–	78	–	78
Deferred tax on revaluation of listed investment		(11)	–	–	(11)	–	(11)
Net impact of revaluation of listed investment		67	–	–	67	–	67
Foreign exchange on loans to foreign Group entity		–	(12)	–	(12)	–	(12)
Cash flow hedge reserve	6	–	(1)	–	(1)	–	(1)
Foreign currency translation		–	6	–	6	–	6
Total other comprehensive income		67	(7)	–	60	–	60
Total comprehensive income for the year		**67**	**(7)**	**481**	**541**	**28**	**569**
For the year ended 30 June 2012							
Profit for the year to 30 June 2012		**–**	**–**	**443**	**443**	**17**	**460**
Other comprehensive income							
Revaluation of listed investment	9	**(110)**	**–**	**–**	**(110)**	**–**	**(110)**
Deferred tax on revaluation of listed investment		**10**	**–**	**–**	**10**	**–**	**10**
Net impact of revaluation of listed investment		**(100)**	**–**	**–**	**(100)**	**–**	**(100)**
Realisation of foreign exchange movements on loans to a to foreign Group entity		**–**	**11**	**–**	**11**	**–**	**11**
Deferred tax on realisation of foreign exchange movements on loans to a foreign entity		**–**	**(2)**	**–**	**(2)**	**–**	**(2)**
Foreign exchange movements on loans to a foreign Group entity		**–**	**4**	**–**	**4**	**–**	**4**
Deferred tax on foreign exchange on loans to a foreign Group entity		**–**	**(1)**	**–**	**(1)**	**–**	**(1)**
Cash flow hedge reserve	6	**–**	**(1)**	**–**	**(1)**	**–**	**(1)**
Foreign currency translation		**–**	**2**	**–**	**2**	**–**	**2**
Total other comprehensive income		**(100)**	**13**	**–**	**(87)**	**–**	**(87)**
Total comprehensive income for the year		**(100)**	**13**	**443**	**356**	**17**	**373**

Statement of changes in equity

for the year ended 30 June

US Dollar convenience translation

	Notes	Group Share Capital and Premium US$m	Available-for-sale reserve US$m	Other US$m	Retained Profit US$m	Share-holders of ARM US$m	Non-controlling interest US$m	Total US$m
Balance at 30 June 2010		497	58	37	1 724	2 316	100	2 416
Profit for the year to 30 June 2011 (Restated)		–	–	–	481	481	28	509
Other comprehensive income		–	67	(7)	–	60	–	60
Total comprehensive income for the year		–	67	(7)	481	541	28	569
Translation adjustments		68	10	8	246	332	14	346
Share-based payments		–	–	5	–	5	–	5
Share options exercised	14	5	–	–	–	5	–	5
Dividend paid	32	–	–	–	(61)	(61)	–	(61)
Balance at 30 June 2011		570	135	43	2 390	3 138	142	3 280
Profit for the year to 30 June 2012		**–**	**–**	**–**	**443**	**443**	**17**	**460**
Other comprehensive income		**–**	**(100)**	**13**	**–**	**(87)**	**–**	**(87)**
Total comprehensive income for the year		**–**	**(100)**	**13**	**443**	**356**	**17**	**373**
Translation adjustments		**(99)**	**(18)**	**(9)**	**(426)**	**(552)**	**(26)**	**(578)**
Share-based payments		**–**	**–**	**12**	**–**	**12**	**–**	**12**
Share options exercised	14	**6**	**–**	**–**	**–**	**6**	**–**	**6**
Bonus and performance shares issued to employees		**6**	**–**	**(6)**	**–**	**–**	**–**	**–**
Part disposal of interest in Lubambe		**–**	**–**	**–**	**5**	**5**	**15**	**20**
Dividend paid	32	**–**	**–**	**–**	**(123)**	**(123)**	**–**	**(123)**
Balance at 30 June 2012		**483**	**17**	**53**	**2 289**	**2 842**	**148**	**2 990**

Statement of cash flow

for the year ended 30 June

US Dollar convenience translation

	Note	Group F2012 US$m	Group F2011 US$m
Cash flow from operating activities			
Cash receipts from customers		**2 301**	2 204
Cash paid to suppliers and employees		**(1 533)**	(1 348)
Cash generated from operations	34	**768**	856
Translation adjustment		**(79)**	52
Interest received		**28**	26
Interest paid		**(14)**	(17)
Dividends received		**8**	5
Dividends paid		**(123)**	(61)
Taxation paid	35	**(167)**	(177)
Net cash inflow from investing activities		**421**	684
Cash flow from investing activities			
Additions to property, plant and equipment to maintain operations		**(172)**	(114)
Additions to property, plant and equipment to expand operations		**(349)**	(321)
Investment in associate		**(3)**	(25)
Investment in RBCT		**(2)**	(9)
Decrease/(increase) in loans and receivables		**1**	(15)
Net cash outflow from investing activities		**(525)**	(484)
Cash flow from financing activities			
Proceeds on exercise of share options		**6**	5
Long-term borrowings raised		**64**	40
Long-term borrowings repaid		**(38)**	(85)
Decrease in short-term borrowings		**(10)**	(45)
Net cash inflow/(outflow) from financing activities		**22**	(85)
Net (decrease)/increase in cash and cash equivalents		**(82)**	115
Cash and cash equivalents at beginning of year		**478**	363
Cash and cash equivalents at end of year	13	**396**	478
Cash generated from operations per share (US cents)	32	**359**	402

Financial summary and statistics

for the year ended 30 June

US Dollar convenience translation

	Group								
	F2012 US$m	F2011 US$m	F 2010 US$m	F2009 US$m	F2008 US$m	F2007 US$m	F2006 US$m	F2005 US$m	F2004 US$m
Income statement									
Sales	**2 256**	2 131	1 452	1 118	1 725	854	722	883	563
Headline earnings	**444**	483	226	257	550	168	72	55	7
Basic earnings per share (US cents)	**207**	226	113	150	292	81	46	36	125
Headline earnings per share (US cents)	**208**	227	106	121	261	81	35	27	5
Dividend declared after year-end per share (US cents)	**58**	67	26	23	51	n/a	n/a	n/a	n/a
Statement of financial position									
Total assets	**4 327**	4 791	3 682	3 304	3 178	2 576	2 041	1 769	1 831
Cash and cash equivalents	**437**	543	396	455	340	150	61	43	57
Shareholders' equity	**2 990**	3 280	2 416	2 171	2 002	1 587	1 452	1 199	1 271
Statement of cash flows									
Cash generated from operations	**768**	857	451	739	709	352	194	267	97
Net cash outflow from investing activities	**525**	484	306	348	334	374	226	133	100
Net cash (outflow)/inflow from financing activities	**22**	(85)	(96)	(19)	(24)	217	140	(88)	41
JSE Limited performance									
Ordinary shares (US cents)									
– high	**2 561**	3 376	2 714	3 217	4 205	1 917	816	612	696
– low	**2 046**	2 092	1 542	842	1 414	739	500	411	471
– year end	**2 035**	2 788	2 099	1 683	3 576	1 747	674	511	543

Investor relations report

ARM's primary listing is on the JSE Limited. The Company also has a sponsored Level 1 American Depositary Receipt (ADR) programme, under the ticker symbol AFRBY, which is available to investors for over-the-counter or private transactions.

Share information

JSE ticker code	ARI
Sector	General Mining
Nature of business	ARM is a diversified mining and minerals company with assets in ferrous, platinum group metals, coal, base metals and copper. ARM holds a significant interest in the gold mining sector through its shareholding in Harmony.
Issued share capital at 30 June 2012	214 851 896 shares
Market capitalisation at 30 June 2012	R35.7 billion
	US$4.37 billion
Closing share price at 30 June 2012	R166.02 per share
12 month high (1 July 2011 – 30 June 2012)	R198.88 per share
12 month low (1 July 2011 – 30 June 2012)	R159.01 per share
Average volume traded for the 12 months	393 388 shares per day

Shareholders' diary

Annual General Meeting	Friday, 7 December 2012
Financial year-end	June 2013
Annual financial statements issued	End of October 2013
Interim results announcement	March 2013
Provisional results announcement	September 2013

Shareholder analysis

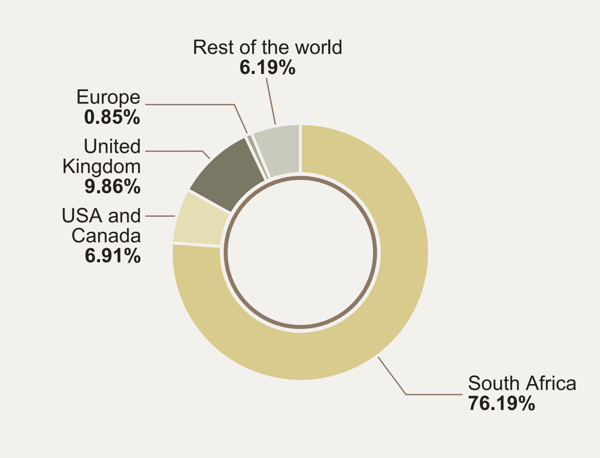
Shares held	Number of shareholders	% of shareholders	Number of shares held	% of issued share capital
1 to 1 000 shares	4 309	75.34	1 157 455	0.54
1 001 to 10 000 shares	884	15.46	3 042 868	1.42
10 001 to 100 000 shares	407	7.12	12 905 679	6.00
100 001 to 1 000 000 shares	105	1.84	32 891 683	15.31
1 000 001 shares and above	14	0.24	164 854 211	76.73
Total	**5 719**	**100.00**	**214 851 896**	**100.00**

Distribution of shareholders	Number of shares held	% of issued share capital
Black Economic Empowerment	116 996 946	54.45
Unit Trusts/Mutual Funds	31 297 298	14.57
Pension Funds	28 894 017	13.45
Investment Trusts	11 631 019	5.41
Other Managed Funds	10 561 158	4.91
Insurance Companies	5 099 508	2.37
Sovereign Wealth	4 654 740	2.17
Private Investors	2 810 627	1.31
Custodians	1 395 924	0.65
Exchange Traded Fund	447 142	0.21
University	140 913	0.07
Charity	88 100	0.04
Local Authority	75 223	0.04
Corporate Holding	50 000	0.02
Remainder	709 281	0.33
Total	**214 851 896**	**100.00**

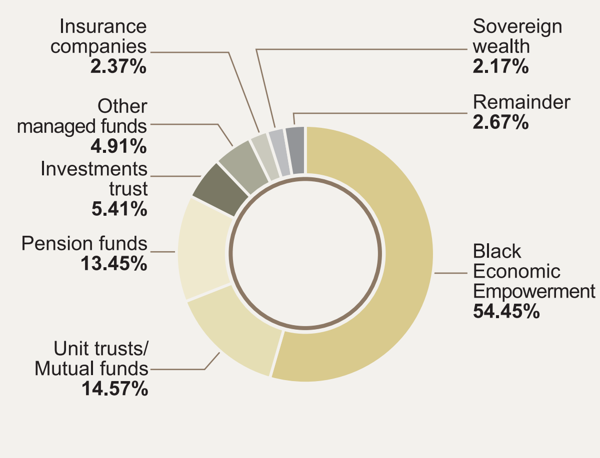
Public/non-public shareholders	Number of shareholders	% of shareholders	Number of shares held	% of issued share capital
Non-public shareholders	9	0.16	117 455 795	54.67
Public shareholders	5 710	99.84	97 396 101	45.33
Total	**5 719**	**100.00**	**214 851 896**	**100.00**

Investment management and beneficial interest (more than 3%)	Number of shares held	%
BlackRock Inc.	20 955 223	9.75
Public Investment Corporation Limited	12 598 545	5.86
Total	**33 553 768**	**15.61**

Geographic split of beneficial shareholders



Beneficial shareholder split by category



Top 20 shareholders

	Shareholder	Number of shares held	% holding of shares in issue
1	African Rainbow Minerals & Exploration Investments (Pty) Ltd	87 750 417	40.84
2	ARM Broad-Based Economic Empowerment Trust	28 614 740	13.32
3	BlackRock Inc.	20 955 223	9.75
4	Public Investment Corporation Limited	12 598 545	5.86
5	Investec Asset Management	5 750 790	2.67
6	Coronation Fund Managers	4 443 587	2.07
7	Kagiso Asset Management (Pty) Ltd	3 723 705	1.73
8	Momentum Investments	3 595 639	1.67
9	STANLIB Asset Management	3 473 760	1.62
10	Government Singapore Investment Corporation	3 250 002	1.51
11	The Vanguard Group	2 961 188	1.38
12	Dimensional Fund Advisors	2 749 034	1.28
13	Afena Capital	2 413 302	1.12
14	Fidelity Investments	2 303 527	1.07
15	Allan Gray Investment Council	1 599 772	0.74
16	Old Mutual Asset Managers	1 489 304	0.69
17	Jennison Associates LLC	1 455 850	0.68
18	Abax Investments	945 000	0.44
19	J.P. Morgan Asset Management	870 372	0.41
20	Metal Industries Benefit Funds Administrators	745 569	0.35

Share liquidity

Number of shares traded on the JSE Limited during F2012*

Month	Volume
July 2011	11 763 888
August 2011	10 741 079
September 2011	10 535 140
October 2011	7 976 489
November 2011	5 379 709
December 2011	4 968 992
January 2012	6 708 509
February 2012	7 407 389
March 2012	10 076 573
April 2012	5 996 731
May 2012	6 793 293
June 2012	10 392 571
Total	**98 740 363**

* *Source: JSE Limited.*

Investor relations

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The Integrated Annual Report 2012 and the Sustainability Report are available in electronic format on the Company's website at **www.arm.co.za**. Printed copies can also be requested from the Company Investor Relations Department.

Glossary of terms and acronyms

1H	First six months of the financial year
2H	Second six months of the financial year
3E	Platinum, palladium and gold
4E	Platinum, palladium, rhodium and gold
6E	Platinum, palladium, rhodium, gold, ruthenium and iridium
Anglo Platinum	Anglo American Platinum Limited
a	The a referred to in tabulation and graphic analysis refers to actual numbers
ARM	African Rainbow Minerals Limited
ARM BBEE Trust	ARM Broad-Based Economic Empowerment Trust
ARMI	African Rainbow Minerals & Exploration Investments (Pty) Limited
Assmang	Assmang Limited
Assore	Assore Limited
BEE	Black Economic Empowerment
BBBEE	Broad-Based Black Economic Empowerment
Btu – lb	British Thermal Unit per pound
C1 cost	Cash cost net of revenue from by-products
C2008	Calendar year starting 1 January 2008 ending 31 December 2008
C2009	Calendar year starting 1 January 2009 ending 31 December 2009
C2010	Calendar year starting 1 January 2010 ending 31 December 2010
C2011	Calendar year starting 1 January 2011 ending 31 December 2011
CO_2	Carbon dioxide
COM	Chamber of Mines
CPI	Consumer Price Index
CPIX	Consumer Price Index, excluding interest
CSA	Coal Supply Agreement
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
DEAT	Department of Environmental Affairs and Tourism
DME	Department of Minerals and Energy
DMR	Department of Mineral Resources
DoL	Department of Labour
DRC	Democratic Republic of the Congo
DTJV	Douglas Tavistock joint venture
DWAF	Department of Water Affairs and Forestry
DWEA	Department of Water and Environmental Affairs
e	The e referred to in tabulation and graphic analysis refers to estimated numbers
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation, amortisation, excluding exceptional items and income from associates
EIA	Environmental Impact Assessment
EMPR	Environmental Management Programme Report
F2013	Financial year starting 1 July 2012 ending 30 June 2013
F2012	Financial year starting 1 July 2011 ending 30 June 2012
F2011	Financial year starting 1 July 2010 ending 30 June 2011
F2010	Financial year starting 1 July 2009 ending 30 June 2010
F2009	Financial year starting 1 July 2008 ending 30 June 2009
F2008	Financial year starting 1 July 2007 ending 30 June 2008
FOB	Free on board
FOG	Fall of ground
FOR	Free on rail
FTSE	Financial Times and London Stock Exchange
GAR	Gross as received
GHG	Greenhouse gas
Goedgevonden/GGV	Goedgevonden Thermal Coal Mine
Harmony/Harmony Gold	Harmony Gold Mining Company Limited

HDSA	Historically Disadvantaged South African
HIV	Human immuno-deficiency virus
IAS	International Accounting Standards
IBC	Inside back cover
ICMM	International Council on Mining and Metals
IDP	Integrated Development Plan
IFRS	International Financial Reporting Standards
Impala Platinum/Implats	Impala Platinum Holdings Limited
IRS	Impala Refining Services Limited
JORC Code	Australian Institute of Mining and Metallurgy Joint Ore Reserves Committee Code
JSE	JSE Limited
JV	Joint venture
Kalplats AOI	Kalplats Area Of Influence
King II	King Report on Corporate Governance in South Africa 2002
King III	King Report on Governance for South Africa 2009 and the King Code of Governance Principles
LED	Local Economic Development
LoM	Life of mine
LTIFR	Lost Time Injury Frequency Rate – A rate expressed per 200 000 man hours for a work-related injury that results in the employee being unable to attend work at his/her place of work, performing his/her assigned duties on the next calendar day (whether a scheduled work day or not) after the day of injury. If the appointed medical professional advises that the injured person is unable to attend work on the next calendar day after the injury, regardless of the injured person's next rostered shift, a lost time injury is deemed to have occurred.
MHSA	Mine Health and Safety Act
Mining Charter	Broad-Based Socio-Economic Empowerment Charter signed in 2002
MMZ	Main Mineralised Zone
MPRDA	Minerals and Petroleum Resources Development Act
MSB	Massive Sulphide Body
Mt	Million tonnes
mtpa	Million tonnes per annum
NPI	Nickel Pig Iron
NUM	National Union of Mineworkers
NUMSA	National Union of Metal Workers
OHSA	Occupational Health and Safety Act
PCB	Participating Coal Business: Xstrata Coal South Africa coal operations, excluding Goedgevonden
PCMZ	Peridotite Chromotitic Mineralised Zone
PCR	Chromotitic Peridotite Resource
PGMs	Platinum Group Metals
PLA	Platinum Australia
RBCT	Richards Bay Coal Terminal
RIFR	Reportable Injury Frequency Rate
SAMREC Code	South African Code for Reporting Mineral Resources and Mineral Reserves
SARS	South African Revenue Service
SHE	Safety, Health and Environment Department
SLP	Social Labour Plans
SME	Small and Medium-sized Enterprise
SMME	Small, Medium and Micro Enterprise
STC	Secondary Tax on Companies
tCO_2	Tonnes of carbon dioxide
TFR	Transnet Freight Rail
UASA	United Association of South Africa
UG2	Upper group 2 – second level of three chrometite layers
Vale	Vale SA (formerly Companhia Vale do Rio Doce)
VCT	Voluntary counselling and testing
WHIMS	Wet High Intensity Magnetic Separation Plant
XCSA	Xstrata Coal South Africa
XSA	Xstrata South Africa
ZCCM-IH	Zambia Consolidated Copper Mines Investment Holdings plc

Notice of annual general meeting

AFRICAN RAINBOW MINERALS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1933/004580/06)
JSE share code: ARI
ADR ticker symbol: AFRBY
ISIN: ZAE000054045
("ARM" or "the Company")

Notice is hereby given that the 79th Annual General Meeting of shareholders of African Rainbow Minerals Limited will be held in the Oleander Room, Sandton Sun Hotel, corner Fifth and Alice Streets, Sandton on Friday, 7 December 2012 at 14:00, South African time to consider and, if deemed fit, approve with or without modification, the resolutions set out below.

The record date in accordance with Section 59(1)(a) of the Companies Act 71 of 2008 (as amended) (the "Companies Act") for shareholders to be eligible to receive the Notice of Annual General Meeting is Friday, 26 October 2012.

The record date in accordance with Section 59(1)(b) of the Companies Act on which shareholders must be recorded as such in the register maintained by the transfer secretaries of the Company for the purposes of being entitled to participate in and vote at the Annual General Meeting is Friday, 30 November 2012 ("voting record date"). The last day to trade in the Company's shares, in order to be recorded as a shareholder by the voting record date, is Friday, 23 November 2012.

Ordinary business

Acceptance of financial statements

Ordinary resolution number 1 is proposed to receive and consider the annual financial statements of the Company and the Group, for the most recent financial year which ended on 30 June 2012. The annual financial statements are included in the 2012 Integrated Annual Report.

Ordinary resolution number 1

1. "Resolved that the annual financial statements of the Company and the Group for the year ended 30 June 2012 including the Directors', Audit and Risk Committee and auditors' reports, be and are hereby received and accepted."

In order for this resolution to be approved, the support of a majority of votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Re-election of Directors

Ordinary resolutions numbers 2 – 6 are proposed to re-elect Directors who retire by rotation as Directors of the Company in accordance with the provisions of the Company's Articles of Association and who, being eligible, have made themselves available for re-election. The Directors' *curricula vitae* appear in the 2012 Integrated Annual Report on pages 150 and 151. The Board of Directors of the Company (the "Board") recommends the re-election of these Directors.

Ordinary resolution number 2 – Re-election of Mr P T Motsepe

2. "Resolved that Mr P T Motsepe, who retires by rotation in terms of the Company's Articles of Association and who is eligible and available for re-election, be and is hereby re-elected as a Director of the Company."

In order for this resolution to be approved, the support of a majority of votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Ordinary resolution number 3 – Re-election of Mr A D Botha

3. "Resolved that Mr A D Botha, who retires by rotation in terms of the Company's Articles of Association and who is eligible and available for re-election, be and is hereby re-elected as a Director of the Company."

In order for this resolution to be approved, the support of a majority of votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Ordinary resolution number 4 – Re-election of Mr J A Chissano

4. "Resolved that Mr J A Chissano, who retires by rotation in terms of the Company's Articles of Association and who is eligible and available for re-election, be and is hereby re-elected as a Director of the Company."

In order for this resolution to be approved, the support of a majority of votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Ordinary resolution number 5 – Re-election of Mr A K Maditsi

5. "Resolved that Mr A K Maditsi, who retires by rotation in terms of the Company's Articles of Association and who is eligible and available for re-election, be and is hereby re-elected as a Director of the Company."

In order for this resolution to be approved, the support of a majority of votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Ordinary resolution number 6 – Re-election of Mr A J Wilkens

6. "Resolved that Mr A J Wilkens, who retires by rotation in terms of the Company's Articles of Association and who is eligible and available for re-election, be and is hereby re-elected as a Director of the Company."

In order for this resolution to be approved, the support of a majority of votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Reappointment of external auditors and reappointment of designated auditor

Ordinary resolution number 7
– Re-appointment of external auditors and reappointment of designated auditor

Ordinary resolution number 7 is proposed to approve the re-appointment of Ernst & Young Inc. as the external auditors of the Company and to re-appoint Mr E A L Botha as the person designated to act on behalf of the external auditors for the financial year ending 30 June 2013 and remain in office until the conclusion of the next Annual General Meeting.

7. "Resolved that the re-appointment of Ernst & Young Inc. as the external auditors of the Company be and is hereby approved and that Mr E A L Botha be and is hereby re-appointed as the designated auditor for the financial year ending 30 June 2013 and who is to remain in office until the conclusion of the next Annual General Meeting."

In order for this resolution to be approved, the support of a majority of votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Election of Audit and Risk Committee members

Ordinary resolution number 8
– Election of Audit and Risk Committee members

Ordinary resolution number 8 is proposed to re-elect Audit and Risk Committee members in terms of Section 94(2) of the Companies Act and the King Report on Governance for South Africa 2009 ("King III") as more fully explained in Annexure number 1 on page 253. The *curricula vitae* of those Independent Non-executive Directors who have made themselves available for re-election as members of the Audit and Risk Committee are included on pages 150 and 151 of the 2012 Integrated Annual Report.

8. "Resolved that shareholders re-elect, each by way of a separate vote, the following Independent Non-executive Directors of the Company, as members of the Audit and Risk Committee, with effect from the end of this Annual General Meeting:
   - 8.1 Mr M W King (as Chairman)
   - 8.2 Dr M M M Bakane-Tuoane
   - 8.3 Mr T A Boardman
   - 8.4 Mr A D Botha*
   - 8.5 Mr A K Maditsi*
   - 8.6 Dr R V Simelane

* *Subject to his re-election as a Director pursuant to Ordinary Resolutions numbers 3 and 5 above, respectively.*

In order for this resolution to be approved, the support of a majority of votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Remuneration policy

Ordinary resolution number 9
– Endorsement of ARM's Remuneration policy

Ordinary resolution number 9 is proposed for the purpose set out in Annexure number 1 on page 253.

9. "Resolved that shareholders endorse, by way of a non-binding advisory vote, the Company's Remuneration Report, including the Remuneration policy, as set out in the 2012 Integrated Annual Report on pages 139 to 145."

In order for this resolution to be approved, the support of a majority of votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Social and Ethics Committee Report

Ordinary resolution number 10
– Social and Ethics Committee Report

Ordinary resolution number 11 is proposed in terms of Regulation 43(5)(c) of the Regulations promulgated in terms of the Companies Act, to report to shareholders on matters within the Company's Social and Ethics Committee mandate.

10. "Resolved that the Company's Social and Ethics Committee Report, as set out in the 2012 Integrated Annual Report on pages 146 to 147, be and is hereby received and accepted."

In order for this resolution to be approved, the support of a majority of votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Authorisation of Directors

Ordinary resolution number 11 is proposed to authorise Executive Directors to implement the resolutions adopted by shareholders.

Ordinary resolution number 11

11. "Resolved that, subject to the passing of the above ordinary resolutions and the special resolutions below, any one Executive Director of the Company be and is hereby authorised to do, or cause to be done, all such things and sign, or cause to be signed, all such documents and take all such actions considered necessary to implement the resolutions set out in this Notice of Annual General Meeting should they be approved."

In order for this resolution to be approved, the support of a majority of votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Special business

To consider and, if deemed fit, approve the following special resolutions with or without modification:

Remuneration of Non-executive Directors

Special resolutions numbers 1 – 4 are proposed to ensure that Non-executive Directors' fees attract and retain Non-executive Directors.

Special resolution number 1 – Increase in annual retainer fees

12. "Resolved that with effect from 1 July 2012, the annual retainer fees for Non-executive Directors be increased by 6% per annum (rounded to the nearest R50) from R317 800 to R336 850 per annum for Independent Non-executive Directors and from R254 250 to R269 500 per annum for Non-executive Directors."

In order for this resolution to be approved, the support of at least 75% of the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Special resolution number 2 – Increase in the Board meeting attendance fees

13. "Resolved that with effect from 1 July 2012, the per Board meeting attendance fees for Non-executive Directors be increased by 6% per annum (rounded to the nearest R50) from R15 300 to R16 200 per meeting."

In order for this resolution to be approved, the support of at least 75% of the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Special resolution number 3 – Increase in the Committee meeting attendance fees

14. "Resolved that with effect from 1 July 2012, the per Committee meeting attendance fees for Non-executive Directors be increased as follows:

	2012/13 per Meeting Fees (Rand)*	2011/12 per Meeting Fees (Rand)**
Audit and Risk Committee		
Chairman	**84 200**	79 450
Member	**33 700**	31 800
Investment Committee, Nomination Committee, Remuneration Committee and Social and Ethics Committee		
Chairman	**33 000**	30 000
Member	**22 000**	20 000

* *Effective 1 July 2012, should the increase be approved by shareholders at the Annual General Meeting.*
** *Effective 1 July 2011.*

In order for this resolution to be approved, the support of at least 75% of the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Special resolution number 4 – Increase in the fee for the Lead Independent Non-executive Director

15. "Resolved that with effect from 1 July 2012, the fee for the Lead Independent Non-executive Director to chair quarterly *in camera* meetings of Non-executive Directors be increased by 12% per annum (rounded to the nearest R50), from R19 050 to R21 350 per meeting."

In order for this resolution to be approved, the support of at least 75% of the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Adoption of a new Memorandum of Incorporation

Special resolution number 5 – Adoption of a new Memorandum of Incorporation

The purpose of this resolution is to adopt a new Memorandum of Incorporation that is in line with the provisions of the Companies Act and the Listings Requirements of JSE Limited ("the JSE") as more fully explained in Annexure number 2 on page 254.

If a company does not harmonise its existing memorandum and articles of association with the provisions of the new Companies Act by 1 May 2013, any provision in the memorandum and articles of association that is inconsistent with the Companies Act shall be void and unenforceable. In addition, the JSE requires listed companies to harmonise their memoranda and articles of association with the provisions of the Companies Act by 1 May 2013.

16. "Resolved that the Company's existing Memorandum and Articles of Association be and are hereby cancelled in their entirety and that in place thereof the Company adopts the new Memorandum of Incorporation, a copy of which has been labelled for identification purposes and tabled at this Annual General Meeting.

A copy of the proposed new Memorandum of Incorporation will be available on the Company's website and copies will also be available for inspection at the Company's registered office from the date of issue of the 2012 Integrated Annual Report, of which the Notice of Annual General Meeting forms part, up to and including the date of the Annual General Meeting.

In order for this resolution to be approved, the support of at least 75% of the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Voting and proxies

In terms of Section 63(1) of the Companies Act, any person attending or participating in the Annual General Meeting must present reasonably satisfactory identification and the person presiding at the Annual General Meeting must be reasonably satisfied that the right of any person to participate in and vote whether as a shareholder or as a proxy for a shareholder has been reasonably verified. Acceptable forms of identification include valid identity documents, drivers' licences or passports.

In terms of Section 63(5) of the Companies Act, if voting is by show of hands, every person who is present at the Annual General Meeting, whether as a shareholder or as a proxy for a shareholder shall have one vote, irrespective of the number of shares held by such shareholder.

In terms of Section 63(6) of the Companies Act, if voting is by polling, every person who is present at the Annual General Meeting, whether as a shareholder or as a proxy for a shareholder shall have one vote for every share held by such shareholder.

Electronic participation by shareholders

Should any shareholder (or any proxy for a shareholder) wish to participate in the Annual General Meeting by way of electronic participation, that shareholder (or its proxy) should make application in writing, including details as to how the shareholder (or its proxy) can be contacted, to so participate to the transfer secretaries, at their address below, to be received by the transfer secretaries at least 5 business days prior to the Annual General Meeting in order for the transfer secretaries to arrange for the shareholder (or its proxy) to provide reasonably satisfactory identification to the transfer secretaries for the purposes of Section 63(1) of the Companies Act and for the transfer secretaries to provide the shareholder (or its proxy) with details as to how to access any electronic participation to be provided. The Company reserves the right to elect not to provide for electronic participation at the Annual General Meeting in the event that it determines that it is not practical to do so. The costs of accessing any means of electronic participation provided by the Company will be borne by the Company.

Certificated shareholders/dematerialised shareholders with own name registrations

Shareholders who have not dematerialised their shares with own name registrations ("Entitled Shareholders") may appoint one or more proxies to attend, speak and vote or abstain from voting in such shareholders' stead. The person so appointed need not be a shareholder of the Company. A form of proxy is attached for the use of those Entitled Shareholders who wish to be represented. Such Entitled Shareholders should complete the attached form of proxy in accordance with the instructions contained therein and deposit it at the transfer secretaries, Computershare Investor Services (Pty) Ltd, 7th Floor, 70 Marshall Street, Johannesburg 2001, South Africa (or posted to PO Box 61051, Marshalltown 2107, South Africa) (or faxed to the Proxy Department Fax +27 11 688 5238) (or emailed to Proxy@computershare.co.za).

Dematerialised shareholders

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

By order of the Board

A N D'Oyley (Ms)
Company Secretary

17 October 2012

Annexure number 1:

Explanatory Note relating to Ordinary resolution number 8: Election of Audit and Risk Committee members

Ordinary resolution number 8 is proposed to provide for the election of Audit and Risk Committee members.

Section 94(2) of the Companies Act and Chapter 3 of the King Report on Governance for South Africa 2009 and the King Code of Governance Principles (collectively, King III) require the shareholders of a public company to elect the members of an audit committee at each annual general meeting. In accordance therewith the Nomination Committee should present shareholders with suitable candidates for election as audit committee members. The members of the Nomination Committee satisfied themselves that, *inter alia*, the Independent Non-executive Directors offering themselves for election as members of the Audit and Risk Committee:

- are Independent Non-executive Directors as contemplated in King lll and the JSE Listings Requirements;
- are suitably qualified and experienced for audit committee membership (see the Report of the Audit and Risk Committee which appears on pages 156 and 157 of the 2012 Integrated Annual Report);
- have an understanding of integrated annual reporting (including financial reporting), internal financial controls, external and internal audit processes, risk management, sustainability issues and the governance process (including information technology governance) within the Company;
- collectively possess skills which are appropriate to the Company's size and circumstance, as well as its industry;
- have an understanding of International Financial Reporting Standards, South African Statements of Generally Accepted Accounting Practice and other financial and sustainability reporting standards, regulations and guidelines applicable to the Company; and
- adequately keep up to date with key developments affecting their required skills.

The Nomination Committee members recommended that the Board recommend the election of the existing Audit Committee members to shareholders.

For further details regarding the performance of the Audit and Risk Committee during the period under review, please refer to the Report of the Audit and Risk Committee which appears on pages 156 and 157 of the 2012 Integrated Annual Report.

Explanatory Note relating to Ordinary resolution number 9: Non-binding advisory vote

Ordinary resolution number 9 is proposed to provide for a non-binding advisory vote on the Company's Remuneration policy.

Chapter 2 of King III, which deals with "Boards and directors", requires a company to table at its annual general meetings its Remuneration policy for approval by shareholders of the company by a non-binding advisory vote. This enables shareholders to express their views on a company's remuneration policy and on its implementation.

The Company's Remuneration report may be found on pages 139 to 145 of the 2012 Integrated Annual Report. The Remuneration report includes, *inter alia*, the Company's Remuneration policy, details of the members of the Remuneration Committee and describes the remuneration arrangements in place for the Executive Directors and Independent Non-executive Directors.

Ordinary resolution number 9 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing arrangements. However, the Board will take the outcome of the vote into consideration when considering the Company's Remuneration policy.

Annexure number 2:

Explanatory Note relating to Special resolution number 5 and Salient Features of the new Memorandum of Incorporation of the Company

As explained below the Company wishes to adopt a new Memorandum of Incorporation ("MOI"). The proposed new MOI has been approved by the Board and the JSE, and the Board recommends that shareholders vote in favour of the resolution for the adoption of the new MOI.

The Companies Act came into effect on 1 May 2011. In terms of the Transitional Arrangements set out in Schedule 5 to the Companies Act companies were given a two-year period until 30 April 2013 to bring their constitutional documents (*i.e.* memorandum and articles of association) in harmony with the Companies Act. During this two-year period, if there is a conflict between a provision of the Companies Act and a provision of a company's pre-existing memorandum and articles of association, the provision of the company's memorandum and articles of association prevails. After this two-year period any provision of the memorandum and articles of association that is inconsistent with the provisions of the Companies Act, shall be void and unenforceable to the extent of the inconsistency. Accordingly, the Company wishes to adopt a new MOI which is consistent with the Companies Act.

The approach that was followed in drafting the MOI was to keep the MOI simple and let the provisions of the Companies Act govern the Company's affairs, save for those specific instances where there was a need to alter an alterable provision of the Companies Act, or where an alteration was required by the JSE Listings Requirements. The Company believes that it is unnecessary and undesirable to repeat in the MOI the provisions of the Companies Act that would apply to a company unless the provision is intended to alter an alterable provision or impose a higher standard than an unalterable provision imposes.

The MOI provides that the model MOI in the Companies Act will not apply to the Company and that the Company is a public company. Accordingly the Company is not prohibited from offering its securities to the public and the transfer of the Company's securities is unrestricted save as set out in the MOI.

The first part of the MOI (paragraph 3) deals with general matters and provides, inter alia, that the powers of the Company are not restricted and that the Board shall not have the power to make, amend or repeal any necessary or incidental rules relating to the governance of the Company, as required by the JSE Listings Requirements. The MOI also provides for the authority of the Board to authorise the Company to provide direct or indirect financial assistance to any person contemplated in Section 45 of the Companies Act and that the solvency and liquidity test set out in Section 4 of the Companies Act apply without amendment.

Paragraph 4 of the MOI deals with the securities of the Company and provides that all securities of each class rank pari passu in all respects. The MOI deals with the authorisation of shares and with the restriction on the issue of shares in line with the provisions of the Companies Act and the JSE Listings Requirements. In addition, the MOI sets out the instances where shareholders, by special resolution, must approve certain amendments to the Company's share capital.

In regard to financial assistance for the subscription or purchase of shares, capitalisation shares, share buy-backs and debt instruments, the MOI does not limit, restrict or qualify the authority of the Board to take those actions, subject to compliance with the requirements of the Companies Act. This part of the MOI concludes with various matters relating to the registration of beneficial interests, commission, authority to sign transfer deeds and limitation of voting rights, all in accordance with the provisions of the JSE Listings Requirements.

Paragraph 5 of the MOI deals, inter alia, with shareholder voting rights, and in this regard proxy forms and shareholders' entitlement to appoint proxies.

Paragraph 6 of the MOI deals with shareholders' meetings and provides that the chairman of the Board shall chair all shareholders' meetings. This paragraph also deals with the convening of shareholders' meetings, shareholders' rights to requisition meetings, the location of shareholders' meetings, notice of shareholders' meetings, all in accordance with the Companies Act and the JSE Listings Requirements. This paragraph also provides for shareholders' meetings to be conducted by electronic communication. The paragraph also deals with the quorum for shareholders' meetings which is as provided for in the Companies Act and the JSE Listings Requirements and it also deals with the adjournment of shareholders' meetings and the approval of shareholders' resolutions in respect of which the normal percentages set out in the Companies Act and the JSE Listings Requirements apply.

Paragraph 7 of the MOI deals with the composition of the Board and specifies four as the minimum number of Directors as prescribed by the JSE Listings Requirements in substitution for the minimum number of Directors required in terms of Section 66(2) of the Companies Act, which is three Directors. This paragraph also deals with the election and appointment of Directors and specifically provides for a direct appointment right by the chairman of the Board, subject to the written approval of the majority of the Directors, provided that such appointment must be approved by the shareholders at the next shareholders' meeting or Annual General Meeting. Paragraph 7 deals with the qualification and eligibility requirements in respect of Directors and also deals with the retirement of the Non-executive Directors by rotation in accordance with the provisions of the JSE Listings Requirements. The paragraph also deals with vacancies on the Board and with the authority of the Board and its powers to fill those vacancies on a temporary basis. In addition this paragraph deals with Directors' meetings, Directors' compensation and financial assistance to Directors and the indemnification by the Company of Directors, officers and employees of the Company as well as the authority of the Board to appoint committees.

The general provisions of the MOI contained in paragraph 8 of the MOI deal with the amendment of class, preferences, rights, limitations or other terms in respect of shares. Finally, the MOI deals with unclaimed dividends by providing that the Company will hold all monies due to shareholders for the benefit of such shareholders, provided that the Board may cause any monies unclaimed for a period of three years from the due date for payment to be forfeited for the benefit of the Company.

Schedule 1 to the MOI sets out the authorised shares of the Company and also sets out the preferences, rights, limitations and other terms applicable to the ordinary shares.

This summary of the MOI is not exhaustive and a copy of the proposed new MOI will be available on the Company's website **www.arm.co.za** and copies will also be available for inspection at the Company's registered office from the date of issue of the 2012 Integrated Annual Report, of which the notice of Annual General Meeting forms part, up to and including the date of the Annual General Meeting.

Form of proxy

AFRICAN RAINBOW MINERALS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1933/004580/06)
JSE share code: ARI ISIN: ZAE000054045
("ARM" or "the Company")

A shareholder is entitled to appoint one or more proxies (none of whom need to be a shareholder of ARM) to attend, speak and vote or abstain from voting in the place of that shareholder at the Annual General Meeting.
Shareholders who have dematerialised their shares (other than those with own name registrations) should provide their Central Securities Depository Participant ("CSDP") or broker with their voting instructions in terms of the custody agreement entered into with their relevant CSDP or broker. Should such shareholders wish to attend the Annual General Meeting of the Company, they should inform their CSDP or broker timeously and request their CSDP or broker to issue them with the necessary letter of representation to attend and vote their ARM shares.

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

If you are unable to attend the 79th Annual General Meeting of shareholders of African Rainbow Minerals Limited convened for Friday, 7 December 2012 at 14:00, South African time, but wish to be represented thereat you should complete and return this form of proxy as soon as possible, but in any event to be received by not later than 14:00, South African time, on Wednesday, 5 December 2012.

I/We ____________________ (name in block letters)

of ____________________ (address)

being the holder of ____________________ shares in the issued share capital of

the Company, do hereby appoint

____________________ or failing him/her,

____________________ or failing him/her,

the Executive Chairman of the Board of Directors, or failing him/her the Chairman of the meeting, as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 14:00, South African time, on Friday, 7 December 2012 and at any adjournment thereof and in particular in respect of the following resolutions:

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

Ordinary Business	For	Against	Abstain
1. Ordinary Resolution number 1: To receive and accept the annual financial statements for the Company and the Group for the year ended 30 June 2012 and the Directors' and auditors' reports thereon.			
2. Ordinary Resolution number 2: To re-elect Mr P T Motsepe as a Director.			
3. Ordinary Resolution number 3: To re-elect Mr A D Botha as a Director.			
4. Ordinary Resolution number 4: To re-elect Mr J A Chissano as a Director.			
5. Ordinary Resolution number 5: To re-elect Mr A K Maditsi as a Director.			
6. Ordinary Resolution number 6: To re-elect Mr A J Wilkens as a Director.			
7. Ordinary Resolution number 7: To re-appoint Ernst & Young Inc. as external auditors and to re-appoint Mr E A L Botha as the person designated to act on behalf of the external auditors.			
8. Ordinary Resolution number 8: To individually elect the following Independent Non-executive Directors as members of the ARM Audit and Risk Committee:			
8.1 Mr M W King (as Chairman)			
8.2 Dr M M M Bakane-Tuoane			
8.3 Mr T A Boardman			
8.4 Mr A D Botha			
8.5 Mr A K Maditsi			
8.6 Dr R V Simelane			
9. Ordinary Resolution number 9: To endorse the Company's Remuneration Report, which includes the Remuneration policy.			
10. Ordinary Resolution number 10: To receive and accept the Company's Social and Ethics Committee Report.			
11. Ordinary Resolution number 11: That subject to the passing of the above ordinary resolutions and the special resolutions below, any one Executive Director of the Company be and is hereby authorised to do, or cause to be done, all such things and sign, or cause to be signed, all such documents and take all such action as considered necessary to implement the resolutions set out in this Notice of Annual General Meeting.			
Special Business			
12. Special Resolution number 1: With effect from 1 July 2012, the annual retainer fees of Non-executive Directors be increased by 6% per annum.			
13. Special Resolution number 2: With effect from 1 July 2012, the per Board meeting attendance fees of Non-executive Directors be increased by 6% per annum.			
14. Special Resolution number 3: With effect from 1 July 2012, the per Committee meeting attendance fees of Non-executive Directors and Committee members be increased as outlined on page 251 of the Notice of Annual General Meeting.			
15. Special Resolution number 4: With effect from 1 July 2012, the per meeting fee for the Lead Independent Non-executive Director to chair Non-executive Directors' Meetings be increased by 12%.			
16. Special Resolution number 5: To authorise the Directors to cause the Company to cancel the Company's existing Memorandum and Articles of Association in their entirety and in place thereof to adopt the new Memorandum of Incorporation.			

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

Signed at ____________________ on ____________________ 2012

Signature ____________________

Assisted by me (where applicable) ____________________

Please see notes overleaf ➤

Notes to the proxy

Instructions on signing and lodging the form of proxy

Please read the notes below:

1. The completion and lodging of this form of proxy will not preclude the Entitled Shareholder who grants this proxy from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should he or she wish to do so.
2. Every shareholder present in person or represented by proxy and entitled to vote shall, on a show of hands, have only one vote and upon a poll every shareholder shall have a vote for every ordinary share held.
3. You may insert the name of any person(s) whom you wish to appoint as your proxy in the blank space(s) provided for that purpose. The person whose name appears first on the form of proxy and who is present at this meeting will be entitled to act as a proxy to the exclusion of those whose names follow.
4. When there are joint holders of shares, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders for which purpose seniority will be determined by the order in which the names stand in the register of members in respect of the joint holding. Only that holder whose name appears first in the register need sign this form of proxy.
5. If the form of proxy is signed under the authority of a power of attorney or on behalf of a company or any other juristic person, then it must be accompanied by such power of attorney or a certified copy of the relevant enabling resolution or other authority of such company or other juristic person, unless proof of such authority has been recorded by the Company.
6. If the Entitled Shareholder does not indicate in the appropriate place on the face hereof how he or she wishes to vote in respect of a resolution, his or her proxy shall be entitled to vote as he or she deems fit in respect of that resolution.
7. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alteration must be signed, not initialled.
8. The Chairman of the meeting may, in his or her absolute discretion, reject any form of proxy which is completed other than in accordance with these instructions.
9. Forms of proxy, powers of attorney or any other authority appointing a proxy shall be deposited at the transfer secretaries, Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg 2001, South Africa (or posted to PO Box 61051, Marshalltown 2107, South Africa) (or faxed to the Proxy Department +27 11 688 5238) (or emailed to Proxy@computershare.co.za) so as to be received not later than 14:00, South African time, on Wednesday, 5 December 2012 (in respect of the meeting) or 48 hours, excluding Saturdays, Sundays and public holidays, before the time appointed for holding of any adjourned meeting.
10. No form of proxy shall be valid after the Annual General Meeting or any adjournment thereof, as the case may be.

Contact details

African Rainbow Minerals Limited
Registration number: 1933/004580/06
Incorporated in the Republic of South Africa
JSE share code: ARI
ADR ticker symbol: AFRBY
ISIN: ZAE 000054045

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Sandton
2196

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Telephone: +27 11 779 1300
Fax: +27 11 779 1312
E-mail: ir.admin@arm.co.za
Website: http://www.arm.co.za

Company Secretary
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Investor relations
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Investor relations continued
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Ursula Anyamene
Investor Relations Administrator
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Auditors
External auditors
Ernst & Young Inc.
Internal auditors
KPMG

Bankers
ABSA Bank Limited
FirstRand Bank Limited
The Standard Bank of South Africa Limited
Nedbank Limited

Sponsors
Deutsche Securities SA (Pty) Ltd

Transfer secretaries
Computershare Investor Services (Pty) Ltd
Ground Floor, 70 Marshall Street
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PO Box 61051, Marshalltown, 2107

Telephone: +27 11 370 5000
Fax: +27 11 688 5222
E-mail: web.queries@computershare.co.za
Website: http//www.computershare.co.za

Directors

P T Motsepe (Executive Chairman)
M P Schmidt (Chief Executive Officer)
F Abbott*
M Arnold
Dr M M M Bakane-Tuoane*
T A Boardman*
A D Botha*
J A Chissano (Mozambican)*
W M Gule
M W King*
A K Maditsi*
Dr R V Simelane*
Z B Swanepoel*
A J Wilkens

** Independent Non-executive*

Forward looking statements

Certain statements in this report constitute forward-looking statements that are neither reported financial results nor other historical information. They include but are not limited to statements that are predictions of or indicate future earnings, savings, synergies, events, trends, plans or objectives. Such forward-looking statements may or may not take into account and may or may not be affected by known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from the future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other important factors include among others: economic, business and political conditions in South Africa; decreases in the market price of commodities; hazards associated with underground and surface mining; labour disruptions; changes in government regulations, particularly environmental regulations; changes in exchange rates; currency devaluations; inflation and other macro-economic factors; and the impact of the HIV & Aids crisis in South Africa. These forward-looking statements speak only as of the date of publication of these pages. The Company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of publication of these pages or to reflect the occurrence of unanticipated events.

STUDIO 5