African Rainbow Minerals

2013 INTEGRATED ANNUAL REPORT

We do it better

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ABOUT THIS REPORT

This is the fourth **Integrated Annual Report** produced by African Rainbow Minerals Limited (ARM or the Company). The report details the Company's **strategy, challenges and prospects**, and reviews ARM's **performance against its financial, operational and sustainability objectives** for the financial year ended 30 June 2013 (F2013). The ARM Board of Directors (the Board) approved the financial and non-financial information contained in this report on 16 October 2013.

ARM is committed to meaningful and transparent reporting to its various stakeholders who include amongst others shareholders, potential investors, employees, communities surrounding our mining operations, the governments of the countries we operate in and the regulators that govern the mining industry. We aim to provide the information necessary for our stakeholders to properly assess our Company performance against our stated objectives.

We have responded to the relevant statutory frameworks in preparing this report. These include but are not limited to, the Companies Act 71 of 2008 (as amended), the King Report on Corporate Governance for South Africa 2009 and the King Code of Governance Principles (collectively, King III), the JSE Listings Requirements, as well as all legislation, regulations and codes of practice applicable to the South African mining sector and the countries in which we operate.

For ease of reference and comparability, the structure and content of this Integrated Annual Report has been kept consistent with the 2012 Integrated Annual Report. Where relevant, comparable information for periods extending beyond the preceding financial year have been provided.

The Corporate Summary included on pages 2 and 3 details ARM's ownership of each operation as well as the location of all the operations. The Sakura Ferroalloys Project which is discussed in detail in the ARM Ferrous operational review is the only new addition to the Corporate Summary. Since the year-end ARM exited the Kalumines Project in the Democratic Republic of Congo.

The management reviews on pages 4 to 25 provide reports from the Executive Chairman, the Chief Executive Officer and the Financial Director on the mining environment and ARM's performance during the year under review relative to the Company strategy. The Company's material issues and future prospects are also discussed in these reviews. The operational reviews included on pages 52 to 101 provide further detail on the operational, financial and sustainability performance and prospects for each operation.

The Sustainability review on pages 32 to 51 of this report is an abridged version of the comprehensive stand-alone 2013 Sustainability Report which supplements the Integrated Annual Report. An electronic version of the Sustainability Report has been published on our corporate website (**www.arm.co.za**) and printed copies are available on request from the ARM Investor Relations Department. (Contact details for our Investor Relations Department are provided on the inside back cover of this report.) The opinion of the external assurance provider on the non-financial information included in this report can be found in the stand-alone Sustainability Report.

In line with the reporting recommendations of King III we continue to strive towards a progressively more integrated approach to reporting. The comprehensive checklist detailing our application of the King III principles, including details on our approach to integrated reporting, combined assurance, stakeholder engagement and risk management is included in the Corporate Governance report on pages 124 to 125 of this report. The checklist has also been added to our corporate website. A comprehensive Risk report detailing our approach to managing the risks, opportunities and challenges faced by the Company has been added to the Corporate Governance report this year. Also added to the Corporate Governance report is an Information Management/Technology Governance report.

The financial information in this report has been prepared according to International Financial Reporting Standards (IFRS) and the opinion of the independent auditors on the financial information included in this report can be found on page 172.

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

ARM is pleased to once again be ranked in the excellent category in the Ernst & Young Excellence in Integrated Reporting Awards 2013 for our 2012 Integrated Annual Report. These awards are a survey of integrated reports from South Africa's top 100 companies and top 10 state-owned companies.

In the interest of continuous improvement and fulfilling the information and engagement needs of our stakeholders, we welcome any feedback on the content and format of our reports. Please direct any feedback to the Investor Relations Department.

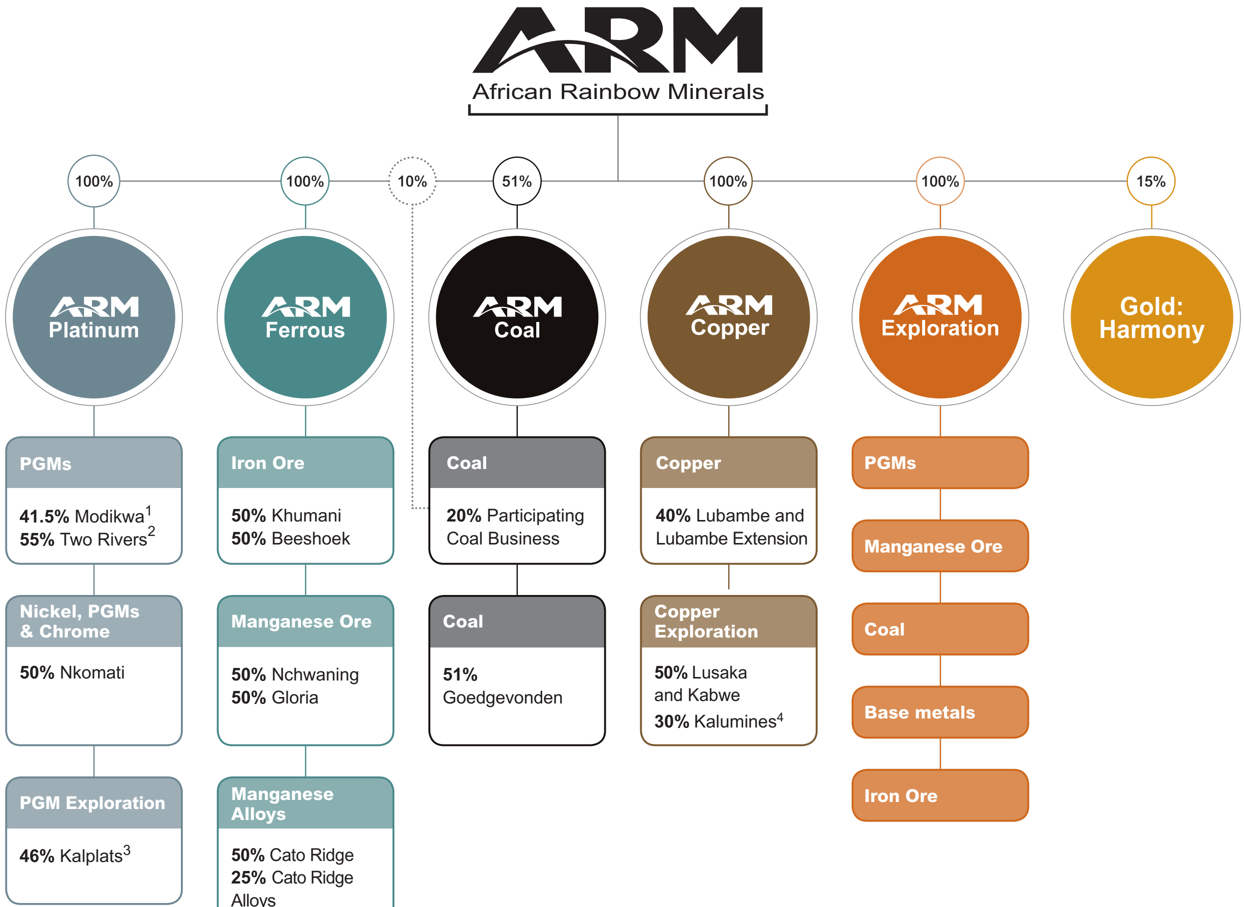
Corporate summary

African Rainbow Minerals (ARM) is a **leading South African diversified mining and minerals company** with long-life, low unit cost operations.

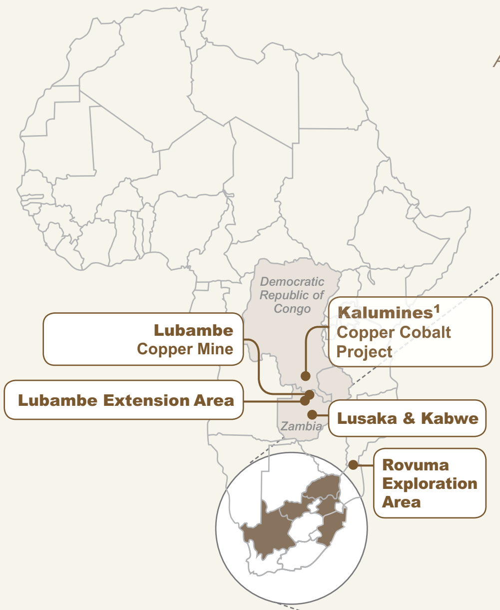
ARM mines and beneficiates iron ore, manganese ore and alloys, chrome ore and alloys, platinum group metals, copper, nickel and coal. ARM also has an investment in gold through its shareholding in Harmony.

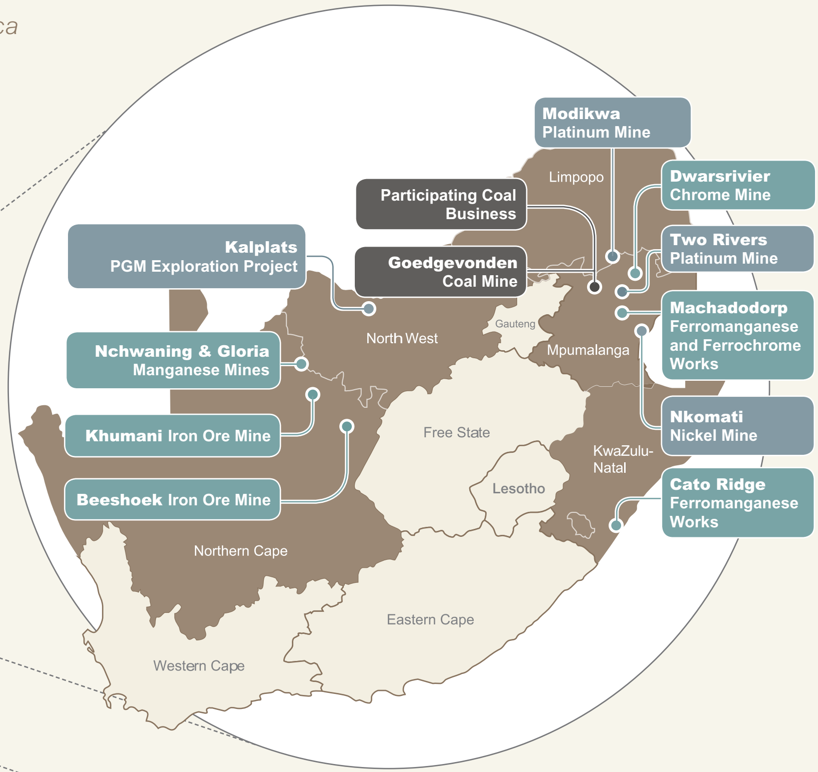
		F2013	F2012	% change
Headline earnings	Rm	**3 737**	3 451	8
EBITDA margin	%	**36**	37	
EBITDA	Rm	**7 230**	6 531	11

Total attributable capital expenditure	R3.5 billion
Total labour as at 30 June 2013 (including contractors)	24 716 (excluding ARM Coal)

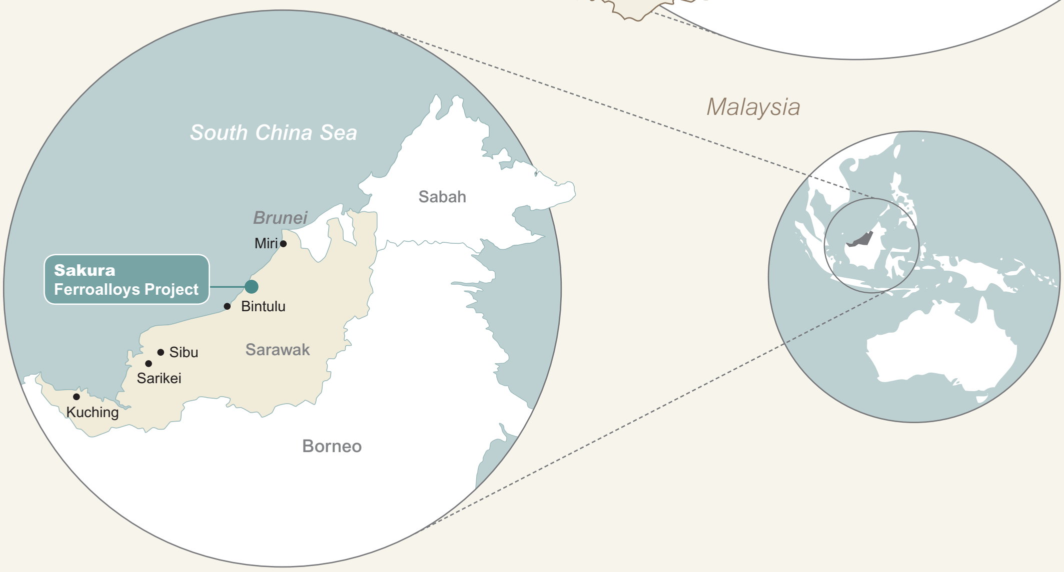


1. ARM's effective interest in Modikwa Mine is 41.5%, local communities hold 8.5% of Modikwa Mine.
2. ARM's shareholding in Two Rivers will reduce to 51% once the transfer of Kalkfontein portions 4, 5 and 6 and Tweefontein prospecting rights has been effected.
3. Platinum Australia submitted a revised feasibility study during the year thereby completing Phase II of the exploration programme and earning 44% participation in the Kalplats Project.
4. The Vale/ARM joint venture implemented the decision to exit the Kalumines Project after the 2013 financial year-end.

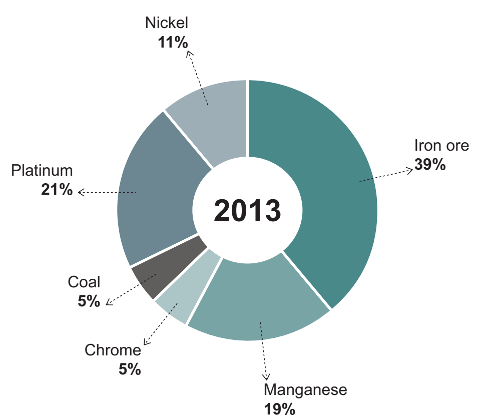




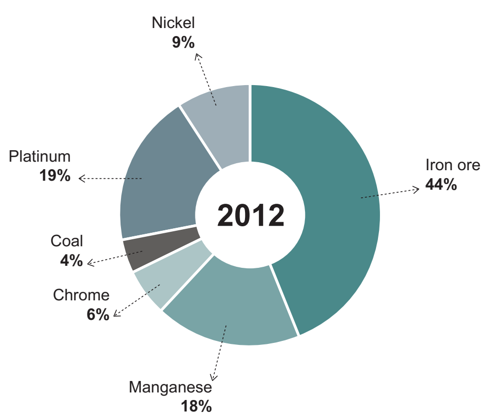
[1] The Vale/ARM joint venture implemented the decision to exit the Kalumines Project after the 2013 year-end.



ARM F2013 sales split



ARM F2012 sales split



Executive chairman's report

In the 2013 financial year (F2013) ARM increased headline earnings by 8% to R3.74 billion. The increase in earnings was mainly as a result of improved performances at the Nkomati Nickel Mine, the platinum mines as well as the Goedgevonden Coal Mine and was achieved despite the continuing decline in US Dollar commodity prices.

The lower commodity prices have put pressure on earnings for mining companies globally. The South Africa mining industry was in addition negatively impacted by increased labour unrest. Despite this challenging environment, ARM delivered increased volumes and strong operational performances particularly at the Nkomati and Khumani mines. There were also increased volumes and an improvement in operational performance at the Goedgevonden Coal Mine.

ARM continued to make progress with its growth strategy in 2013. We successfully ramped up the Khumani Mine Expansion Project and the Nkomati Mine Large Scale Expansion Project as part of our continued focus on quality growth within our portfolio of assets.

Our organic growth, together with our improved operational efficiencies, resulted in most operations being positioned below the 50th percentile of each commodity's global unit cost curve.

We continue to assess acquisition and exploration opportunities that will enable us to add quality, long-life, low unit cost ore bodies or operations to our portfolio.

Beyond creating value for our shareholders and our culture of operational excellence, we remain committed to making a meaningful contribution to the economies of the countries, regions and communities where we operate.

We are pleased that the Company was able to increase its dividend per share by 7% in line with the growth in earnings.

Solid operational performance

ARM's financial results were good despite increased market uncertainty and volatility throughout the year. This was achieved as a result of ARM's quality growth strategy which has seen the successful delivery of our growth projects, together with a consistent focus on improving efficiencies, lowering costs and maintaining or increasing margins at most of our operations. The 13.6% weakening of the Rand against the US Dollar was also a major contributor to the increased earnings.

Increases in sales volumes on a 100% basis were as follows:

- 71% increase in nickel sales from 12.6 thousand tonnes to 21.6 thousand tonnes;
- 9% increase in iron ore sales from 14.8 million tonnes to 16.1 million tonnes;
- 22% increase in the Goedgevonden Coal Mine Eskom coal sales from 3.7 million tonnes to 4.5 million tonnes;
- 11% increase in Goedgevonden Coal Mine export coal sales from 3.1 million tonnes to 3.4 million tonnes;
- 6% increase in export coal sales at the Participating Coal Business (PCB) from 9.3 million tonnes to 9.8 million tonnes; and
- 102% increase in the Dwarsrivier Mine chrome ore sales from 521 thousand tonnes to 1.05 million tonnes, as a result of more

Training of employees at Khumani Iron Ore Mine

ore becoming available for external sales due to the stoppage of ferrochrome production.

Operational efficiencies

Managing and reducing costs in the currently challenging commodity price environment continues to be a core focus. Margins have come under pressure as a result of lower US Dollar commodity prices and above inflation cost escalations for certain key mining costs which include labour, electricity, diesel and consumables.

ARM's target is for all its operations to be positioned below the 50th percentile of each commodity's respective global unit cost curve. ARM has to date managed to achieve this target for all its operations, except the Dwarsrivier Mine, Lubambe Mine and the ferromanganese smelters.

The Lubambe Mine is currently in ramp-up and is expected to be positioned close to the 50th percentile when it reaches steady state production in 2015, while the Dwarsrivier Mine is under review. We, together with our partners, Assore, continue to assess the profitability of the South African ferromanganese smelters, in order to find the optimal production mix between Cato Ridge and Machadodorp Works.

ARM controlled costs well during the year and achieved a reduction in the unit cash cost net of by-products of 42% at the Nkomati Mine. There was also a reduction in unit production cost at Goedgevonden Coal Mine.

At the Modikwa, Dwarsrivier and PCB operations, unit cost increases were contained to between 2% and 7%.

Unit production cost increases at the manganese ore operations were higher than inflation mainly as a result of the increased labour complement; as additional people were employed to improve mining flexibility and to access additional ore reserves. On-mine unit costs at the Khumani Mine increased by 25% due to additional waste stripping as well as a reduction in the capitalisation of costs compared to the previous year.

Delivering on our growth projects

We maintained our focus on delivering ARM's growth projects and have successfully ramped up three of the four growth projects.

After completing the expansion of Khumani Mine one year ahead of schedule and well below budget, additional work is underway to further optimise the mine. The Wet High Intensity Magnetic Separation (WHIMS) Plant, which improves recoveries and optimises the life of the mine, was commissioned within budget and ahead of schedule.

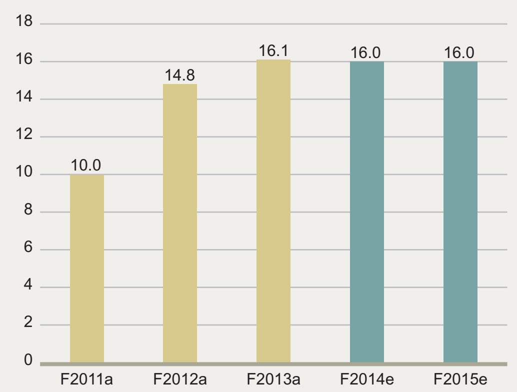
Nkomati Mine achieved a major turnaround with nickel production increasing by 66% to 23 220 tonnes. This is 13% higher than the steady state production of 20 500 tonnes per annum. Production exceeded steady state as a result of higher tonnes milled together with improved grades and efficiencies as the operation achieved full ramp-up.

Goedgevonden Coal also reached and exceeded its design capacity. The mine which was commissioned to produce 6.7 million tonnes saleable product per annum, produced 8.2 million tonnes in the year under review. The mine achieved a 14% decrease in its on-mine unit production costs as a result of the increase in production.

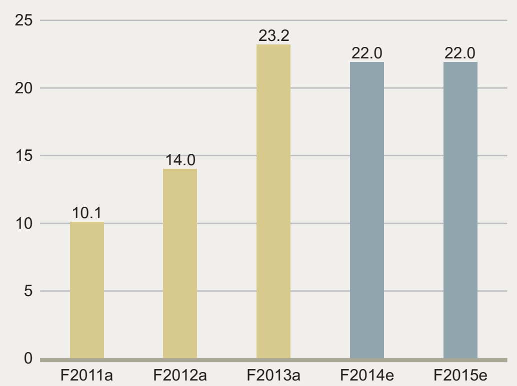
The Lubambe Copper Mine in Zambia commissioned its concentrator plant in October 2012, two months ahead of schedule. Challenges have been experienced with the copper concentrate deliveries not being within the specifications of the Mopani off-take agreement. This matter is being addressed. On-going concentrate production is being treated at other smelters in Zambia.

The ramp-up of the mine remains on track to achieve steady state production of 45 000 tonnes of copper per annum by F2015.

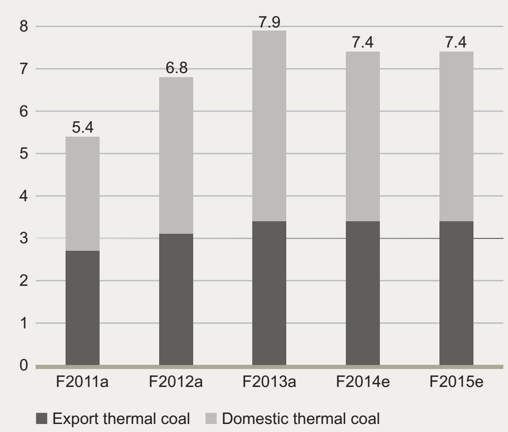
Iron ore sales volumes
(million tonnes)



Nkomati Nickel Mine production volumes
(000 tonnes)

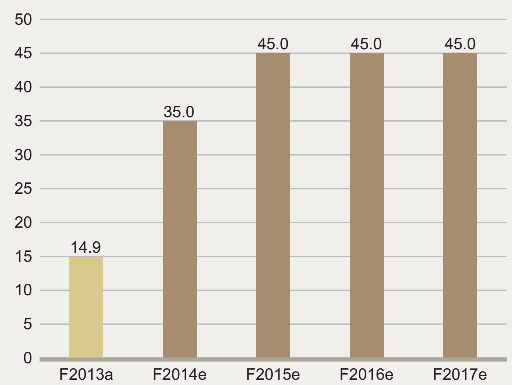


Goedgevonden Coal Mine sales volumes
(million tonnes)




Tip construction at Lubambe Copper Mine

Lubambe Copper Mine production volumes
(000 tonnes)

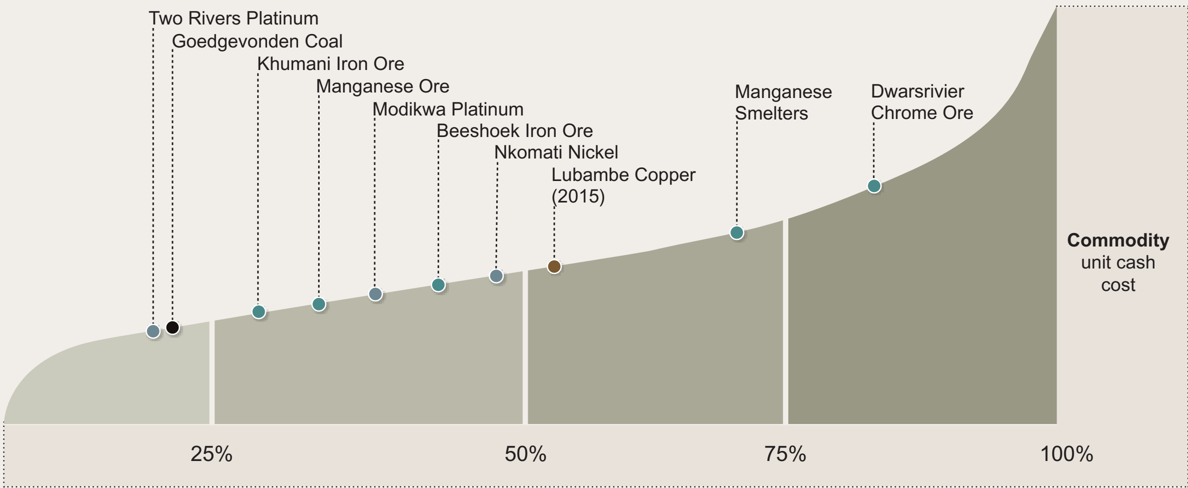


Investing in our long-term growth

The second phase of the Lubambe Copper Mine provides for the exploitation of the Lubambe Extension with the potential to increase Lubambe Mine's annual production to more than 100 000 tonnes of copper. The drilling programme at the Lubambe Extension is continuing.

On 19 June 2013, ARM and Assore announced that their joint venture company, Assmang had conditionally approved the establishment of a joint venture manganese alloy smelting facility in the Sarawak State of Malaysia in a joint venture with Sumitomo Corporation and China Steel Corporation.

ARM's objective is to have its operations below the 50th percentile on the global cost curve



Percentile on cost curve (based on cumulative production)

This smelting facility leverages on the long-term availability of reasonably priced hydro power with guaranteed low escalation rates in Malaysia and allows Assmang to continue servicing its existing alloy customers more profitably. Development of the US$328 million project will commence in the 2014 calendar year and be commissioned in 2016. At full production the smelter will produce 169 000 tonnes of ferromanganese annually. Assmang will sell manganese ore to the joint venture at commercial prices and will be responsible for the technical services, management and marketing of alloys from the project.

There are a number of other projects that are currently being assessed including the further expansion of our iron ore operations, increasing manganese ore production and the expansion of the Modikwa Mine. Feasibility studies on these projects are well advanced and we are confident about developing these projects as additional infrastructure and capacity in water, electricity, rail and port become available. Feasibility work continues on the Lubambe Extension area.

Exploration in Africa

ARM Exploration continues to evaluate mineral deposits that offer sustainable and competitive investment opportunities.

In F2013, we largely focused on the work we are undertaking in Mozambique together with our joint venture partner, Rovuma Resources. Our exploration team has also established a large database of mining and exploration projects in various countries in Africa, focusing on platinum group metals, iron ore, manganese ore, base metals and coal.

The global mining environment

We expect the uncertainty in the global macroeconomic environment together with price and currency volatility to persist. We do, however, see positive signs in certain developing economies. While growth in China may have slowed, its internal growth and development impetus remains fairly robust. The demand for commodities in regions like India and Indonesia are also on the increase.

It is this global outlook that provides us with the confidence in the medium to long-term demand for the commodities that we produce.

There are also growth opportunities in the Sub-Saharan African region, with infrastructure related projects in energy, residential and rail development; all contributing to an increase in the demand for commodities.

The mining industry is under pressure worldwide to increase the benefits to Governments, the communities living near mines, labour and other stakeholders. We are committed to ensuring that our mining operations benefit our shareholders, employees, the communities neighbouring our mines and other stakeholders.

The South African mining environment

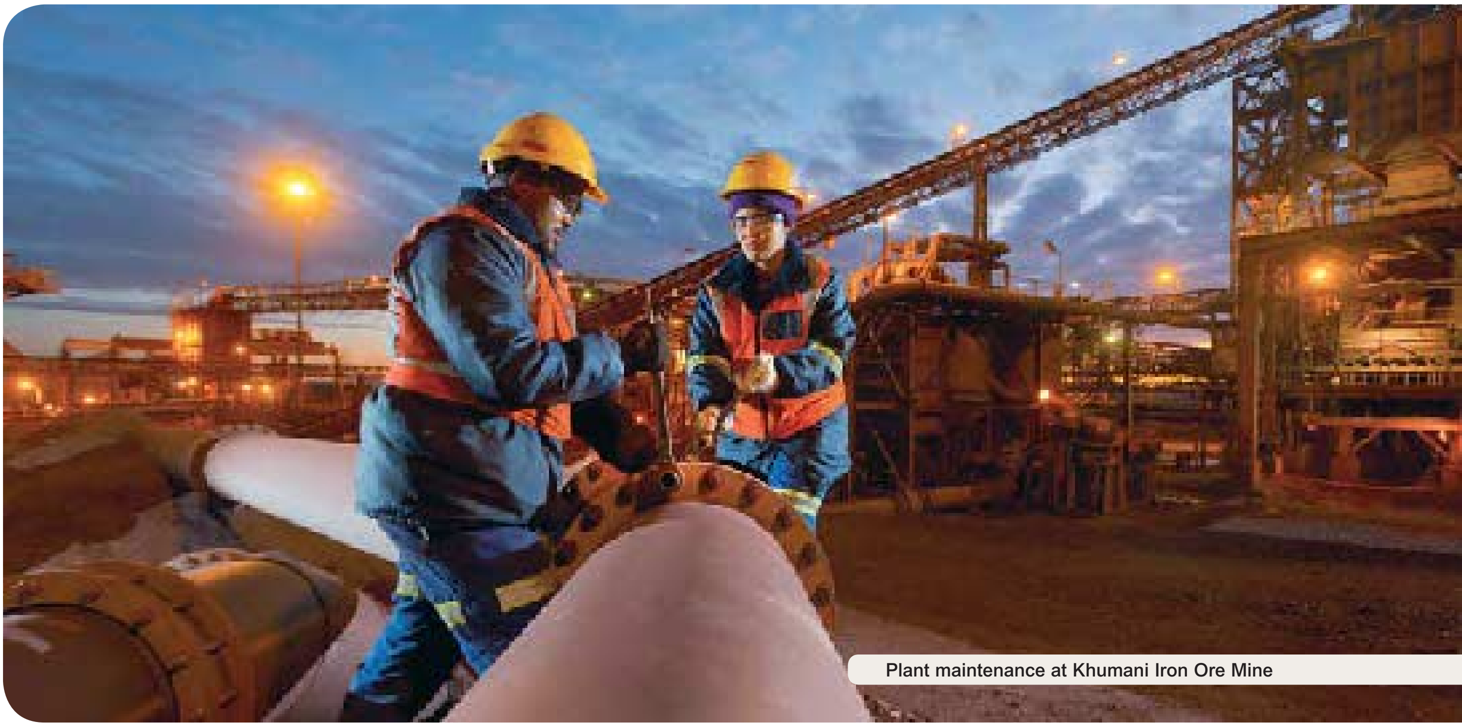
In South Africa there has been labour unrest particularly in the gold mines and the platinum mines in the Western Limb as well as concerns relating to possible nationalisation of mines.

The South African government has however made it clear particularly after the Mangaung 2012 conference of the ruling ANC party that nationalisation is not part of its policy.

The far-reaching negative consequences and the poor track record of nationalisation in the countries that have implemented this policy, speaks for itself.

The most successful mining countries in the world are those that have created a globally attractive and competitive environment for private sector and other investments in their mining industry and other sectors of their economy.

In these countries the growth and success of the mining industry and mining companies has contributed to job creation, poverty alleviation, the building of health and education facilities, the



transfer of skills and expertise, and the development and growth of industries that supply goods and services to the mining industry.

There has also been an increase in the standards of living of the people living in these countries and the development and growth of the middle class.

The mining industry has been the backbone of the growth and development of the South African economy and will continue to be a significant and important earner of foreign exchange and an important contributor to the fiscus and GDP growth. It is therefore imperative that the legislative, regulatory, tax and the overall governing dispensation of the mining industry and the South African economy as a whole continues to be globally competitive.

I am confident that the South African Government respects and recognises the importance of the views and perceptions of the investment community and is committed to ensuring that the South African mining industry and the economy as a whole continue to be an attractive and globally competitive destination for domestic and foreign investment.

Sustainable Development

ARM has been a member of the International Council on Mining and Metals (ICMM) since 2009 and is committed to the ICMM's vision of strengthening the contribution of mining, minerals and metals to sustainable development. The ICMM brings together some of the largest mining and metals companies in the world, mining associations and global commodity associations to share international best practices and engage with key stakeholders on issues of common concern.

We measure and publicly report our performance annually against the standards of the ICMM Sustainable Development Framework. These standards are verified by an independent third party in accordance with the Global Reporting Initiative reporting guidelines, GRI G3.

The development and upliftment of the communities that live near our mines will always be a key imperative for ARM. In the preceding five years our operations invested approximately R492 million in the development of our communities through Local Economic Development and Social Labour Plans. In addition, approximately R84 million was distributed to the beneficiaries of the ARM Broad-based Economic Empowerment Trust in the past six years.

Safety and Health

Our commitment to the safety and health of all our employees lies at the heart of our culture and the way we run and manage the Company.

I am very pleased to report that we had no fatalities in any of the operations that ARM manages as illustrated by the safety achievements during the year:

- Modikwa achieved 1 million fatality-free shifts in November 2012;
- Nkomati achieved 3 million fatality-free shifts in March 2013;
- Two Rivers achieved 1 million fatality-free shifts in May 2013;
- Khumani Mine achieved 3 million fatality-free shifts in January 2013;
- Machadodorp Works recorded zero lost-time injuries; and
- Lubambe Mine achieved 1.4 million fatality-free shifts in F2013.

We are committed to adhering to global best practices in relation to the safety and health of all our employees.

Maintenance work at the Modikwa Mine plant

Changes to the Board of Directors

On 2 July 2013, we announced the retirement of Mr Mangisi Gule who was the Executive Director at ARM, responsible for Corporate Affairs with effect from 30 June 2013. Mr Gule will remain on the ARM Board as a Non-Executive Director.

I would like to thank Mangisi Gule for his many years of loyal and dedicated service to ARM and ARMGold.

Mr Dan Simelane, the Chief Executive of ARM Copper was appointed as an Executive Director with effect from 1 July 2013.

After the financial year end, on 30 August 2013, we announced that Mr Michael W King, one of our longest serving directors would not be standing for re-election at the 2013 Annual General Meeting on account of his age. Mr Michael King is 76 years old.

On behalf of the Board and the management team, I would like to express our deep gratitude to Mike for his outstanding contribution during his tenure as an ARM director and for his guidance and leadership as the ARM Audit and Risk Committee Chairman.

Conclusion

Finally, I would like to thank all the ARM shareholders, for their continued support. This year marks our seventh consecutive year of paying dividends. Our dividends for this financial year increased to R5.10 per share (R4.75 per share in F2012) which is the highest dividend in the Company's history.

Our appreciation also goes to all our joint venture partners; Anglo American Platinum Limited, Assore Limited, Impala Platinum Holdings Limited, Norilsk Nickel Africa (Pty) Limited, GlencoreXstrata Coal, Vale S.A. and Zambia Consolidated Copper Mines, for their expertise, value add and contribution to the growth and success of ARM.

Our achievements this year would not have been possible without the commitment and contributions of all our employees, the management and the Board. Mike Schmidt has also provided good leadership in his first year as CEO.

I would like to express our deep gratitude to each and every one of you.

ARM is well positioned to continue creating value for its shareholders and to benefit its other stakeholders.

We remain confident about the future.

Patrice Motsepe
Executive Chairman

16 October 2013

Mike Schmidt, Chief Executive Officer

Chief executive officer's report

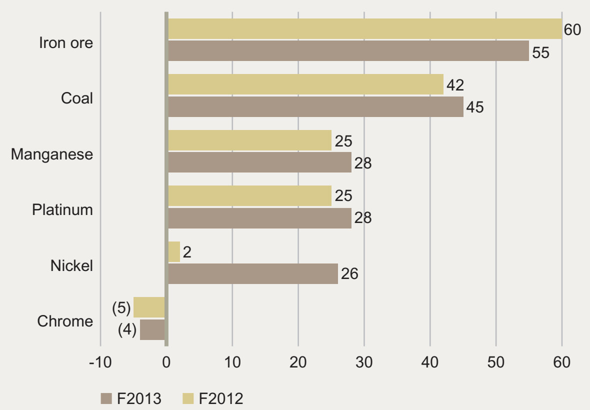
Commodity prices continued to be negatively impacted by uncertainty and volatility in global markets. US Dollar commodity prices for most of ARM's commodities declined in the year under review. Realised US Dollar iron ore prices, a key earnings driver in ARM's portfolio, decreased 14% while US Dollar prices for nickel, export coal and platinum were down 14%, 13% and 3% respectively. The decline in US Dollar commodity prices was mitigated by the 13.6% weakening of the Rand.

Despite this challenging commodity price environment ARM delivered a solid set of operational and financial results in the year under review. Three of the four growth projects achieved steady state production. The higher production and sales volumes together with ongoing focus on operational efficiencies contributed to the improved results.

ARM's headline earnings increased by R286 million to R3.74 billion, following total sales increase of 13.2% to R19.8 billion. The average EBITDA margin of 36% compares well with the 37% achieved last year despite the fall in US Dollar commodity prices during the year and above inflation unit cost increases at some operations.

ARM's capital expenditure reduced to R3.5 billion from R4.3 billion and was mainly spent at ARM Ferrous (R1 951 million) and at Lubambe Copper Mine (R753 million). The capital expenditure includes sustaining capital expenditure of R1.45 billion.

EBITDA margins (%)



Our net cash position (excluding partner loans) at 30 June 2013 remains extremely robust at R2.7 billion compared to R2.3 billion at the end of the last financial year.


Plant inspection at Two Rivers concentrator plant

Safety

Safe production remains a key focus and we are pleased that in the year under review no fatalities occurred in any of the mines that ARM manages. The Lost Time Injury Frequency Rate (LTIFR) increased to 0.48 per 200 000 man hours compared to 0.40 in the 2012 financial year (F2012). We remain aware that the realisation of our safety objectives will materialise only as a result of sustained and ongoing focus on safety from all of us and we remain committed to working towards an environment of zero harm for all our employees.

ARM Ferrous continues to be a major contributor to ARM's portfolio

The ARM Ferrous turnover for the year increased 6% to R12.5 billion due to record sales volumes in iron ore, higher US Dollar prices received for manganese ore and manganese alloy and a weakening of the Rand against the US Dollar. This was partly offset by lower US Dollar prices received for both iron ore and chrome ore.

The ARM Ferrous headline earnings contribution was 7% lower than F2012, mainly as a result of a reduced contribution from the iron ore and ferromanganese operations. Iron ore headline earnings were lower due to an increase in cost of sales. Ferromanganese earnings were impacted by lower sales volumes as three uneconomical furnaces were shut down. One ferromanganese furnace was shut down at Machadodorp Works and two furnaces have been closed indefinitely at the Cato Ridge Works. The production volumes for ferromanganese and ferrochrome were substantially reduced due to the oversupply in the global ferrochrome and ferromanganese markets.

On-mine unit production costs for the Iron Ore Division increased by 20% as a result of pits being opened up at Khumani to create mining flexibility. These costs represent the base cost for Khumani Mine's steady state production as the waste stripping which was previously capitalised was expensed in the current year. At the Beeshoek Mine saleable iron ore production volumes increased by almost 40%, resulting in a unit cost decrease of 3%.

There has been good co-operation between Transnet, the marketing team and the operational team at Khumani Mine which yielded export sales of 14 million tonnes for the year. Local sales from Beeshoek Mine amounted to 2.1 million tonnes.

Manganese ore unit production costs increased by 23%, of which 19% was due to increased labour cost as additional people were employed to prepare the mine for increased production and future development. Lower volumes, higher fuel prices and higher electricity costs together with inflation accounted for the balance of the increase.

The manganese ore export channel to Port Elizabeth continued to improve its efficiency under difficult conditions and many challenges, allowing increased volumes of ore to be transported by rail. This reduced the ore tonnages transported by road.

The unit production costs for chrome ore were well contained increasing only 2% due to the higher production volumes and the realisation of planned operational efficiencies at the mine.

Manganese alloys unit production costs increased by 12% due to lower volumes as inefficient furnaces were closed at Machadodorp and at Cato Ridge Works during the year. Chrome alloy unit production costs decreased by 52% as a result of the conversion of three furnaces at Machadodorp Works to ferromanganese production. The only remaining ferrochrome production was from the Metal Recovery Plant that recovers the final metal entrapped in the historically produced ferrochrome slag.

The ARM Ferrous capital expenditure (on 100% basis) was R4.1 billion compared to R4.5 billion in F2012 and related mainly to the WHIMS Plant at Khumani Mine.

ARM Platinum delivers significantly better results

ARM Platinum generated improved results with all operations reflecting substantial improvement in their operational and financial performance.

Attributable headline earnings increased by R467 million to R527 million, mainly due to a turnaround at the Nkomati Nickel Mine. The Nkomati Mine increased sales volumes by 71% as a result of higher volumes milled, improved grades and recoveries.

PGM production (on 100% basis including Nkomati) increased 11% to 783 254 (6E) ounces, while Nkomati's nickel production increased by 66% to 23 220 tonnes.

Nkomati's C1 unit cash cost net of by-products, reduced by 42% to US$4.98/lb of nickel produced. The Two Rivers unit production cost increase was marginally above mining inflation due to an increase in the UG2 stockpile at Two Rivers. The PGM operations continue to be positioned below the 50th percentile of the global PGM unit cost curve.

Capital expenditure at ARM Platinum was R973 million (R735 million attributable). The main capital expenditure items were the deepening of North shaft, the sinking of South 2 shaft and phase 2 development of the South 1 shaft at Modikwa Mine as well as the PGM enhancement plant at Two Rivers Mine.

ARM Coal contribution improves

ARM Coal's headline earnings increased from R52 million to R148 million as a result of increased export sales volumes achieved at both the Goedgevonden and PCB operations. Cash operating profit improved as a result of good cost management and the weakening of the Rand, while US Dollar export prices decreased by 13%.

The Goedgevonden Mine's performance improved substantially as the mine exceeded its ramp-up capacity. This mine was commissioned to produce 6.7 million tonnes per annum but produced 8.2 million tonnes in F2013. This was driven mainly by consistent performance at the Coal Handling Processing Plant and a better yield in coal. We believe that sales volumes of 3.4 million tonnes export coal and 4.0 million tonnes Eskom coal per annum are sustainable.

Saleable production at PCB decreased by 4% year-on-year due to the closure of underground operations as the strategy to change from high cost underground operations to low cost opencast operations progresses well. The last stage of this strategy is the Tweefontein Optimisation Project which is expected to be completed in the 2016 financial year.

The increase in volumes at Goedgevonden Mine resulted in a 14% decrease in unit production costs and despite the lower production at PCB, on-mine unit production costs increased only 2%.

Mechanised equipment maintenance at Modikwa Mine

With the Goedgevonden Mine fully ramped up capital expenditure was mainly for sustaining capital. Capital expenditure for the PCB operations was R4.2 billion and related mainly to the Tweefontein Optimisation Project where 71% of the capital has been committed or spent.

Growth in ARM Copper

The Lubambe Copper Mine commissioned its concentrator plant in October 2012, two months ahead of schedule. By June 2013, over one million tonnes of copper-bearing ore had been milled. The tonnes milled for the year were approximately 10% above the target of 951 000 tonnes and yielded 14 871 tonnes of copper in concentrate. Underground development is progressing well even though poor ground conditions are being experienced in places.

The Lubambe Mine has had challenges with the specifications of the concentrate delivered to the Mopani Copper Mine smelter. Of the 17 878 tonnes of concentrate delivered to Mopani Copper Mine's smelter, 2 618 tonnes has been treated. Negotiations are underway to have the balance of 15 260 tonnes treated at other smelters. On-going production at the mine is being treated at the other smelters in Zambia and off-take agreements for this production are being finalised.

The extension of the Lubambe Copper Mine situated 6km to the south of the present mine development, may provide for the expansion of the Lubambe Copper Mine to potentially increase the total production to more than 100 000 tonnes of copper produced and processed on an annual basis. Surface drilling in

Goedgevonden Coal Mine stackers

this area continues in preparation for a full feasibility study. The resource estimation of the feasibility study has been validated and the resource of the target area has grown from 75.7 million tonnes, of which all were inferred, at an average grade 2.81% total copper to 105 million tonnes of ore indicated and inferred at an average grade of 3.66% total copper.

Growth through ARM Exploration

ARM is conscious of the need to ensure continued growth beyond its existing ore bodies and in this regard ARM Exploration focusses on identifying, exploring for, evaluating and acquiring mineral resource projects that have the ability to outline and define sustainable mineral resource for mine development.

ARM continued to fund exploration at the Rovuma Project in Mozambique. A number of copper/zinc/silver/gold, nickel/copper/PGM, chromite/nickel and graphite targets have been identified.

The work currently being undertaken in the Exploration Division is essential for ARM to build a pipeline of quality growth projects to ensure that ARM continues to grow its diversified portfolio on a profitable and competitive basis.

Conclusion

This last year has seen many thousands of people, which include employees, labour organisations and our partners, contributing to the success of ARM.

I am confident that the combined efforts and unstinting contributions from all our stakeholders will ensure that our objective of creating value for our shareholders and benefitting all our stakeholders continues well into the future.

I would like to take this opportunity to thank all employees for their diligence, support, enthusiasm and commitment which enabled us to succeed during the past year.

Finally, I extend my appreciation to our Executive Chairman and the Board of Directors for their guidance and support.

The management is motivated and committed to contribute to the long-term growth, profitability and competiveness of ARM.

Mike Schmidt
Chief Executive Officer

16 October 2013

Mike Arnold, Financial Director

Financial director's report

Overview

The ARM headline earnings of R3 737 million for the year ended 30 June 2013 were 8% or R286 million higher than the prior year's headline earnings (F2012: R3 451 million). The weighted average number of shares at 30 June 2013 is 215 357 000 shares (30 June 2012: 213 689 000 shares). The headline earnings per share for the year to 30 June 2013 is 1 735 cents per share (F2012: 1 615 cents per share).

The key drivers which impacted on the results for the year were US Dollar commodity price decreases, a 13.6% weaker Rand/US Dollar exchange rate, sales volume increases and sales volume related cost increases (refer to the profit variance analysis on page 16).

ARM's basic earnings for F2013, which were negatively impacted by significant exceptional items of R2.1 billion, were R1.6 billion (F2012: R3.4 billion). The largest exceptional item relates to the unrealised mark-to-market loss resulting in the impairment of the original cost of the investment in Harmony. The mark-to-market adjustment of the Harmony investment has been made through the Income Statement, in accordance with ARM's accounting policy, as a result of the significant decline in the market value below the cost of the investment. The impairment is R2.0 billion after tax (F2012: R775 million negative adjustment through Other Comprehensive Income). The Harmony share price at 30 June 2013 was R35.75 per share (30 June 2012: R76.50 per share).

Contribution to headline earnings

	12 months ended 30 June		
Commodity group	**2013 Rm**	2012 Rm	% change
Platinum group metals	**295**	190	55
Nkomati nickel and chrome	**232**	(130)	–
Ferrous metals	**3 237**	3 495	(7)
Coal	**148**	52	185
Copper	**(135)**	(31)	>(250)
Exploration	**(88)**	(113)	22
Gold	**64**	64	–
Corporate and other	**(16)**	(76)	79
ARM headline earnings	**3 737**	3 451	8

Other exceptional items comprise mainly furnace and pelletising plant impairments in ARM Ferrous and amount to R159 million. The reconciliation of basic earnings to headline earnings is provided in note 32 to the financial statements on page 232.

The three-year compound annual growth rate in headline earnings for ARM since June 2010 was 29.7%.

Sales for the year increased by 13% to R19.84 billion (F2012: R17.53 billion).

The average gross profit margin of 34% (F2012: 35%) is slightly lower than that for the corresponding period largely due to:

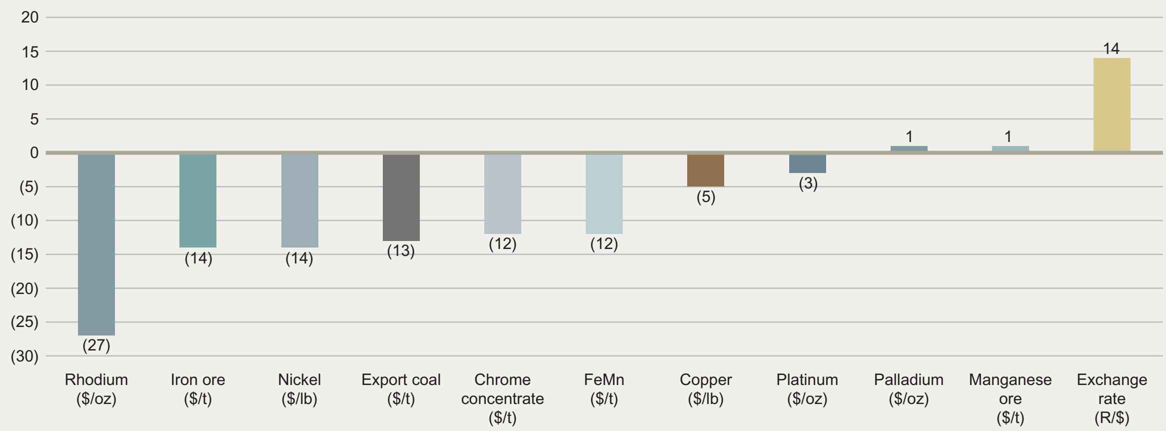
i. above inflation unit cost increases at some operations; and
ii. increased amortisation charges at Nkomati, Khumani and Two Rivers related to increased production volumes.

Commodity prices received by ARM decreased for most commodities during F2013 when compared to F2012. In particular, the average prices in US Dollar terms for rhodium, iron ore, nickel, chrome concentrate, export thermal coal and ferromanganese decreased significantly. Refer to the graph below.

The results for the year to June 2013 were positively impacted by the weakening in the average Rand/US Dollar exchange rate to R8.83/US$ from the average in F2012 of R7.77/US$. The average exchange rate for F2011 was R6.99/US$; this represents a significant weakening over the past two years of 26%. For reporting purposes the closing exchange rate was R9.93/US$.

Details of the ARM divisional segment financial results may be obtained from the segment reports in note 2 of the financial statements. In addition each division's report from pages 52 to 101 contains detailed information on its operational performance.

F2013 vs F2012 realised prices (% change)



The Ferrous Division was the major contributor to ARM's headline earnings owing to continued strong performances from its Iron Ore and Manganese Divisions. The Iron Ore Division which accounts for 85% of the ARM Ferrous headline earnings contributed R2.77 billion to ARM's headline earnings (F2012: R2.97 billion) achieving a 9% increase in sales volumes as the Khumani Iron Ore Mine achieved steady state production. The attributable headline earnings of ARM Ferrous decreased by 7% to R3.24 billion (F2012: R3.50 billion).

The Platinum Division's contribution to headline earnings increased significantly to R527 million (F2012: R60 million) due to all its operations reflecting an increase in profits. The Nkomati Mine achieved a R362 million turnaround driven by increased sales volumes, improved grades and recoveries and excellent cost control. The Nkomati gross profit margin improved from 4% to 19%.

The Coal Division contribution to headline earnings increased by 185% to R148 million (F2012: R52 million) largely due to an improved performance at the Goedgevonden Mine. Cash operating profit for both PCB and Goedgevonden increased mainly as a result of increased export sales volumes, the weakening in the Rand/US Dollar exchange rate, offset by decreased export coal prices.

The ARM Copper segment comprises an effective 40% in the Lubambe Copper Mine and an effective 50% shareholding in the Lusaka Kabwe Project. Capitalisation of operating costs at Lubambe ceased at 30 April 2013. This division's result was a loss of R135 million (F2012: R31 million loss). Costs on the feasibility work on the Lubambe Extension Area continue to be capitalised.

The ARM Exploration segment's costs amounted to R88 million (F2012: R113 million) and were largely expended on exploration in Mozambique on the Rovuma prospecting areas as well as on staff costs.

The ARM Corporate, other companies and consolidation segment reflects a headline loss of R16 million for the year as compared to a R76 million loss for F2012. The positive variance comprises a number of variances and includes (i) a favourable revision to the tax provision following the settlement of the loan stock tax dispute in 2012, (ii) increased share option accounting expenses and higher corporate expenses and (iii) foreign exchange gains on loans made by ARM to Lubambe resulting from the weakening of the Rand/US Dollar exchange rate. The dividend from Harmony of R64 million (F2012: R64 million) is included in the gold segment in the table on page 14.

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

Sales were impacted by the following variances:

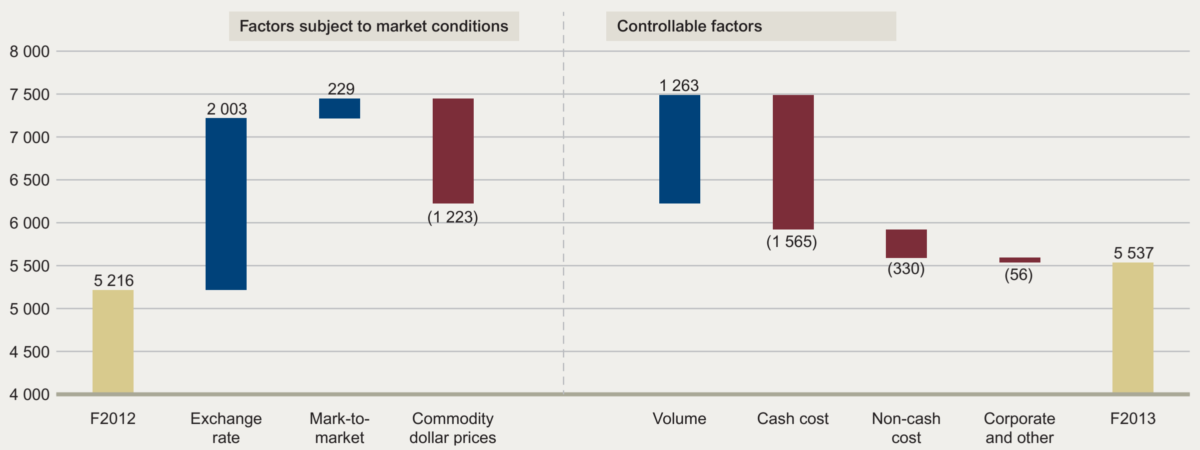
- A negative variance of R1.22 billion resulting from the fall in US Dollar commodity prices across ARM's operations except for manganese ore and palladium;
- The weakening of the Rand against the US Dollar accounting for a positive variance of R2.00 billion;
- Sales volume increases for iron ore, PGM's, GGV export and Eskom coal, Dwarsrivier chrome ore as well as nickel resulted in a positive volume variance of R1.26 billion;

The negative cash cost variance of R1.57 billion is due to an absolute increase in mining costs when compared to F2012. This increase has the following key attributes:

- An average mining inflationary increase of 7% at operations before amortisation charges;
- Additional costs at ARM Ferrous as a result of increased labour costs at the manganese ore operations, as well as increased power, fuel and reductant costs. Capitalisation of stripping costs was reduced in relation to F2012. In addition, mineral royalty tax increased by R59 million while shortworkings costs, resulting from smelter shutdowns, increased by R104 million; and
- Sales volume increases, especially at the Khumani and Nkomati mines.

The increased non-cash costs of R330 million were largely due to increased amortisation charges of R378 million and a decrease in other non-cash items such as foreign exchange gains.

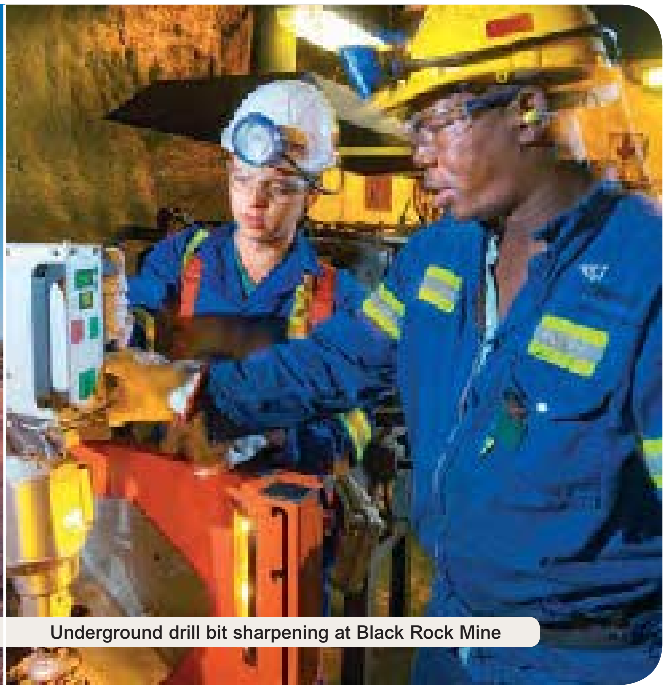
Unaudited profit variance analysis – Profit from operations before exceptional items (R million)



Consolidated income statement (abridged)

	12 months ended 30 June		
	2013 Rm	2012 Rm	% change
Sales	**19 844**	17 530	13
Profit from operations (before exceptional items)	**5 537**	5 216	6
Income from investments	**268**	279	(4)
Finance costs	**(225)**	(232)	3
(Loss)/income from associate	**(14)**	11	–
Exceptional items excluding tax	**(2 639)**	(70)	–
Taxation	**(1 145)**	(1 633)	30
Non-controlling interest	**(148)**	(133)	(11)
Profit after tax and non-controlling interest	**1 634**	3 438	(52)
Headline earnings	**3 737**	3 451	8
Headline earnings (cents per share)	**1 735**	1 615	7
EBITDA	**7 230**	6 531	11


Khumani Iron Ore Mine load-out facility


Underground drill bit sharpening at Black Rock Mine

The average gross profit margins for the individual operations are:

	12 months ended 30 June		
	2013 %	2012 %	Change
ARM Ferrous	**42**	44	(2)
ARM Platinum			
– Two Rivers	**23**	22	1
– Modikwa	**13**	7	6
– Nkomati	**19**	4	15
ARM Coal (Goedgevonden)	**29**	28	1

Sales for the year were R19.8 billion or 13.6% higher than sales in F2012.

This increase is analysed across the ARM divisions as follows and may be referenced to the segmental analysis on pages 204 to 210.

- ARM Ferrous sales increased by 6%;
- ARM Platinum sales increased by 22%;
- Nkomati Nickel sales increased by 44%;
- ARM Coal (GGV) sales increased by 20%; and
- ARM Copper achieved sales of R69 million (F2012: nil).

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

- Electricity and reductant cost increases at the ferromanganese and ferrochrome smelters;
- Average cost inflation of between 7% and 10%;
- Amortisation which increased by R378 million as operations complete ramp-up at Khumani Iron Ore and Nkomati Nickel and due to increased production volumes at Two Rivers; and
- Increased costs at Nkomati, Two Rivers and Khumani mines related to sales volume increases as described above.

Other operating income increased by R101 million to R960 million from R859 million in F2012. The increase is largely due to a R144 million increase in foreign exchange gains and the impact on the comparison of the non-recurring insurance receipt of R93 million in ARM Ferrous in F2012.

Other operating expenses increased by R442 million in comparison to F2012. This increase is largely due to the following items:

- The increase in mineral royalty tax of R59 million (F2013: R551 million; F2012: R492 million) which is reflected in Other Expenses.
- Increases in the Corporate and Other segment related to an increase in staff costs of R57 million, share option accounting charges increased by R39 million and short-term provisions increased by R88 million.
- An increase of R104 million in shortworkings costs at the ARM Ferrous smelters largely resulting from the decision to close a number of furnaces during the year.
- Inflationary increases of approximately 7%.

Profit from operations before exceptional items increased to R5.5 billion from R5.2 billion in F2012, as a result of the combined impact of the previously mentioned changes in other income and other expenses.

Income from investments amounted to R268 million for the year (F2012: R279 million) and includes dividends received from Harmony of R64 million, as well as interest received on cash balances.

Finance costs at R268 million remained similar to those incurred in F2012 as the average gross borrowings remained largely unchanged for the year despite an increase in borrowings of R755 million year on year.

The effective tax rate, before taxation effects of exceptional items, for the year remained fairly constant at 30% (F2012: 31%).

Consolidated statement of financial position

12 months ended 30 June

	2013 Rm	2012 Rm
Non-current assets	**25 348**	25 662
Property, plant, equipment and other	**20 827**	18 910
Investments	**3 811**	6 313
Other	**710**	439
Current assets	**12 773**	9 654
Cash and cash equivalents	**4 632**	3 564
Other	**8 141**	6 090
Total assets	**38 121**	35 316
Total equity	**25 463**	24 405
Non-current liabilities		
Long-term borrowings	**3 293**	2 216
Other	**4 910**	4 669
Current liabilities		
Short-term borrowings	**699**	1 021
Other	**3 756**	3 005
Total equity and liabilities	**38 121**	35 316

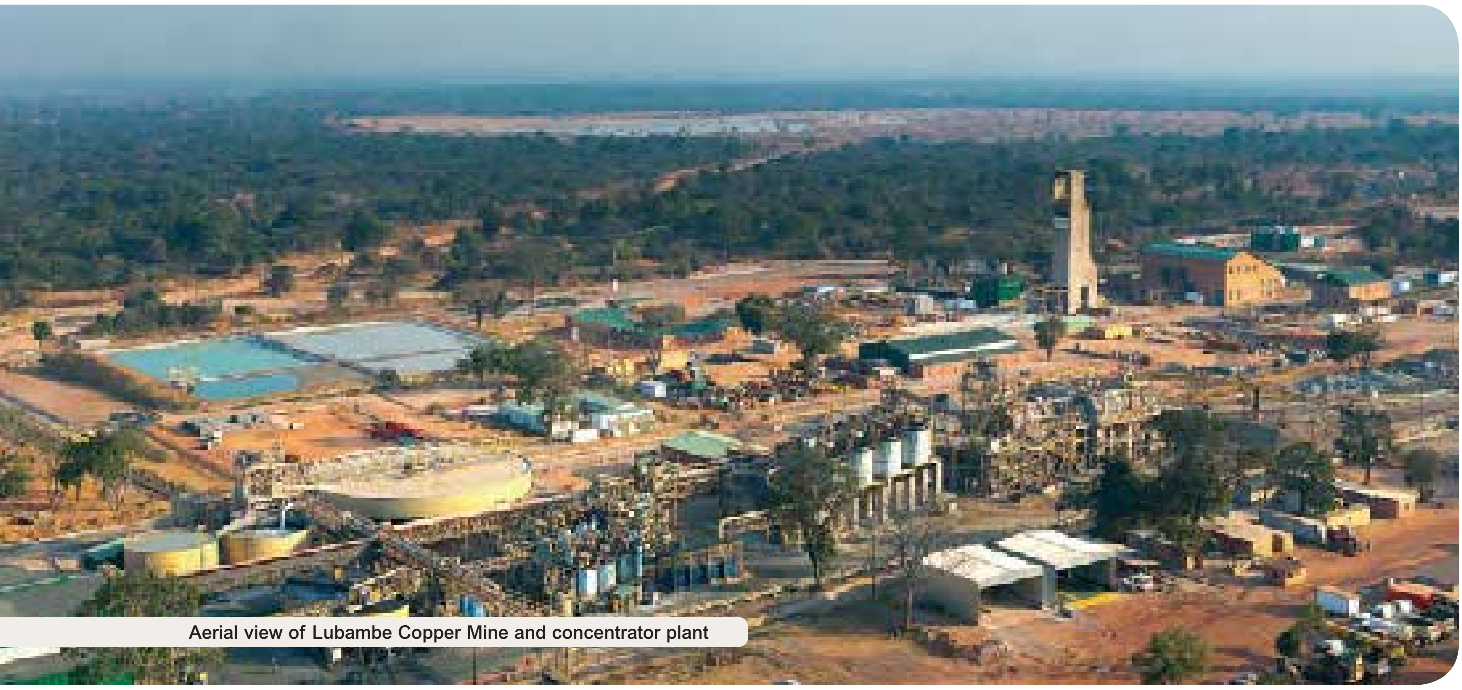
The ARM consolidated financial position remains robust and un-geared with the consolidated position at year-end being net cash of R640 million (F2012: Net cash R327 million). Total cash and cash equivalents were R4.6 billion (F2012: R3.6 billion) and total borrowings were R4.0 billion (F2012: R3.2 billion).

Total assets increased by 8% to R38.1 billion largely as a result of R3.5 billion capital expenditure during the year reduced by the significantly decreased mark-to-market valuation of the investment in Harmony.

The details of the capital expenditure are included in the operational reviews on pages 52 to 101.

Additional key features include:

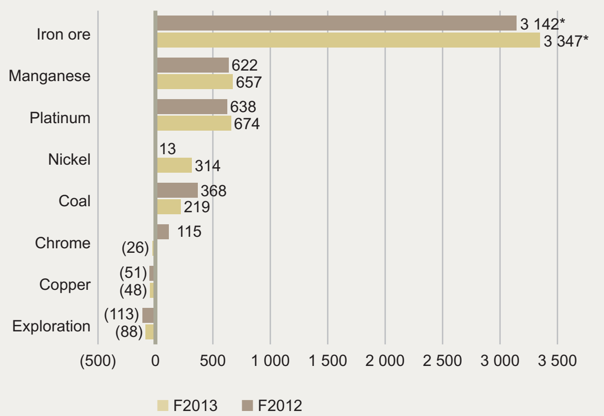
- Other investments, which largely comprise the 14.6% stake which ARM has in Harmony, decreased to R2.3 billion as the share price at which the investment is marked-to-market of R35.75 per share was lower than the 30 June 2012 figure of R76.50 per share. ARM holds 63.6 million shares in Harmony;
- Within current assets the value of inventories increased by R764 million (mainly at Khumani Iron Ore, Lubambe Copper and Nkomati Nickel while trade and other receivables increased by R1 061 million, in line with the increase in sales. This impacted negatively on working capital requirements as reflected in note 33 to the financial statements.
- Total interest-bearing borrowings increased R755 million to R3.99 billion at 30 June 2013 as a result of increased borrowings related to funding for the Lubambe Copper Mine and increased borrowings at ARM company; and
- Cash and cash equivalents net of interest-bearing borrowings and excluding partner loans (Anglo American Platinum: R114 million, GlencoreXstrata: R1.5 billion and ZCCM-IH: R398 million) amounted to R2.68 billion. This is R378 million more than at 30 June 2012.


Aerial view of Lubambe Copper Mine and concentrator plant

Consolidated statement of cash flows

Cash generated from operations was R6.31 billion or R343 million more than the F2012 amount of R5.97 billion and is reported after working capital requirements of R1.61 billion (F2012: R1.19 billion). The largest increase occurred at the iron ore and nickel operations as reflected in the graph below.

Attributable net cash inflow/outflow from operating activities (R million)



**Net cash inflow excluding dividends paid to ARM.*

The consolidated operational cash flow was reduced by slightly higher dividend and slightly lower tax payments with the result that the net cash inflow from operating activities increased by R360 million to R4.25 billion from R3.89 billion in F2012.

The split in cash outflows for capital expenditure was 60% (R2 224 million) for expansionary purposes and 40% or R1 452 million on capital expenditure to sustain production levels. ARM categorises capital expenditure as expansionary when the spend increases production capacity at operations. Expansion capital expenditure was largely spent at the Khumani Iron Ore Mine on completing the expansion as well as on the WHIMS project and on the completion of the Lubambe Copper Mine.

Capital allocation in ARM is a rigorous process to ensure that quality growth is achieved. The weighted average cost of capital (WACC) for ARM is 13% to 14%. In assessing capital projects the WACC is risk adjusted. Capital projects need to align with ARM's strategy.

The closing cash and cash equivalents position of R4.63 billion (at 30 June 2012: R3.56 billion) was held primarily at ARM Ferrous (R2.59 billion; at 30 June 2012: R2.16 billion), at ARM company and within restricted cash (refer to note 12 to the financial statements).

Segmental analysis

The graphs and charts on pages 186 and 187 indicate certain key elements of the segmental contributions to the ARM results. In addition, detailed segmental results which include income statement, statement of financial position and cash flow information are provided on pages 204 to 210 of the financial statements.

Significant accounting matters

- The new accounting standards IFRS 10, 11 and 12 became effective for financial years commencing after 1 January 2013 and will accordingly be implemented with the ARM interim reporting for the period ending on 31 December 2013. The impact of these new standards has been assessed by management in conjunction with the external auditors. The table below indicates how the various significant entities within ARM will be treated on consolidation with effect from 1 July 2013 and where this differs from the reporting to 30 June 2013.

Subsidiaries are fully consolidated; for joint operations ARM will recognise its share of assets, liabilities, income and expenses while joint ventures and associates are equity accounted.

The ARM investment in Assmang, which it jointly manages and controls with its partner Assore, will no longer be proportionately consolidated as it is currently assessed to be a joint venture under the new accounting standards. This will have a significant impact on the presentation of the consolidated financial statements but will have no impact on earnings, segment reporting or net assets.

The accounting for entities is assessed at each reporting date.

	Level of influence			Accounting classification				
Entity	**Control**	**Joint control**	**Significant influence**	**Subsidiary**	**Joint operation**	**Joint venture**	**Associate**	**Change in classifi-cation**
Two Rivers	✓			✓				No
Modikwa		✓			✓			No
Nkomati		✓			✓			No
Assmang		✓				✓		Yes
Vale/ARM JV		✓			✓			No
ARM Coal		✓			✓			No
Goedgevonden		✓			✓			No
PCB			✓				✓	No

- The basic earnings were significantly impacted by the accounting for the mark-to-market adjustment of the investment in Harmony through the income statement as previously explained. It is important to note that any future increases in the Harmony share above the 30 June 2013 level of R35.75 per share will not reverse the F2013 impairment charge in the Income Statement but will be made through Other Comprehensive Income net of deferred capital gains tax. On the other hand should the Harmony share price in the future fall below the R35.75 per share market price, the related mark-to-market adjustment will be made through the income statement net of deferred capital gains tax.

Events after reporting date

The Company paid a dividend of R1 100 million on 30 September 2013.

The Kalumines transaction whereby the Vale/ARM Joint Venture exited that project was concluded after the year-end and as a result the Kalumines assets are reflected as held for sale on the statement of financial position.

Financial risk management

ARM has an established risk management programme which is more fully described in a separate section on pages 140 to 151 of this report.

Specific risks which have a financial bias include currency, commodity price, interest rate, counterparty, credit and acquisition risks. A detailed analysis of ARM's approach to these risks is provided on pages 234 to 240 of the financial statements.

A sensitivity analysis is provided on page 240 of the financial statements. In particular, the sensitivity analysis includes the closing prices used in the provisional valuation at year-end of accounts receivable for the ARM Platinum and Nkomati Nickel operations.

The ARM financial position has remained effectively un-geared since 30 June 2009 and has not changed materially since 30 June 2012. The significant external bank debt at 30 June 2013 is held (i) by ARM company through its R2.25 billion corporate facility which had a balance outstanding of R564 million and

Two Rivers Mine chrome plant

(ii) by a wholly-owned foreign subsidiary of ARM which has a US$80 million bank loan which was used to partially fund the development of the Lubambe Copper Mine.

The ARM corporate facility is due for repayment or refinancing in August 2015. The US$80 million loan facility is guaranteed by ARM with quarterly loan repayments scheduled to commence on 30 June 2014 and is more fully described in note 15 of the financial statements.

The Company is therefore well positioned to continue to grow. The Company is not risk averse and while it does not have a fixed policy on gearing, ARM targets a net gearing threshold of 30% for external funding subject to the ability to meet debt service requirements.

Forecast attributable capital expenditure for the three years to June 2016 is R8.45 billion and includes approved projects, maintenance capital and projects under consideration. This expenditure will be funded from operational cash flows and by utilising available cash and borrowing resources.

Dividend

Dividends are declared after consideration of the solvency and liquidity of the Company in accordance with the requirements of the Companies Act 71 of 2008 as amended, and with due regard to the current funding status of the Company, future funding requirements and estimated cash flows.

ARM had no net gearing at 30 June 2013 and has sufficient cash and cash equivalents and borrowing resources to fund both the planned maintenance and expansion of operations. Management reviews operational and corporate plans and forecasts every quarter.

The seventh annual dividend declared by ARM on 2 September 2013 of 510 cents per share represented an increase of 7.4% compared to the F2012 dividend and is consistent with ARM's commitment as a globally competitive company to pay dividends to shareholders while simultaneously maintaining the ability to fund growth of the Company in the future.

Mike Arnold
Financial Director

16 October 2013

Financial summary and statistics

for the year ended 30 June 2013

R million, unless stated otherwise	Compounded annual growth rate %	F2013 Rm	F2012 Rm	F2011 Rm
		Group		
Income statement				
Sales	20	**19 844**	17 530	14 893
Basic earnings	4	**1 634**	3 438	3 366
Headline earnings	63	**3 737**	3 451	3 374
Basic earnings per share (cents)	(1)	**759**	1 609	1 581
Headline earnings per share (cents)	53	**1 735**	1 615	1 585
Dividend declared after year-end per share (cents)		**510**	475	450
Statement of financial position				
Total assets	14	**38 121**	35 316	32 386
Cash and cash equivalents	33	**4 632**	3 564	3 668
Total interest-bearing borrowings	(10)	**714**	3 237	3 069
Shareholders' equity	14	**25 463**	24 405	22 170
Statement of cash flows				
Cash generated from operations	30	**6 312**	5 969	5 988
Net cash outflow from investing activities	21	**(3 761)**	(4 077)	(3 382)
Net cash (outflow)/inflow from financing activities		**474**	179	(588)
Number of full-time employees as at 30 June	11	**13 731**	12 273	11 496
Number of contractors as at 30 June		**10 985**	14 214	17 208
Exchange rates				
Average rate US$1 = R	3	**8.83**	7.77	6.99
Closing rate US$1 = R	5	**9.93**	8.16	6.76
JSE Limited performance				
Ordinary shares (Rands)				
– high	18	**209**	199	236
– low	18	**139**	159	146
– year-end	18	**150**	166	189
Volume of shares traded (thousands)	17	**113 003**	98 740	121 051
Number of ordinary shares in issue (thousands)	1	**215 625**	214 852	214 852
Financial statistics	Definition number			
Liquidity ratios (x)				
Current ratio	1	**2.8**	2.4	2.4
Quick ratio	2	**2.1**	1.8	1.8
Cash ratio	3	**15.3**	5.2	12.6
Profitability (%)				
Return on operational assets	4	**17.3**	20.1	24.1
Return on capital employed	5	**17.2**	17.7	19.8
Return on equity	6	**15.5**	14.9	15.9
Gross margin	7	**33.9**	34.6	40.4
Operating margin	8	**27.9**	29.8	36.3
Debt leverage				
Interest cover (x)	9	**25.8**	23.7	25.4
Gross debt to equity ratio (%)	10	**16**	13	14
Net debt to equity ratio (%)	11	**n/a**	n/a	n/a
Other				
Net asset value per share (R/share)	12	**112**	108	99
Market capitalisation	13	**32 292**	35 670	40 176
Dividend cover (x)	14	**3.40**	3.40	3.52
EBITDA	15	**7 230**	6 531	6 517
EBITDA margin (%)	16	**36**	37	44
Effective tax rate	17	**39**	31	32
Effective tax rate (excluding exceptional items)	18	**30**	31	32

The financial information above is in accordance with International Financial Reporting Standards.

The comparison above is given from 2004 which is when the current ARM was formed.

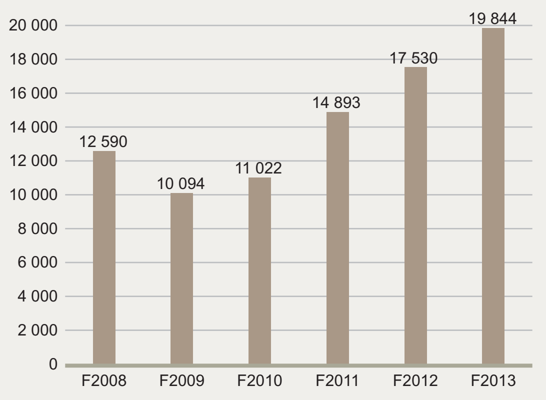
Various corporate transactions were entered into during the past nine years, therefore direct comparison for years may not always be meaningful.

NR refers to figures not reported.

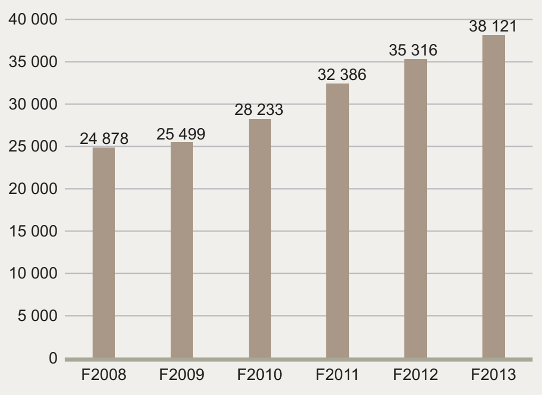
Group

F2010 Rm	F2009 Rm	F2008 Rm	F2007 Rm	F2006 Rm	F2005 Rm	F2004 Rm
11 022	10 094	12 590	6 152	4 622	5 485	3 885
1 812	2 868	4 487	1 220	601	462	1 108
1 714	2 317	4 013	1 207	462	339	47
854	1 355	2 131	586	293	225	865
807	1 094	1 906	580	225	166	37
200	175	400	150	n/a	n/a	n/a
28 233	25 499	24 878	18 144	14 611	11 766	11 460
3 039	3 513	2 660	1 063	439	288	357
3 346	3 744	3 978	4 044	2 252	1 574	1 831
18 529	16 751	15 676	11 218	10 393	7 972	7 954
3 430	6 678	5 175	2 537	1 243	1 661	603
(2 324)	(3 135)	(2 427)	(2 691)	(1 444)	(826)	(691)
(729)	(171)	(175)	1 562	893	(549)	280
10 281	9 643	8 747	7 725	6 943	6 107	5 162
12 495	7 134	9 189	5 907	4 862	NR	NR
7.59	9.03	7.30	7.20	6.40	6.21	6.90
7.67	7.72	7.83	7.07	7.16	6.65	6.26
206	291	307	138	52	38	48
117	76	103	53	32	25	32
161	130	280	123	48	34	34
138 241	113 690	84 678	40 203	39 711	51 382	26 547
216 292	212 068	211 556	209 730	206 367	204 437	204 208
2.2	1.5	1.8	1.5	1.4	1.6	1.5
1.7	1.1	1.5	1.1	1.0	1.0	0.9
5.9	1.6	1.6	0.8	0.8	0.8	0.4
15.2	20.4	39.6	25.1	17.6	20.6	7.5
12.0	18.2	36.3	16.4	9.2	8.2	8.2
9.6	14.3	27.0	11.1	4.5	5.2	0.7
32.1	40.1	56.2	45.7	28.5	31.8	21.1
26.5	36.7	53.0	40.3	24.1	29.0	13.6
16.0	11.1	16.7	6.9	8.5	8.5	5.4
18	25	25	36	22	20	23
2	1	8	27	17	16	19
84	76	70	52	50	32	32
34 243	27 548	59 236	25 900	9 957	6 949	6 943
4.04	6.25	4.76	3.87	n/a	n/a	n/a
3 907	4 484	7 229	2 887	1 552	2 025	725
35	44	57	47	34	37	19
34	39	30	36	33	37	19
35	44	30	36	37	38	52

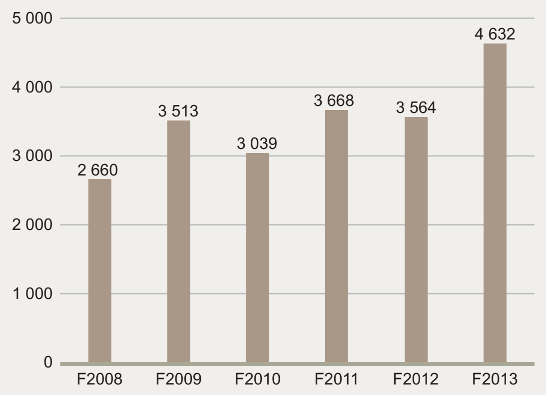
Sales (R million)



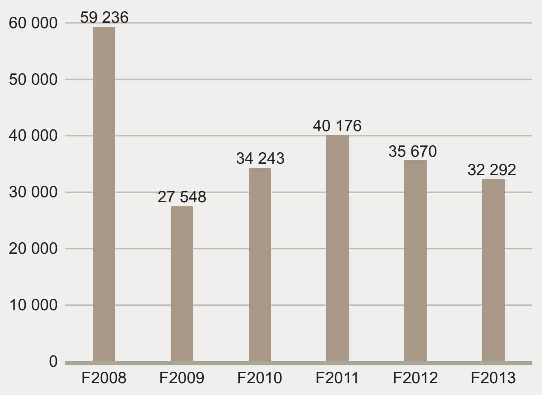
Total assets (R million)



Cash and cash equivalents (R million)



Market capitalisation (R million)



Definitions

1. **Current ratio (times)**
   Current assets divided by current liabilities.
2. **Quick ratio (times)**
   Current assets less inventories divided by current liabilities.
3. **Cash ratio (times)**
   Cash and cash equivalents divided by overdrafts and short-term borrowings less overdrafts
4. **Return on operational assets (%)**
   Profit from operations divided by tangible assets (property, plant and equipment and current assets) excluding capital work in progress.
5. **Return on capital employed (%)**
   Profit before exceptional items and finance costs, divided by average capital employed.

   Capital employed comprises non-current and current assets less trade and other payables and provisions.
6. **Return on equity (%)**
   Headline earnings divided by ordinary shareholders' interest in capital and reserves.
7. **Gross margin (%)**
   Gross profit divided by sales.
8. **Operating margin (%)**
   Profit from operations before exceptional items divided by sales.
9. **Interest cover (times)**
   Profit before exceptional items and finance costs divided by finance costs.

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

10. **Gross debt to equity ratio**
    Total debt divided by total equity. Total debt comprises long-term borrowings, overdrafts and short-term borrowings.

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

    Total equity comprises total shareholders' interest.
12. **Net asset value per share (Rands)**
    Ordinary shareholders' interest in capital and reserves divided by number of shares in issue.
13. **Market capitalisation (R million)**
    Number of ordinary shares in issue multiplied by market value of shares at 30 June.
14. **Dividend cover (times)**
    Headline earnings per share divided by dividend per share.
15. **EBITDA (R million)**
    Earnings before interest, taxation, depreciation, amortisation, income from associate and exceptional items.
16. **EBITDA margin (%)**
    EBITDA divided by sales.
17. **Effective tax rate**
    Taxation in the income statement divided by profit before tax.
18. **Effective tax rate (excluding exceptional items)**
    Taxation in the income statement less tax on exceptional items divided by profit before tax and exceptional items.

ARM strategy

Owner operator

Entrepreneurial management

Profit focused

Partner of choice

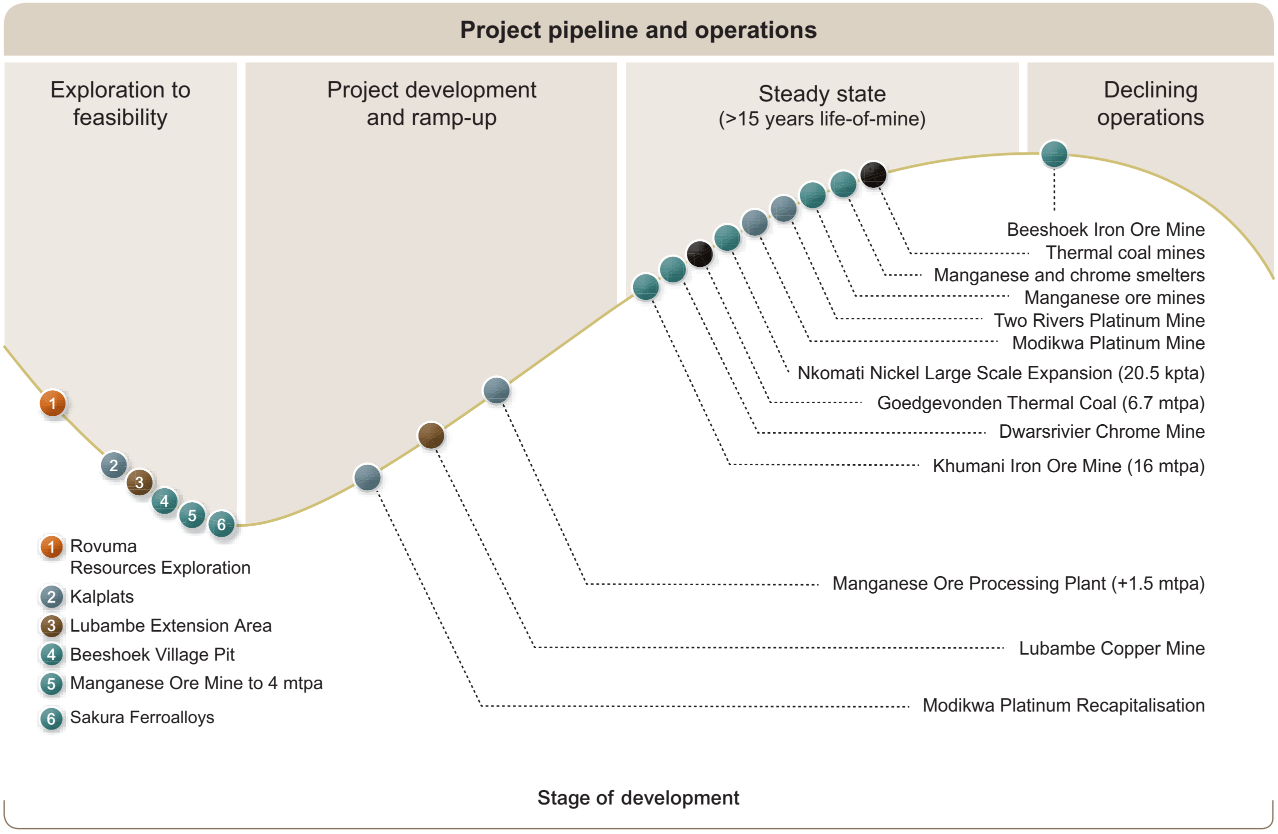
World-class management team

Responsible community development

Employer of choice

Key growth projects

	Lubambe Copper Mine
Steady state	45 000 tpa copper
Capex committed	94%
Stage	Ramp-up
Position on cost curve	Close to the 50th percentile
Commissioning (financial year)	2013
Full production (financial year)	2015
Comment	New commodity in portfolio and first mine outside South Africa



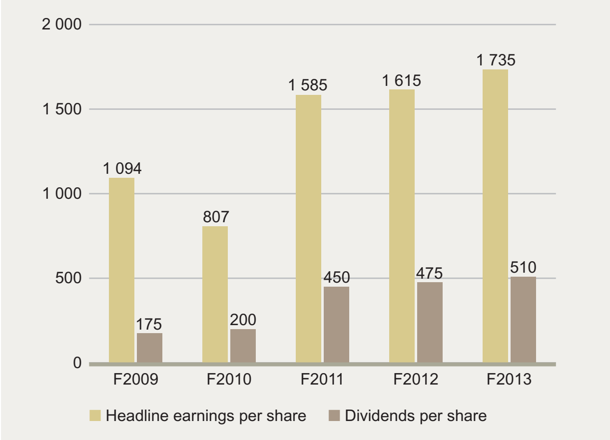
Potential future projects

- Iron ore expansion beyond 16 mtpa
- Manganese ore expansion beyond 3 mtpa
- Expansion of Modikwa Platinum Mine
- Thermal Coal Projects

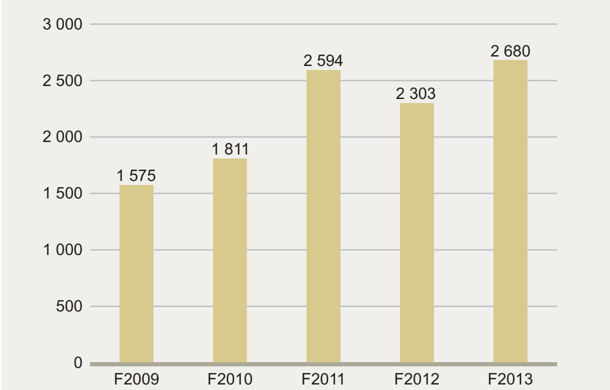
Integrated salient features

Financial

Headline earnings and dividends per share
(cents)



Net cash (excluding partner loans)
(R million)



- Headline earnings increased 8% to R3.74 billion (F2012: R3.45 billion). The headline earnings per share were 1 735 cents compared to 1 615 cents in F2012.
- ARM declared an increased dividend of 510 cents per share, compared to the F2012 dividend of 475 cents per share.
- ARM Platinum contribution to headline earnings increased significantly from R60 million in F2012 to R527 million and ARM Coal increased its contribution from R52 million to R148 million, while ARM Ferrous contributed R3.2 billion (F2012: R3.5 billion).
- Basic earnings of R1.6 billion were negatively impacted by an exceptional net R2.0 billion after tax unrealised mark-to-market impairment of the Harmony investment in terms of ARM's accounting policy.
- ARM remains financially robust with consolidated net cash (excluding partner loans) of R2.7 billion (F2012: R2.3 billion).

Operational

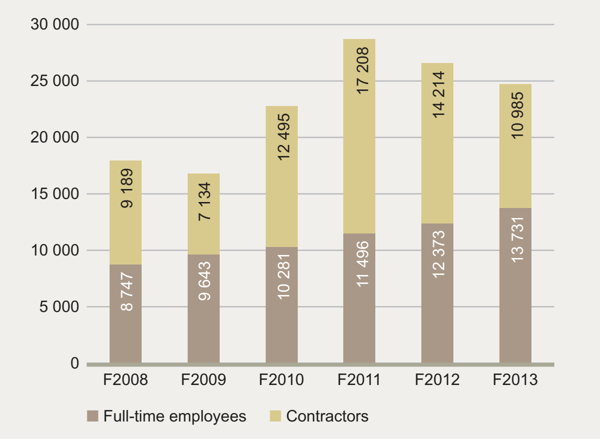
- Increased sales volumes were achieved in nickel, Platinum Group Metals (PGMs), iron ore, chrome ore, export coal and Eskom coal, from Goedgevonden Mine.
- Costs were well contained with the Dwarsrivier, Nkomati and Goedgevonden mines achieving reductions in unit costs.
- Growth projects deliver:
  - The iron ore mines have ramped up to steady state production.
  - The Nkomati Nickel Mine achieved a significant turnaround increasing production by 66% to 23 220 tonnes of nickel and reducing costs by 42% to US$ 4.98/lb.
  - The Lubambe Copper Mine commissioned its concentrator plant two months ahead of schedule and produced 14 871 tonnes of copper. The mine is addressing challenges with the quality of the concentrate delivered to a smelter.

"ARM's headline earnings increased by 8% mainly as a result of improved performances at Nkomati Nickel Mine, the platinum mines and Goedgevonden Coal Mine. The dividend increased from R4.75 to R5.10 per share."

Patrice Motsepe, ARM Executive Chairman

Sustainability

Total labour as at 30 June



- There were no fatalities at any of the mines that ARM manages.
- Beeshoek and Black Rock mines each achieved in excess of two million fatality-free shifts, while Khumani Mine and Nkomati Mine achieved three million fatality-free shifts each.
- The total number of Lost Time Injuries (LTIs) increased from 121 in F2012 to 149 in F2013 and the Lost Time Injury Frequency Rate (LTIFR) for F2013 was 0.48 vs 0.40 in F2012.
- There was continued improvement in the implementation of HIV & Aids and Tuberculosis (TB) management programmes, resulting in the TB cure rate increasing consistently to 93% from 85% in F2012 and 86% in F2011.
- Total Corporate Social Responsibility expenditure (CSI, LED and BBEE Trust) was R169 million compared to R126 million in F2012. This includes R25 million CSI Investments in Zambia by the Lubambe Copper Mine.
- ARM has been certified as a Top Employer to work for in South Africa by the Corporate Research Foundation (CRF) Institute for the third consecutive year.
- The Company's overall employment equity performance is ahead of 2014 Mining Charter targets.
- The total number of female employees remained at 15%. There was an increase in female middle management which reflects positive career progression from junior management.
- The Company spent 10% of payroll on training. This is higher than the 4% expenditure on Human Resources Development required by the Mining Charter and the 1% skills development levy.

Key performance indicators

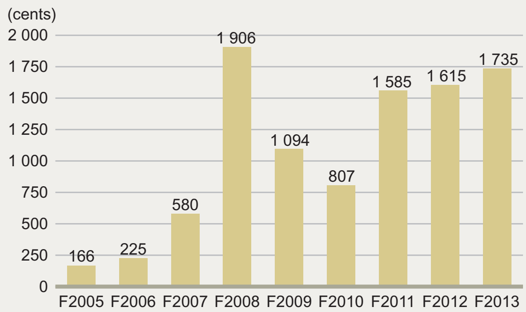
Overview of ARM's key performance indicators covering both financial and sustainability performance for F2013, including comparable indicators for preceding years. The definitions for the indicators are included where appropriate.

Financial

Headline earnings per share (HEPS)

HEPS increased 7% from 1 615 cents per share to 1 735 per share. The increased headline earnings were achieved despite extremely challenging global macroeconomic conditions that have adversely affected US Dollar prices for most commodities. The improved results were largely as a result of increased sales volumes, good cost control and the weakening of the Rand against the US Dollar.

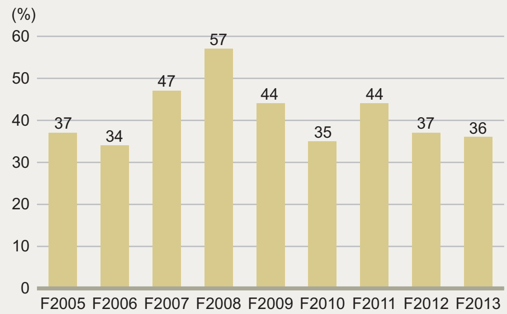
Headline earnings comprise earnings adjusted for items of a capital nature. This is then divided by the weighted average number of shares in issue to arrive at headline earnings per share.



EBITDA margin

The ARM EBITDA reduced slightly from 37% in F2012 to 36% mainly due to a fall in US Dollar commodity prices and above inflation unit cost increases at some operations. In addition, margins were supported by the weakening of the Rand/US Dollar exchange rate during the year.

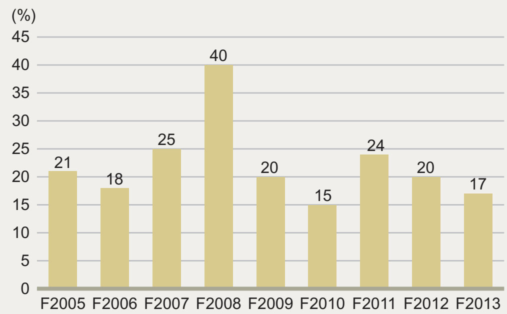
The EBITDA margin is earnings before interest, taxation, depreciation and amortisation excluding exceptional items and income from ARM associates, divided by sales.



Return on operational assets

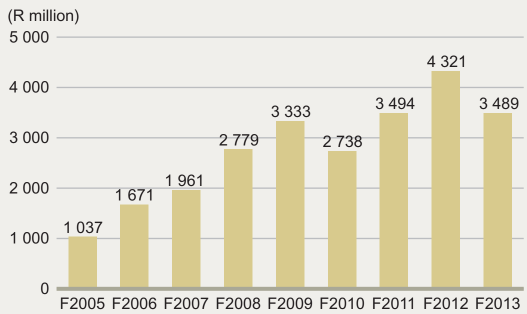
Return from operational assets reduced from 20% in F2012 to 17% in the year under review.

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



Capital expenditure

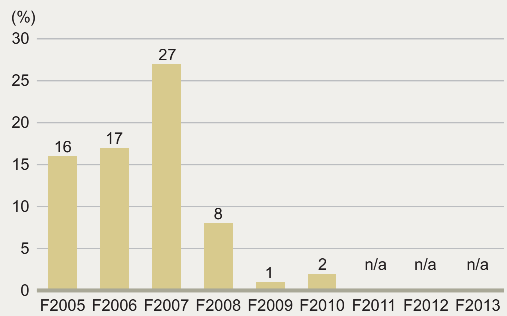
Capital expenditure attributable to ARM decreased significantly from R4.3 billion in F2012 to R3.5 billion as three of ARM's growth projects reached steady state production. The R3.5 billion capital expenditure was mainly expended at various projects in ARM Ferrous and in the development of the Lubambe Copper Project which is expected to reach steady state in F2015. The balance of the capital expenditure was mainly for maintenance of the operations.



Net debt to equity

ARM's financial position remains robust with net cash increasing to R640 million from R327 million in F2012.

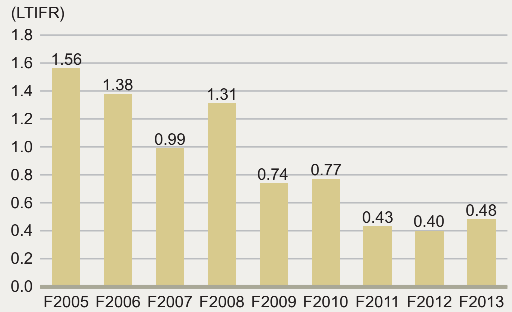
The net debt to equity ratio is total debt less cash and cash equivalents, divided by total equity.



Non-financial

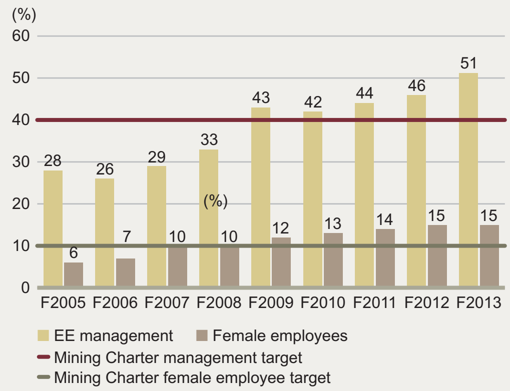
Safety performance

- During F2013 no fatalities occurred at any of the ARM managed mines, although some of our safety indices deteriorated slightly in the year under review. The total number of LTIs increased from 121 in F2012 to 149 in F2013 and the LTIFR for F2013 was 0.48 vs 0.40 in F2012.
- Modikwa Mine, Two Rivers Mine and Lubambe Mine achieved 1 million fatality-free shifts during the year.
- Beeshoek and Black Rock mines each achieved 2 million fatality-free shifts while both Nkomati Mine and Khumani Mine achieved 3 million fatality-free shifts in F2013.
- Beeshoek Mine completed 11 000 fatality-free production shifts.
- Machadodorp Works recorded zero lost-time injuries for the financial year under review.



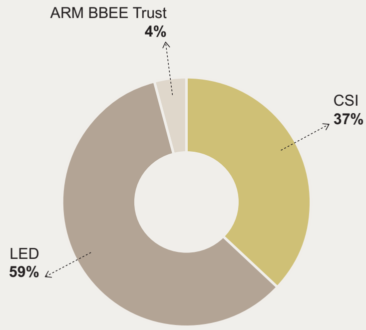
Employment Equity (EE)

- ARM has been certified as a Top Employer by the CRF Institute for the third consecutive year and has improved four positions from last year.
- Progress in EE continued, including gender diversity.
- The Company's overall employment equity performance is ahead of 2014 Mining Charter targets.
- Total number of female employees remained at 15%. There was an increase of almost 2% in female middle management which reflects positive career progression from junior management.
- The Company spent 10% of payroll on training (F2012: 9%). This is higher than the 4% expenditure required by the Mining Charter and the 1% skills development levy.



Corporate Social Responsibility (CSR)

- During F2013, ARM spent R99.7 million in terms of Social and Labour Plans (SLPs) and Local Economic Development (LED) and R62.0 million in terms of Corporate Social Investment (CSI).
- In addition, the ARM BBEE Trust distributed R9.7 million to its beneficiaries during the past year arising from ARM's dividend No. 6.
- Total CSR Investment was R168.5 million compared to R126.3 million in F2012. This includes R25.3 million CSI Investments in Zambia by our Lubambe Copper Mine.



Implementation of the TB and HIV & Aids management programmes

- ARM continued to progress in the implementation of the HIV & Aids programme in alignment with the primary aims of the South African National Strategic Plan for HIV, TB and STI (2012 – 2016).
- All operations have integrated HIV & AIDS and TB policies as required by the Department of Mineral Resources (DMR) and the National Strategic Plan of 2012 – 2016.
- A standard TB reporting tool that includes workplace investigations and compulsory TB screening for those in contact with TB infected employees at the work place, has been implemented at all mining operations as required by the DMR and the Department of Health (DoH).
- Khumani is the first ARM operation to be certified and successfully accredited by the South African Bureau of Standards in terms of SANS 16001, the Management System for wellness and disease management.
- The number of employees receiving Anti-Retroviral Treatment (ARV) has increased from 400 to 3 129.
- The number of employees registered on the Disease Management Programme has increased from 513 to 645.

Climate change

- ARM has determined its carbon footprint and has made a submission to the Carbon Disclosure Project (CDP) for the fourth consecutive year.
- ARM was included in the Nedbank Green Index for the first time during F2013, as one of 42 companies selected from the Top 100 based mainly on its improvement in CDP rating.
- ARM has taken a phased approach, implementing data collection procedures and training resulting in:
  - A disclosure score of 48% in 2011 (no performance projects listed).
  - A disclosure score of 77% in 2012 and a "C" performance score.
- Our CDP submission for F2013, which was submitted during May 2013, was externally verified for the first time. Continued improvement in this regard should effect an improvement in both our disclosure and performance scores.

Sustainability review

We limit our sustainable development reporting to the operations over which we have direct or joint management control – ARM Ferrous, ARM Platinum and ARM Copper. We therefore do not report on sustainable development at the Coal division or at Harmony.

ARM publishes a separate Sustainability Report (available at **www.arm.co.za**) each year that provides full information on our sustainable development approach, initiatives and performance. This includes a detailed section on how we comply with the revised Mining Charter and our Corporate Social Responsibility projects.

Pages 30 to 31 of this report summarises the Company's key performance indicators (KPIs), including non-financial KPIs.

Our approach to sustainability

The mining industry is a key part of socioeconomic development and contributes to growth in the economies of mineral rich countries. It is a labour-intensive industry that creates many jobs, often in areas where these may be scarce. The financial benefits of mining activities are widely distributed, contributing to the fiscus and supporting families in local communities through salaries and wages paid to employees. Another benefit for local communities comes from socioeconomic investment initiatives that support long-term social development, including Local Economic Development programmes.

Extracting minerals through mining and the beneficiation processes has a high impact on the environment and the communities around the operations. Mining and beneficiation can be dangerous – our employees risk exposure to potentially harmful substances and work in environments that could be hazardous if appropriate safety and health management controls are not in place.

Long-term financial sustainability in mining is not possible without ensuring social sustainability. This is just as true of environmental considerations – a mine that does not operate responsibly will quickly lose both its social licence to operate and its mining licence.

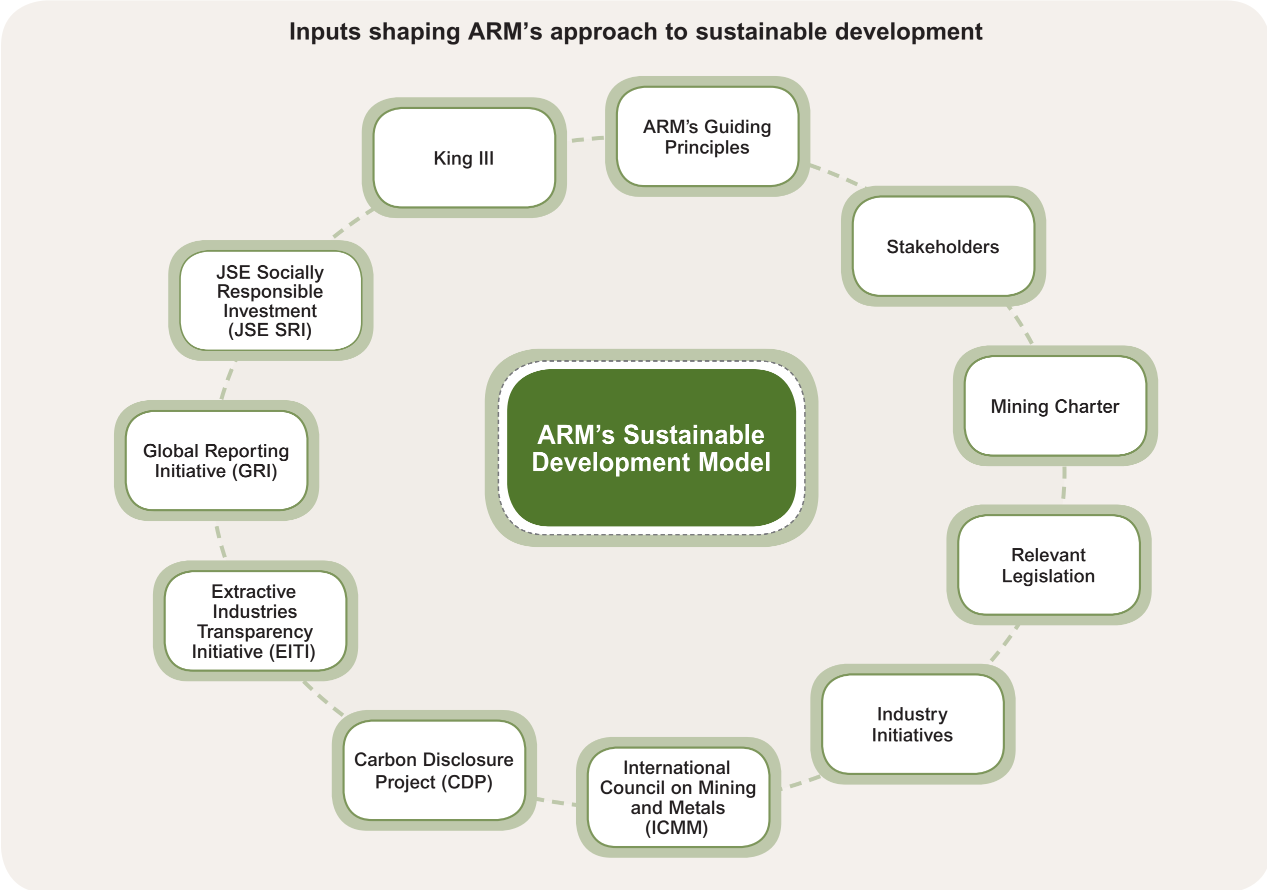
As a company, we are guided by the principles of responsible investment and broad social benefit. These keep us mindful of our responsibility to manage the potential negative environmental and social impacts of our operations.

ARM's commitment to good corporate governance defines our approach to sustainable development. We align our governance principles with the principles of the King Report on Corporate Governance for South Africa 2009 and the King Code of Governance Principles (collectively, King III).

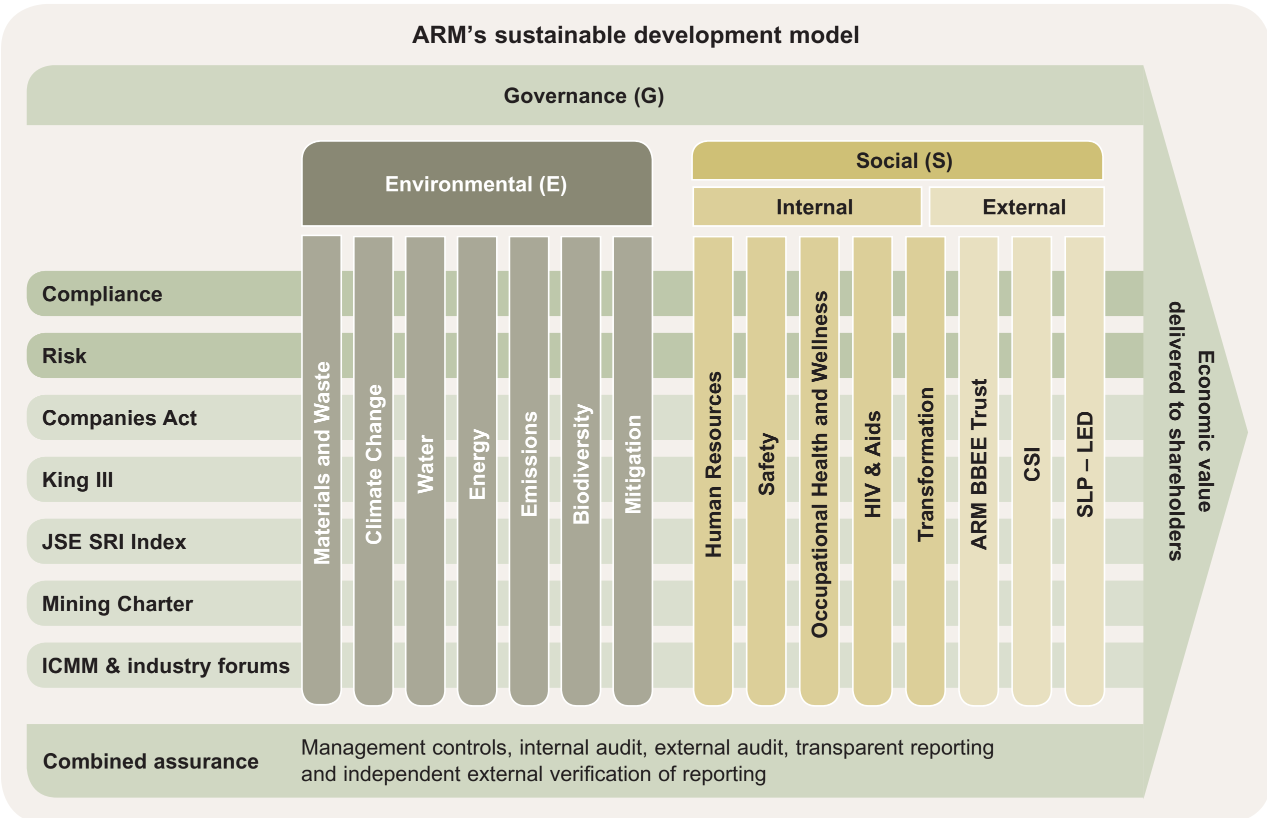
We discuss our approach and governance structures in more detail in the Corporate Governance report which begins on page 122.

Our sustainable development considerations are also guided and influenced by other legislation, requirements and guidelines. These include those discussed in the table below.

The Mining Charter	Mining is a highly regulated industry. Many of our social and environmental responsibilities are defined by the terms of our mining licences, environmental regulations and associated industry guidelines. We pay particular attention to the requirements of the Mining Charter, seeking to exceed these wherever possible.
The ICMM	ARM is a member and an active participant at Council, Executive and Task Force level within the International Council on Mining and Metals (ICMM). We share the ICMM vision of a respected mining and metals industry widely recognised as essential for society and a key contributor to sustainable development. Our sustainable development initiatives align with the elements of the ICMM sustainable development framework and the ten principles of the ICMM.
Industry initiatives	Mining industry initiatives include the Culture Transformation Framework arising out of the Tripartite process between business, labour and Government. The Mining Industry Occupational Safety and Health (MOSH) initiative process shares leading practices and promotes their widespread adoption to help the industry meet the Tripartite health and safety targets and milestones.
The EITI	As a member of the ICMM, ARM subscribes to the Extractive Industries Transparency Initiative (EITI) – a global standard promoting transparency and the management of revenues from natural resources.
The GRI	Our Sustainability Report has been prepared in accordance with the Global Reporting Initiative (GRI) G3 guidelines, including the Mining and Minerals sector supplement, and meets application level A+, having been externally assured.
The JSE SRI Index	Our commitment to integrating governance, best practice and environmental, economic and social sustainability into our business has been recognised by our inclusion in the JSE Socially Responsible Investment (SRI) Index for the fourth year. ARM was also included in the Nedbank Green Index for the first time this year.
CDP	The Carbon Disclosure Project (CDP) is an international not-for-profit organisation that works with market forces to motivate companies to disclose their impacts on the environment and natural resources and take action to reduce them. ARM submitted a CDP report for the fourth consecutive year in 2013.



Our Sustainable Development Model represents our approach to sustainable development and how this interlinks with our combined assurance model.



How we manage sustainability in our business

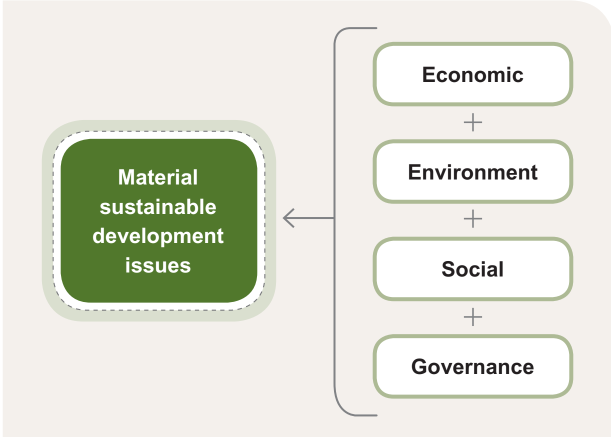
ARM's joint venture partnerships with other leading mining players are at the core of its diversified portfolio and operations. Each operation has its own specific sustainability challenges, approach to managing these challenges and maturity of governance processes around these issues. The Company sets sustainable development policies and operational management implements these in a manner appropriate to the circumstances at each operation. Sustainability progress is monitored by and reported through both operational and corporate sustainability governance structures.

Sustainability is integrated into the Company's risk management system and sustainability aspects are included in the Group risk register. We determine the issues that are material to the Company through:

- engagement with our key stakeholders;
- risks identified by our risk management processes;
- review and assessment of our internal performance measures;
- monitoring of media coverage;
- review of similar issues reported by members of the extractive industry; and
- our assessment of trends in policy and regulations.

While we classify our risks broadly into Financial, Operational and Social risks in our risk management systems, we recognise that all of the issues material to the Company ultimately have a financial impact and directly influence our ability to create long-term sustainable stakeholder value.

Our strategic, tactical and major operational risks and their attendant controls are presented on pages 146 to 149.



The two subcommittees of the Board directly tasked with managing sustainability and risk-related issues are the Social and Ethics Committee and the Audit and Risk Committee.

While ultimate responsibility for sustainable development in the Company lies with the Board, functional responsibility rests with the Executive: Sustainable Development who reports directly to ARM's Chief Executive Officer and operates with oversight from the Social and Ethics Committee. The responsibilities of the Executive: Sustainable Development include reviewing sustainable development policies, strategies and targets as well as ensuring these align with the Board's commitment to zero tolerance of harm throughout the business.

The Executive: Sustainable Development works closely with the Leader: Risk Management to ensure sustainable development considerations are appropriately integrated into ARM's processes and progress is accurately reported to the Board.

Social and Ethics Committee

The Social and Ethics Committee monitors the manner and extent to which ARM protects, enhances and invests in the economy, society and the natural environment in which it operates in order to ensure that its business practices are sustainable. This includes considering the effectiveness of ARM's systems to promote Local Economic Development opportunities that support the development of historically disadvantaged South Africans. These development initiatives also enable us to align with and meet the requirements of mineral rights conversions, the Mining Charter, the Mineral and Petroleum Resources Development Act, 2002 and other relevant legislation.

Sustainability and Risk Management

ARM's Management Risk Committee is a subcommittee of the Group Audit and Risk Committee that assists the Audit and Risk Committee in discharging its duties relating to risk matters. It implements, coordinates and monitors the Company's 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.

ARM's Risk Management programme integrates the management of risk and assurance, providing both corporate governance compliance and a practical and effective tool for the management of risk (including sustainability risk) within ARM.

The Leader: Risk Management and the Executive: Sustainable Development attend Social and Ethics Committee meetings and are members of the Management Risk Committee. They also attend Board meetings to respond to any risk and sustainability-related matters raised by the Directors.

Pages 133 to 134 and 160 to 161 of the Corporate Governance report provides more information on the composition and activities of the Social and Ethics Committee and the Management Risk Committee.

Operational management, including Safety, Health, Environmental and Quality (SHEQ) managers at each operation review and update risk registers and risk and control dashboards with input from production and engineering functions. Performance against guidelines is reviewed at operational and corporate level through regular meetings. These reviews form an important part of the combined assurance process and provide appropriate oversight of management processes. They also serve to provide operations with a tool to manage and mitigate associated risks to an acceptable level.

Monitoring, measuring and reporting

Central reporting of sustainable development data is drawn from a number of different systems at the operations. Consolidating the information requires significant time and ensuring accuracy and comparability of data between periods and operations is a challenge.

We continue to roll out the internal reporting systems piloted in the ARM Ferrous Division across the other operations in line with the implementation of ARM's overall IT strategy.

Sustainable development information is verified by our outsourced internal audit function and through external assurance of the content of our sustainability reports. Integrated Reporting & Assurance Services (IRAS) provided high-level independent third party assurance over the content of the F2013 Sustainability Report. Their assurance statement is included in the Sustainability Report and includes comment on data collection in ARM.

Stakeholder engagement

ARM is committed to the stakeholder inclusive model of governance recommended by King III. The Company accordingly has established a formal stakeholder engagement process to understand the legitimate interests and expectation of a broad range of stakeholders and address these in an appropriate way. Specific engagement responsibilities are assigned to relevant positions within the Company that engage relevant stakeholders at corporate, divisional and/or operational level.

Our key stakeholder groups include:

- Employees
- Unions/organised labour
- Communities
- Shareholders (including our joint venture business partners), institutional shareholders, analysts and investors
- Government
- Local business
- Industry bodies
- Bankers and funders
- Customers
- Suppliers

Full details of how we identify and engage with our stakeholders, their key concerns and how ARM responds to these are included in our Sustainability Report.

Summary sustainability review

The summary sections that follow offer a high-level overview of the Company's material issues. These issues are discussed in greater depth in our Sustainability Report.

Economic sustainability

Electricity costs and ARM's ability to use electricity efficiently

Increases in administered costs, such as electricity tariffs, affect our cost containment targets. Mining and beneficiation are energy intensive processes and the smelters in the Ferrous Division account for nearly half of the electricity consumed by the Group.

Improving process efficiency is a key focus at all of our operations and we have initiatives in place to increase energy efficiency, including the use of electricity (as detailed in our Sustainability Report). The Ferrous Division is a member of the Energy Intensive Users Association and has developed its own Energy Efficiency Charter to map its development and implementation of energy efficient practices.

We support Eskom's tariff increases as necessary to facilitate its infrastructure building programme – the Company's further growth depends on our ability to access this infrastructure. We are, however, concerned that continued above-inflation price increases may negatively affect our ability to operate at our targeted cost efficiency ratios. It is clear that many communities surrounding South African mines are under severe socio-economic pressure and rising energy costs especially impact these communities.

Together with other industrial users of electricity, ARM continues to engage with Government institutions to ensure that future tariff increases balance Eskom's need to build and maintain its infrastructure with the need to sustain industries that are critical for job creation and contribute revenue to Government.

Carbon tax

While we support the intention behind the pending carbon tax – to promote the efficient use of energy – we are concerned that further financial disincentives will increase the cost of energy to the degree that business in the South African economy becomes uncompetitive. As discussed in our 2012 Carbon Disclosure Project (CDP) report, we estimate that the direct cost of the carbon tax on ARM's Scope 1 emissions could be between R11.5 million and R23 million per annum. In addition, the effect of the carbon tax on Eskom, which is likely to be passed on to consumers, is estimated to potentially increase ARM's electricity costs by between R48 million and R64 million over and above any annual electricity tariff increases. These significant potential cost increases highlight the connection between financial impacts and those classified as non-financial (such as climate change).

Logistics

ARM faces logistical challenges in transporting product from our mines to the ports for export. Iron ore is exported through the SishenSaldanha Iron Ore Export Channel (SIOEC), a single channel rail and port facility. Capacity constraints on the SIOEC limit ARM's ability to increase its exports. The Company also risks being affected by industrial action at Transnet Freight Rail as well as if the rail operator does not meet its agreed service levels.

ARM continues to engage with Transnet and other industry role players to explore options for increasing rail and port capacity. During the year under review, the industry and Transnet completed an initial feasibility study to expand SIOEC beyond its current capacity of 60 million tonnes per annum. A proposal to export manganese ore through the port of Coega in the Eastern Cape is also being developed.

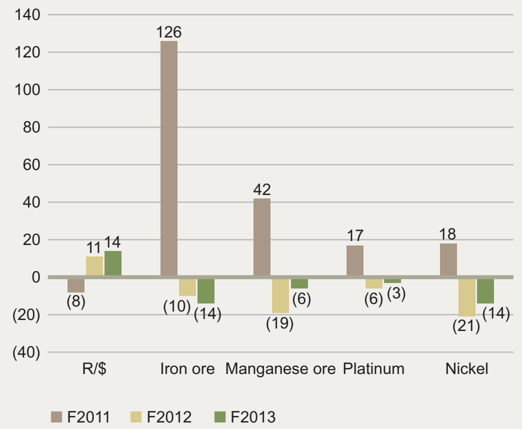
Where rail capacity is constrained, the Company is obliged to transport ore by road. The cost of road haulage is higher and increases the Company's carbon footprint while negatively impacting on the country's road infrastructure.

Market conditions

Commodity prices are determined by anticipated global supply and demand for metals. These prices are therefore affected by international economic conditions and subject to significant volatility. Commodities are also mostly priced in US Dollars, so the Company's revenues, cash flows, profitability and asset values are affected by exchange rate fluctuations as well as commodity price fluctuations.

ARM's diversified portfolio of products allows more stable returns than single product producers and gives the Company some ability to manage the risks associated with commodity price movements.

Changes in realised commodity prices and exchange rates (%)



Cost efficiencies

One of our main strategic targets is to maintain unit costs below the 50th percentile of the global cost curve in the commodities produced at ARM managed operations. We have implemented various cost saving initiatives, including switching from ferrochrome to ferromanganese production at Machadodorp Works. Continued poor demand for ferromanganese during the year made it necessary to shut down smelters and implement a retrenchment process in terms of Section 189 of the Labour Act at Machadodorp Works to ensure the ongoing financial viability of the operation.

While we are on target to achieve our unit cost goals, these will continue to be challenged by rising energy costs and labour costs that do not keep pace with productivity gains.

Social sustainability

The events at Marikana in August 2012 not only highlighted significant organised labour and social concerns in the South African mining industry, but also marked an important turning point for the country. The fallout that followed clearly demonstrated the severe financial impact that unaddressed social issues can have on business. The resulting international investor discomfort around the mining industry in South Africa led to significant declines in the share prices of local miners, resulting in losses for shareholders in these companies. Subsequent downgrades to South Africa's sovereign credit rating further hit investor confidence as well as increasing the cost of funding, potentially affecting the viability of future expansion projects.

Employee safety and wellness

Mining is an inherently dangerous industry. Employees may be exposed to substances and situations that can be dangerous if the right controls and training are not put in place and continuously improved according to the risks. As a caring and responsible Company, it is our moral duty to provide a safe and healthy working environment for our employees.

As is becoming increasingly clear, material issues categorised as non-financial, such as health and safety, are ultimately financial issues – healthy employees operating in a safe environment are better able to perform to their full potential. Failure to protect our employees adequately risks poor morale, low productivity, injuries, lost shifts, labour unrest, reputational damage, investor confidence declining and ultimately threatens the sustainability of our business.

Safety

ARM is committed to zero harm. We carry out our mining and beneficiation activities in a way that is designed to ensure our employees' safety is aligned with the guidelines and targets set in the Mining Charter. We are also committed to benchmarking and learning from our peers. We therefore actively participate to adopt the relevant best practices outlined in the Mining Industry Occupational Safety and Health (MOSH) Adoption System to meet the Tripartite Health and Safety Targets and Milestones.

ARM's Health and Safety Committee governs and monitors operational safety policies, strategies and safety performance at a corporate level. These are reviewed at an executive level every quarter in Safety, Health, Environmental and Quality (SHEQ) meetings. Most ARM operations are certified in terms of OHSAS 18001, the international health and safety management system.

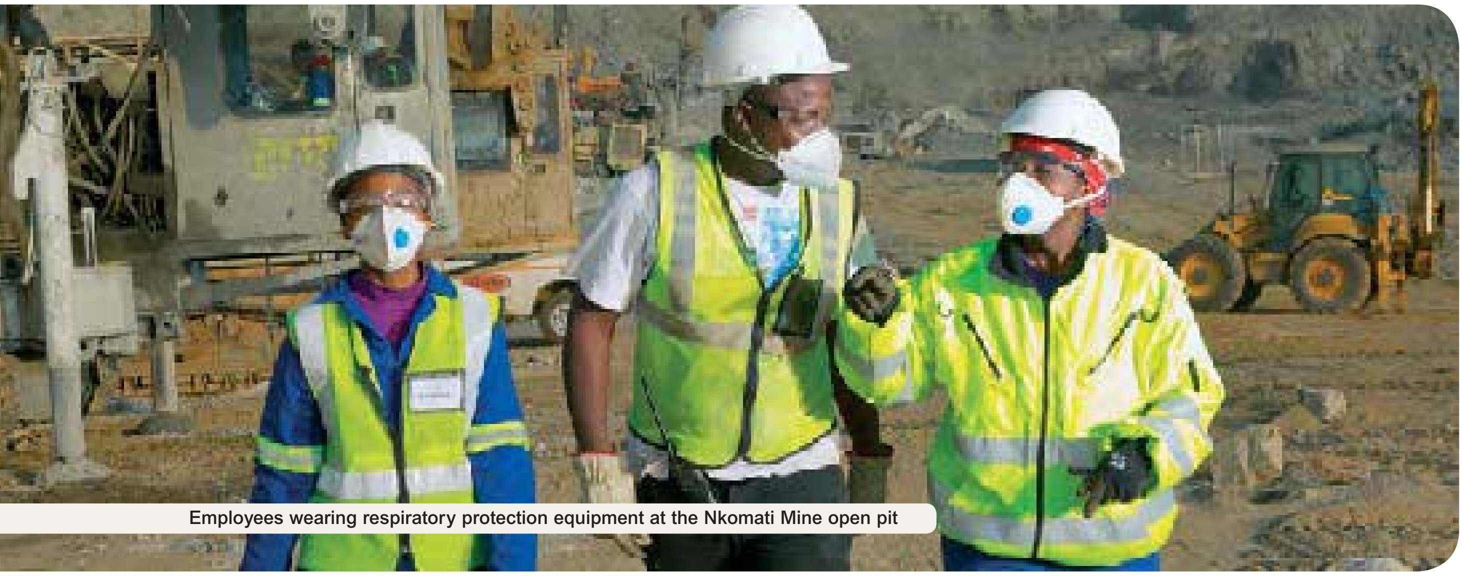
Focus for F2013	✓/✗	How we did	Focus for F2014
Zero harm to our employees.	✓	There were no fatalities during the year.	Zero harm to our employees.
Reduce stoppage due to Section 54 and 55 Notices.	✓	Collective days lost due to Section 54 and 55 Notices reduced to 16 in F2013 from 63 in F2012. Section 54 Notices issued reduced to 13 in F2013 (F2012: 16) and Section 55 Notices to 11 (F2012: 13).	Reduce stoppage due to Section 54 and 55 Notices.
Continuous improvement of the SHEQ management systems as well as reporting systems at a Group level.	✓	The Group continued to refine its SHEQ management systems to align with MOSH and the Culture Transformation Framework (CTF). We also further developed capacity in our reporting systems.	Continue to align with and adopt leading practices from industry initiatives such as MOSH and the CTF.

HIGHLIGHTS

- The Reportable Injury Frequency Rate (RIFR) remained fairly stable (from 0.25 in F2012 to 0.26 in F2013).
- There was a significant decrease in days lost to Section 54 and 55 Notices issued, as highlighted in the table above.
- Two operations achieved more than three million fatality-free shifts in F2013, two achieved more than two million fatality-free shifts and five achieved more than a million fatality-free shifts.
- Machadodorp Works completed 12 months without a lost time injury.

CHALLENGES

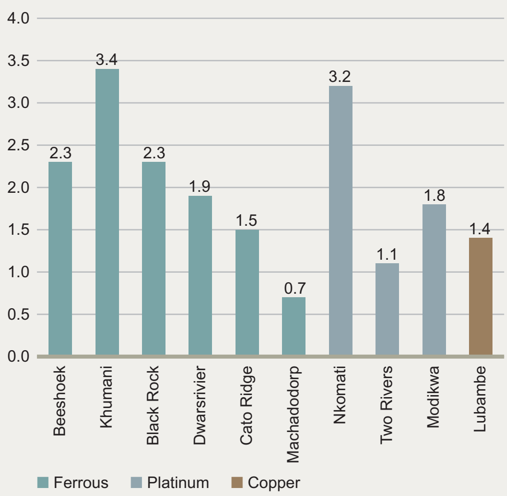
- While there were no fatalities at ARM-managed operations during the year, an off-duty security guard tragically drowned at Lubambe Copper Mine. We regret any loss of life and ARM and its Board of Directors extend their sincerest condolences to the family, friends and colleagues of the deceased.
- The Group's Lost Time Injury Frequency Rate (LTIFR) per 200 000 man hours worked increased to 0.48 in F2013 from 0.40 in F2012. This increase was mainly due to safety challenges faced at Modikwa Platinum Mine. Modikwa's management continues to focus on its safety strategy to bring Modikwa, which previously achieved 8 million fatality-free shifts, back on track.



Employees wearing respiratory protection equipment at the Nkomati Mine open pit

LTIFR trends 3- and 12-month moving averages (MMA)

F2013 fatality-free shifts (million)



Occupational health and wellness

A healthy workforce has better morale, retains institutional knowledge more effectively and works more efficiently. Caring for the health and wellness of our employees is a value, a moral imperative and makes economic sense as a key part of building a sustainable business. We manage occupational health through a programme of periodic medical examinations and biological monitoring of employees and contractors.

The most common illnesses diagnosed in our workforce (including chronic and primary health related diseases) are hypertension, upper respiratory tract infection and back/muscular/skeletal ache.

Hazardous substances in our operations include manganese, chromium and coal, tar, pitch and volatiles (CTPV) in our smelting operations. Asbestos has been detected in the ore body at Nkomati Mine and the operation accordingly applies appropriate procedures to mitigate dust liberation and manage exposure.

Hearing conservation continues to be a core focus of ARM's occupational health surveillance and management programmes. ARM is committed to reducing workplace noise in line with the Department of Mineral Resources (DMR) 10-year targets agreed at the Mine Health and Safety Summit in 2003.

Counselling and voluntary testing at Khumani Mine

Focus for F2013	✓/×	How we did	Focus for F2014
Ongoing focus on reducing noise from existing and new equipment, as well as awareness raising to improve compliance with Personal Protective Equipment (PPE).	✓	We continued to reduce machinery noise levels to < 110 db at all operations through engineering controls e.g. automatic silencer fans and stringent standards set for new equipment. The MOSH Leading Practices on Noise have been adopted by Nkomati, Modikwa and Two Rivers Platinum mines.	Ongoing focus on reducing noise from existing and new equipment, as well as awareness raising to improve compliance with PPE. Continued implementation and monitoring of compliance with MOSH Leading Practices on Noise.
Continued focus on hearing conservation.	✓	We have reduced the number of Percentage Loss of Hearing (PLH) shifts in only one category of hearing loss (between 2.5% and 5% PLH). There has been an increase in the two higher categories (5% to 7.5% and 7.5% to 10% PLH). This is probably due to historic hearing loss progressing in a number of cases.	Continued focus on hearing conservation and education.

In the F2012 Integrated Annual Report, TB was reported in the Occupational Health and Wellness Section. This year we report TB with HIV & Aids in line with the National Strategic Plan 2012 – 2016.

HIGHLIGHTS

- During F2013, Khumani Mine was certified and successfully accredited in terms of SANS 16001, the management system for wellness and disease management.
- All our operations have dedicated wellness functions to integrate efforts to manage and control HIV & Aids, TB and Employee Assistance Programmes (EAPs).

CHALLENGES

- The number of Noise Induced Hearing Loss cases submitted for compensation increased to 56 from 45 in F2012.
- Difficulty in attracting and retaining qualified occupational medical staff in remote locations continues to impact on our medical surveillance programmes.
- Hearing loss as measured by shift in percentage loss of hearing (PLH) has increased in the categories above 2.5% to 5% PLH.

TB, HIV & Aids

Chronic diseases such as tuberculosis (TB) and HIV & Aids remain a risk to the wellness and productivity of our employees. We manage these issues as part of an integrated occupational health and wellness programme that addresses TB, HIV & Aids and sexually transmitted infections (STIs) aligned with the National Strategic Plan (NSP) of 2012 – 2016.

For all new TB cases identified, operations conduct contact screenings at the workplace and inform local community clinics to conduct contact screenings in the community as required by the Department of Mineral Resources regulations and the NSP. A TB reporting procedure template was developed for our operations in alignment with the Department of Health regulations.

Focus for F2013	✓/✗	How we did	Focus for F2014
Nkomati Mine and Machadodorp Works were in the process of reviewing their service level agreements with their occupational health service providers to align with the rest of the Group.	✓	Both Nkomati Mine and Machadodorp Works have reviewed their service level agreements: Nkomati has appointed a full time primary health care (PHC) nurse to provide daily PHC services while Machadodorp supports a local clinic to provide primary health care services for both employees and community members.	Continue to conduct SANS 16001 wellness and disease management gap analyses to align all operations with the standard.
All service providers to provide detailed quarterly utilisation reports to assist operations with their strategic plans.	✓	All operations have HIV & Aids programmes run by accredited service providers to address counselling sessions for both health and non-health related matters. All operations have moved from VCT to counselling and voluntary testing; all medical examinations at the clinics include HIV counselling and tests are then optional.	Continue internal audits and gap analyses in order to align with SANS 16001 over the next two years.
Calculate HIV economic impact at all operations including corporate office.	✓	Each operation has established their HIV prevalence. This was used to calculate the economic impact per operation using our internal model. The HIV prevalence at our operations are generally below district averages.	Continue monitoring of our operational HIV prevalence in relation to provincial and district HIV prevalence where our operations are located.
Engage with local Aids councils to manage HIV, TB and STIs in surrounding communities according to the NSP.	✗	Operations focus on the following areas as required by the NSP: • Community home-based care. • Support for orphans and vulnerable children. • School health services. • Community HCT/TB campaigns. Aids Councils do not function optimally in some of the remote areas where our operations are located.	Continue to engage local Aids councils where our operations are located to identify wellness and health related projects.
Continue to reduce the number of new TB infections and manage and monitor those already on treatment.	✗	All employees who visit our occupational health clinics are passively screened for TB using the screening tool provided by the Department of Health. This led to an increase in new TB infections detected to 131 in F2013 (F2012: 39; F2011: 68). A TB management protocol and reporting standard have been implemented and enhances our monitoring and management of employees already on treatment. The TB cure rate has improved from 85% in 2012 to 93% in 2013.	Continued alignment with the NSP and passive TB screening of contacts at the workplace and in communities as per DMR regulations.

HIGHLIGHTS

- We expanded our TB management plan in line with the National Strategic Plan 2012 – 2016.
- Improved our HIV & Aids programme internal compliance score mark from 71.0% in F2012 to 73.4% in F2013, exceeding our target of 64.4% set in 2008.
- This is attributable mostly to the continued improvements made by Khumani Mine, Beeshoek Mine, Black Rock Mine, Two Rivers Platinum Mine and Dwarsrivier Mine.
- Increased the number of employees registered on our disease management programme by 25.7% in the current year.
- The actual number increased from 513 (F2012) to 645 (F2013).
- The number of employees receiving Anti-Retroviral (ARV) treatment at our facilities increased by 682% in F2012. The number increased from 400 (F2012) to 3 129 (F2013).
- This is attributable to our CVT policy, in addition to all operations now having full wellness functions which assist employees to access and register on DMP and monitor their progress.

CHALLENGES

- The incidence of HIV & Aids continues to affect our operations and the communities in which our employees reside significantly, particularly in Mpumalanga (35.1%) and KwaZulu-Natal (39.5%).
- Difficulties in sharing HCT (HIV Counselling and Testing) data with some medical aid schemes, which makes it difficult to monitor employee access and compliance with disease management programmes (DMP).
- Revitalising the wellness programmes at Nkomati Mine and Modikwa Mine and getting the HIV & Aids management programmes back to their former levels of excellence.
- Ensuring optimal functioning of local Aids councils.
- Encourage Wellness Committees to continue to work with medical aid schemes.
- Encouraging trained peer educators to remain active.

Environmental sustainability

We see responsible environmental stewardship as a fundamental part of our commitment to upholding our Company values and the principles of responsible mining as members of the ICMM. It is also an important part of the sustainable creation of value. The direct financial incentive to reduce our consumption of resources in the face of rising resource costs is clear and is further emphasised by the pending carbon tax.

Sound environmental stewardship at our operations reduces the risk of negatively affecting the communities around us, in which a large proportion of our workers live. Proactively addressing the risks associated with climate change not only reduces our risk exposure, but also helps the Company to realise potential opportunities and supports our positive reputation. Relationships with Government, labour, communities and Non-Governmental Organisations (NGOs) are an important focus to ensure we retain our licence to operate.

Our most material environmental issues are climate change and resource management with energy use and water availability being key concerns. Climate change implications include physical risks posed by flooding or drought and the risk of a lack of water.

We identify our environmental impacts through our operational environmental management systems and use these to implement our environmental plans and monitor our performance. We monitor environmental performance and compliance at operational, divisional and corporate level.

Dust monitoring at Two Rivers Mine

Focus for F2013	✓/✗	How we did	Focus for F2014
Establish efficiency measures to assist in the management of resources, including water and energy, at operational level.	✓	Efficiency and intensity measures for water and energy have been established at operational and divisional level. This assists us to understand the impact of our resource use in order to enhance efficiency.	Monitoring implementation of efficiency targets for water and energy.
Roll out workshops to remaining operations to finalise the strategic review of climate change risks, initiatives and approach. Use this review to formulate a Group strategy and policy aligned with national legislation and the ICMM's climate change policy developments.	✓	Operational carbon strategy workshops were held, focusing on understanding and prioritising climate change-related risk for the different operations. These aimed to create a shared vision of strategic objectives in terms of climate change and identifying possible emission reduction and energy efficiency projects.	A Group strategy has been drafted and is being finalised through consultation with the various divisions.
Continue the process of setting performance objectives and emissions targets as well as integrating our climate change strategy throughout the business.	✓	Performance objectives and targets have been implemented at our smelting operations – the biggest consumers of energy in the Company. At the other operations, we focussed on improving data collection, specifically regarding energy consumption. Our mining operations have implemented efficiency improvement projects as disclosed in our 2012 CDP submission.	Finalise performance objectives and emissions targets at all our operations. Roll out our climate change strategy in consultation with our joint venture partners.
Further improving our environmental data collection, monitoring, and reporting systems as part of the continuous improvement process aligned with our Group IT systems development plan.	✓	We continue to improve our data collection processes, specifically regarding energy, and enhancing our monitoring and reporting system regarding our carbon footprint. ARM was included in the Nedbank Green Index for the first time in F2013. We also submitted a verified carbon emissions report (on F2012 emissions) to the CDP for the first time in F2013.	Continued improvement in data collection and performance.

HIGHLIGHTS

- We continue to implement our climate change strategy, policy and awareness training project. This project is progressing well and includes a carbon management strategy, emissions reduction plan and scenario planning.
- As a result of both our improvement in disclosure and performance in terms of carbon emissions management, ARM was included in the Nedbank Green Index for the first time.
- Energy and carbon reduction opportunities have been identified and quantified at Nkomati Mine. We are currently implementing projects based on these opportunities. We are also investigating a renewable energy (solar) project at the operation.
- We submitted a CDP report for the fourth consecutive year and commissioned independent verification of our emissions data for the first time.

CHALLENGES

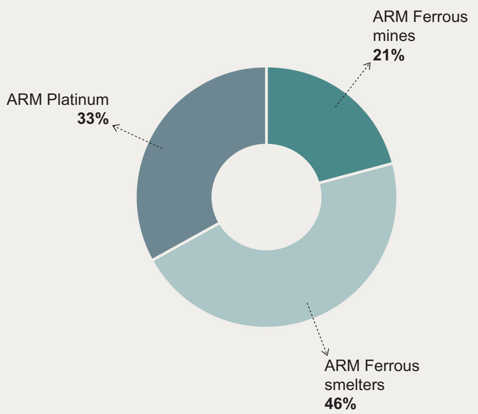
- Continued reduction in carbon emissions.
- The potential financial impact of the pending carbon tax.
- Climate change impact on water resources: risk of water scarcity impeding our growth plans and the physical risk of major storm events and flooding.
- Expanding our monitoring and reporting requirements to our supply chain.

Carbon footprint

ARM's carbon emissions arise mainly from the consumption of electricity produced from coal, the use of diesel for mining operations and materials movement and carbon-based reductants such as coke and coal used in our smelters.

The two smelters in the ARM Ferrous Division are the biggest consumers of energy and therefore account for the majority of the Company's carbon emissions.

Divisional contribution to our attributable F2013 Scope 1 and 2 carbon footprint



ARM submitted a CDP report for the fourth consecutive year, disclosing ARM's attributable F2012 carbon emissions for our joint venture operations. This included independent verification of our emissions data for the first time.

ARM's estimated F2013 carbon footprint (Scope 1 and 2 attributable emissions) was 1 230 002 tonnes carbon dioxide equivalent (tCO_2e). This represents a decrease of 32% on F2012's 1.81 $mtCO_2e$. This can be attributed to a significant decrease in production at our smelting operations in Machadodorp and Cato Ridge. Scope 1 and 2 emissions per full time employee decreased by 39% to 181 tCO_2e per full time employee in F2013 compared to 295 tCO_2e in F2012.

Carbon footprint – attributable Scope 1 and 2 ($mtCO_2e$)

Energy usage

Energy consumption is managed through the Ferrous Division's emissions reduction plan as the largest contributor to the Company's carbon emissions. The Platinum Division's reduction plans are being developed as phase II of the climate change programme currently being rolled out.

Electricity consumption (000MWh)

ARM's electricity consumption (reported on a 100% basis) decreased by 28.7% to 2.04 million megawatt hours (mMWh) in F2013 (F2012: 2.9 mMWh).

Water

Water availability is a key consideration when we plan the expansion or construction of an operation and is certain to become a more pressing issue in future. We anticipate that the cost of water will continue to rise to take into account likely future scarcity. This will incentivise users to manage consumption through water-efficiency and recycling initiatives. This trend is likely to accelerate as the effects of climate change become more apparent. It is also critical that we have the necessary controls in place to ensure that our operations do not negatively affect the quality of water around them.

Some of our operations have had to address legacy issues of ground water contamination and rehabilitate historically contaminated land that impacts on surface and groundwater. Contaminated land surveys were completed at Machadodorp Works and Cato Ridge Works in terms of the National Environmental Management: Waste Act (NEMWA). The outcomes of these studies have been included in the assessment of closure and rehabilitation costs and reflect in their financial provision towards closure and rehabilitation.

Water sampling at Goedgevonden Mine

Our operations source water from rivers, boreholes and municipal sources according to the terms of their integrated water use licences. ARM operations engage with the Department of Water Affairs, local communities, local, provincial and national authorities, irrigation boards, catchment management agencies and other industry users to ensure the sustainability of water resources for all stakeholders.

Water withdrawal (million m^3)

Total water withdrawal in F2013 was 20.6 million m^3. This represents a 14.5% increase over F2012 (18.0 million m^3).

Corporate Social Responsibility

ARM invests in a range of social investment and local economic development projects as part of its commitment to making a significant contribution towards the national agenda of addressing the challenges facing South Africa. These challenges include poverty alleviation, job creation, education, welfare and healthcare.

Our Corporate Social Responsibility (CSR) strategy functions at three levels:

- At corporate level through the Corporate Social Investment (CSI) function (which includes the Chairman's Fund and the Education Trust Fund) and the ARM BBEE Trust;
- Through projects initiated by operations to support the communities surrounding them; and
- Through the commitments to Local Economic Development (LED) undertaken as part of ARM's Social and Labour Plans (SLP).

Focus for F2013	✓/✗	How we did	Focus for F2014
Ensuring, through continuous stakeholder engagement, that commitments are still relevant and continued focus to implement SLPs successfully.	✓	Operations track their progress against their SLP commitments, verified by external audits to verify successful implementation of SLPs.	Continuing to meet our SLP/LED commitments. Ensuring, through continuous stakeholder engagement, that our SLP commitments are still relevant and a continued focus to implement these successfully.
Continued improvement in poverty alleviation, job creation, education, welfare and healthcare.	✓	Contributed R168.5 million towards social upliftment and sustainable poverty reduction. 1 351 jobs created through LED projects.	Continued improvement in poverty alleviation, job creation, education, welfare and healthcare.

HIGHLIGHTS

- CSR investments totalled R168.5 million in F2013 (F2012: R126.3 million).
- 1 351 jobs were created through LED projects in F2013 and 585 through CSI projects (F2012: 1 377 jobs in total).
- ARM Ferrous' partnership with TEACH SA will contribute to the development of Maths and Science proficiency in local communities.
- Fully implemented the updated reporting systems to ensure auditable CSI and LED expenditure reports.

CHALLENGES

- Creating sustainable jobs and alleviating poverty.
- Finding the right skills to implement CSI and LED projects.
- Measuring positive social impact as a result of our investment.
- Successful implementation of community projects involves coordination of many parties.
- Identifying the right community representatives and ensuring that representatives actively engage the community they represent.

Corporate Social Responsibility Investment (R million)

Relationships with communities in which we operate, labour and Government

Local communities, labour and Government are important stakeholder groups. We engage with these and other groups to understand their concerns as well as to communicate our concerns and progress as part of our stakeholder engagement programme. The consequences of failing to maintain good relationships with these key stakeholders include financial impacts through disruptions to operations in the form of demonstrations, stoppages and labour unrest.

We discuss our approach to stakeholder engagement in full in ARM's Sustainability Report.

Our employees are the foundation for our sustainable business model and we respect their right to collective bargaining. We engage with representative unions within the framework of the relevant labour legislation. Our engagements with employee stakeholder groups aim to highlight the importance of generating sustainable returns for all stakeholders.

We seek to engage positively and constructively with Government at local, provincial and national level. These engagements focus on sharing information and building our partnership to achieve delivery on Local Economic Development strategies. These include social investment, health and safety, environmental management and transformation.

Human capital

ARM needs to be able to attract and retain the skills required to drive operational efficiency and expand successfully. We focus on building the necessary technical and operational skills in our workforce through targeted skills development initiatives.

The roll out of our MAPP (Managing ARM People Potential) Project continued during the year. MAPP aims to develop our in-house human resources system and align it with our people strategy and our strategic growth and development plan. Human Resources (HR) policies and procedures have been audited and signed off and align with the regulatory Codes of Good Practice.

Focus for F2013	✓/✗	How we did	Focus for F2014
To continue to generate HR business intelligence solutions for ARM as enablers for us to realise our strategy.	✓	The MAPP Project has been rolled out at most operations and includes projects such as talent management, succession planning, top employer, learning and development, conditions of services and salary benchmarks.	To fully implement MAPP at all operations and to progress from transactional to service excellence and value add.
To complete the learning hub in all relevant fields.	✓	ARM continues to prioritise capacity building. The effect of the learning hub is yielding positive results, for example in the delivery of supervisory development training facilitated through the hub by local trainers at our operations.	Developing more modules for the learning hub.

HIGHLIGHTS

- ARM achieved Top Employer 2014 status, improving four positions from 2013.
- Continued progress in terms of employment equity, including gender diversity. Employment equity in management increased to 51.2% in F2013 (F2012: 46%).
- Female employees make up 15% of the workforce (F2012:15%) exceeding the Mining Charter target of 10%.
- We again conducted a culture survey to identify interventions to improve workplace culture.
- 90% of our workforce is functionally literate, as we invest in training and development of people, including ABET, to upskill the workforce.

CHALLENGES

- Identifying, attracting and retaining the right skills.
- Housing around our remote operations.

Attraction, retention and development of skills

ARM's goal is to be the employer of choice in the mining industry and we have a number of initiatives in place to achieve this. These include regular benchmarking of remuneration against our peers and recruiting from local communities wherever possible. The Company achieved Top Employer 2014 status from the Corporate Research Foundation (CRF) Institute, improving four positions from 2013. Our score improved by 10% in the secondary benefits and working conditions category and by 13% in the training and development category.

We created an average of 3.7 permanent positions in our operations per calendar day in F2013 (F2012: 2.4 permanent jobs per calendar year). Over the past five years we have created an average of 2.7 permanent jobs per calendar day, totalling 4 984 new jobs over the five-year period.

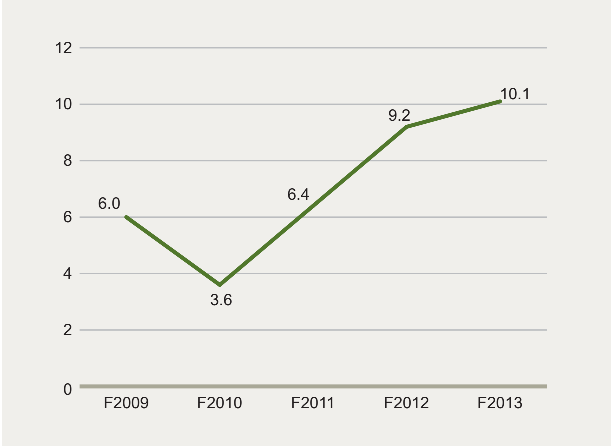
Our permanent employee turnover rate averaged 1.7% in F2013 (F2012: 1.9%), well below the industry average.

Employee turnover (%)

We consider our workforce to have good skills and our human resources programmes focus on supplementing, retaining and continuing to develop these skills. Ensuring that we continue to have access to the necessary technical and management skills to meet our aggressive growth plans is a key goal of our recruitment, skills development and staff retention plans.

Skills development initiatives within the Group include learnerships, internal and external bursaries and study assistance. Learnership academies at operations help to increase skills levels and form an important part of our succession planning programmes. We invest heavily in our skills development programmes, and in F2013 the Company spent R180 million, which represents 10.1% of its annual payroll on skills development (F2012: 9.2%).

Skills development spend (% of payroll)



Some of our operations in the Northern Cape lack appropriate housing close to the mine, which represents a risk to our ability to attract and retain the right people. We are proactively addressing this through a major housing project.

Transformation

ARM is committed to being a transformation leader in the mining industry. We recognise that a mining industry that reflects all South Africans is in the long-term interests of the Company, the industry and the nation.

Our approach is guided by the Broad-Based Socio-Economic Charter of the Mining Industry (Mining Charter) and we have developed our transformation action plans to deliver on the commitments made in our Social and Labour Plans.

True transformation takes time and although we exceed the current Mining Charter targets for employment equity and gender diversity, the increased HDSA representation required from 2014 (40%) will be a demanding target to meet especially in professionally qualified employees and senior management. We have implemented strategies to achieve these targets and their successful execution will also contribute to improving transformation within top management.


DB meter, Lubambe Copper Mine

Focus for F2013	✓/✗	How we did	Focus for F2014
Continued focus to increase BEE procurement by 2.5% year-on-year.	✓	BEE procurement increased in the capital and consumables categories. All three categories exceed the Department of Mineral Resources (DMR) targets.	Continued focus to maintain an increase in BEE procurement year-on-year.
While Preferential Procurement BEE capital requirements should reasonably be met, BEE services and consumables will require strong effort.	✓	Capital 51.9% (F2012: 42.1%; DMR target: 30%) Services 74.5% (F2012: 76.4%; DMR target: 50%) Consumables 48.3% (F2012: 40.5%; DMR target: 25%)	Continue to exceed the DMR targets in all three categories.
Managing the availability of valid BBBEE certificates.	✓	ARM's contracts were amended to clarify requirements in contractors' obligations to provide BBBEE certificates.	Continued focus on education of contractors in terms of BBBEE requirements in order to ensure valid BBBEE certificates.

HIGHLIGHTS

- All ARM's business units that differentiated their procurement into capital, services and consumables exceeded the Mining Charter targets in these categories for F2013.
- Independently verified as a Level 4 BEE Contributor with a score of 65.1% (F2012: Level 4 and 69.33%).

CHALLENGES

- Meeting 2014 Mining Charter BEE targets for capital, services and consumables preferential procurement.
- ARM has submitted 2012 Mining Charter scorecards for all its mines to the Department of Mineral Resources (DMR), based on the guidelines published in the Government Gazette. We will continue to consult with the DMR and through the Chamber of Mines forums to remain informed with regard to the implementation of the Mining Charter Scorecard as it develops.

Adding value

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

- Employee wages and benefits;
- Taxation and royalties paid to Government;
- Dividends paid to shareholders;
- Socioeconomic development initiatives in the communities in which we operate; and
- Reinvestment to ensure its sustainability over the long-term and value creation for stakeholders.

ARM's value added statement shows an overall decrease of 11.7% in wealth created and distributed in F2013 at R8 318 million, compared to R9 421 million in F2012. Sales for the year increased by 13.2% to R19.8 billion (F2012: R17.5 billion).

Value added statement

	F2013 (Rm)	F2012 (Rm)	F2011 (Rm)	F2010 (Rm)	F2009 (Rm)	F2008 (Rm)	F2007 (Rm)
Sales	**19 844**	17 530	14 893	11 022	10 094	12 590	6 152
Net cost of products and services	**9 141**	8 329	6 357	5 604	4 201	4 318	2 527
Value added by operations	**10 703**	9 201	8 536	5 418	5 893	8 272	3 625
(Loss)/income from associations	**(14)**	11	(135)	(51)	147	461	16
Exceptional items	**(2 639)**	(70)	(11)	97	514	162	14
Income from investments	**268**	279	216	209	414	168	51
Wealth created	**8 318**	9 421	8 606	5 673	6 968	9 063	3 706
Applied as follows to:							
Employees as salaries, wages and fringe benefits	**2 922**	2 179	1 856	1 491	1 399	1 053	738
The State as taxes	**1 696**	2 125	1 855	1 029	1 727	2 084	781
– Income tax	**1 145**	1 633	1 693	1 009	1 727	2 084	781
– Mineral Royalty tax	**551**	492	162	20			
Providers of capital	**1 394**	1 324	836	725	1 034	1 213	561
– Equity – dividend	**1 021**	959	426	371	847	315	–
– Non-controlling interest	**148**	133	194	162	(198)	460	191
– Outside – finance cost	**225**	232	216	192	385	438	370
Total value distributed	**6 012**	5 628	4 547	3 245	4 160	4 350	2 080
Re-invested in the Group	**2 306**	3 793	4 059	2 428	2 808	4 713	1 626
Amortisation	**1 693**	1 315	1 118	987	787	541	406
Reserves retained	**613**	2 478	2 941	1 441	2 021	4 172	1 220
Wealth distributed	**8 318**	9 421	8 606	5 673	6 968	9 063	3 706
Market capitalisation at FYE (R billion)	**32.2**	35.7	40.2	34.3	27.5	59.2	25.9

Our sustainability performance year-on-year

Performance indicator	F2013	F2012	F2011	F2010
Economic and related core baseline indicators*				
Revenue (Rm)	**20 519**	18 142	15 357	11 425
Sales (Rm)	**19 844**	17 530	14 893	11 022
Taxes paid (Rm)	**1 145**	1 633	1 693	1 009
Headline earnings (Rm)	**3 737**	3 451	3 374	1 714
EBITDA (Rm)	**7 230**	6 531	6 517	3 907
Purchased materials and services (Rm)	**9 141**	8 329	6 357	5 604
Value added (Rm)	**8 318**	9 421	8 606	5 673
Number of environmental administrative penalties/fines	**1**	None	None	2
Employee indicators (100% basis) – as at 30 June 2013				
Total number of ARM employees and contractors	**24 716**	26 587	28 704	22 776
– Employees (permanent)	**13 731**	12 373	11 496	10 281
– Contractors (mainly used in capital projects)	**10 985**	14 214	17 208	12 495
New jobs created (direct employment only)	**1 358**	877	1 215	802
Employee turnover (excluding contractors) (%)	**1.7**	1.9	4.8	5.7
Investment in employee training and development				
– Total expenditure (Rm)	**180**	137	96	50
– % of payroll	**10.1**	9.2	6.4	3.6
Employment equity† (% representation of previously disadvantaged groups among permanent employees)				
– Top management	**50**	50	38	44
– Senior management	**42**	48	40	32
– Professionally qualified	**49**	44	50	45
– Technically qualified	**64**	66	69	67
Lost Time Injury Frequency Rate• (LTIFR) (200 000 man hours)	**0.48**	0.40	0.43	0.77
Reportable/serious accidents	**79**	75	74	90
Number of lost man days due to industrial action	**0**	102 600	14 816	2 411
Environmental indicators (100% basis)				
Total water withdrawn (m^3) (municipal, surface and groundwater)	**20 551 374**	17 991 948	15 091 358	15 060 418
Energy usage				
– Electricity (MWh)	**2 043 390**	2 866 033	2 549 783	2 116 171
– Diesel (000 litres)	**108 941**	96 360	73 559	55 732
Emissions (Attributable■)◊				
Carbon footprint equivalent (equivalent tonnes CO_2)				
– Scope 1 and 2 total	**1 230 002**	1 810 205	1 587 049	1 325 333
– Scope 1	**316 891**	480 420	386 232	327 713
– Scope 2	**913 111**	1 329 785	1 200 816	997 620
– Scope 3	**In the process of determining**	196 354	393 102	220 128
Carbon emission intensity ratios (Scope 1 and 2)				
– Tonnes CO_2e/1 000 ZAR	**0.062**	0.104	0.110	0.123
– Tonnes CO_2e/Full Time Employee	**180.8**	294.7	274.5	256.2
Direct emissions: (Cato Ridge and Machadodorp Works only)				
– CO_2 emissions – direct (tonnes)	**237 392**	276 117	280 530	294 780
– NOx (tonnes)	**637**	715	560	585
– SOx (tonnes)	**506**	658	408	786
– Particulate matter (tonnes)	**122**	192	230	191
Corporate Social Responsibility				
Total community upliftment and Corporate Social Investment (Rm)	**168.5**	126.3	124.5	72.9
– CSI (Rm)	**62.0**	36.3	18.0	14.5
– LED (Rm)	**99.6**	84.9	100.4	43.8
– ARM BBEE Trust (Rm) (Projects)	**6.8**	5.1	6.0	14.6

** Some economic and related core baseline indicators have been restated for early adoption of IFRIC: 20.*
Non-financial data is based on 100% (vs attributable to equity) unless otherwise stated, e.g. emissions data.

† The Employment Equity report was submitted to the Department of Labour and complies with Section 21 of the Act.

• LTIFR: injury rates are measured per 200 000 man hours, in line with general South African practice and include both ARM employees and contractor incidents.

■ Values attributable to shareholding percentages.

◊ The Scope 1 and 2 carbon footprint has been provisionally calculated for F2013; this will form part of the next CDP submission in 2014. For CDP purposes, ARM submits data for the preceding financial year, i.e. the March 2014 CDP submission will contain results for 1 July 2012 to 30 June 2013.

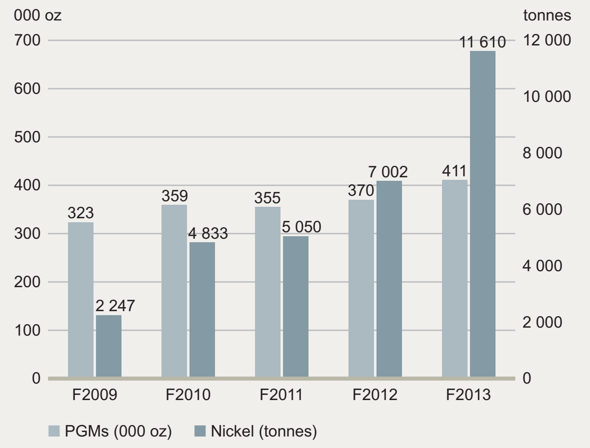
Note: F2012 electricity consumption and emissions figures may differ slightly from those published in the F2012 IAR because Scope 1 and 2 emissions were provisionally calculated at the time. These emissions have subsequently been reviewed and externally verified and have been accurately disclosed in our CDP submission during early 2013.

ARM Platinum

		F2013	F2012	% change
Headline earnings	Rm	**527**	60	778
EBITDA margin	%	**27**	17	
EBITDA	Rm	**1 711**	852	101

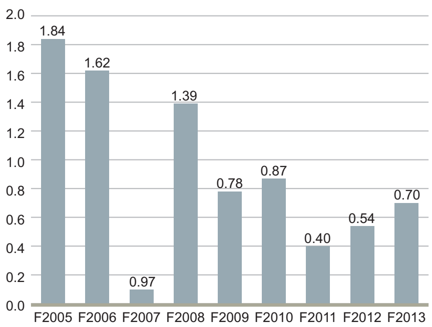
Total attributable capital expenditure	R735 million
Total labour as at 30 June 2013	11 530 (including 4 539 contractors)
Key projects invested in during the year	Recapitalisation of Modikwa Mine

ARM Platinum attributable production volumes

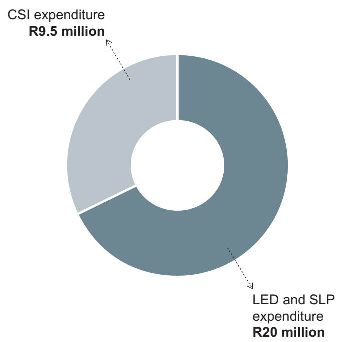


The ARM Platinum contribution to headline earnings increased significantly from R60 million in F2012 to R527 million in F2013.

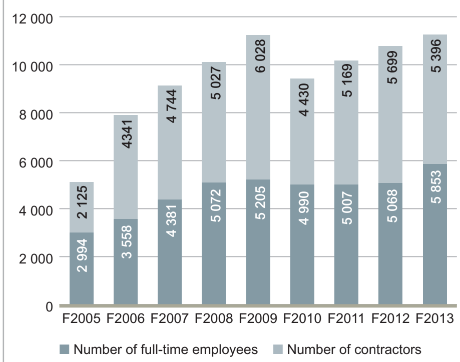
Lost Time Injury Frequency Rate
(per 200 000 man hours)



Corporate Social Responsibility spend

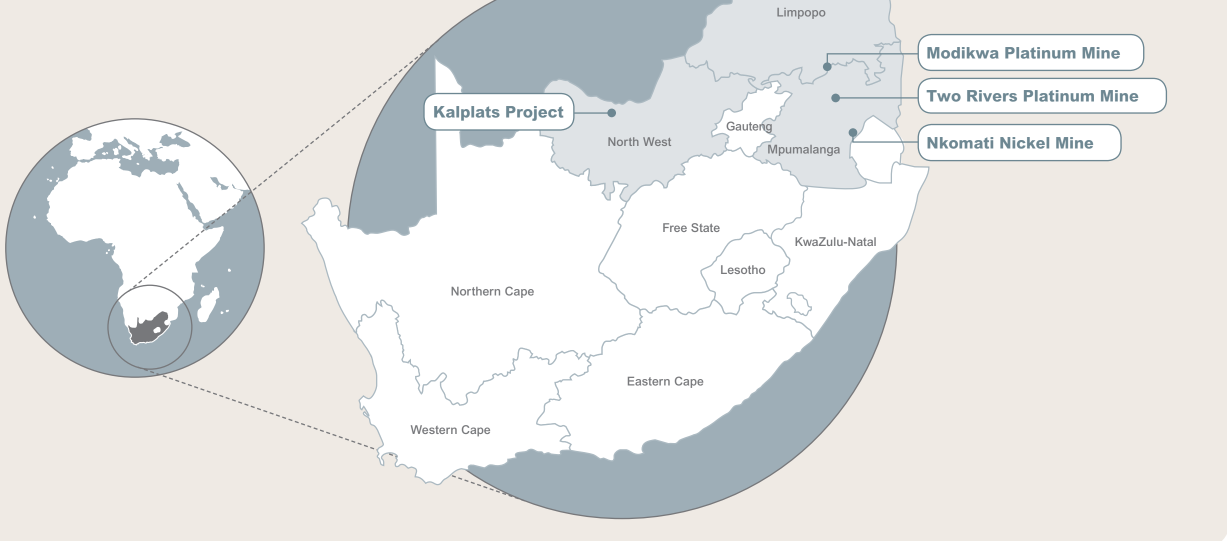


Average number of full-time employees and contractors*



** The average number of employees is used for occupational health and safety statistics.*

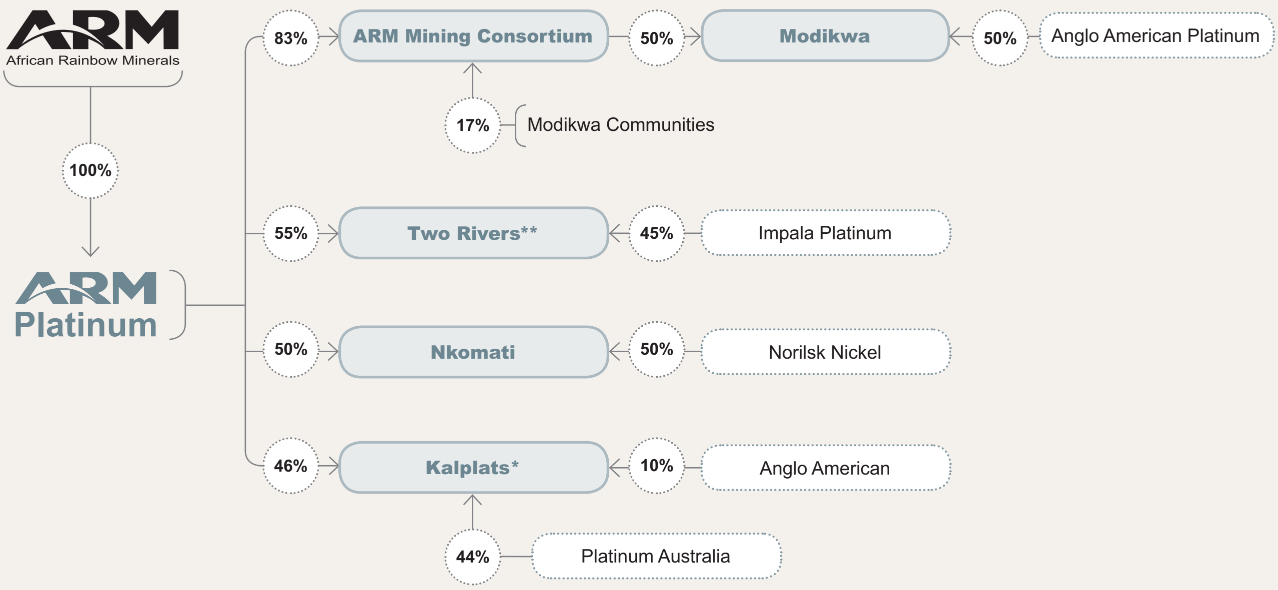
Where we operate



ARM Platinum

Francois Uys
Chief Executive: ARM Platinum

Divisional structure



** Platinum Australia submitted a revised feasibility study during the year thereby completing Phase II of the exploration programme thereby earning 44% participation in the Kalplats Project.*

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

F2013 objectives	F2013 performance	F2014 objectives
Modikwa		
Achieve 350 000 6E PGM oz while retaining Modikwa's cost curve position below the 50th percentile.	Modikwa achieved 324 626 6E PGM oz. The operation remains below the 50th percentile of the global PGM cost curve.	Achieve 340 000 6E PGM oz while retaining Modikwa's cost curve position.
Continue development of South 2.	The total development of the South 2 Project advanced to 2 569 metres.	Continue development in line with the feasibility study.
Re-establish Modikwa as a 240 000 tonnes per month (ktpm) (from underground) operation by F2015.	Development of additional ore sources is on track.	Continue development in line with the feasibility study.
Two Rivers		
Maintain steady state production at 320 000 6E PGM oz.	Two Rivers achieved 350 443 6E PGM oz and remains positioned below the 50th percentile of the global PGM cost curve.	Maintain steady state production at 350 000 6E PGM oz.
Refine Merensky feasibility results in anticipation of project release in 2016.	Project was put on hold pending an improvement in market conditions.	
Improve efficiencies with the implementation of the tertiary milling and PGM Enhancement and Chrome Recovery plants.	The tertiary milling plant was successfully commissioned. The PGM Enhancement and Chrome Recovery Plant was commissioned on schedule in September 2013.	Improve returns from enhanced PGM recoveries and chrome concentrate sales.
Nkomati		
Continue improvement in recoveries and efficiencies on the 250 ktpm plant with overall recoveries above 70% and increase tonnes milled to 300 ktpm.	Achieved recovery of 75% and an average milling rate of 275 ktpm.	Maintain recoveries and improve the milling rate to 300 ktpm.
Continue improving recoveries and efficiencies on the 375 ktpm plant with overall recoveries above 70%.	Achieved recovery of 75% and an average milling rate of 357 ktpm.	Maintain recoveries and improve the milling rate to 375 ktpm.
Continue with spot sales of chrome concentrate subject to commercially acceptable off-take agreements.	Chrome concentrate continues to be sold on the spot market.	Continue with spot sales of chrome concentrate subject to market conditions.
Achieve sales of 265 000 tonnes of chrome concentrate.	Sold 224 754 tonnes of chrome concentrate.	Achieve sales of 340 000 tonnes of chrome concentrate.
Ramp-up underground mine to 50 ktpm.	Achieved an average of 36 ktpm from the underground mine, increasing to 47 ktpm at the end of F2013.	Achieve 50 ktpm from the underground mine.
Kalplats		
Evaluate the definitive feasibility study.	The revised definitive feasibility study was evaluated. The viability of the project is adversely affected by the absence of Eskom power.	Obtain approval of the Retention Permit application which was submitted in July 2012.

Overview

Operational overview – attributable to ARM		F2013	F2012	F13/12 % change	Operational target F2014
Modikwa – PGM production	ounces 6E	**162 313**	152 022	7	↑
Two Rivers – PGM production	ounces 6E	**192 744**	176 062	9	→
Nkomati Nickel Mine					
Nickel production	tonnes	**11 610**	7 002	66	→
PGMs production	ounces	**55 592**	42 022	32	→
Copper production	tonnes	**4 939**	3 686	34	↓
Chrome ore sold	000t	**–**	32	(100)	↓
Chrome concentrate sold	000t	**112**	221	(49)	↑
ARM Platinum PGM production (incl Nkomati)	ounces	**410 649**	370 106	11	→

Financial overview – attributable to ARM		F2013	F2012	F13/12 % change
ARM Platinum cash operating margin	%	**27**	16	–
Headline earnings contribution to ARM	R million	**527**	60	778

Sustainability overview – 100% basis		F2013	F2012	F13/12 % change
LTIFR*		**0.70**	0.54	30
CSR spend**	R million	**30**	24	25
Electricity consumption	000MWh	**775**	739	5
Water consumption	million m^3	**6.0**	6.5	(8)
ARM Platinum total Scope 1 and 2 emissions (attributable)	tCO_2e	**409 501**	395 490	4

** LTIFR: Lost Time Injury Frequency Rate per 200 000 man hours.*

*** CSR: Corporate Social Responsibility.*

All figures are on 100% basis except tCO_2e which is attributable (as per CDP submission).

Operational and financial review

ARM Platinum generated improved results with all operations reflecting substantial improvement in production and financial performance, despite the platinum industry experiencing a challenging year.

Attributable headline earnings increased by R467 million to R527 million (778%) driven mainly by increased volumes improved grades, efficiencies and recoveries at Nkomati and increased production at Two Rivers and Modikwa.

PGM production (on 100% basis including Nkomati) increased 11% to 783 254 6E ounces (F2012: 708 201 ounces) while Nkomati's nickel production increased by 66% to 23 220 tonnes (F2012: 14 004 tonnes) and copper production increased by 34% to 9 877 tonnes (F2012: 7 371 tonnes).

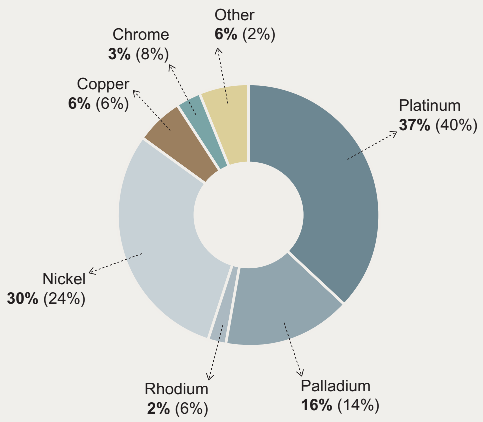
Nkomati's C1 unit cash cost net of by-products, reduced by 42% to US$4.98/lb (F2012: US$8.58/lb) of nickel produced.

Two Rivers and Modikwa mines continue to be positioned below the 50th percentile of the global PGM cost curve, notwithstanding increases in unit production costs. Respective unit costs for Two Rivers and Modikwa were R5 244/6E PGM oz (F2012: R4 779/6E PGM oz) and R6 275/6E PGM oz (F2012: R5 864/6E PGM oz).

US Dollar prices, excluding palladium, were lower than the corresponding period but a 13.6% weakening of the Rand against the US Dollar compensated for the lower PGM prices. The basket prices for Modikwa and Two Rivers increased by 7% to R287 424/kg (F2012: R267 998/kg) and R298 384/kg (F2012: R279 804/kg) respectively.

The debtors reported at 30 June 2013 were realised for less as a result of a negative mark-to-market adjustment of R73 million (F2012: positive R97 million).

ARM Platinum sales per commodity (100% basis)
(F2012 comparatives in brackets)



Modikwa Platinum Mine

Production at Modikwa increased by 7%, with PGMs for the year totalling 324 626 6E ounces (F2012: 304 044 6E ounces). Unit costs were well contained, with a 7% increase in the Rand per tonne milled to R876 per tonne (F2012: R819 per tonne milled) and Rand per 6E PGM oz to R6 275 per 6E PGM oz (F2012: R5 864 per 6E ounce).

Two Rivers Platinum Mine

PGM ounces produced increased by 9%, driven by an increase in tonnes milled (2%) and an improved head grade (4%), this combined with a higher Rand basket price resulted in a 28% increase in cash operating profit. Unit costs increased by 10% to R5 244 per 6E PGM oz (F2012: R4 779 per 6E PGM oz). There was a 162 901 tonne increase in the ROM stockpile to a total of 446 026 tonnes of ore. The UG2 only stock movement equates to R17 million for F2013. The year-end UG2 stockpile was 305 328 tonnes (F2012: 182 306 tonnes).

Nkomati Nickel Mine

ARM Platinum is pleased to report a significant turnaround in operational results at Nkomati Mine.

A 19% increase in total tonnes milled, a 21% improvement in overall head grade and a substantial enhancement in concentrator recoveries, resulted in a 66% increase in nickel production.

Chrome concentrate sales were lower at 224 754 tonnes (F2012: 441 173 tonnes) as the chrome spiral plant was placed on care and maintenance during F2013 due to a depressed chrome market.

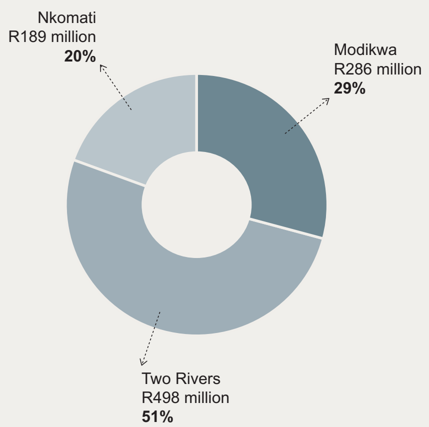
Nkomati Mine generated a cash operating profit of R1.18 billion, a substantial increase from the R130 million generated in the corresponding period. The shift in results can be attributed to good cost control, enhanced efficiencies, grades and recoveries. An average overall recovery of 75% was achieved in the concentrators at a higher head grade of 0.41% nickel. We are confident that these recoveries are sustainable.

Despite lower than expected by-product credits, the operation achieved a C1 unit cash cost of US$4.98/lb net of by-products (F2012: US$8.58/lb). The unit cost is below the 50th percentile of the global cost curve.

Capital expenditure

Capital expenditure at ARM Platinum was R973 million (R735 million attributable). Modikwa's major capital items included the deepening of North shaft, the sinking of South 2 shaft, Phase 2 development on South 1 shaft and the replacement of mining equipment. Of the capital spent at Two Rivers, 24% is associated with the replacement of the underground mining fleet and 20% on the PGM enhancement and chrome recovery plant. The balance was incurred in the deepening of the Main and North declines. Nkomati's capital expenditure was mainly to sustain and maintain production.

F2013 ARM Platinum capital expenditure (100% basis)



Sustainability review

The review that follows summarises ARM Platinum's performance against the Company's most material sustainability aspects.

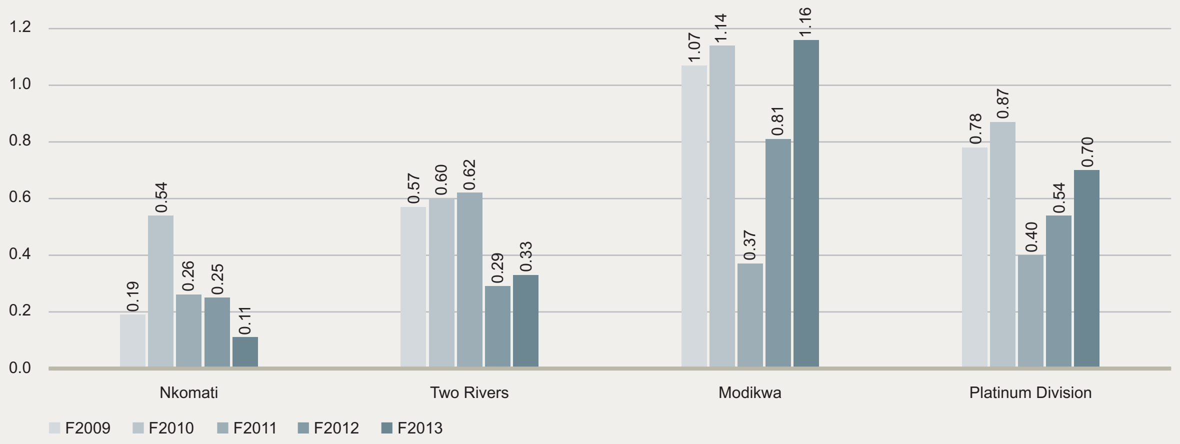
Further detail on each of these aspects, as well as others such as biodiversity, environmental mitigation, materials and waste and human resources, can be found in the Sustainability Report, available on our website: **www.arm.co.za.**

Safety

There were no fatalities at the ARM Platinum operations in F2013. ARM Platinum's LTIFR increased to 0.70 per 200 000 man hours from 0.54 in F2012. While Nkomati Mine showed a pleasing improvement in LTIFR and Two Rivers Mine remained stable, Modikwa Mine's LTIFR weakened from 0.81 to 1.16. Modikwa Mine is implementing a safety improvement strategy to address this increase.

During the year under review, Nkomati Mine achieved more than three million fatality-free shifts, while Modikwa Mine and Two Rivers Mine both passed one million fatality-free shifts.

ARM Platinum safety performance (LTIFR)



All three ARM Platinum operations are implementing the MOSH (Mining Industry Occupational Safety and Health) Leading Practice on proximity detection systems. All three operations have adopted the MOSH best practice on entry examination and making safe, while the practice of netting and bolting is applicable to Modikwa and has been fully implemented.

Occupational health and wellness

The MOSH Leading Practice on Noise has been adopted at all the mines in ARM Platinum. There were 22 634 audiometric tests conducted during the year, of which 82 (0.36%) were referred for further testing.

All ARM Platinum operations have implemented integrated policies on HIV, TB and sexually transmitted infections as required by the National Strategic Plan 2012 – 2016 and the Mining Charter. Two Rivers Mine, Modikwa Mine and Nkomati Mine offer primary health care services including TB and HIV counselling and testing on site.

ARM Platinum's operations screened 6 306 employees for TB using the Department of Health passive screening form as part of their TB management programme, identifying 78 new cases during the year.

More than 10 000 employees received counselling as part of ARM Platinum's HIV & Aids management programme, 6 704 employees were tested and 2 888 received Anti-Retroviral Treatment. HIV prevalence rates are estimated to be well below those of the districts in which the mines operate.

Environment

ARM Platinum's F2013 estimated Scope 1 and 2 carbon footprint was 409 501 equivalent tonnes of CO_2 (tCO_2e) on an attributable basis. This represents an increase of 3.5% on the F2012 attributable emissions of 395 490 tCO_2e. Of the total emissions, Modikwa Mine contributed 25.0%, Nkomati Mine 49.6% and Two Rivers Mine 25.4%.

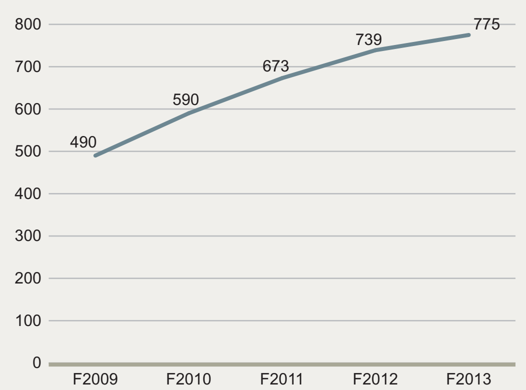
Scope 2 emissions (energy usage) comprised 86.4% of the total carbon footprint of the division. The Platinum Division's energy consumption was 775 325 megawatt hours (MWh) on a 100% basis, a 5% increase on the prior year (F2012: 738 994 MWh).

Divisional carbon strategy workshops were held during the year focusing on understanding and prioritising climate change-related risk for the different operations, creating a shared vision of the strategic objectives in terms of climate change and identifying possible emission reduction and energy efficiency projects. These workshops include an appreciation of the implications of the carbon tax.

A project was commissioned to identify and quantify energy and carbon reduction opportunities at Nkomati Mine. Management is currently in the process of implementing projects based on these opportunities, including investigating the potential for a renewable energy project.

Other energy reduction initiatives include:
- The installation of compressor plant control, heat pumps at change houses and CFL and fluorescent lighting at Modikwa Mine.
- A fuel management system at Two Rivers Mine.

ARM Platinum electricity consumption (000MWh)



The division withdrew 6 million m^3 of water in F2013, 7.7% less than in F2012 (6.5 million m^3) as production increased. Nkomati Mine accounted for 49.2% of the division's total water withdrawal, Two Rivers Mine 18.3% and Modikwa Mine 32.5%.

Corporate Social Responsibility (CSR)

ARM Platinum's investment in CSR in F2013 was R30 million, compared to R24 million in F2012. Spending on Local Economic Development (LED) projects in terms of Social Labour Plans (SLPs) was R20 million (F2012: R19 million).

LED projects supported during the year include:

- The construction of farm buildings, agricultural tunnels and boreholes by Modikwa Mine to increase production capacity of the Makgapheng agricultural cooperative.
- Completion of an early learning centre at Sehlaku Creche by Modikwa Mine.
- Construction of a bridge by Modikwa Mine connecting the Mamphahlane community to the tar road.
- Construction of the eMthonjeni Road by Nkomati Mine and a community centre to benefit the Greater Badplaas community.
- Completion of a water package plant by Nkomati Mine for the benefit of the Nhlazatshe communities.
- Construction of pavilions for local tribal authorities by Nkomati Mine.
- Removal of alien plants, establishing and maintaining a nursery by Nkomati Mine.
- Construction of a multi-purpose centre in Ngwaabe by Two Rivers Mine.
- Construction of a community hall and ablution facilities in Kalkfontein by Two Rivers Mine.
- Construction of a brickmaking plant by Two Rivers Mine.

ARM's Corporate Social Investment (CSI) focuses on priority areas that include health, education, sporting events, community capacity building, arts and culture, job creation and infrastructure. In F2013, CSI spending increased to R9.5 million from R6.0 million in F2012.

CSI initiatives during the year include:

- An investment by Modikwa Mine to facilitate community governance structures.
- Mining skills training for 80 employees of a community development company by Modikwa Mine.
- Support to facilitate the development of an SLP by Nkomati Mine.
- Study assistance provided to relocated families by Nkomati Mine.
- Provision of learning materials and toys to Grade R learners by Two Rivers Mine.

Labour relations

ARM operations endeavour to maintain a positive relationship with labour. There were no strikes at any of the mines in ARM Platinum during F2013.

Transformation

Transformation progress is measured against the guidelines gazetted for the Mining Charter. Modikwa Mine, Nkomati Mine and Two Rivers Mine achieved scores well above 75% for the 2012 calendar year which classifies these operations as excellent performers. The operations continue to invest in building capacity to meet Mining Charter scorecard targets and reporting requirements.

Mining authorisation

Nkomati Mine was granted Mining Rights 146 MR and 147 MR respectively on 6 June 2012 over its mining area, and for the minerals, as previously held under its Old Order Mining Licences.

Two Rivers was granted Mining Right LP 178 on 20 March 2013 over its mining area, and for the minerals, as previously held under its Old Order Mining Licence.

The conversion application for new order mining rights for Modikwa was submitted on 31 March 2009. The approval of the application is still pending.

In September 2006, ARM Platinum was granted a prospecting right (PR492 of 2006) over the Kalplats Project area covering portions of the farms Groot Gewaagd 270, Gemsbok Pan 309, Koodoos Rand 321 and Papiesvlakte 323 (approximately 3 810 hectares). The prospecting right was renewed until 26 July 2012 when it lapsed. ARM Platinum has applied for a Retention Permit of the Kalplats Project area since market conditions are currently not conducive to exploit the area. In April 2007, a New Order Prospecting Right (DME1056) (approximately 62 985 hectares) was granted to ARM Platinum over the Extended Project area which covers an additional 20 kilometres of strike to the north and 18 kilometres to the south of the Kalplats Project area.

Prospects

Modikwa

The North shaft deepening project is ongoing with total development for the project at 1 137 metres vs. the feasibility plan of 1 124 metres. The decline system is currently at 8 Level.

The total development for the South 2 Project advanced 2 569 metres. Development has progressed and access to -1 Level has been achieved with level development progressing past the first crosscut breakaway positions on both north and south haulage. Access to the first reef raise on -1 Level is expected in Q1 F2014.

The installation of a Mainstream Inert Grinding (MIG) mill, to enhance PGM recoveries, was approved and construction is planned to start in Q1 F2014 with completion expected in Q4 F2014.

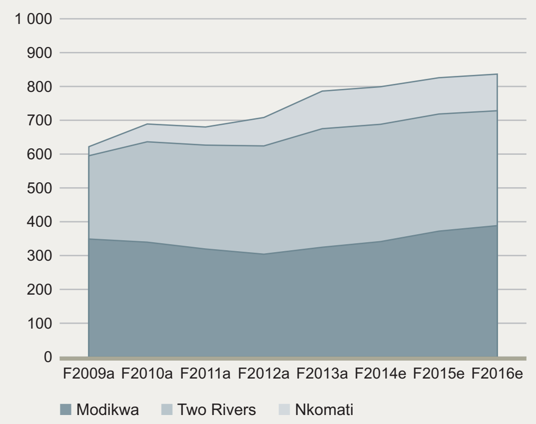
Two Rivers

The transfer of Kalkfontein portions 4, 5 and 6 and the Tweefontein prospecting rights to Two Rivers, is awaiting approval from the Department of Mineral Resources.

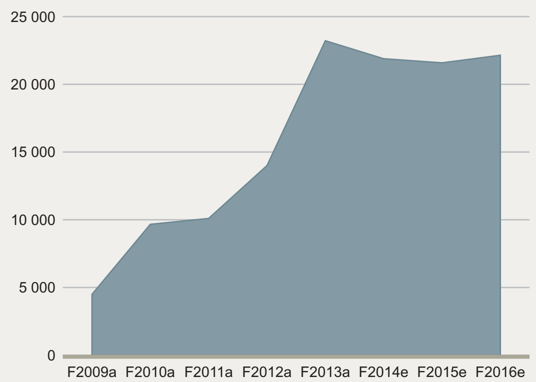
The Tertiary Milling Plant was commissioned in June 2013 and the PGM Enhancement Project is progressing as planned and was commissioned on schedule in September 2013. On completion of the feasibility study on the extraction of UG2 ore from the deeper southern strike extent of the Main Decline, further optimisation of the ore extraction method is being evaluated.

ARM Platinum production and sales volumes from 2009 to 2016 (100% basis)

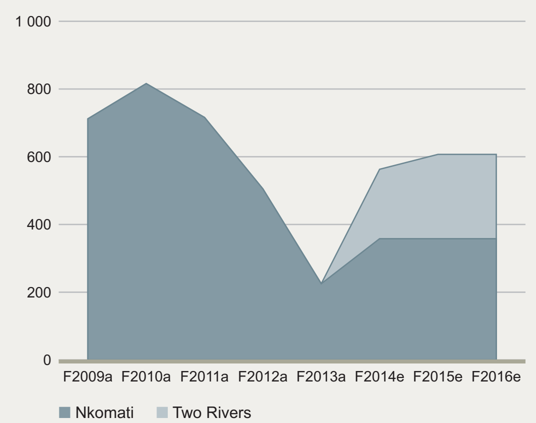
PGM production (100% basis)
(000oz)



Nkomati nickel production (100% basis)
(tonnes)



Chrome sales (100% basis)
(000t)



Market review

US Dollar PGM prices, excluding palladium, were lower during F2013, but a 13.6% weakening of the Rand against the US Dollar compensated for the lower US Dollar PGM prices. European demand has fallen due to lower car sales and substitution, and in South Africa, metal production was reduced by a series of illegal strikes.

Platinum

Industrial demand was hit by a downturn in purchasing by the glass and electrical sectors while investment demand was steady. Growth in demand for platinum autocatalysts in Asia and North America offset lower requirements from the weak European vehicle market. The jewellery trade in China bought significantly more platinum in order to supply an expanding jewellery retail network. European car sales appear to have bottomed out and new emissions regulations will require more platinum per vehicle. Indications are that platinum is expected to move into a deficit in 2014 with solid price gains. In June 2013, the platinum price reached $1 294 per oz, its lowest level since October 2009. The average price achieved by ARM Platinum for F2013 was US$1 550 per oz (F2012: US$1 603 per oz).

Palladium

Palladium remains the most popular precious metal among investors. Record autocatalyst demand as a result of soaring car sales in China and other gasoline-engine markets, combined with a one million ounce swing in investment demand and a fall in primary and secondary supply, drove the market into deficit. Although South African shipments were negatively affected by production constraints, the major impact on supply was a fall in sales from Russian state stocks. A steady palladium price appreciation is expected in coming years. ARM Platinum realised an average palladium price of US$680 per oz (F2012: US$673 per oz).

Rhodium

Coming from a surplus position, the rhodium market came close to balance during the last year. This was as a result of a reduction in mine supply, principally from South Africa, a smaller amount of rhodium reprocessed from end-of-life autocatalyst scrap and a strong increase in demand for rhodium for new autocatalyst manufacture and for physical investment. Static primary supply and rising demand is expected to keep the market for rhodium tight, with the rate of growth in recovery from spent autocatalysts playing a major role in deciding the balance between supply and demand. ARM Platinum achieved an average price of US$1 090 per oz during F2013 (F2012: US$1 495 per oz).

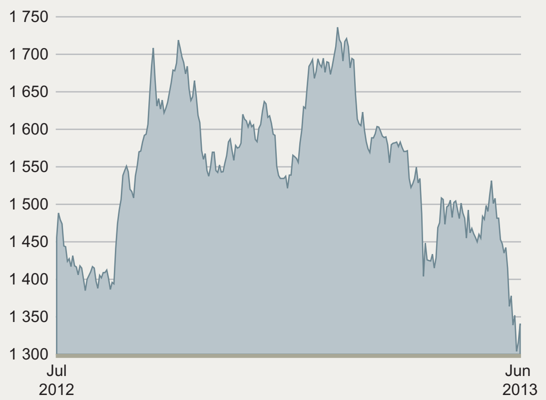
Nickel

Nickel remains the worst performer among the base metals. A large surplus between supply and demand has emerged and prices have fallen substantially. LME stocks have increased substantially. The actual surplus is larger since there has also been an unreported rise in stocks in China. The nickel market has been in surplus thus far in 2013 and without significant production cuts is expected to remain in large surplus in 2014. The market is looking to China for further cuts in nickel pig iron production but this is not enough to rebalance the market and production cuts outside China may well be a catalyst for a short-covering rally. The average price realised by ARM Platinum for F2013 was US$16 245 per tonne (F2012: US$18 815 per tonne).


Nkomati Mine employees going underground

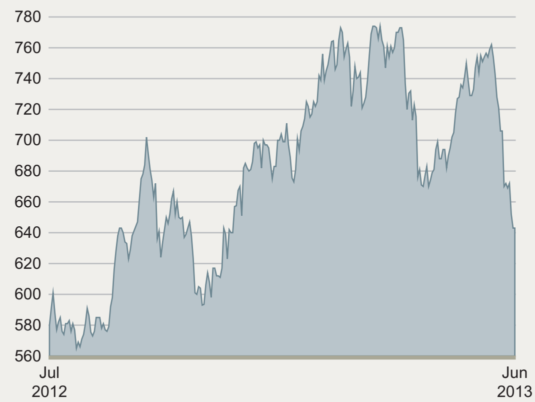
PGM and nickel pricing trends for F2013 (July 2012 to June 2013)

Platinum (US$/oz)



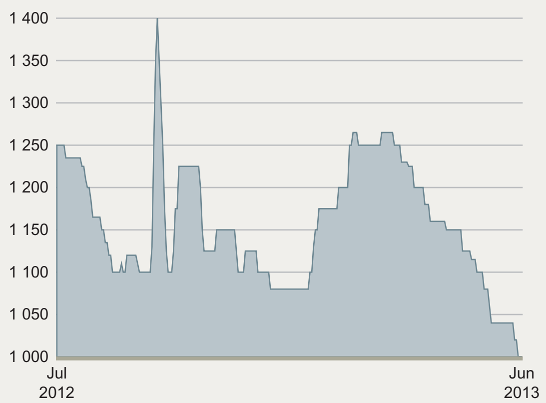
Source: INet Bridge

Palladium (US$/oz)



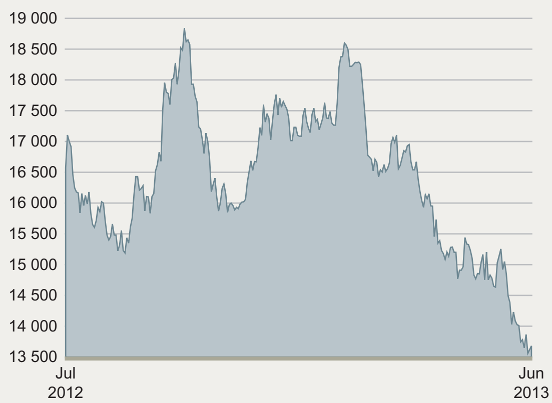
Source: INet Bridge

Rhodium (US$/oz)



Source: INet Bridge

Nickel (US$/t)



Source: INet Bridge

Operational statistics

Modikwa Platinum Mine

Management	The mine is jointly managed, via a joint management committee, between Anglo American Platinum and ARM.					
Resources and Reserves (100% basis)		**Measured and Indicated Resources**		**Proved and Probable Reserves**		
		Mt	g/t 4E	Mt	g/t 4E	Moz
	UG2	141.80	5.89	57.40	4.63	8.54
	Merensky	72.00	2.78	–	–	–
	4E = Platinum + Palladium + Rhodium + Gold					
Refining	All metal produced is smelted and refined by Anglo American Platinum.					
Total labour	4 863 (including 1 076 contractors)					

100% basis		F2010	F2011	F2012	**F2013**	F13/12 % change
Metal production						
Platinum	ounces	131 502	127 532	121 239	**128 142**	6
Palladium	ounces	128 863	119 597	113 373	**122 213**	8
Rhodium	ounces	27 299	24 680	23 931	**25 598**	7
Gold	ounces	3 384	3 372	3 162	**3 444**	9
Ruthenium	ounces	38 952	34 934	34 019	**36 544**	7
Iridium	ounces	9 623	9 222	8 319	**8 685**	4
PGMs	ounces 6E	339 623	319 336	304 044	**324 626**	7
Nickel	tonnes	663	595	591	**648**	10
Copper	tonnes	410	380	370	**400**	8
Operational statistics						
Tonnes milled	million tonnes	2.27	2.30	2.18	**2.33**	7
Head grade	g/t 6E	5.53	5.48	5.39	**5.35**	(1)
Number of permanent employees as at 30 June	number	3 724	4 030	3 746	**3 787**	1
Number of contractors as at 30 June	number	860	1 019	1 272	**1 076**	(15)
Financial indicators						
Cash cost	R/t	639	692	819	**876**	7
Cash cost	R/Pt oz	11 025	12 468	14 706	**15 897**	8
Cash cost	R/PGM oz 6E	4 269	4 979	5 864	**6 275**	7
Cash cost	R/kg 6E	137 241	160 084	188 538	**201 752**	7
Basket price	R/kg 6E	225 865	263 530	267 998	**287 424**	7
Net sales revenue	R million	2 115	2 162	2 050	**2 465**	20
Cash operating cost	R million	1 450	1 590	1 759	**2 037**	16
Cash operating profit	R million	665	572	267	**428**	60
Cash operating margin	%	31	26	13	**17**	
Capital expenditure	R million	102	250	438	**286**	(35)

Refer to pages 207 to 208 for the Modikwa Platinum Mine segmental information.

Two Rivers Platinum Mine

Management	Managed by ARM.					
Resources and Reserves (100% basis)		**Measured and Indicated Resources**		**Proved and Probable Reserves**		
		Mt	g/t 6E	Mt	g/t 6E	Moz
	UG2	54.31	4.53	35.10	3.57	4.03
	Merensky	43.10	3.04	–	–	–
	6E = Platinum + Palladium + Rhodium + Ruthenium + Iridium + Gold					
Refining	All metal produced is smelted and refined by Implats subsidiary Impala Refining Services Limited (IRS).					
Total labour	3 706 (including 1 296 contractors)					

100% basis		F2010	F2011	F2012	**F2013**	F13/12 % change
Metal production						
Platinum	ounces	140 908	145 323	149 909	**162 182**	8
Palladium	ounces	81 587	84 102	89 484	**98 635**	10
Rhodium	ounces	23 634	24 606	25 478	**28 664**	13
Gold	ounces	1 909	1 972	2 486	**2 249**	(10)
Ruthenium	ounces	39 235	41 396	42 910	**47 696**	11
Iridium	ounces	9 487	9 763	9 845	**11 019**	12
PGMs	ounces 6E	296 760	307 162	320 113	**350 443**	9
Nickel	tonnes	438	444	595	**555**	(7)
Copper	tonnes	219	219	297	**242**	(19)
Operational statistics						
Tonnes milled	million tonnes	2.92	2.95	3.10	**3.17**	2
Head grade	g/t 6E	3.95	3.94	3.86	**4.02**	4
Number of permanent employees as at 30 June	number	709	761	779	**2 410**	209
Number of contractors as at 30 June	number	2 031	2 537	2 710	**1 296**	(52)
Financial indicators						
Cash cost	R/t	425	468	493	**579**	18
Cash cost	R/Pt oz	8 792	9 509	10 205	**11 331**	11
Cash cost	R/PGM oz 6E	4 174	4 499	4 779	**5 244**	10
Cash cost	R/kg 6E	134 213	144 638	153 642	**168 594**	10
Basket price	R/kg 6E	247 323	277 279	279 804	**298 384**	7
Net sales revenue	R million	2 098	2 274	2 336	**2 868**	23
Cash operating cost	R million	1 239	1 382	1 530	**1 838**	20
Cash operating profit	R million	837	881	788	**1 011**	28
Cash operating margin	%	40	39	34	**35**	
Capital expenditure	R million	97	304	467	**498**	7

Refer to pages 207 to 208 for the Two Rivers Platinum Mine segmental information.

Nkomati Nickel Mine

Management	The mine is managed as a 50:50 unincorporated joint venture with Norilsk Nickel Africa.

Resources and Reserves (100% basis)

	Measured and Indicated Resources		Proved and Probable Reserves		
	Mt	Ni%	Mt	Ni%	
Nickel (MMZ+PCMZ)	245.38	0.35	112.44	0.33	
Nickel (PCMZ) Stockpiles	–	–	5.00	0.25	
	Mt	Cr_2O_3%	Mt	Cr_2O_3%	
Chrome	–	–	2.75	21.90	
	Mt	g/t 4E	Mt	g/t 4E	Moz
PGMs (MMZ+PCMZ)	245.38	0.88	112.44	0.89	3.21
PGMs (PCMZ Stockpiles)	–	–	5.00	0.82	0.13

4E = Platinum + Palladium + Rhodium + Gold

Refining	Refining takes place through various tolling contracts
Total labour	2 961 (including 2 167 contractors)

100% basis		F2010	F2011	F2012	**F2013**	F13/12 % change
Metal production						
Nickel	tonnes	9 666	10 100	14 004	**23 220**	66
Copper	tonnes	5 210	5 210	7 371	**9 877**	34
Cobalt	tonnes	578	553	744	**1 101**	48
PGMs	ounces	52 574	53 610	84 044	**111 185**	32
Chrome ore sold	000t	502	335	64	**–**	–
Chrome concentrate sold	000t	314	381	441	**225**	(49)
Operational statistics						
Tonnes milled	thousand	3 308	5 259	6 388	**7 588**	19
Head grade	% nickel	0.45	0.32	0.34	**0.41**	21
Number of permanent employees as at 30 June	number	823	801	776	**794**	2
Number of contractors as at 30 June	number	2 100	1 943	2 207	**2 167**	(2)
Financial indicators						
Nickel on-mine cash cost per tonne treated	R/t	242	271	272	**292**	7
Cash cost net of by-products	US$/lb	3.26	4.99	8.58	**4.98**	(42)
Net sales revenue	R million	2 439	2 991	3 107	**4 488**	44
Cash operating cost	R million	801	1 423	1 737	**2 218**	28
Cash operating profit – Total	R million	916	824	130	**1 178**	>250
Cash operating profit – Nickel Mine	R million	584	256	115	**1 054**	>250
Cash operating profit – Chrome Mine	R million	332	567	15	**124**	>250
Cash operating margin	%	38	28	4	**26**	
Average Nickel price	US$/t	20 285	23 970	18 815	**16 245**	(14)
Capital expenditure	R million	1 202	808	484	**189**	(61)

Refer to pages 207 to 208 for the Nkomati Nickel Mine segmental information.

Nkomati Nickel Mine

Kalplats Project

Platinum Australia (PLA) submitted a revised feasibility study during the year thereby completing Phase II of the exploration programme and earning 44% participation interest in the Kalplats Project. The viability of a possible mining operation at Kalplats is adversely affected by the lack of Eskom power and the uncertainty regarding the timing of its delivery. Approval of the Retention Permit, which was submitted in July 2012, is still awaited.

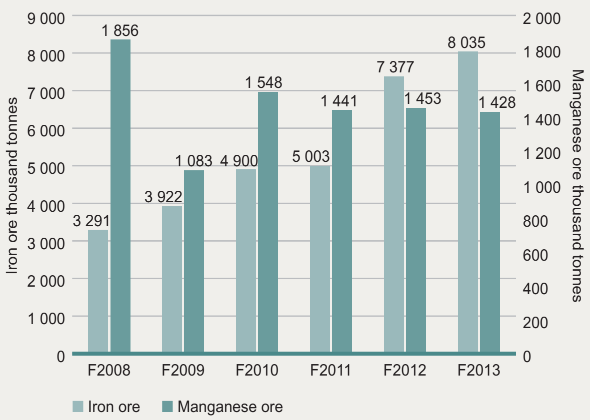
Management	The project is currently managed by PLA.	
Resources and Reserves (100% basis)	**Measured and Indicated Resources**	
	Mt	g/t 3E
	69.91	1.48
	3E = Platinum + Palladium + Gold	

ARM Ferrous

		F2013	F2012	% change
Headline earnings	Rm	**3 237**	3 495	(7)
EBITDA margin	%	**42**	45	
EBITDA	Rm	**5 307**	5 373	(1)

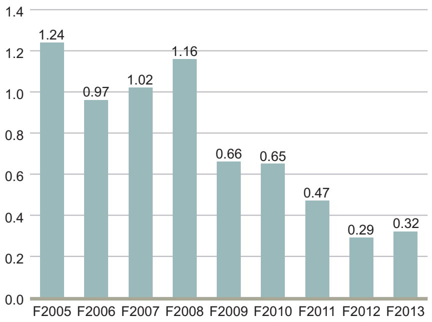
Total attributable capital expenditure	R1 951 million
Total labour as at 30 June 2013	11 622 (including 5 055 contractors)
Key projects invested in during the year	Khumani Wet High Intensity Magnetic Separation Plant

ARM Ferrous attributable sales volumes

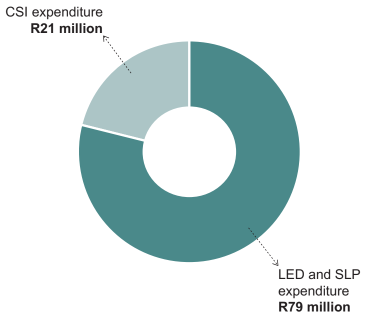


ARM Ferrous' headline earnings were 7% lower at R3.2 billion as a result of lower contribution from iron ore and ferromanganese.

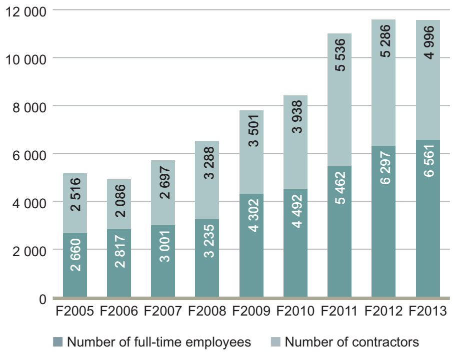
Lost Time Injury Frequency Rate
(per 200 000 man hours)



Corporate Social Responsibility spend

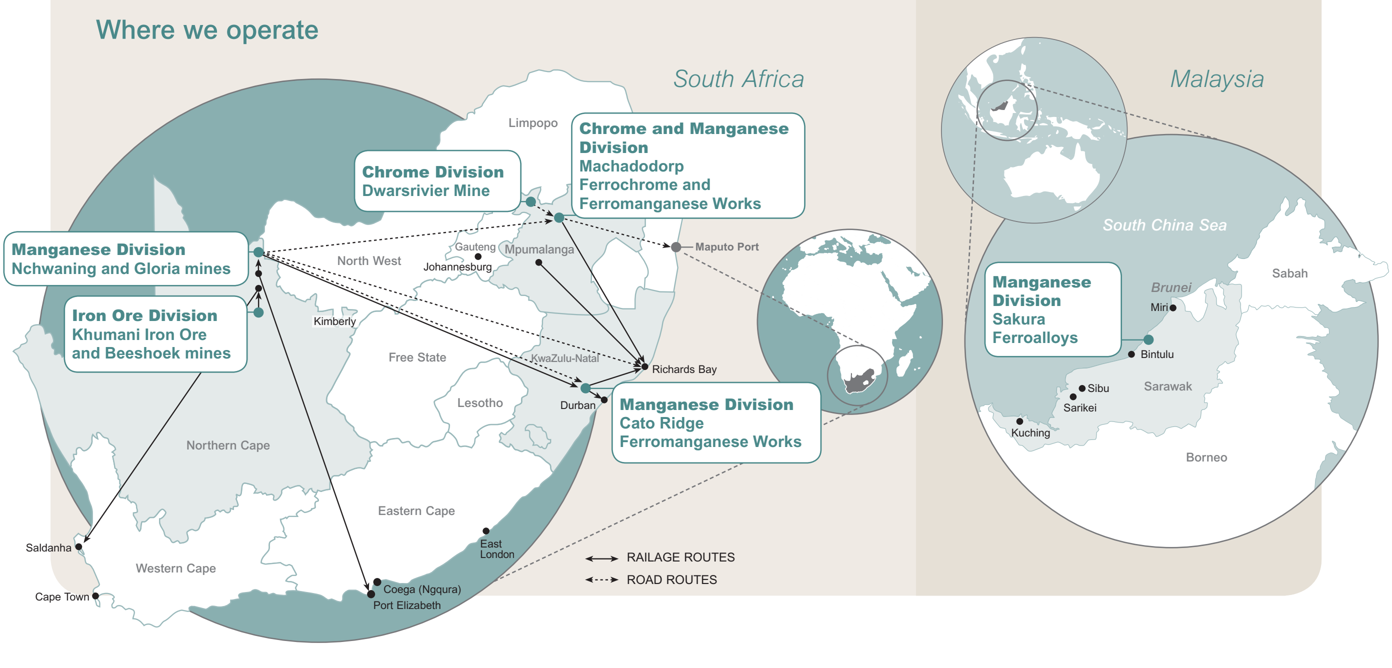


Average number of full-time employees and contractors*



** The average number of employees is used for occupational health and safety statistics.*

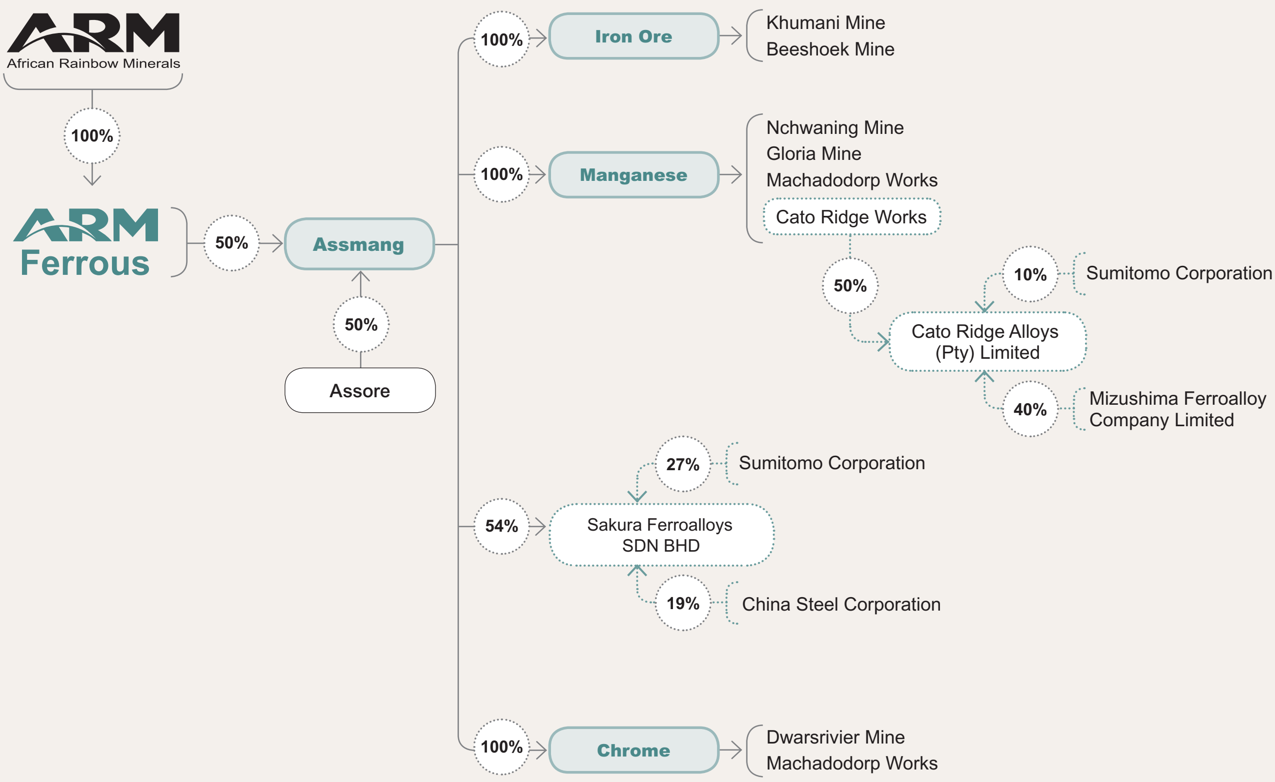
Where we operate

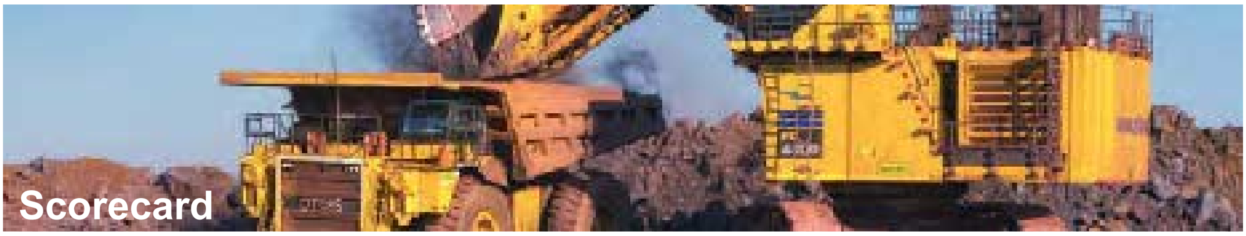


ARM Ferrous

André Joubert
Chief Executive: ARM Ferrous

Divisional structure





Scorecard

F2013 objectives	F2013 performance	F2014 objectives
Iron Ore		
Continue to ramp-up Khumani Mine to 14 million tonnes.	Ramp-up profile of 14 million tonnes per annum (mtpa) was achieved.	Focus on creating steady state conditions, achieving benchmarked operational efficiencies and maintaining operating margins.
Implement agreement with Transnet for an additional 4 mtpa export allocation on the Saldanha Export Channel	Implemented the 14 mtpa agreement and the additional 4 mtpa export allocation was fully utilised.	Adhere to contractual requirements of 14 mtpa agreement and improve throughput performance at the load-out stations.
Continue with mining in the East Pit at the Beeshoek Mine.	Mining volume targets were exceeded.	Prepare to develop the Village Pit and purchase own production fleet at Beeshoek Mine.
Transnet to conclude the feasibility study to increase the export of iron ore through the Saldanha Port.	The feasibility study was completed for iron ore exports, to increase the export capacity of the rail line from 60 mtpa to 82 mtpa.	Agree with Transnet on future capacity allocation.
Manganese Ore		
Transnet to complete the feasibility study for the export capacity expansion through the Coega (Ngqura) Port.	The feasibility study was completed by Transnet to increase the export capacity through the Ngqura Port to 12 mtpa by 2018/2019 and then to 16 mtpa by 2020.	Agree with Transnet on future capacity allocation.
Once approved, commence execution of the expansion project of the Black Rock Mine complex. The capacity is planned to increase from 3 mtpa to 4 mtpa saleable production.	A complete review of the initial scope to expand the Black Rock Mine complex was initiated and is in progress. The revised scope will include the mining of the Seam 2 ore body in the Nchwaning Mine.	Complete the revised scope to expand production at the Black Rock Mine complex, approve the project and initiate the execution of the planned project activities.
Manganese Alloy		
Optimise ferromanganese production using the optimal furnace combination.	Various production scenarios were developed for both the smelters and restructuring initiatives have been executed successfully.	Complete a review of the short- to medium-term strategy for the South African-based smelters to ensure financial sustainability of these smelters.
Produce ferromanganese at competitive cost.	• Achieved benchmarked efficiencies on all operating furnaces. Restructuring initiatives executed to reduce fixed overhead costs. • Investigated the financial viability to create cost effective alloy production capacity and capability, which led to the approval of the Sakura Project in Malaysia.	• Investigate innovative means of increasing competitiveness of the smelters i.e. co-generation opportunities, alternative ore mixes, maximising output from a single smelter site. • Initiate the successful execution of the Sakura Project in Malaysia. Project construction planned to commence in February 2014.
Chrome		
Evaluate the chrome ore market and optimise Dwarsrivier Mine accordingly.	• Successfully concluded a business re-engineering study and compiled a detailed action plan. Initiated a workforce restructuring plan and deployed more efficient mining processes.	• Complete the execution of the business re-engineering initiatives and achieve sustained improved business performance. • Review innovative means of improving business results i.e. PGM recovery from the tailings stream of Dwarsrivier Mine.

Overview

Operational overview – attributable to ARM		**F2013**	F2012	F13/12 % change	Operational target F2014
Manganese ore sales	000t	**1 428**	1 453	(2)	→
Nchwaning*	000t	**1 092**	1 062	3	→
Gloria*	000t	**335**	390	(14)	→
Ferromanganese sales	000t	**130**	135	(4)	→
Cato Ridge	000t	**105**	115	(9)	→
Machadodorp	000t	**25**	20	25	→
Iron ore sales	000t	**8 035**	7 376	9	→
Khumani	000t	**7 028**	6 682	5	→
Beeshoek	000t	**1 006**	695	45	→
Chrome sales					
Dwarsrivier chrome ore*	000t	**527**	260	102	→
Machadodorp charge chrome	000t	**39**	87	(56)	↓

** Excludes intra-company sales.*

Financial overview – attributable to ARM		**F2013**	F2012	F13/12 % change
ARM Ferrous operating margin (%)	%	**35**	39	
ARM Ferrous cash operating margin (%)	%	**41**	45	
Headline earnings attributable to ARM	R million	**3 237**	3 495	(7)

Sustainability overview – attributable to ARM		**F2013**	F2012	F13/12 % change
LTIFR*		**0.32**	0.29	10
CSR spend**	R million	**101**	83	22
Electricity consumption	000MWh	**1 189**	2 113	(44)
Water consumption	million m^3	**13.7**	11.5	19
ARM Ferrous total Scope 1 and 2 emissions (attributable)	tCO_2e	**813 204**	1 409 854	(42)

** LTIFR: Lost Time Injury Frequency Rate per 200 000 man hours.*
*** CSR: Corporate Social Responsibility.*
All figures are on 100% basis except tCO_2e which is attributable (as per CDP submission).

Operational and financial review

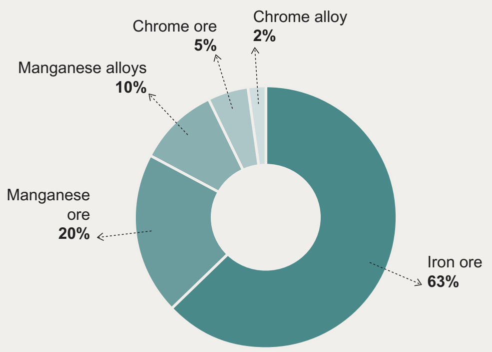
For the year ended June 2013, ARM Ferrous reported a record turnover of R12.50 billion which was 6% more than the previous year. (F2012: R11.84 billion). This increased revenue was mainly due to the record sales volumes in iron ore, the stronger US Dollar prices received for manganese ore and manganese alloy as well as the 13.6% weakening of the Rand against the US Dollar which was partly offset by weaker US Dollar prices received for both iron ore and chrome ore.

The headline earnings of R3.24 billion were 7% less than the previous year (F2012: R3.50 billion). Headline earnings were lower than the previous year mainly as a result of a reduced contribution from the iron ore and ferromanganese operations. The iron ore headline earnings decreased due to higher cost of sales, whilst the ferromanganese earnings were negatively impacted by the shutdown of three furnaces. One ferromanganese furnace was shut down at Machadodorp Works and two uneconomical furnaces have been closed indefinitely at the Cato Ridge Works. The production volumes for ferromanganese and ferrochrome were substantially reduced due to the oversupply in those markets.

Sales volumes compared to the previous period were as follows:

- Iron ore export sales were 5% higher at 14 million tonnes and local sales increased by 50% to 2 million tonnes. Total iron ore sales were 16 million tonnes being 9% higher than F2012;
- Manganese ore sales decreased by 2% to 2.9 million tonnes;
- Chrome ore sales increased by 102% to 1.05 million tonnes. In F2012 418 thousand tonnes of chrome ore was sold internally at cost to Machadodorp Works which was subsequently converted to ferromanganese production;
- Chrome alloys sales decreased by 56% to 0.08 million tonnes; and
- Manganese alloys sales decreased by 4% to 0.26 million tonnes.

F2013 ARM Ferrous rates per commodity
(100% basis)



Assmang cost and EBITDA margin performance

Commodity group	Cost of sales unit cost change %	On-mine production cost unit change %	EBITDA margin %
Iron ore	9*	20	55
Manganese ore	15	23	37
Manganese alloys	5	12	6
Charge chrome	17	(52)	(24)
Chrome ore	20	2	6

** Excluding the Khumani Mine Housing element.*

Iron Ore Division

The Iron Ore Division contributed a significant R2 766 million to the ARM Ferrous headline earnings. This represents a 7% decrease compared to the previous corresponding year ended 30 June 2012.

Khumani Mine production increased from 11.6 million tonnes to 13.2 million tonnes. Export sales from Khumani thus increased 4% from 13.4 million tonnes to 14.0 million tonnes. The production unit cost increased by 25% as pits were opened up. The Khumani strip ratio was 2.5 and is in alignment with the life-of-mine strip ratio of 2.6. This is now the base cost for steady state production as the waste stripping which was previously capitalised was expensed in F2013.

Beeshoek Mine production increased from 2.1 million tonnes to 2.9 million tonnes as mining in the East Pit commenced. Beeshoek Mine external sales increased 45% from 1.4 million tonnes to 2.0 million tonnes. In addition a total of 1.3 million tonnes of iron ore was moved from Beeshoek to Khumani Mine and sold into the export market to maximise export sales. Preparations to commence with waste stripping at the Village Pit area are in progress. Beeshoek Mine unit production costs decreased by 3%.

Manganese Division

The Manganese Division's contribution to headline earnings was 12% lower at R470 million. The US Dollar realised prices for manganese ore increased 9% whilst the manganese alloys prices were 14% lower.

Manganese ore sales volumes remained constant at 2.9 million tonnes. On-mine production unit costs at the manganese ore operations increased by 23% mainly due to increased labour cost as additional people were employed to prepare the mine for increased production and development in the future. Higher fuel prices, higher electricity prices costs and inflation also contributed to increased costs. Manganese alloy sales volumes were 4% lower at 260 000 tonnes mainly due to lower alloy pricing and a weaker demand. Two furnaces at Machadodorp Works were successfully converted from ferrochrome to ferromanganese production during the year and three smaller furnaces were closed at the Machadodorp and Cato Ridge works.

The production unit cost increase was mainly due to the higher than inflation increase of electricity rates but the smelters reduced other unit cost through restructuring processes. Manganese alloy unit costs increased by 12% due to the closure of inefficient furnaces at Machadodorp and Cato Ridge Works.

Chrome Division

The performance of the Chrome Division continued to be negatively affected by weak market conditions in the chrome ore and ferrochrome markets. As a result the Chrome Division contributed breakeven headline earnings to ARM Ferrous.

Ferrochrome production was stopped during the year and as a result the ferrochrome sales volumes decreased by 52% to 77 000 tonnes. Ferrochrome production was limited to the alloy recovered from historical slag products.

Chrome ore sales from Dwarsrivier Mine consequently increased by 102% to 1.05 million tonnes as more chrome ore became available for the local and export markets.

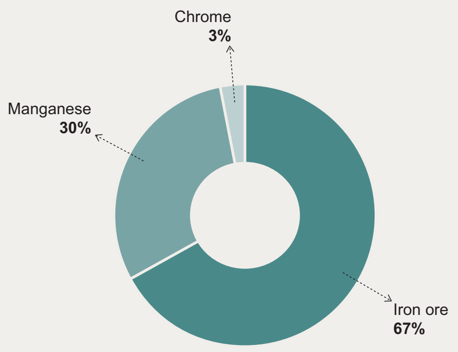
A decrease in production unit costs was achieved due to the higher chrome ore sales volumes.

Capital expenditure

ARM Ferrous total capital expenditure was R1.95 billion (F2012: R2.17 billion).

The main expenditure items included the Khumani Optimisation Project, the WHIMS Plant built at Khumani Mine, the railway line deviation around the King Pit as well as the waste stripping at both Khumani and Beeshoek mines. There was also capital expenditure for preparation work and new road around the Village Pit for Beeshoek. Other capital was spent on the feasibility study for the early works for the Black Rock expansion. The remaining capital was spent on the Sakura Project feasibility studies, information technology, replacement of vehicles and ensuring legislative compliance changes and sustainability capital.

F2013 ARM Ferrous capital expenditure per division (100% basis)



Logistics

Iron ore export was 14 million tonnes due to excellent performances and cooperation between Transnet, the marketing team and the operational team at Khumani Mine. Transnet also railed 270 000 tonnes of ore from a new BEE entrant by utilising the rapid load-out facility at Khumani.

The manganese ore export channel to Port Elizabeth continued to operate under difficult conditions and many challenges were overcome allowing increased volumes of ore transported by rail. In doing so, ore tonnages transported by road were reduced. Manganese ore exported through the port of Durban increased.

Assmang and Transnet continue to engage regarding future export capacity and growth for both iron ore and manganese ore. To this effect, Transnet concluded the feasibility study to expand its manganese ore export capacity to 16 mtpa through the port of Ngqura from April 2018 onwards. This schedule and capacity allocation is aligned with the Assmang growth plan and ramp-up schedule for the Black Rock Mine.

Assmang and Transnet will engage on a new manganese ore export contract through the port of Port Elizabeth and future allocation through this channel for the period 1 October 2013 until 31 March 2018.

Sustainability review

This review summarises ARM Ferrous's performance against the Company's most material sustainability issues. Further detail on each of these issues, as well as others such as biodiversity, environmental mitigation, materials and waste and human resources issues, can be found in our Sustainability Report, available on our website **(www.arm.co.za)**.

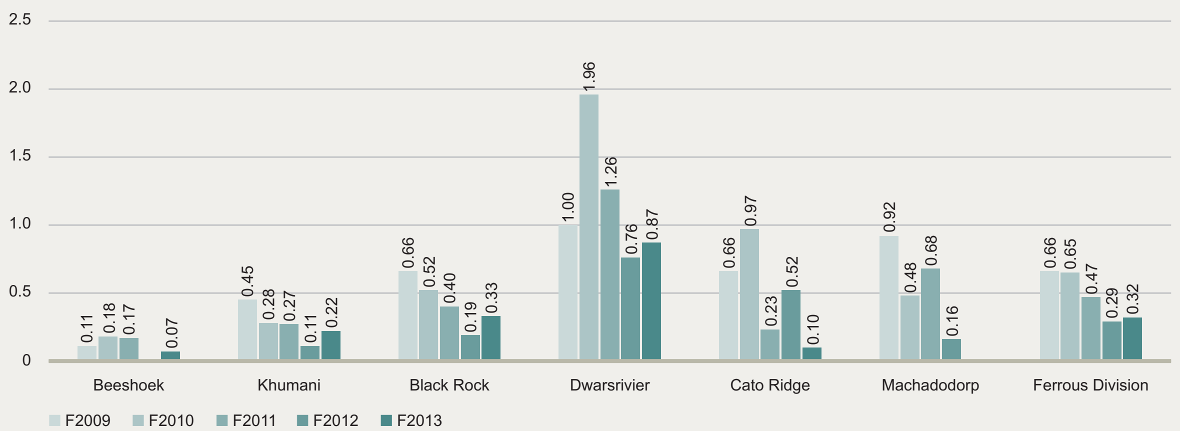
Safety

The LTIFR per 200 000 man-hours at ARM Ferrous deteriorated slightly to 0.32 (F2012: 0.29). There were no fatalities at the ARM Ferrous operations in F2013.

Safety performance highlights for the year include:

- Khumani Mine completed 3.4 million fatality-free shifts.
- Beeshoek Mine and Black Rock Mine achieved more than 2.3 million fatality-free shifts. The last fatality at Beeshoek occurred in March 2003.
- Cato Ridge Works and Dwarsrivier Mine also achieved significant safety milestones during F2013, reaching 1.5 million and 1.9 million fatality-free shifts respectively.
- Machadodorp Works recorded zero lost-time injuries for the year under review.
- Both Beeshoek Mine and Cato Ridge Works completed two consecutive quarters with no lost-time injuries.

ARM Ferrous safety performance (LTIFR)



Occupational health and wellness

All ARM Ferrous operations have implemented integrated policies on HIV, TB and sexually transmitted infections as required by the National Strategic Plan 2012 – 2016 and the Mining Charter. All operations offer primary health care services on site. HIV counselling is offered to all employees who visit the site clinics for any medical surveillance, but HIV testing is voluntary.

In January 2013, Khumani Mine was certified and successfully accredited by the SABS in terms of SANS 16001, the management system for wellness and disease management. During the year, Black Rock Mine opened a new Wellness Centre to improve the efficiency of managing employee wellness and chronic diseases. 21 213 audiometric tests were conducted during the year, with 45 (0.21%) referred for further testing. TB screening was conducted on 12 689 employees, with 59 new cases identified. 4 852 employees received counselling for HIV & Aids, 3 575 were tested and 329 received Anti-Retrovirals (ARVs). HIV prevalence rates at the ferrous operations are estimated to be well below those of the districts in which they operate.

Various operations are involved in HIV & Aids-related community outreach and awareness programmes. These include ongoing support for the Age of Hope community home-based care centre by Beeshoek Mine and support for the Samaritan and Tshwaragano home based care centres by Khumani Mine.

ARM Ferrous has a biological monitoring programme in place to monitor amongst others, exposure to manganese and coal, tar, pitch and volatiles (CTPVs) at the smelting operations at Cato Ridge Works and Machadodorp Works.

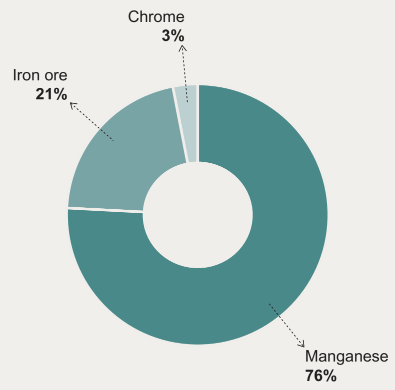
Environment

ARM Ferrous accounted for 66% of ARM's total F2013 carbon footprint. This is due mainly to the energy intensive smelting activities at Cato Ridge Works and Machadodorp Works. The division produced an estimated 813 204 equivalent tonnes of CO_2 (tCO_2e) Scope 1 and 2 emissions on an attributable basis (F2012: 1 409 854 tCO_2e).

Production teams at the two smelters are focusing on increasing efficiency (which in turn reduces energy consumption and emissions) and this forms part of their bonus incentive systems. Longer-term initiatives include the exploration of less energy intensive products and more efficient production technologies.

ARM Ferrous is a member of the Energy Intensive Users Association and has developed its own Energy Efficiency Charter to map its development and implementation of energy efficient practices.

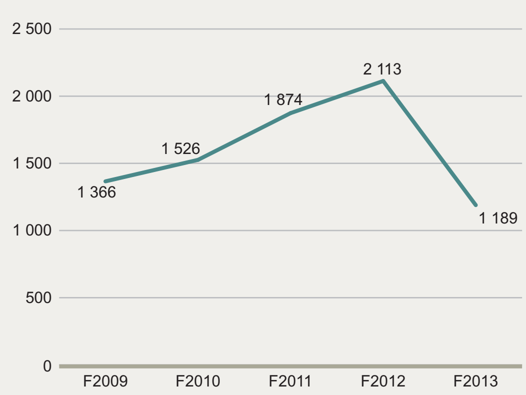
Contribution to ARM Ferrous F2013 carbon footprint (100% basis)



ARM Ferrous consumed 1 189 196 megawatt hours (MWh) of electricity in F2013, a 44% decrease on the F2012 electricity consumption of 2 113 488 MWh. In 2009, ARM Ferrous set a target to reduce peak energy consumption by 10% by 2013 and various energy efficiency projects have been implemented including:

- The installation of solar panel spotlights at the shunting yard at Cato Ridge Works.
- Installation of heat pumps at change houses at Cato Ridge Works.
- Installation of LED lighting in the plant at Beeshoek Mine.
- Installation of heat pumps in the change houses and clubhouse at the Machadodorp smelter.
- Shortening the entrance road at Cato Ridge Works, reducing Scope 3 transport emissions.
- The use of recycled waste products as a replacement ore in Cato Ridge smelter, which also reduces the transport of ore.
- Assisting and advising employees on energy saving technology at Machadodorp Works, including interest-free loans from the company for installation of selected energy efficiency technology at home.

ARM Ferrous electricity consumption (100% basis) (000MWh)



Black Rock Mine, Beeshoek Mine and Khumani Mine are located in the Northern Cape where water is a scarce resource. Availability of additional water supply is a potential growth constraint, especially in these areas. ARM Ferrous operations accounted for 67% of water withdrawal in ARM with Beeshoek consuming 58% of the division's water. Some of the water withdrawn at Beeshoek Mine is supplied to local communities and the mine's employee village. Water withdrawal increased by 19% to 13.7 million m^3 in F2013 (F2012: 11.5 million m^3).

Corporate Social Responsibility (CSR)

ARM Ferrous invested R79 million into Local Economic Development (LED), an increase of 20% compared to F2012 (R66 million). Corporate Social Investment (CSI) expenditure was R21 million (F2012: R17 million), bringing the total investment in CSR projects to R101 million (2012: R83 million).

ARM Ferrous signed a two-year contract with TEACH SA to place 26 TEACH ambassadors in schools in Assmang's host communities to strengthen teaching of Maths, Science and English.

Other significant LED projects supported by ARM Ferrous included:

- Provision of water and sanitation services to the Deben community by Khumani Mine.
- Road maintenance, repair and upgrade in the Gamagara Municipal Area by Khumani Mine.
- Construction of the Simunye Training Centre by Machadodorp Works.
- Sponsorship of the Chazon Tekna School with a focus on English, Maths and Science by Machadodorp Works.
- Extension of Maraladi and Seodin Primary Schools, Dibotswa High School and Regone Educare Pre-school by Black Rock Mine.
- Development of a water reticulation network for the Eiffel and Klein Eiffel communities by Black Rock Mine.
- Continued upgrade of storm water, drainage system and road infrastructure in Postmasburg by Beeshoek Mine.

CSI projects included:

- Primary school teacher subsidies by Black Rock Mine.
- Financial support to schools in the Gamagara area by Khumani Mine.
- Khumani Mine sponsored the Deben Field Band, which won first place in the dance section at the Field Band Foundation's National Championships in October 2012.
- Investments in the refurbishment of old age homes, children's homes, crèches and other community centres by Machadodorp Works.
- Construction of school buildings and subsidisation of school-teachers' salaries and accommodation by Beeshoek Mine.

Transformation

ARM measures transformation progress against the guidelines gazetted for the Mining Charter. The ARM Ferrous operations achieved scores in excess of 80% against the guidelines of the Mining Charter for the 2012 calendar year, and a classification of excellent performance.

Mining rights status

The Khumani Mine New Order Rights were granted in 2008 for 30 years. The Beeshoek Mine converted mining rights were executed on 16 March 2012 and registered on 29 May 2013. The Black Rock Mine New Order Mining Rights were executed on 13 July 2012 and now await registration. The Dwarsrivier Mine New Order Mining Rights were executed on 15 May 2013 and now await registration.

Prospects

Khumani Mine

The commissioning of the WHIMS (Wet High Intensity Magnetic Separation) plant at Khumani to improve the recovery of very fine and high grade ore, currently lost to the slimes dam is in progress and the first units have been commissioned within budget and ahead of time.

Building of additional final product stockpile area at the mine has been completed. The diversion of the Transnet Freight Rail (TFR) main line which runs through the King mining area will be completed and handed over by April 2014.

Further work is being done to maximise the life-of-mine of Khumani Mine at the current production rate of 14 mtpa. Investigations are underway into the financial feasibility of investing in additional jigging capacity to allow Khumani to beneficiate all of its run of mine production. This will also lead to improved product quality that can be sustained over the life-of-mine.

Beeshoek Mine

The R885 million development of the East Pit to extend production to July 2018 is in progress and 15 million tonnes of overburden have been moved from this pit this year. The diversion of the R385 road between Postmasburg and Olifantshoek to allow for the mining of the future Beeshoek Village pit has been completed. The servicing of the stands for housing in Postmasburg was completed and the construction of housing is in progress.

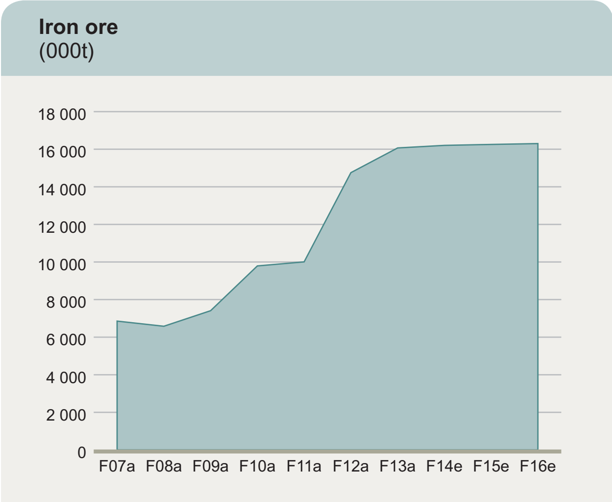
Waste stripping in the Village Pit at the Beeshoek Mine is expected to commence in July 2014.

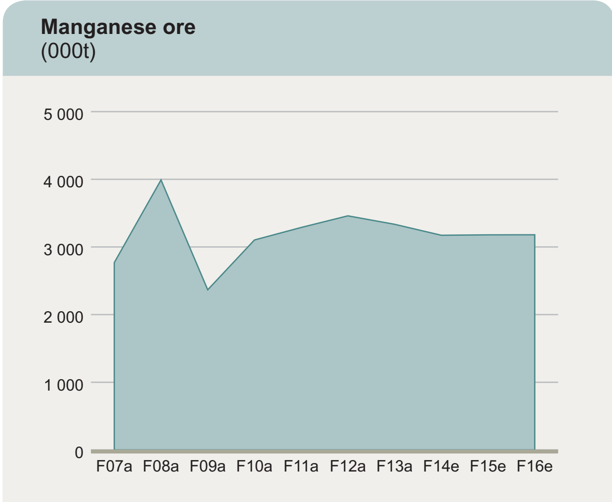
ARM Ferrous is looking into various ways to maximise the beneficiation capacity at both Beeshoek and Khumani by identifying and targeting suitable alternative iron ore resources that can be fed to these facilities and converted into a saleable product. This will include the testing and development of suitable technologies and processes to upgrade lower yielding iron ore resources within the current lease areas while at the same time optimising the infrastructure investment and utilisation at both Khumani and Beeshoek.

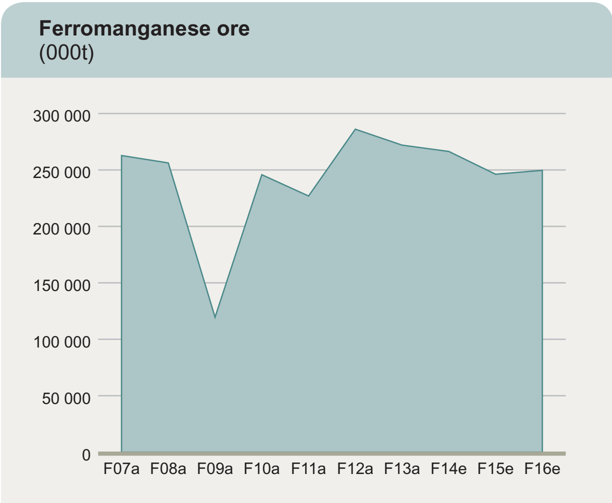
Manganese ore mines

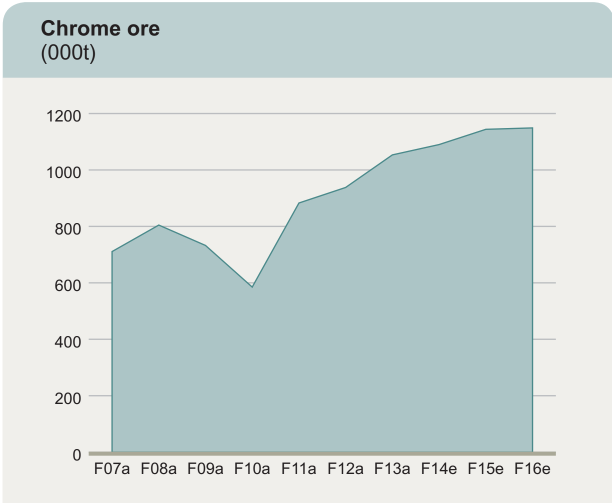
A complete review of the initial scope to expand the Black Rock Mine operations from 3 million tonnes per annum to above 4 million tonnes per annum is underway. This review was necessitated following a marketing study on the demand for the various grades which can be mined from the Nchwaning Mine. Several trade-off studies are underway to ensure that the scope is redefined to capitalise on this opportunity and to ensure that capital will be spent efficiently. The operating expenditure, capital expenditure and financial modelling for the revised scope will be completed by Q2 F2014.

ARM Ferrous sales volumes from 2007 to 2016 (100% basis)









Manganese alloys

Assmang (54%), Sumitomo Corporation (27%) and China Steel Corporation (19%) have agreed to establish a joint venture manganese alloy smelting facility in the Sarawak State of Malaysia, Sakura Ferroalloys SDN.BHD (Sakura).

Sakura is a greenfields project and the facility will be constructed in the Samalaju Industrial Park in Sarawak. The intention is to commission and operate two 81MVA furnaces complete with all related infrastructure, equipment and services to allow for the production of manganese alloy.

Besides being the majority shareholder, Assmang will provide marketing, management and technical services to Sakura. The project is estimated to cost US$328 million and is due to start in the 2014 calendar year and be commissioned in the second half of 2016.

For the South African smelters, ARM Ferrous is assessing the short- to medium-term financial sustainability of the smelters to identify the optimal smelter configuration between Cato Ridge and Machadodorp Works and extract maximum value from synergies to be realised between these two operations.

Market review

Steel

Global steel production growth has been exceeding expectations in 2013 and could reach close to 1.6 billion tonnes for the calendar year. Despite the reduction in Chinese GDP growth, steel production in China is up substantially and is expected to make up almost 50% of world steel production.

Japan's current economic policies have resulted in increased confidence and steel production is reacting positively. Conversely, the ongoing Euro-zone financial crisis has seriously affected steel production in that region. Although there are positive economic signs in the US economy, these have yet to materially affect steel production.

Another area where steel production growth has been very disappointing is in India where the economy has stalled and the short-term outlook remains cautious.

Steel companies worldwide are facing challenges. Capacity utilisation rates continue to hover below the 80% level and there is still a disconnect between low steel prices and relatively high

Iron ore reclaimer at Khumani Mine

raw material prices. There is considerable scope for consolidation in the steel sector, particularly in Europe but companies are holding back and focusing on cash conservation, closing unproductive operations and cost cutting.

Nevertheless, the outlook for world steel production in the short-term, provided there are no further unexpected economic developments, remains positive with the consensus view being for growth of 2.5% to 3.0% in 2014.

Iron ore

The iron ore market is expected to see significant additional supply entering the market in the second half of 2013 as Australia and Brazil increase capacity as many of the projects that have been in the pipeline are commissioned. The three major global producers (Vale, BHP and Rio Tinto) are now shifting their focus from large new projects to cost control, optimising their current assets and more staggered capital investment in future.

Cost inflation pressures and grade depletion are structural challenges facing the iron ore industry although the depreciation in emerging market currencies has reduced US Dollar working costs in the main producing areas. In addition, execution risk around new projects supports the view that high cost, lower grade, Chinese domestic ore is required to balance the market for a period.

The iron ore price has seen volatility over the last 12 months driven by stock cycles, sentiment and speculation. The spot iron ore market has also had its hand to play as the liquidity in this area has grown significantly. Globally, concern remains that oversupply in the market will eventually lead to shrinking of iron ore margins.

ARM Ferrous sales were roughly spread at 65% – 70% into Asia, approximately 25% into Europe and the remainder locally. The sales strategy remains to expand into markets other than China to ensure diversification, risk management and best returns. The Indian market which proved to be very successful in 2012 has slowed significantly in 2013 due to the various challenges within the Indian steel and mining industry, thus impacting the imports of ore.

Locally, demand for iron ore from the existing customer base has increased to 1.77 million tonnes.

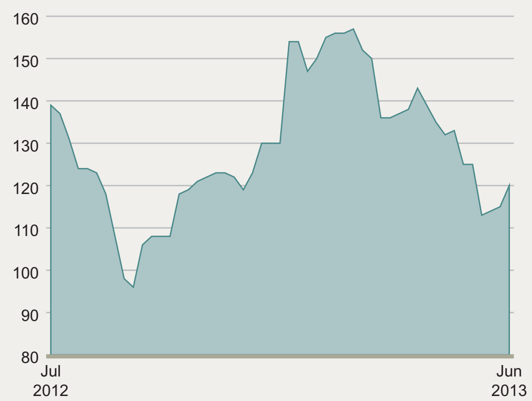
In terms of pricing models for export iron ore, these continue to evolve. For more established and long-term customers in Europe, pricing is generally calculated on a synchronized quarterly average based on an average of iron ore indices, while in China for long-term customers the average index for the month of shipment is the basis.

During the course of the last financial year, ARM and Assore have strategically placed more shipments on the spot market. The pricing models for these shipments have varied between floating and fixed prices. As the market matures so have the pricing models, with customers continuously looking for shorter pricing periods based around arrival date.

The outlook for the next year remains mixed but there is still cost support for iron ore in the US$110-125/t CFR range in the short-term until new lower cost capacity comes into production.

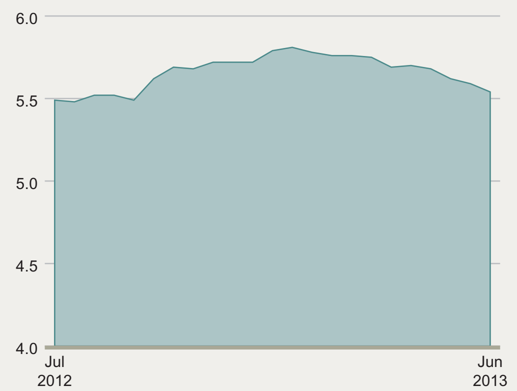
Ferrous pricing trends for F2013 (July 2012 to June 2013)

Iron ore fines spot prices 63.5% Fe
(CIF) (US$/t)



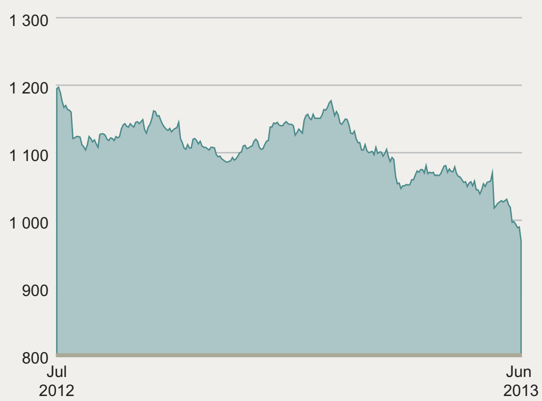
Source: INet Bridge

Manganese ore spot prices 38% (FOB Port Elizabeth)
(US$/mtu)



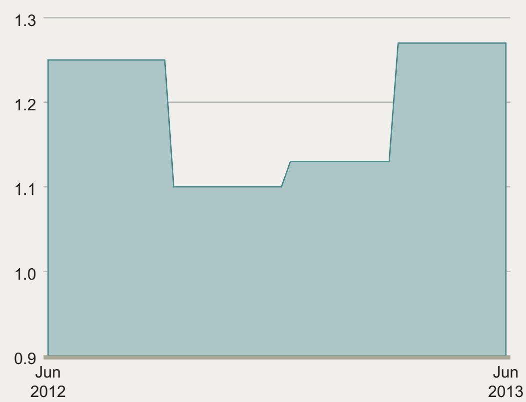
Source: INet Bridge

Ferromanganese spot prices 78%
(CIF) (US$/t)



Source: INet Bridge

Ferrochrome spot prices
(US$/lb)



Source: INet Bridge

Khumani Mine load-out into Transnet trains

Manganese ore

Manganese ore prices in the past year were at reasonable levels with the 44% Mn Index price above US$5.00/mtu for the entire period and peaking at US$5.70/mtu in April 2013 before starting to decline.

It now seems that the dynamics of the manganese ore market are changing. The demand side for ore to produce both ferroalloys and manganese metal is at record levels but the supply side has caught up and is exceeding demand. This is due to several factors the most important of which are the greatly increased amounts of ore being exported by Australia and Gabon and by the new mines in the Kalahari which are finally exporting substantial quantities of ore. Manganese alloy prices are also at low levels and the alloy producers are placing pressure on the new South African producers to reduce prices to gain market share. Manganese ore pricing mechanisms are also in flux. In China, pricing has traditionally been set by the largest Australian producer on a monthly basis until recently. It now appears as if more use will be made of index pricing although the credibility of the indices is in considerable doubt. One substantial market outside China is still using quarterly pricing while in other regions pricing is carried out on a cargo by cargo basis with reference to the spot Chinese price.

ARM and Assore's view is that without supply side discipline, the outlook for manganese ore prices will remain under pressure.

Manganese alloys

The severe competition that was expected in the manganese alloy markets has come to pass. Manganese alloy is in oversupply due to the weakness in steel production of the two main seaborne markets, Europe and North America, and the failure of most major producers to cut output, particularly of high carbon ferromanganese. In addition, steelmakers worldwide are under severe financial pressure and are exerting pressure on alloy producers to lower prices. No respite on this pressure is seen in the short-term unless there is a major adjustment on the supply side.

Chrome

China continues to be the driving force for demand of both chrome ore and ferrochrome. As predicted, during 2012 China became the largest producer of ferrochrome with a market share of 35%, whilst South African production reduced to 32%.

There continues to be an oversupply of ferrochrome which is expected to continue exerting pressure on ferrochrome prices levels, which in turn affects chrome ore prices.

China continues to source various chrome ore grades from all over the world, absorbing more than 85% of the world's total traded chrome ore, with an import of 9.3 million tonnes in 2012. South Africa supplied 4.5 million tonnes equating to 48%. In the first six months of 2013, South Africa had already supplied 4 million tonnes.

The demand for a chrome ore export levy in South Africa has changed to concentrate on the oversupply of lower grade chrome ore products and with most South African ferrochrome producers supporting their cash flow with high levels of chrome ore exports, there has been less focus on the imposition of such a levy. However, major producers such as Turkey as well as others, have been very vocal about the price controls required on the supply of low grade ore.

Chrome ore prices decreased during the past financial year as a result of continued oversupply, specifically low grade products such as UG2, from South Africa. Current prices are 30% lower in US Dollars than they were two years ago. It is expected that the oversupply and over capacity of chrome ore will continue to put pressure on the fragile supply/demand balance. It is anticipated that the supply of low grade products such as UG2 and additional entrants for supply of lower grade materials from other regions in the world will continue to negatively impact the market. Pricing pressures are expected to continue and no significant improvement in price levels is expected over the next year.

ARM Ferrous Operational Statistics

Iron Ore Division

Beeshoek and Khumani Iron Ore Mines

Management	Jointly management by ARM and Assore, through Assmang. ARM provides administration and technical services, while Assore performs the sales and marketing function as well as technical consulting services.	
Resources – Measured and Indicated	Beeshoek	110.04 million tonnes 63.53% iron
	Khumani	681.72 million tonnes 64.23% iron
Reserves – Proved and Probable	Beeshoek – Dumps	47.75 million tonnes 63.91% iron 7.04 million tonnes 55.08 % iron
	Khumani – Dumps	488.73 million tonnes 64.53% iron 4.94 million tonnes 55.75% iron
Total labour as at 30 June 2013	5 075 employees which includes 2 915 contractors	

		F2010	F2011	F2012	F2013	F13/12 % change
Attributable headline earnings	R million	718	2 327	2 968	**2 766**	(7)
Operating profit margin	%	41	61	55	**48**	
Total iron ore sales	000t	9 799	10 006	14 753	**16 070**	9
Beeshoek Iron Ore Mine						
Iron ore produced	000t	521	960	2 104	**2 936**	40
Iron ore sold	000t	867	688	1 389	**2 013**	45
Sales revenue	R million	410	407	724	**1 236**	71
Total costs	R million	353	263	367	**656**	79
Operating profit	R million	62	144	357	**580**	62
Capex	R million	48	83	306	**550**	80
Khumani Iron Ore Mine						
Iron ore produced	000t	8 765	8 725	11 555	**13 167**	14
Iron ore sold	000t	8 932	9 318	13 364	**14 057**	5
Sales revenue	R million	4 518	9 935	14 572	**14 454**	(1)
Total costs	R million	2 566	3 598	6 558	**7 567**	15
Operating profit	R million	1 952	6 341	8 013	**6 887**	(14)
Capex	R million	2 256	3 142	3 033	**2 159**	(29)

Refer to page 209 for the Iron Ore Division segmental information.

Manganese Division

Nchwaning and Gloria Manganese Mines and Cato Ridge and Machadodorp Ferromanganese Works

Management	Jointly management by ARM and Assore, through Assmang. ARM provides administration and technical services, while Assore performs the sales and marketing function as well as technical consulting services.							
	Nchwaning				**Gloria**			
		Tonnes (000)	Mn%	Fe%		Tonnes (000)	Mn%	Fe%
Resources – Measured and Indicated	Seam 1	136.76	43.7	9.1	Seam 1	128.35	37.8	4.7
	Seam 2	180.71	42.4	15.5	Seam 2	29.40	29.9	10.1
Reserves – Proved and Probable	Seam 1	104.10	43.7	9.1	Seam 1	102.64	37.7	4.7
	Seam 2	3.85	44.5	15.6	Seam 2	–	–	–
	Black Rock							
Reserves – Measured and Indicated	Seam 1	43.6	40.6	18.1				
	Seam 2	26.81	38.6	19.8				
Reserves – Proved and Probable	Seam 1	–	–	–				
	Seam 2	–	–	–				
Total labour as at 30 June 2013	4 611 employees which includes 1 506 contractors							

Manganese Division – operational statistics

		F2010	F2011	F2012	**F2013**	F13/12 % change
Attributable contribution to headline earnings	R million	739	688	611	**470**	(23)
Operating profit margin	%	35	36	19	**21**	
Manganese ore						
Manganese ore produced	000t	1 973	3 048	3 296	**3 199**	(3)
Manganese ore sales*	000t	3 095	2 882	2 905	**2 856**	(2)
Sales revenue*	R million	4 202	4 338	3 985	**4 950**	24
Total costs	R million	2 400	2 398	3 136	**3 545**	13
Operating profit	R million	1 802	1 940	849	**1 405**	65
Capex	R million	459	238	470	**777**	65
Manganese alloys						
Manganese alloys produced	000t	252	291	372	**332**	(11)
Manganese alloys sold	000t	238	218	270	**260**	(4)
Sales revenue	R million	2 085	2 127	2 367	**2 486**	5
Total costs	R million	1 652	1 889	1 936	**2 337**	21
Operating profit	R million	433	238	431	**149**	(65)
Capex	R million	285	418	415	**446**	7

Refer to page 209 for the Manganese Division segmental information.

* Excluding intra-group sales.

Chrome Division

Dwarsrivier Chrome Mine and Machadodorp Ferrochrome Works

Management	Jointly management by ARM and Assore, through Assmang. ARM provides administration and technical services, while Assore performs the sales and marketing function as well as technical consulting services.
Resources – Measured and Indicated	53.14 million tonnes at 38.10% Cr_2O_3
Reserves – Proved and Probable	37.31 million tonnes at 34.04% Cr_2O_3
Total labour as at 30 June 2013	1 936 employees which includes 634 contractors.

Chrome Division – operational statistics

		F2010	F2011	F2012	F2013	F13/12 % change
Attributable headline earnings	R million	(92)	(116)	(86)	**1**	–
Operating profit margin	%	(15)	(11)	(13)	**(10)**	
Dwarsrivier chrome ore						
Chrome ore produced	000t	537	866	1 004	**1 033**	3
Chrome ore sold*	000t	272	373	521	**1 054**	102
Sales revenue*	R million	212	401	596	**1 191**	100
Total costs	R million	353	454	544	**1 193**	119
Operating profit	R million	(141)	(53)	52	**(2)**	(103)
Capex	R million	65	77	211	**132**	37
Machadodorp charge chrome						
Charge chrome produced	000t	200	237	186	**23**	(87)
Charge chrome sold	000t	189	238	174	**77**	(56)
Sales revenue	R million	1 378	1 867	1 444	**685**	(53)
Total costs	R million	1 464	2 048	1 754	**862**	(51)
Operating profit	R million	(86)	(181)	(310)	**(177)**	43
Capex	R million	224	140	81	**–**	100

* Excluding intra-group sales.

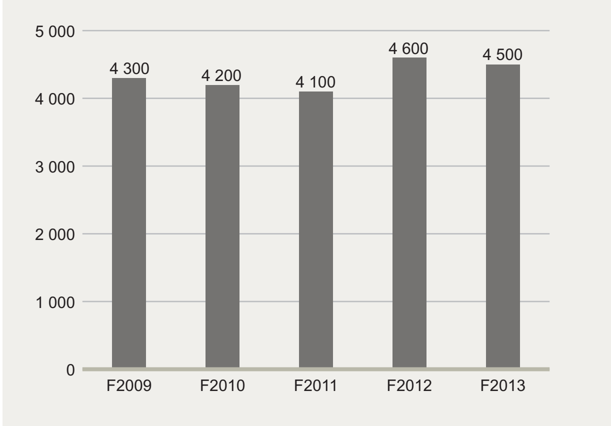
Refer to page 209 for the Chrome Division segmental information.

ARM Coal

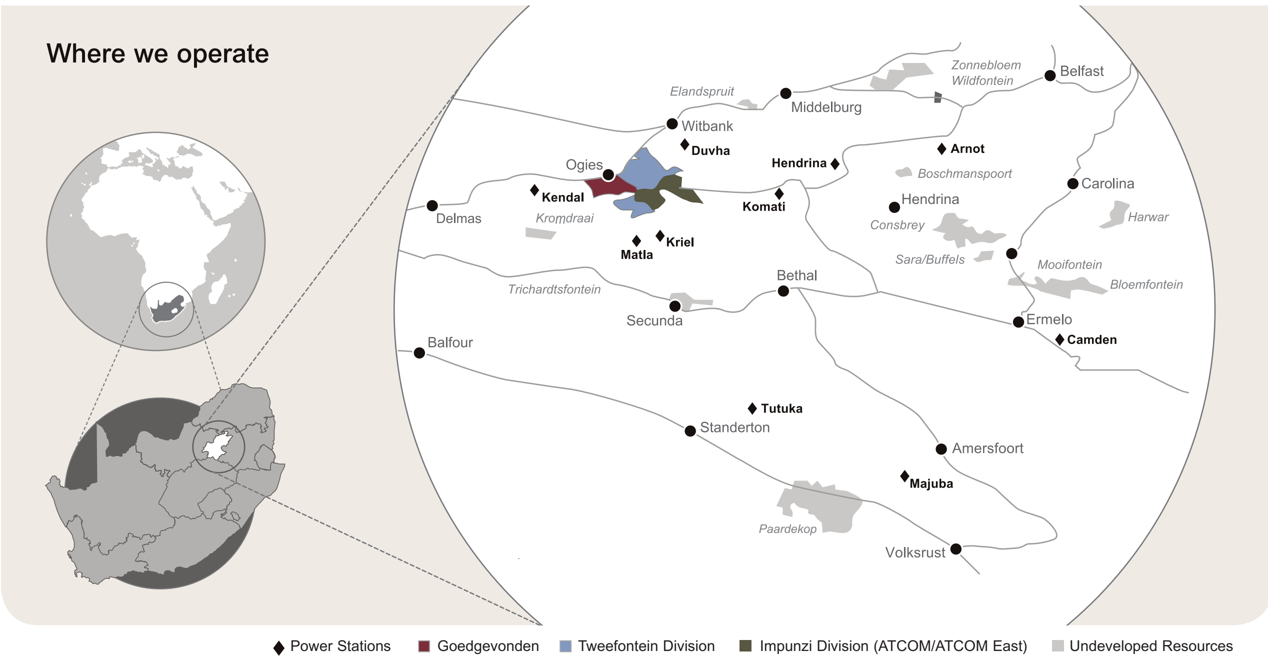
		F2013	F2012	% change
Headline earnings	Rm	**148**	52	185
EBITDA margin	%	**45**	42	
EBITDA	Rm	**414**	323	28

Attributable capital expenditure	R41 million
Key projects invested in during the year	Tweefontein Optimisation Project

ARM Coal attributable sales volumes (000t)



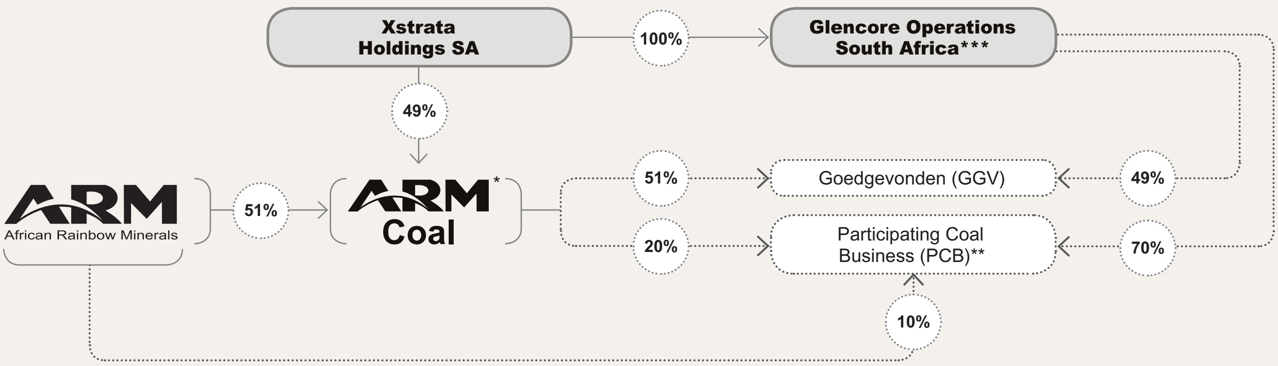
ARM Coal contribution to headline earnings increased to R148 million from R52 million in F2012 as Goedgevonden Mine exceeded steady state production.



ARM Coal

Thando Mkatshana
Chief Executive: ARM Coal

Divisional structure



* *ARM Coal holds the following:*
– Access to Glencore Operations South Africa's (previously Xstrata South Africa) interest and entitlement in the Richards Bay Coal Terminal (RBCT); and
– An export entitlement of 3.2 mtpa in the Phase V expansion at the RBCT.
** *Participating Coal Business (PCB) refers to Xstrata South Africa's coal operations excluding GGV.*
*** *Glencore Operations South Africa (Pty) Ltd was previously Xstrata South Africa (Pty) Ltd.*

Scorecard

F2013 objectives	F2013 performance	F2014 objectives
Goedgevonden Coal Mine		
Complete a prefeasibility study to expand Goedgevonden Mine output.	Pre-feasibility study underway, completion envisaged by December 2013.	Progress feasibility study.
Participating Coal Business (PCB)		
Continue construction of the Tweefontein Optimisation Project (TOP).	71% of the capital expenditure was committed as at 30 June 2013.	Continue with construction and implementation of TOP in accordance with the project schedule.
Commission Addcar 5 seam mining.	The Addcar 5 seam mining was commissioned in Q3 F2013.	Review Addcar performance and commence with conceptual study for additional Addcar units.
Take advantage of improved performance by Transnet and increase thermal coal exports.	Export performance targets achieved.	Improve Eskom coal sales.

Overview

Operational overview – attributable to ARM		F2013	F2012	F13/12 % change	Operational target 2014
PCB sales	million tonnes	**2.4**	2.8	(14)	↑
Export thermal coal sales	million tonnes	**2.0**	1.9	5	→
Eskom thermal coal sales	million tonnes	**0.3**	0.7	(57)	↑
Local thermal coal sales	million tonnes	**0.1**	0.2	(50)	→
Goedgevonden sales	million tonnes	**2.1**	1.8	17	→
Export thermal coal sales	million tonnes	**0.9**	0.8	13	→
Eskom thermal coal sales	million tonnes	**1.2**	1.0	20	→
ARM total sales	million tonnes	**4.5**	4.6	(2)	↑
Export thermal coal sales	million tonnes	**2.9**	2.7	7	→
Eskom thermal coal sales	million tonnes	**1.5**	1.7	(12)	↑
Local thermal coal sales	million tonnes	**0.1**	0.2	(50)	→
ARM operating profit margin	%	**35**	32		

Financial overview – attributable to ARM		F2013	F2012	F13/12 % change
Cash operating profit	R million	**822**	686	20
Goedgevonden	R million	**417**	317	32
PCB	R million	**405**	369	10
Headline earnings attributable to ARM	R million	**148**	52	185
Goedgevonden	R million	**162**	78	108
PCB	R million	**(14)**	(26)	46

Operational and financial review

ARM Coal's operating profit attributable to ARM increased by 20% from R686 million to R822 million in F2013. This improvement was mainly due to increased export sales volumes achieved at both Goedgevonden Mine and PCB. Although a weaker Rand contributed significantly to the improvement in cash operating profit, export US Dollar prices decreased by an average of 13% which reduced the benefit of the weaker Rand. ARM Coal headline earnings attributable to ARM were R148 million for F2013 compared to R52 million in F2012. The increase is mainly due to the increase in cash operating profit offset by an increase in taxation.

Operational performance at Goedgevonden Mine continued the positive trend that started in 2H F2012 and this resulted in an increase of 28% in saleable production year-on-year but saleable production at PCB decreased by 4% year-on-year due to further closures of underground operations.

Goedgevonden Coal Mine

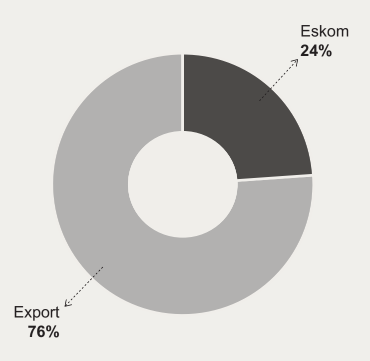
Run-of-Mine (ROM) production increased by 10% year-on-year as the mine has now reached steady state production levels. The Coal Handling and Processing Plant (CHPP) at Goedgevonden Mine has achieved design capacity levels of performance on a consistent basis during the year which resulted in an increase of 28% in saleable production compared to F2012.

An improved and more consistent performance by Transnet Freight Rail since Q1 F2013 resulted in increases in export volumes of 11% while a combination of increased rail and road haulage resulted in Eskom sales volumes being up by 22%.

Attributable cash operating profit increased by 32% from R316 million to R417 million and headline earnings increased by 108% from R78 million to R162 million. Attributable export revenue in F2013 increased by R77 million due to increases in sales volumes (R71 million) and a weaker Rand (R91 million) but decreased by R85 million as a result of a reduction in export prices. The cost per saleable tonne decreased by 14% from R200 per tonne in F2012 to R171 per tonne in F2013.

The increase in headline earnings was mainly due to the increase in cash operating profit offset by an increase of R32 million in income tax.

Goedgevonden sales split (100% basis)



Participating Coal Business

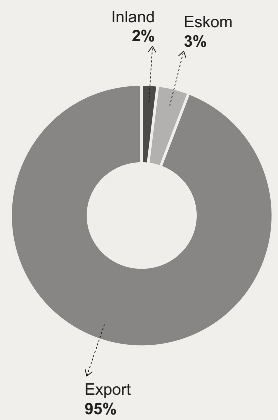
The PCB attributable cash operating profit increased by 10% to R405 million. The attributable headline loss improved by 46% from a R26 million loss to a R14 million loss mainly due to the increase of R36 million in operating profits, offset by small increases in interest, depreciation and taxation.

Attributable export revenue in F2013 increased by R122 million due to increases in sales volumes (R80 million) and a weaker Rand (R196 million) but decreased by R154 million due to a reduction in export prices. The export US Dollar price at US$83.88 per tonne is 15% lower than F2012 but a different product mix was supplied into the Asian markets in F2013. A decrease in inland sales resulted in a R55 million reduction in revenue. Total attributable on-mine costs decreased by R9 million mainly due to savings achieved by the closure of the South Stock underground operation offset by inflation and a substantial increase in the price of diesel.

Attributable ROM production and saleable production were respectively 6% and 2% lower than F2012 mainly due to the closure of the South Stock underground operation which were partially offset by increased production at the Tweefontein and iMpunzi East mining complexes.

The on-mine cost per saleable tonne increased marginally from R321 per tonne in F2012 to R326 per tonne in F2013 as costs were well controlled. This reduction is also evidence of the benefits that will result from ARM Coal's long-term strategy to move to large scale open-cast operations.

PCB sales split (100% basis)



Capital expenditure

The ATCOM East Project implementation and construction has been completed with 99% of the capital of R2.7 billion being spent. Project close out is underway and is planned to be completed in Q1 F2014.

Implementation and construction of the Tweefontein Optimisation Project is progressing well and as at 30 June 2013, 71% of the estimated cost of R8.2 billion had been committed. The project is expected to be completed in F2016.

Capital expenditure at PCB for the year amounted to R4.2 million of which 73% was spent at Tweefontein (mainly the Tweefontein Optimisation Project) and 15% at ATCOM East.

As the Goedgevonden Mine is now in full production, the capital amount has reduced and mainly related to maintaining current levels of production.

Logistics

Transnet Freight Rail's performance on the export line to Richards Bay Coal Terminal (RBCT) improved compared to F2012. Although performance was hampered by the annual maintenance shut down during May 2013, current performance indicates that 77mtpa could be achieved for the 2013 calendar year compared to the 68mtpa in the 2012 calendar year. The improved performance trends well towards Transnet's planned expansion to 81mtpa by 2015 and provides an opportunity for ARM Coal to increase export volumes.

Performance on the Eskom rail line from Goedgevonden Mine is still not at the planned levels which resulted in large quantities of coal still being transported by road.

Sustainability review

Our sustainable development reporting is limited to those operations over which we have direct joint management control and therefore excludes the ARM Coal operations.

Mining rights status

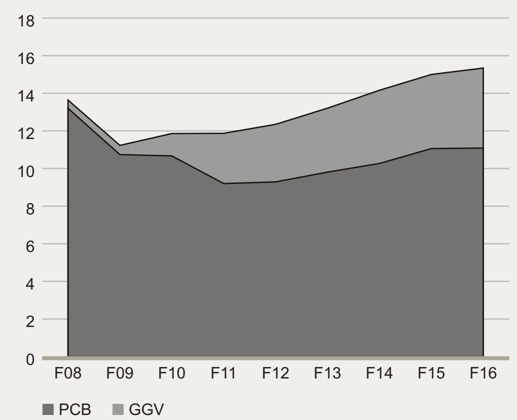
As at 30 June 2013 all conversions from Old Order Mining Rights to New Order Mining Rights for the operations in PCB had beengranted and only one still has to be registered by the mining titles office.

All applications for New Order Mining Rights have been granted, executed and registered in the mining titles office.

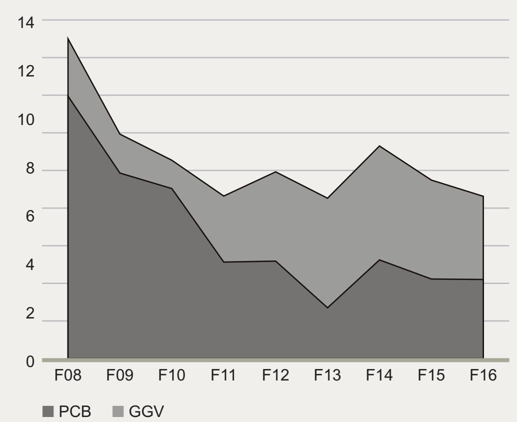
Prospects

Implementation of the Tweefontein Optimisation Project is the last leg of the strategy to operate large scale tier 1 predominantly open-cast mines. Goedgevonden Mine and Impunzi have already been completed and have delivered much better efficiencies and improved unit costs per saleable tonne produced. The commissioning of the Tweefontein Optimisation Project will therefore result in further improvement and highly competitive overall business performance.

ARM Coal export sales (100% basis)
(million tonnes)



ARM Coal Eskom and local sales (100% basis)
(million tonnes)



Market review

Export coal market

The thermal coal seaborne trade has continued to experience an oversupply of coal which has also been fuelled by the slowdown of coal imports to China as China diversifies to other sources for electricity generation. This oversupply has continued to exert pressure on the prices but the long-term outlook for coal remains positive. World primary energy consumption is projected to grow by 36%, at a rate of 2% up to 2020 and 1.5% thereafter to 2030. This growth will be well suited for low cost producers. Coal consumption grew by 5% in 2012 making it the fastest growing energy source outside of renewables. Coal also accounted for 30% of energy production in 2012, the highest share in the last 40 years.

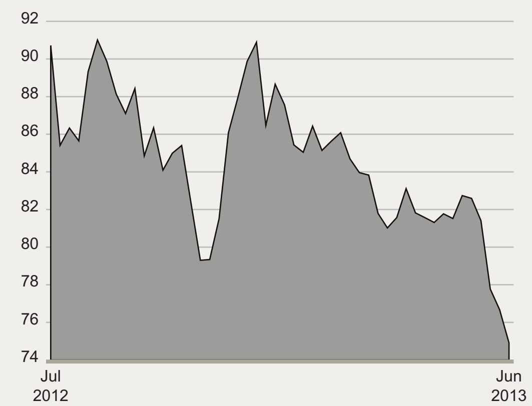
South Africa is in a very good position to supply both the Pacific and Atlantic markets as it has a good product mix that addresses the demand from both markets. India continues to be a major buyer of coal from South Africa and deteriorating coal qualities from Indonesia should support an increase in demand for High Calorific Value (HCV) material from South Africa

Domestic coal market

Coal-fired base load power stations make up 93% of Eskom's total power generating capacity. Eskom still has to secure large quantities of coal for long-term supply to these plants. The coal mining sector in collaboration with Eskom is looking at further exploitation of the resources. Both Goedgevonden and PCB are well positioned to benefit in the Eskom increase in coal demand.

Both Goedgevonden and PCB are well positioned to benefit from the increase in coal demand from Eskom.

Thermal coal pricing trends for F2013
(July 2012 to June 2013) (US$/t)



Source: INet Bridge

Goedgevonden Coal Mine

Management	Governed by a management committee, controlled by ARM Coal, with four ARM representatives and three GlencoreXstrata representatives.
Resources and Reserves (100% basis)	205 mt (saleable reserves)
ARM's economic interest	26.01%
Total labour	Permanent staff – 584 Contractors – 407

100% basis		**F2013**	F2012	F13/12 % change
Total saleable production	million tonnes	**8.2**	6.4	28
Total sales	million tonnes	**7.9**	6.7	18
Export	million tonnes	**3.4**	3.0	13
Domestic	million tonnes	**4.5**	3.7	22
Average price received				
Export (FOB)	US$/t	**91.00**	101.90	(11)
Eskom (FOR)	R/t	**187.57**	146.06	28
On-mine saleable cost per tonne	R/t	**171.2**	199.80	14
Cash operating profit	R million	**1 603**	1 216	32
Operating profit margin	%	**45**	41	
Capex	R million	**157**	506	69

Attributable profit analysis		**F2013**	F2012	% change
Cash operating profit attributable to ARM	R million	**417**	316	32
Less: interest paid	R million	**(86)**	(97)	11
amortisation	R million	**(94)**	(98)	4
fair value adjustments	R million	**(11)**	(11)	–
Profit before tax	R million	**226**	110	105
Tax	R million	**(64)**	(32)	(100)
Headline earnings attributable to ARM	R million	**162**	78	108

Participating Coal Business

Management	Governed by a supervisory committee with five GlencoreXstrata representatives and three ARM representatives.
ARM's economic interest	20.2%

100% basis		**F2013**	F2012	F13/12 % change
Total saleable production	million tonnes	**12.7**	13.2	(4)
Impunzi	million tonnes	**5.7**	5.5	4
South Stock	million tonnes	**1.6**	3.1	(48)
Tweefontein	million tonnes	**5.4**	4.6	17
Total sales	million tonnes	**11.9**	13.3	(11)
Export	million tonnes	**9.8**	9.3	5
Eskom	million tonnes	**1.6**	3.3	(52)
Domestic	million tonnes	**0.5**	0.7	(29)
Average price received				
Export (FOB)	US$/t	**83.88**	98.75	(15)
Eskom (FOR)	R/t	**157.70**	120.31	31
Domestic (FOR)	R/t	**262.24**	262.12	0
On-mine saleable cost per tonne	R/t	**326.29**	321.37	2
Cash operating profit	R million	**2 005**	1 828	10
Operating profit margin	%	**25**	24	
Capex	R million	**4 217**	2 230	89

Attributable profit analysis		**F2013**	F2012	% change
Cash operating profit attributable to ARM	R million	**405**	369	10
Less: interest paid	R million	**(125)**	(118)	(7)
amortisation	R million	**(270)**	(268)	(1)
fair value adjustments	R million	**(29)**	(20)	(45)
Profit before tax	R million	**(19)**	(37)	(49)
Tax	R million	**5**	10	50
Headline loss attributable to ARM	R million	**(14)**	(27)	(48)

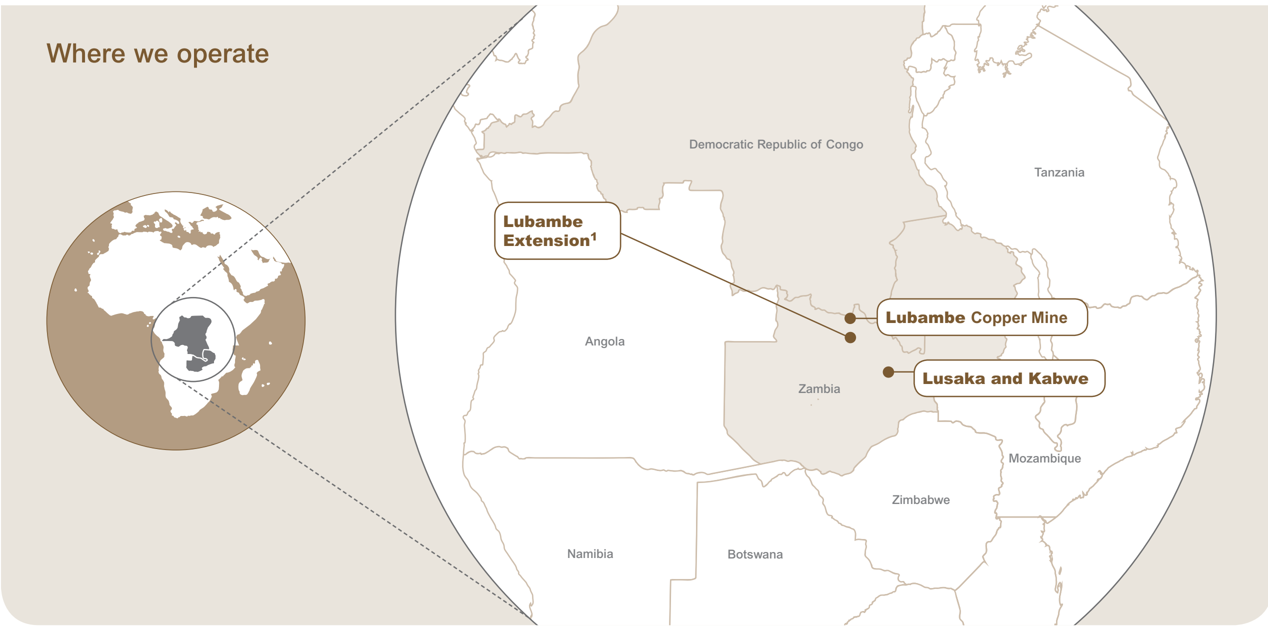
ARM Copper

		F2013	F2012	% change
Headline earnings	Rm	**(135)***	(31)	>(250)
EBITDA margin	%	**–**	–	
EBITDA	Rm	**(122)**	(7)	>(250)

** Capitalisation of costs ceased on 30 April 2013.*

Attributable capital expenditure	R753 million
Key projects invested in during the year	Lubambe Copper Mine

The Lubambe Copper Mine commissioned its concentrator plant two months ahead of schedule and produced 14 871 tonnes of copper in concentrate.

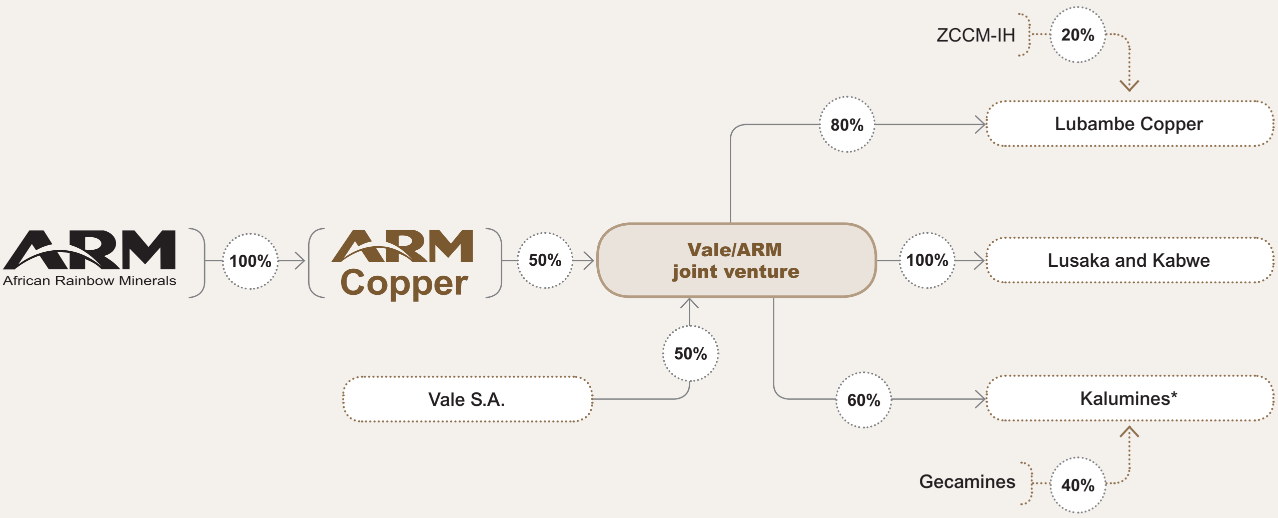


1. Previously known as Area A.

ARM Copper

Dan Simelane
Chief Executive: ARM Copper

Divisional structure



** The Vale/ARM joint venture implemented the decision to exit the Kalumines Project after the 2013 financial year-end.*

F2013 objectives	F2013 performance	F2014 objectives
Lubambe Copper Mine		
Commission the concentrator plant on time and below budget whilst training and enabling the newly recruited teams to operate the plant to its design criteria.	The concentrator plant was commissioned successfully in October 2012, two months ahead of schedule and delivered its first concentrate for smelting in Zambia in November 2012.	Continue ramping up output from the concentrating plant with a focus on recovery and quality enhancements.
Commence with stoping operations from underground and maintain the production ramp-up profile whilst adhering to best practice safety management systems and results.	Stoping from underground was established in August 2012 and steady progress was made with ore production slightly ahead of plan.	Continue with the ramp up and continue to improve mine design and ore extraction efficiencies.
Lubambe Extension Area		
Complete a pre-feasibility study on the extension area by the end of the 2013 calendar year.	A pre-feasibility has been completed in March 2013 and various access and mining methodologies have been considered and evaluated.	Drill a large hole in the vicinity of the anticipated new vertical shaft complex to conduct a hydrogeological study.

Review of the year

The Lubambe Copper Mine commissioned the concentrator plant in October 2012, two months ahead of schedule. By June 2013, 1 046 559 tonnes of copper bearing ore had been milled. The tonnes milled achieved for the year was almost 10% above the target of 951 000 tonnes and yielded 14 871 tonnes of copper in concentrate.

Copper concentrate deliveries to the Zambian smelters have been much slower than anticipated due to two smelter shutdowns and concentrate delivered from the Lubambe concentrator not being within specifications of the Mopani Copper Mine's off-take agreement. The current concentrate quality issues are being addressed and additional off-take agreements for the concentrate are being finalised. Of the 17 878 tonnes of concentrate delivered to Mopani Copper Mine's smelter, only 2 618 tonnes of concentrate has been smelted. Negotiations are underway to have the balance of 15 260 tonnes treated at other smelters. As at 30 June 2013 Lubambe Copper Mine had 12 431 tonnes of concentrate in stocks on the mine which will be sold in F2014.

Mechanised development is progressing well with ore drive development ahead of schedule. Longitudinal Room and Pillar (LRP) Stoping commenced in August 2012 and by the end of June 2013, 12 stopes had been established and are being mined. Poor ground conditions are being experienced in places, but a proactive approach from the mining teams is mitigating the negative effects of this to a large degree. Refurbishing of the No. 2 Vertical shaft has been delayed, and is scheduled for completion by August 2013. The delays were mainly due to the actual shaft bottom excavations being materially different from the 1950's drawings, a steel strike and an undulation in the actual shaft lining profile resulting in refurbishing taking longer than planned. All other project capital work regarding outstanding underground and surface infrastructure work was completed on schedule and on budget. The relocation of informal settlements on the potential subsidence area of the mine will now only be completed in March 2014 due to slower than anticipated construction progress and rain delays. This will, however, not impact on the mining ramp-up to full production of 45 000 tonnes of contained copper by the end of F2015.

The Lubambe Copper Mine

Capitalised expenditure to 30 June 2013 amounted to US\$469 million comprising project capital expenditure of US\$439 million and pre-production costs capitalised for the 10-month period to 30 April 2013 of US\$30 million. Previously it was expected that pre-production costs would be capitalised to 31 December 2012, however the mine was only considered to be in the condition necessary to be capable of operating in the manner as intended by 30 April 2013. Accordingly, the development costs were capitalised to 30 April 2013.

The mine's throughput design for both the South and East Limb ore bodies remains at 2.5 mtpa of ore at an average mill head grade of 2.3% copper, which will result in the production of 45 000 tonnes of contained copper in concentrate per annum for 28 years. The copper concentrate produced will be toll smelted and refined in Zambia.

This project is the first phase of the exploitation of the total resource presently known on mining licence 7061 – HQ – LML (previously LML 20), covering an area of 240 km^2.

Kalumines Copper Project

The decision to exit the Kalumines Project in the Democratic Republic of Congo (DRC) has been implemented since the end of the financial year. The mining licence was handed back to Gecamines (our 40% partner) and Gecamines paid the Vale/ARM Joint Venture a settlement fee of US$21 million for the mining of ore and for geological drilling done by the partners. As a result the Kalumines assets are reflected as held-for-sale on the statement of financial position.

Sustainability review

This section summarises ARM Copper's performance against the Company's most material sustainability issues. All information and safety statistics disclosed in this section refer to the Lubambe Copper Mine. Due to the inherent high risks associated with construction and underground mining development, the safety and health of employees and contractors is the most material risk at the Lubambe Copper Mine.

Safety

Unstable ground conditions and trackless moving machinery present the most significant safety challenges in the Copper Division. The safety team, supervisors and employees focus strongly on risk assessment, while a multi-disciplinary standards committee has been established to develop and revise safe operating procedures. The training department at Lubambe provides the necessary skills to employees and uses, amongst other interventions, CyberMine simulators to train and re-train operators and drivers.

Since the start of the Lubambe Copper Project in 2011, 1.4 million fatality-free shifts have been achieved. The LTIFR per 200 000 man hours for F2013 was 0.16 (F2012: 0.22).

Despite this strong safety performance, a regrettable and tragic accident occurred in January 2013 when an off-duty security guard, Mr Ernest Chansa, fell into the tailings return water dam and drowned. A full accident investigation was performed by the Zambia Mines Safety Department, who concluded that the accident was classified as a non-mine accident.

Occupational health and wellness

Malaria is the most significant health risk to employees working at Lubambe Copper Mine. Despite the average malaria prevalence in the Zambian Copper Belt reaching nearly 26%, Lubambe Copper Mine has a prevalence rate of 4%. This is due to ongoing prevention-related interventions and awareness activities, including residual spraying of work areas, employee accommodation and various community areas. Regular safety talks are held on malaria prevention. Weekly malaria statistics are given to the workforce and a monitoring programme is in place.

HIV & Aids prevalence in the Zambian Copper Belt area is estimated at 14%. HIV & Aids therefore presents a significant risk to the wellness of our employees. "Know your status" and awareness programmes have been implemented and to date, 671 employees have been tested. Prevalence among our current workforce is 6.4%.

Environment

The mine's environmental management programme includes monitoring of dust, noise, diesel emissions, water quality, vibration and illumination and aligns with the specific challenges presented by the Zambian climate.

Dust suppression during the dry winter months is essential, while very high rainfall requires a focus on water management and effective drainage around construction areas in summer. The mine has a vegetation programme to increase ground cover throughout the site in order to alleviate dust generation in winter and erosion due to high rainfall in summer. Forty indigenous trees have been planted around the site as the initial phase of a long-term plan to establish indigenous trees on site.

Findings from the external environmental audit conducted at the beginning of the financial year have been noted and implemented.

Corporate Social Responsibility

Lubambe Copper Mine is committed to cultivating and maintaining a harmonious relationship with the community within which it operates and community investment activities form part of its core commitments. The mine's main Corporate Social Responsibility programmes include the Relocation Action Plan (RAP), the Millennium Villages Project, the promotion of local enterprise and repair of local roads. The mine engages with seasonal farmers, people living in informal settlements on mine land and the community at large through the Konkola Community Forum.

The RAP entails resettlement of 205 households that are currently on mine land. A road network at the relocation site has been completed, a brickmaking programme initiated and construction of the new houses has begun.

In total, ARM Copper spent R26 million on Corporate Social Investment (CSI) in F2013 (F2012: R6 million).

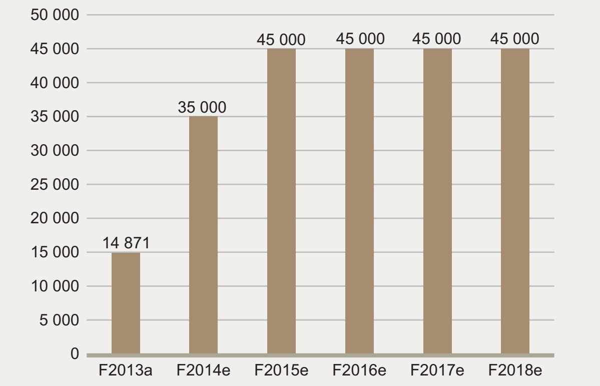
Prospects

The second phase of the Lubambe Copper Mine situated 6 km to the south of the present mine development, may provide for the expansion of the Lubambe Copper Mines processing plant to potentially increase the total production to more than 100 000 tonnes of copper from more than 5 million tonnes of ore mined and processed on an annual basis.

A pre-feasibility was conducted in 2010 on a target area within the Lubambe Extension Area. Following the results of that pre-feasibility a drilling programme was conducted and in November 2012 a full study team has been re-established to validate the pre-feasibility assumptions and do trade-off studies in preparation for a full feasibility study. Resource estimation has been validated by experts and the resource of the target area has grown from 75.7 million tonnes, of which all were inferred, at an average grade of 2.81% total copper to 105 million tonnes of ore at an average grade of 3.66% (refer to page 120 for further details on the Lubambe Extension Area resource).

A number of different mining and access methods and positions have been evaluated as part of the trade-off study. Additional surface drilling is continuing in the Lubambe Extension Area and during F2013, 6 exploration drill rigs were deployed and a total of 18 501 metres drilled to enhance the confidence levels and provide the required study information regarding the resource. Due to the mine being in the Konkola Basin, a full hydrogeological survey will be done to assess the de-watering requirements and pumping quantities of a new mine in this area. Further to the drilling programme the analysis of the Aero Magnetic and Aero Electric surveys have been completed across the whole Mining Lease area with the intention to identify further exploration targets. For the remainder of F2014 the team will focus on assessing different mining access options and conduct further metallurgical test work.

ARM Copper production volumes from F2013 to F2018
(100% basis) (tonnes)



Market review

China is still the leading global consumer of copper and now represents over 40% of global copper demand. Copper supply is set to increase at a faster pace in the medium-term as investments made during the period of high copper prices now start to be commissioned. Demand is expected to take some time to rise to the extent that it absorbs the additional capacity. The fact that this new capacity is coming on stream during a period of weak demand will no doubt add downward pressure to prices.

The latest data from the International Copper Study Group (ICSG) for the first half of the 2013 calendar year, estimates that world mine supply has increased by 11%, compared to the same period in 2012. This rise is partially due to a recovery in production that was idle last year. LME stocks rose to an all-time high of over 680 000 tonnes in May 2013. Since then we have seen a steady decline in these stock levels with a commensurate improvement in the price. For the remainder of the 2013 calendar year and the next, production is set to rise as new capacity comes on stream. Production is expected to grow 5.2% for the remainder of 2013 and 5.5% in 2014. Earlier supply disruptions at Freeport-McMoRan's Grasberg Mine, at Rio Tinto's Bingham Cannon Mine and lower ore grades at other mines, will offset some of the mine increases.

Refined copper production is estimated to have increased by 5.2% in the first half of 2013, compared with the same period last year, with output up in China, the Democratic Republic of Congo (DRC) and in Zambia, while declines were seen in Chile.

Refined copper production is expected to grow 4.3% this year and 5.1 % in 2014, but with world refined production capacity running at 79.8% in the first half of 2013, there is thus considerable room for the extra mine supply, that is being ramped up, to be processed.

For the full period of 2013, refined production is expected to reach 20.9 million tonnes, which is lower than earlier forecasts and takes into account the production disruptions already seen this year.

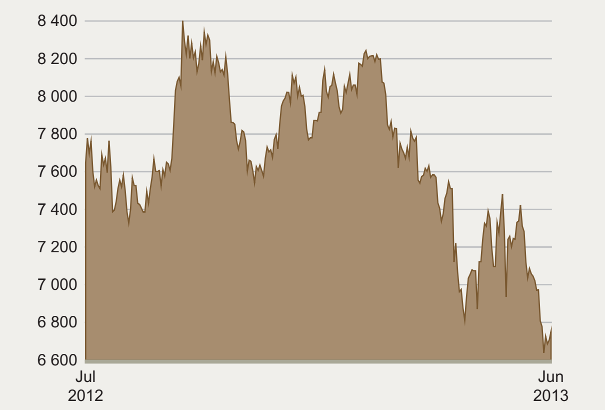
Global demand for copper is growing and the world refined usage has more than tripled in the last 50 years as a result of expanding sectors such as electrical and electronic products, building and construction, industrial machinery and equipment and consumer and general products.

According to ICGS projections for 2013, the copper market is expected to have a production surplus of 415 000 tonnes by December 2013 and for 2014 this oversupply is expected to reach 600 000 tonnes. The global market balance could vary from those forecasted owing to numerous factors including a world economic slowdown, European sovereign debt issues, political transitions in the Middle East and North Africa and production shortfalls due to labour unrest, utility and capital shortages, and technical factors.

Zambia is currently still the seventh largest copper producing country in the world following very close behind the Russian Federation and Australia with copper exports rising to 903 138 tonnes of copper in 2012 compared to 832 145 tonnes during the previous 12 months. Major expansion and production sustaining projects are being executed in Zambia and the country is still on its path to increase copper output to well above a million tonnes in 2015.

During the financial year ending 30 June 2013 the copper price declined from $3.66/lb in September 2012 to $3.07/lb in June 2013. More copper imported by China during the last half of 2012 found its way into warehouses rather than reaching end-users.

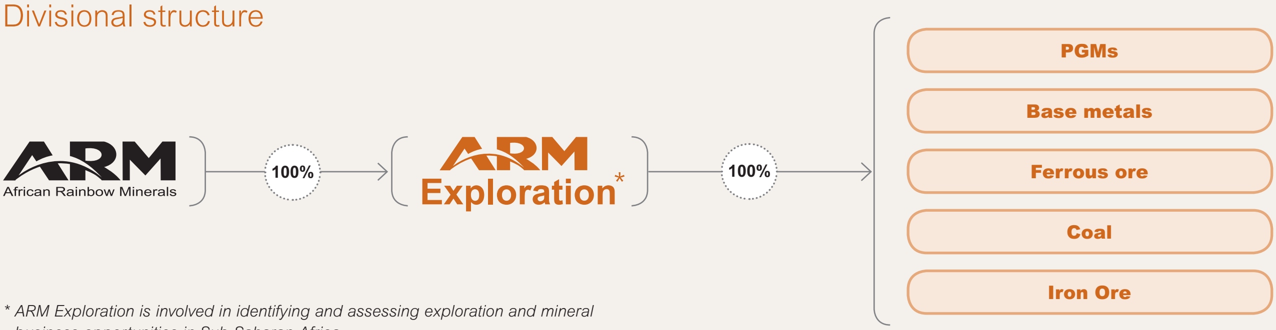
Copper pricing trends for F2013
(July 2012 to June 2013) (US$/t)



ARM Exploration

Jan Steenkamp
Chief Executive: Strategic Services and Exploration

Divisional structure



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

* Countries where opportunities have been investigated.

Scorecard

F2013 objectives	F2013 performance	F2014 objectives
Mozambique – Rovuma Resources Limitada		
Assess targets through mapping and integration of data.	Geological mapping completed and results integrated with airborne and ground geophysical and geochemical data.	Continuation of diamond drilling to test additional targets.
Diamond drilling.	A number of targets tested by reconnaissance diamond drilling.	On-going interpretation of geological, geophysical and geochemical data, and further drilling.
Commence resource definition drilling.	The Nickel/Copper prospect (Murite Prospect) resource definition drilling completed. Further drilling continued on specific targets.	Further resource definition drilling to be undertaken if warranted.
Initiate and complete fatal flaw analysis and a conceptual development plan.	Fatal flaw analysis completed.	Pre-feasibility studies and economic analysis to be undertaken on potential resources/targets.
New Business and Exploration		
Identify suitable exploration projects for participation, with particular focus on PGMs, base metals, coal, manganese ore and iron ore.	Numerous opportunities evaluated, some to due diligence level.	Continuation of programme to identify opportunities for participation on a global basis with focus on PGMs, base metals, manganese ore, iron ore and coal.

Review of the year

ARM is conscious of the need to ensure continued growth beyond its existing orebodies and in this regard ARM Exploration focuses on identifying, exploring for, evaluating and acquiring mineral resource projects that have the ability to outline and define sustainable mineral resource for mine development.

ARM Exploration and New Business was formed in 2012 to ensure the continued growth of ARM's portfolio of assets. The exploration strategy during F2013 was guided by a number of growth principles, which included regional expansion for a specific suite of commodities which are in ARM's current portfolio and hence align with our core competencies, in PGMs, base metals, ferrous ores and coal. Opportunities ranging from early stage exploration to mergers and acquisitions of late stage projects are being evaluated.

In addition to managing the Exploration and New Business initiative, the Strategic Services and Exploration Division provides support to ARM and its operations. The areas covered include: major projects, information technology, technical support, administration and facilities management plus legal.

During F2013, key contributions where made as follows:

- Feasibility studies, evaluation, project management and construction management for the Khumani Expansion, Black Rock Expansion and Sakura projects.
- A strategic review of the ferrous furnace operations and research into alternate manganese smelting technologies
- Contributions to all scoping and feasibility studies within the operating divisions.
- The provision of inputs into and assistance with operational reviews at the operations with a view to achieving productivity improvements.

The ARM Exploration headline loss attributable to ARM in F2013 is R88 million (F2012: loss of R113 million). This was largely due to the exploration costs in Rovuma and expenses incurred in the evaluation of new opportunities.

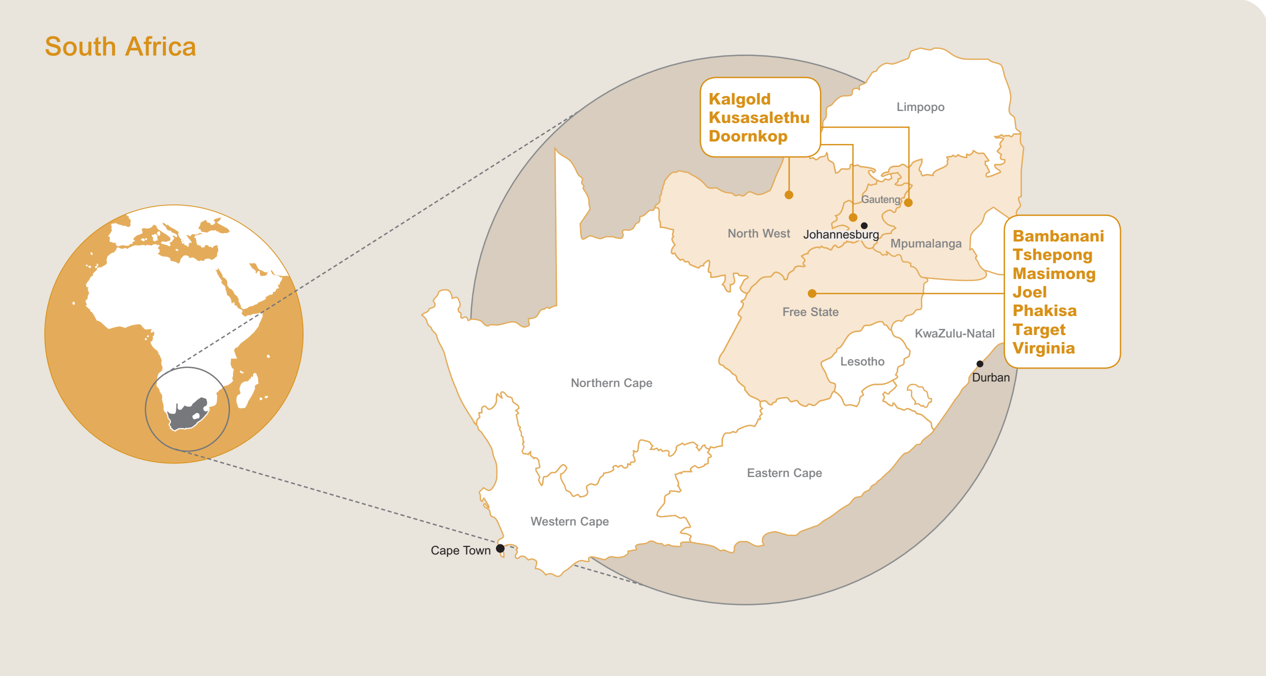
The Rovuma Exploration Project

ARM continued its funding of the Rovuma Project in Mozambique into a third year (commencing April 2013) at a cost of US$4 million. The agreement with Rovuma Resources Limitada (Rovuma), a British Virgin Island registered Mozambican exploration company, was signed in July 2011. Rovuma has been exploring in Mozambique since 2007 and a number of copper/zinc/silver/gold, nickel/copper/PGM, chromite/nickel and graphite targets have been identified. ARM will have exclusive rights to exercise options to purchase prospecting and/or mining rights to the resources.

Exploration during F2013 focused on the integration and interpretation of all previously gathered data which included mapping airborne gravity and diamond drilling in Northern Mozambique with Rovuma.

The Rovuma Project has a strike of approximately 100 km containing four target cluster areas with potential for magmatic nickel/copper/PGM. Reconnaissance diamond drilling was carried out and encouraging base metal sulphide mineralisation was encountered. Diamond drilling of these targets is continuing.

ARM Gold: Harmony

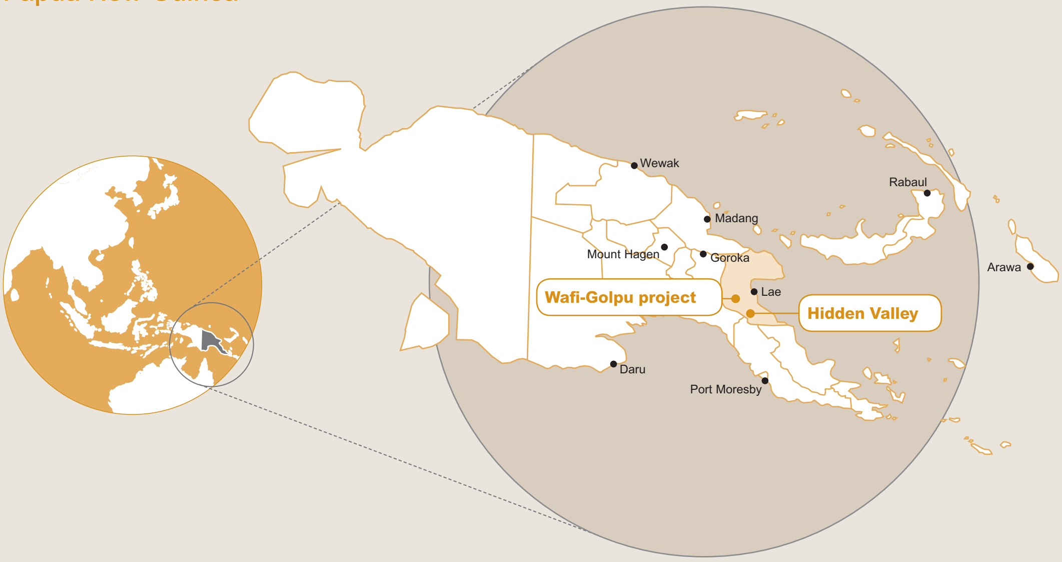


Operational performance

		F2013	F2012
Gold produced	Kg	**35 374**	36 273
	000oz	**1 137**	1 166
Cash operating costs[1]	R/kg	**327 210**	274 767
	US$/oz	**1 154**	1 100
Financial performance			
Revenue[1]	R million	**15 902**	15 169
Production costs[1]	R million	**11 400**	9 911
Cash operating profit[1]	R million	**4 502**	5 258
Net profit/(loss) for the year (including discontinued operations)	R million	**(2 369)**	2 645
Total headline earnings/(loss) per share (includes discontinued operations)	cents per share	**47**	565
Total capital expenditure[1]	R million	**3 112**	2 735
Market performance			
Average gold price received	R/kg	**454 725**	419 668
	US$/oz	**1 603**	1 681
Market capitalisation	R billion	**15.6**	33

[1] *Excludes discontinued operations.*

Papua New Guinea



Harmony Gold Mining Company Limited (Harmony)

Harmony operates and develops world class gold assets in South Africa and Papua New Guinea (PNG). It has 11 underground mines, one open pit operation and several surface sources in South Africa. Harmony also has a 50% joint venture in PNG with Newcrest Mining Ltd, which includes the Hidden Valley open pit mine, the Wafi-Golpu exploration project as well as other exploration properties. In addition, Harmony also has various other PNG exploration tenements on a 100% basis. Harmony currently employs approximately 36 000 people (including contractors).

For the year ended 30 June 2013 Harmony reported a 14% decrease in its operating profit from continuing operations from R5 258 million in F2012 to R4 502 million in the year under review. Headline earnings were 92% lower at R204 million (F2012: R2 432 million). The decline in headline earnings was mainly due to a 3% decrease in gold sold as a result of a management decision to stop mining at Kusasalethu owing to a dispute with labour, as well as a 19% increase in the cash operating cost per kilogram produced to R327 210/kg. The US$/oz cash operating costs increased only 5% due to the weakening of the Rand against the US Dollar.

Harmony recorded a net loss of R2.4 billion for the year compared to a net profit of R2.6 billion for the 2012 financial year. This was mainly due to the impairment of the Hidden Valley asset and the R1.2 billion estimated cost of the labour disruptions and temporary closure of Kusasalethu during the year.

Harmony continues to focus on the optimisation of its South African assets and in the period under review, completed the disposal of its Evander operations to Pan African Resources plc for a purchase consideration of R1.5 billion less certain distributions. The transaction was completed on 28 February 2013 and in terms of the agreement Harmony received a distribution of R210 million and a purchase consideration of R1 314 million.

Harmony and Newcrest are equal partners in Wafi-Golpu through the Wafi-Golpu Joint Venture. The PNG Government retains the right to acquire (at a price equal to the sunk costs at the date of the granting of the mining licence), an interest of up to 30% in the project.

Regardless of the quality of the Wafi-Golpu ore body, developing the project in line with the 2012 pre-feasibility study in the current gold and copper climate does not deliver adequate return on investment for Harmony. On 14 August 2013 Harmony therefore announced that it would be repositioning development of the Wafi-Golpu Project and is considering ways to develop the project utilising a modular approach to access the ore body sooner. This approach is lower risk and reduces the capital required to access the ore body.

Harmony's contribution to drilling and project expenditure for the next two financial years is expected to be funded from Harmony's operating cash flows after which external funding options will be considered.

Hidden Valley flotation section

ARM received dividends of R64 million in the financial year (F2012: R64 million).

In the year under review ARM's basic earnings were impacted by an unrealised mark-to-market loss resulting in the impairment of the original cost of the investment in Harmony. The mark-to-market adjustment of the Harmony investment has been made through the Income Statement, in accordance with ARM's accounting policy, as a result of the significant decline in the market value below cost of the investment. The impairment is R2.0 billion after tax (F2012: R775 million negative adjustment through other comprehensive income).

The ARM Statement of Financial Position at 30 June 2013 reflects a mark-to-market investment in Harmony of R2.27 billion (F2012: R4.87 billion) at a share price of R35.75 per share (F2012: R76.50 per share).

Harmony's full results for its financial year ended 30 June 2013 may be viewed on the Harmony's website at **www.harmony.co.za.**

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 F2013

ARM Ferrous	
Khumani	In-fill drilling at King and Bruce confirmed the continuation of the ore bodies towards the west and north respectively.
Nchwaning	Mineral Reserves of 3.85 million tonnes have been declared for the Manganese Seam 2 where mining has commenced.
Gloria	Measured Mineral Resources increased by 4% to 35.44 million tonnes due to additional geological data and remodelling of Gloria Manganese Seam 1.
ARM Platinum	
Nkomati	Production increased by 19% to 7.6 million tonnes milled.
Two Rivers	UG2 Mineral Resource model was updated after drilling in-fill boreholes. Mineral Reserves remained almost the same at 35.10 compared to 35.14 million tonnes, declared in 2012.
Modikwa	The Mineral Reserves at Modikwa increased to 57.4 from 54.78 million tonnes, due to an increase of the area scheduled for mining at South 2 shaft.
ARM Coal	
Goedgevonden	Coal 'Run-of-Mine' (ROM) Reserves at 348 million tonnes were similar to 349 million tonnes reported in 2012.
ARM Copper	
Lubambe	Mineral Reserves of 45.9 million tonnes have been declared for Lubambe Copper Mine after completion of a Life-of-Mine (LOM) Plan.

F2013 Mineral Resources/Reserves summary

	Mineral Resources (Measured and Indicated)		Mineral Reserves (Proved and Probable)		
Platinum	Mt	Grade (g/t)	Mt	Grade (g/t)	Moz
Two Rivers					
UG2	54.31	4.53(6E)	35.10	3.57(6E)	4.03(6E)
Merensky	43.10	3.04(6E)			
Modikwa*					
UG2	141.80	5.89(4E)	57.40	4.63(4E)	8.54(4E)
Merensky	72.00	2.78(4E)			
Nkomati (MMZ+PCMZ)	245.38	0.88(4E)	112.44	0.89(4E)	3.21(4E)
Nkomati (PCMZ Stockpiles)			5.00	0.82(4E)	0.13(4E)
Kalplats	69.91	1.48(3E)			

__6E__ = platinum + palladium + rhodium + ruthenium + iridium + gold; __4E__ = platinum + palladium + rhodium + gold; __3E__ = platinum + palladium + gold.

** Mineral Resources are exclusive of Mineral Reserves for Modikwa Mine.*

F2013 Mineral Resources/Reserves summary *continued*

Nickel	Mineral Resources (Measured and Indicated) Mt	Mineral Resources (Measured and Indicated) Ni%	Mineral Reserves (Proved and Probable) Mt	Mineral Reserves (Proved and Probable) Ni%
Nkomati (MMZ+PCMZ)	245.38	0.35	112.44	0.33
Nkomati (PCMZ Stockpiles)			5.00	0.25

Manganese	Mineral Resources (Measured and Indicated) Mt	Mn%	Fe%	Mineral Reserves (Proved and Probable) Mt	Mn%	Fe%
Nchwaning						
Seam 1	136.76	43.7	9.1	104.1	43.7	9.1
Seam 2	180.71	42.4	15.5	3.85	44.5	15.6
Black Rock						
Seam 1	43.60	40.6	18.1			
Seam 2	26.81	38.6	19.8			
Gloria						
Seam 1	128.35	37.8	4.7	102.64	37.7	4.7
Seam 2	29.40	29.9	10.1			

Iron ore	Mineral Resources (Measured and Indicated) Mt	Fe%	Mineral Reserves (Proved and Probable) Mt	Fe%
Beeshoek	110.04	63.53	47.75	63.91
Dumps			7.04	55.08
Khumani				
Bruce	211.11	64.36	173.05	64.31
King	470.61	64.17	315.68	64.64
Dumps			4.94	55.75

Chromite	Mineral Resources (Measured and Indicated) Mt	Cr_2O_3%	Mineral Reserves (Proved and Probable) Mt	Cr_2O_3%
Dwarsrivier	53.14	38.10	37.31	34.04
Nkomati (Chromite Stockpiles)			2.75	21.90

Coal	Coal Resources (Measured and Indicated) Mt	Coal Reserves Proved and Probable (ROM) Mt	Coal Reserves Saleable Mt
Goedgevonden	575.0	348.0	205.0

Copper	Mineral Resources (Measured and Indicated) Mt	%TCu	Mineral Reserves (Proved and Probable) Mt	%TCu
Lubambe	55.8	2.43	45.9	2.02


Geohydrology drill rig

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).

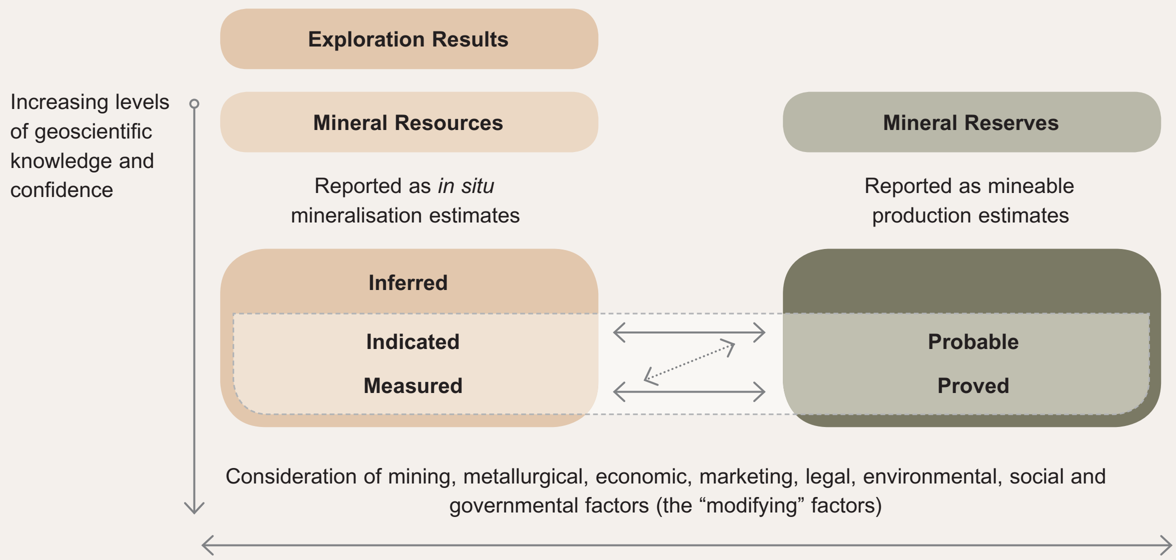
The convention adopted in this report is that Mineral Resources are reported inclusive of that portion of the total Mineral Resource converted to a Mineral Reserve, except for Modikwa Platinum Mine where the Mineral Resources are reported exclusive of the Mineral Reserves. Resources and reserves are quoted as at 30 June 2013. 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. 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



Goedgevonden dragline

Competence

The Competent Person with overall responsibility for the compilation of the Mineral Resources and Reserves Report is Shepherd Kadzviti, Pr.Sci.Nat, an ARM employee.

Shepherd Kadzviti graduated with a BSc and MSc in Geology from the University of Zimbabwe. He later completed a Graduate Diploma in Mining Engineering (GDE) at the University of the Witwatersrand. He worked at RioZim's Renco Gold Mine for 14 years in various capacities of Geologist, Technical Services Superintendent and Mine Manager. In 2005, he joined Anglo American Platinum as an Evaluation Geologist with responsibilities for geological database management and mineral resource estimation. After two years at Union Mine, he was transferred to Anglo American Platinum corporate office where he was appointed Resource Geologist. He then joined African Rainbow Minerals (ARM) as Mineral Resource Specialist in 2008 where he was involved in the evaluation of the various mineral deposits for the group. In 2012 he was appointed Group Mineral Resources Manager for ARM. 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 400164/05, 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 Iron
B Ruzive	Pr.Sci.Nat	Manganese
A Pretorius*	Pr.Sci.Nat	Chrome
P J van der Merwe	Pr.Sci.Nat	Chrome/Iron/ Manganese
M Davidson	Pr.Sci.Nat	Nickel
J Woolfe	Pr.Sci.Nat	Nickel/ Platinum
R van Rhyn	Pr.Sci.Nat	Platinum
P J van der Merwe	Pr.Sci.Nat	Platinum
M Cowell	Pr.Sci.Nat	Platinum
AMEC*		Copper
P D Haken	S.A.I.M.M	Copper

* *External consultants.*

S Kadzviti
24 Impala Road, Chislehurston, Sandton

14 October 2013

ARM Ferrous

Assmang Limited Operations

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

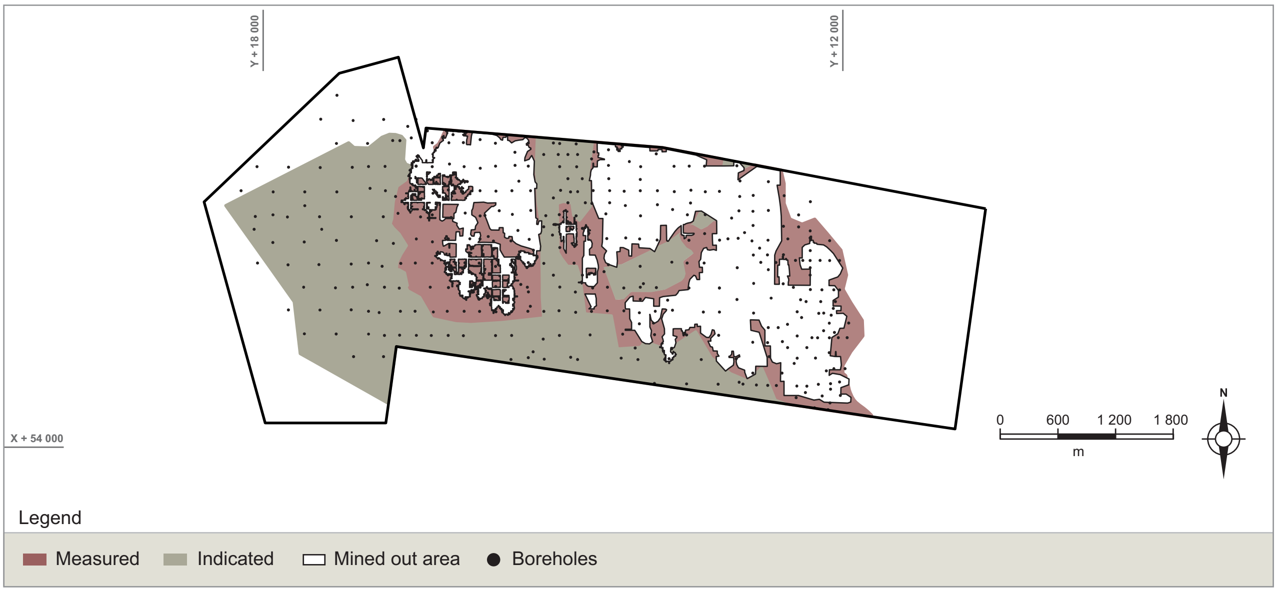
Manganese Mines

Nchwaning Mine: Seam 1 Manganese Mineral Resources and Reserves

	Mineral Resources				Mineral Reserves		
	Mt	Mn%	Fe%		Mt	Mn%	Fe%
Measured	41.10	45.6	9.5	Proved	31.35	45.6	9.4
Indicated	95.66	42.9	8.9	Probable	72.75	42.9	8.9
Total Resources (Seam 1) 2013	**136.76**	**43.7**	**9.1**	**Total Reserves (Seam 1) 2013**	**104.10**	**43.7**	**9.1**
Total Resources (Seam 1) 2012	142.38	43.9	9.0	Total Reserves (Seam 1) 2012	110.34	43.9	9.0

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

Nchwaning Seam 1 Mineral Resource classification map



Nchwaning Mine: Seam 2 Manganese Mineral Resources and Reserves

	Mineral Resources				Mineral Reserves		
	Mt	Mn%	Fe%		Mt	Mn%	Fe%
Measured	53.28	42.0	16.3	Proved	1.04	44.3	15.7
Indicated	127.43	42.6	15.2	Probable	2.81	44.6	15.6
Total Resources (Seam 2) 2013	**180.71**	**42.4**	**15.5**	**Total Reserves (Seam 2) 2013***	**3.85**	**44.5**	**15.6**
Total Resources (Seam 2) 2012	180.80	42.4	15.5				

Mineral Resources are inclusive of Mineral Reserves.
Totals are rounded off.
Modifying factors: Pillar losses.
** Seam 2 Mineral Reserves were confined to 150m around existing mining area.*

Underground twin boom drill rig

Black Rock: Seam 1 Manganese Mineral Resources

Mineral Resources	Mt	Mn%	Fe%
Measured	9.03	40.3	18.1
Indicated	34.57	40.7	18.1
Total Resources (Seam 1) 2013	**43.60**	**40.6**	**18.1**
Total Resources (Seam 1) 2012	43.60	40.6	18.1

Totals are rounded off.

Black Rock: Seam 2 Manganese Mineral Resources

Mineral Resources	Mt	Mn%	Fe%
Measured	8.23	37.4	19.8
Indicated	18.58	39.2	19.8
Total Resources (Seam 2) 2013	**26.81**	**38.6**	**19.8**
Total Resources (Seam 2) 2012	26.81	38.6	19.8

Totals are rounded off.

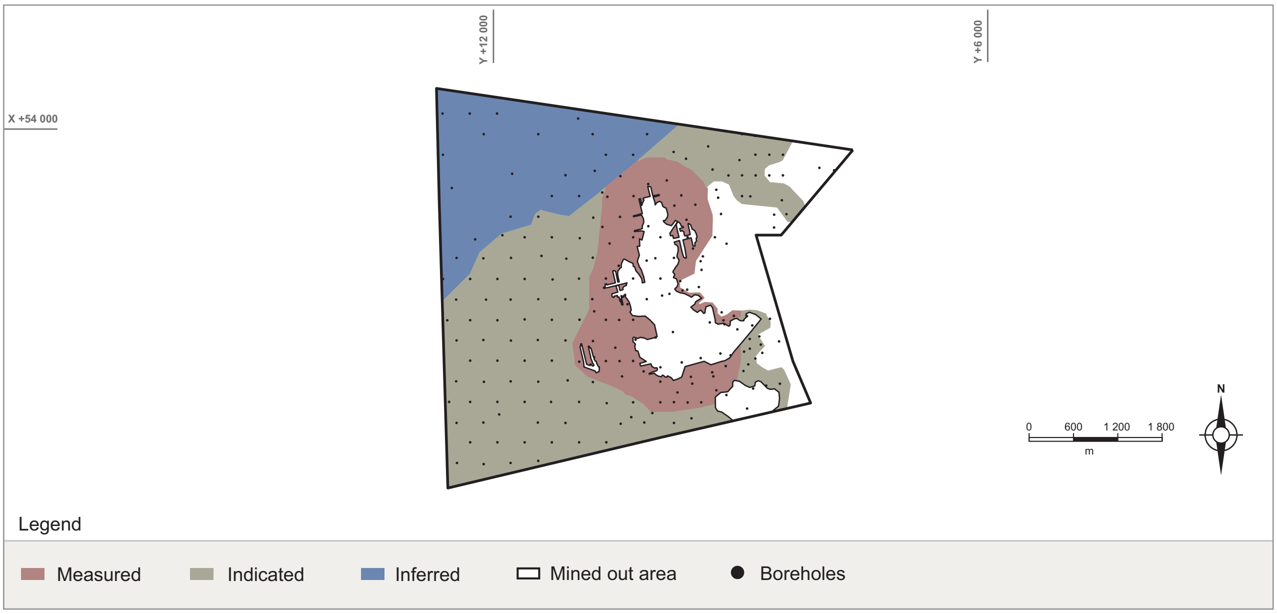
Gloria Mine: Seam 1 Manganese Mineral Resources and Reserves

	Mineral Resources		
	Mt	Mn%	Fe%
Measured	35.44	37.7	4.9
Indicated	92.91	37.8	4.6
Total Resources (Seam 1) 2013	**128.35**	**37.8**	**4.7**
Total Resources (Seam 1) 2012	126.79	37.6	4.7
Inferred 2013	**46.99**	**36.8**	**5.0**

	Mineral Reserves		
	Mt	Mn%	Fe%
Proved	28.34	37.7	4.9
Probable	74.30	37.7	4.6
Total Reserves (Seam 1) 2013	**102.64**	**37.7**	**4.7**
Total Reserves (Seam 1) 2012	93.82	37.6	4.7

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 Mineral Resources

Mineral Resources	Mt	Mn%	Fe%
Measured			
Indicated	29.40	29.9	10.1
Total Resources (Seam 2) 2013	**29.40**	**29.9**	**10.1**
Total Resources (Seam 2) 2012	29.40	29.9	10.1
Inferred 2013	**128.24**		

Totals are rounded off.

Iron Ore Mines

Beeshoek Iron Ore Mine: Mineral 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%
BN	20.38	63.39					20.38	63.39	11.41	63.55			11.41	63.55
HF/HB	16.00	64.10					16.00	64.10	6.87	64.27			6.87	64.27
BF	8.45	63.51	0.23	63.54	0.001	65.24	8.68	63.51	1.02	61.59			1.02	61.59
East Pit	8.71	64.83	0.04	64.23			8.75	64.83	5.86	64.79	0.01	63.64	5.87	64.79
Village	39.90	63.10	0.64	61.40	0.180	61.40	40.54	63.07	22.50	63.86	0.08	64.56	22.58	63.86
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 2013	**108.99**	**63.54**	**1.05**	**62.18**	**2.731**	**60.13**	**110.04**	**63.53**	**47.66**	**63.91**	**0.09**	**64.46**	**47.75**	**63.91**
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

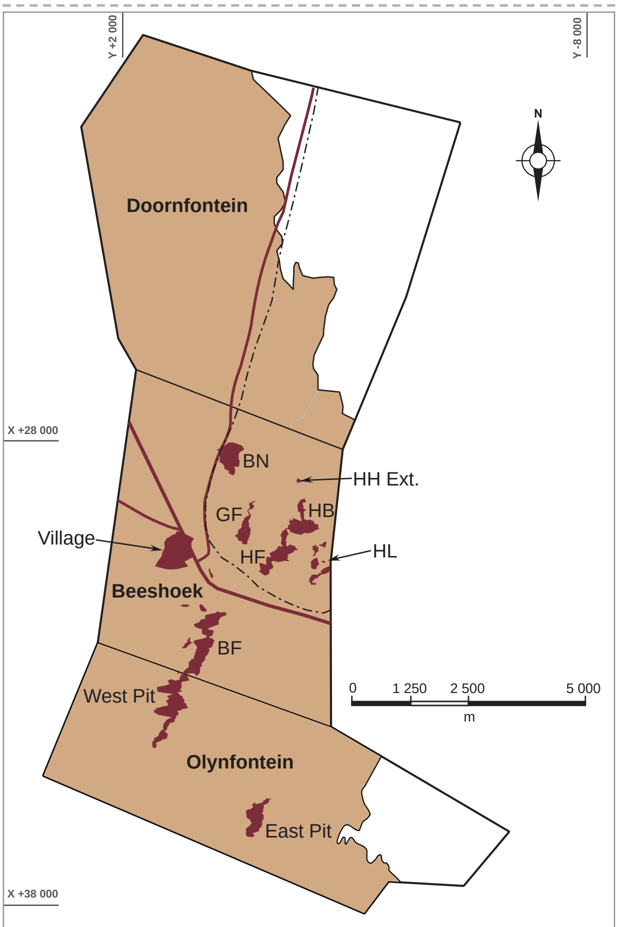
Mineral Resources are inclusive of Mineral Reserves.
Totals are rounded off.
Modifying factors: Economic pit design and customer product specifications.
** Detrital comprises loose and fragmented material occurring in various areas at Beeshoek.*

Beeshoek Dumps

Area	Probable Reserves		Total Reserves	
	Mt	Fe%	Mt	Fe%
North Mine (ROM On-Grade)	0.06	64.00	0.06	64.00
North Mine (B Dump Off-Grade)	0.22	55.00	0.22	55.00
South Mine (B Dump Off-Grade)	0.01	55.00	0.01	55.00
South Mine (C Dump)	6.75	55.00	6.75	55.00
Total 2013 Dumps*	**7.04**	**55.08**	**7.04**	**55.08**
Total 2012 Dumps*	12.50	55.44	12.50	55.44

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

Beeshoek ore body locality map



Legend

Ore body outlines

Khumani Iron Ore Mine: Mineral Resources and Reserves

	Measured Resources		Indicated Resources		Inferred Resources		Total Resources Measured + Indicated		Proved Reserves		Probable Reserves		Total Reserves	
Pit/Area	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%
Bruce A	19.29	64.53	86.87	64.41			106.16	64.43	16.84	64.46	75.94	64.43	92.78	64.44
Bruce B	70.16	64.43	20.16	63.81	6.52	63.88	90.32	64.29	60.03	64.31	11.45	63.63	71.48	64.20
Bruce C	14.63	64.29					14.63	64.29	8.79	63.96			8.79	63.96
King/Mokaning	285.47	64.52	185.14	63.64	16.28	63.14	470.61	64.17	254.95	64.66	60.73	64.57	315.68	64.64
Total 2013	**389.55**	**64.50**	**292.17**	**63.88**	**22.80**	**63.35**	**681.72**	**64.23**	**340.61**	**64.57**	**148.12**	**64.43**	**488.73**	**64.53**
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

Mineral Resources are inclusive of Mineral Reserves.

Totals are rounded off.

Modifying factors: Economic pit design and customer product specifications.

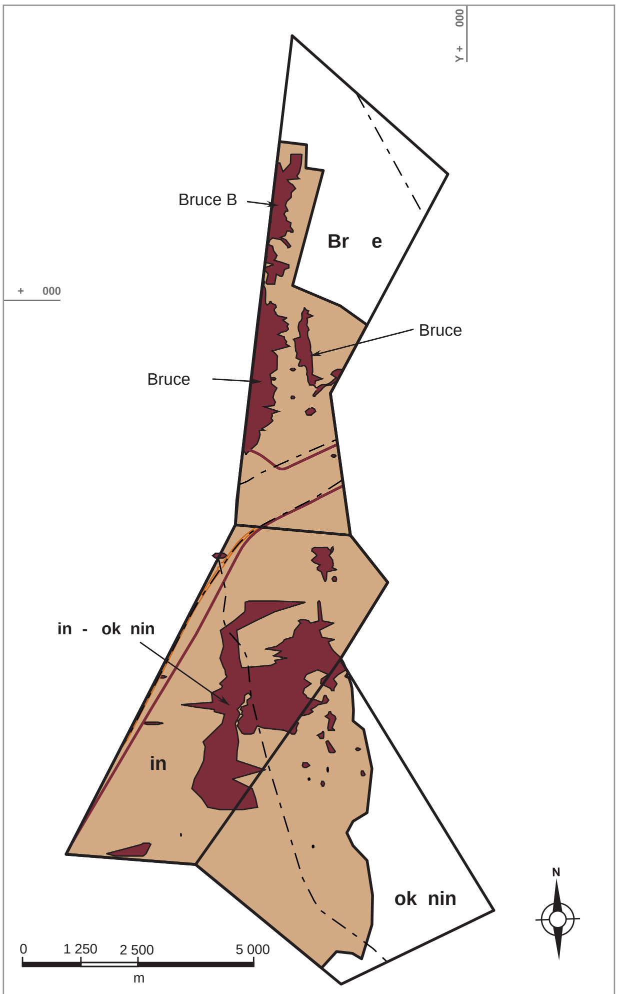
Khumani Dumps

	Probable Reserves		Total Reserves	
Area	Mt	Fe%	Mt	Fe%
Bruce (ROM On-Grade)	0.18	64.00	0.18	64.00
Bruce (B Dump Off-grade)	3.56	55.00	3.56	55.00
King (ROM On-Grade)	0.06	64.00	0.06	64.00
King (B Dump Off-grade)	0.83	55.00	0.83	55.00
King (Detrital)	0.31	60.00	0.31	60.00
Total 2013 Dumps*	**4.94**	**55.75**	**4.94**	**55.75**
Total 2012 Dumps	1.76	56.22	1.76	56.22

Totals are rounded off.

** Dumps are beneficiated to produce a saleable product.*

Khumani ore body locality map



Legend

Ore body outlines

Chromite Mine

Dwarsrivier Chrome Mine: Chrome Resources and Reserves

	Mineral Resources		
	Mt	Cr_2O_3%	FeO%
Measured	18.56	38.48	22.62
Indicated	34.58	37.90	22.50
Total Measured and Indicated 2013	**53.14**	**38.10**	**22.54**
Total Measured and Indicated 2012	55.03	38.11	22.54
Inferred 2013	**48.07**	**38.35**	**22.96**

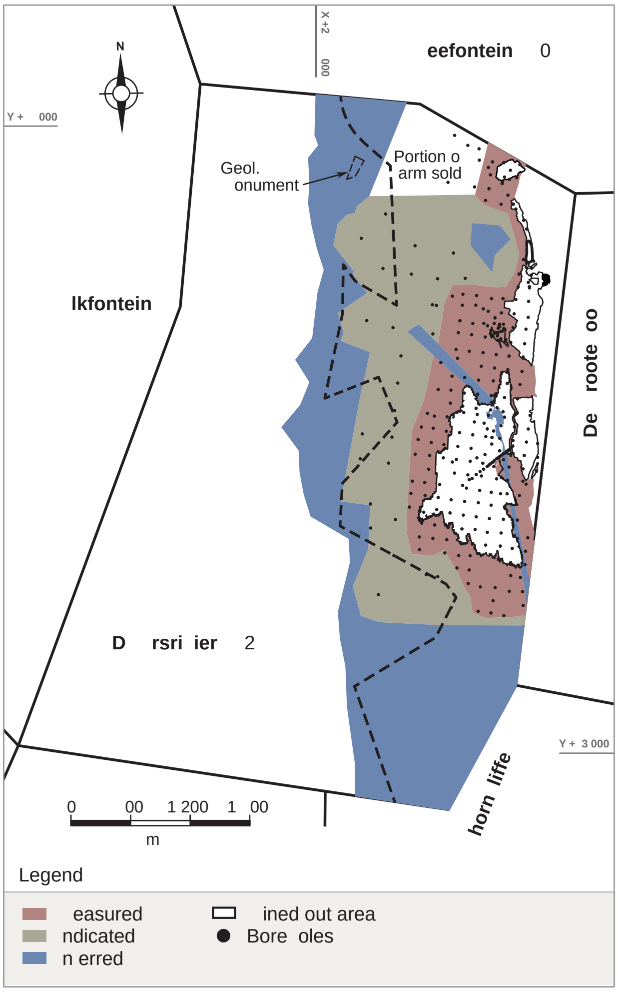
	Mineral Reserves		
	Mt	Cr_2O_3%	FeO%
Proved	11.19	33.80	21.13
Probable	26.12	34.14	21.33
Total Reserves 2013	**37.31**	**34.04**	**21.27**
Total Reserves 2012	39.15	34.01	21.27

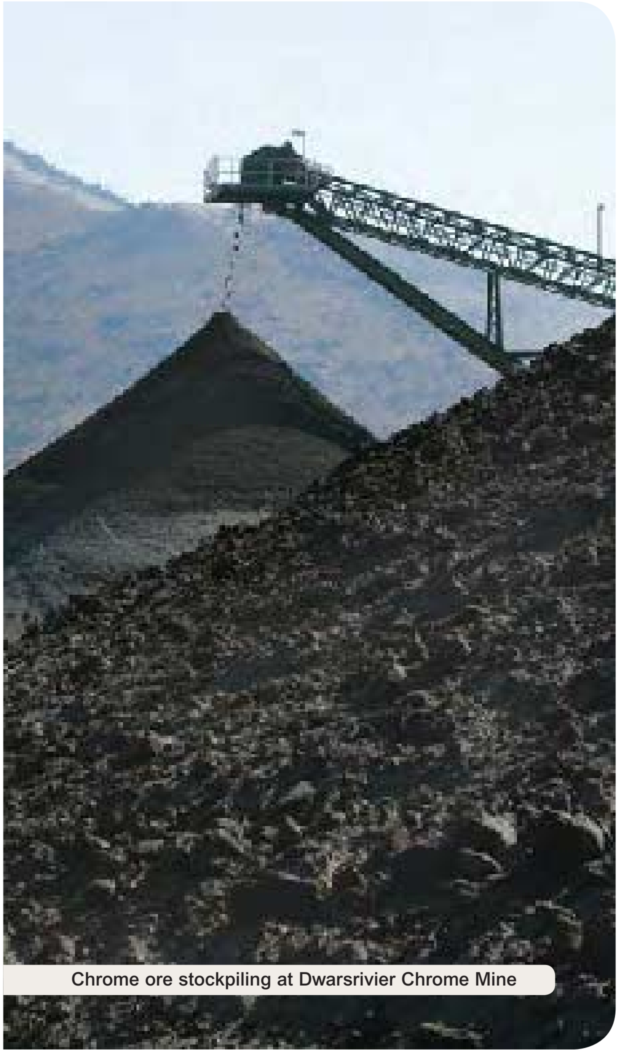
Mineral Resources are inclusive of Mineral Reserves

Totals are rounded off.

Modifying factors: Pillar losses and mining losses.

Dwarsrivier Mineral Resource classification map





Chrome ore stockpiling at Dwarsrivier Chrome Mine

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: Mineral 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)	6.35	0.58	0.23	0.03	1.19		47.32	0.48	0.21	0.03	1.08		1.84	0.36	0.24	0.02	0.80		53.67	0.49	0.21	0.03	1.09	
PCMZ (Cut-off 0.30% Ni)	2.26	0.36	0.12	0.02	0.83	13.99	27.17	0.37	0.13	0.02	0.83	9.77	52.14	0.37	0.12	0.02	0.90	11.06	29.43	0.37	0.13	0.02	0.83	10.09
Open Pit																								
MMZ Pit 3 (Cut-off 0.16% Ni)	19.21	0.41	0.19	0.02	1.03		57.08	0.37	0.18	0.02	0.95								76.29	0.38	0.18	0.02	0.97	
PCMZ Pit 3 (Cut-off 0.16% Ni)	9.37	0.25	0.07	0.01	0.81	13.08	76.62	0.22	0.07	0.01	0.67	13.73							85.99	0.22	0.07	0.01	0.69	13.66
Total 2013 Mineral Resources	**37.19**	**0.40**	**0.16**	**0.02**	**0.99**		**208.19**	**0.34**	**0.14**	**0.02**	**0.86**		**53.98**	**0.37**	**0.12**	**0.02**	**0.90**		**245.38**	**0.35**	**0.14**	**0.02**	**0.88**	
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	

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

Oxidised Chromititic Peridotite (PCR) Mineral Resources

	Measured Resources		Indicated Resources		Inferred Resources	
	Mt	Cr_2O_3%	Mt	Cr_2O_3%	Mt	Cr_2O_3%
Total 2013 Oxidised PCR Pit 3					**0.12**	**12.41**
Total 2012 Oxidised PCR Pit 3					0.41	16.58

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

Nkomati Mine: Mineral Reserves

	Proved Reserves						Probable Reserves						Total Reserves					
	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 (underground) Cut-off 0.35% Ni)							11.01	0.48	0.21	0.03	1.13		11.01	0.48	0.21	0.03	1.13	
Open Pit																		
MMZ Pit 3 (Cut-off 0.16% Ni)	16.65	0.41	0.17	0.02	0.97		38.41	0.38	0.17	0.02	0.97		55.06	0.39	0.17	0.02	0.97	
PCMZ Pit 3 (Cut-off 0.16% Ni)	8.39	0.24	0.07	0.01	0.74	12.04	37.98	0.23	0.07	0.01	0.73	14.07	46.37	0.23	0.07	0.01	0.73	13.70
Total 2013 Mineral Reserve	**25.04**	**0.35**	**0.14**	**0.02**	**0.89**		**87.40**	**0.33**	**0.13**	**0.02**	**0.89**		**112.44**	**0.33**	**0.13**	**0.02**	**0.89**	
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	

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


GGV construction layout of plans

Pit 3 PCMZ Stockpile Mineral Reserves

	Proved Reserves						Probable Reserves						Total Reserves					
	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 %
PCMZ Pit 3 Stockpiles	5.00	0.25	0.09	0.01	0.82	14.22							5.00	0.25	0.09	0.01	0.82	14.22
Total 2013 PCMZ Stockpiles	**5.00**	**0.25**	**0.09**	**0.01**	**0.82**	**14.22**							**5.00**	**0.25**	**0.09**	**0.01**	**0.82**	**14.22**

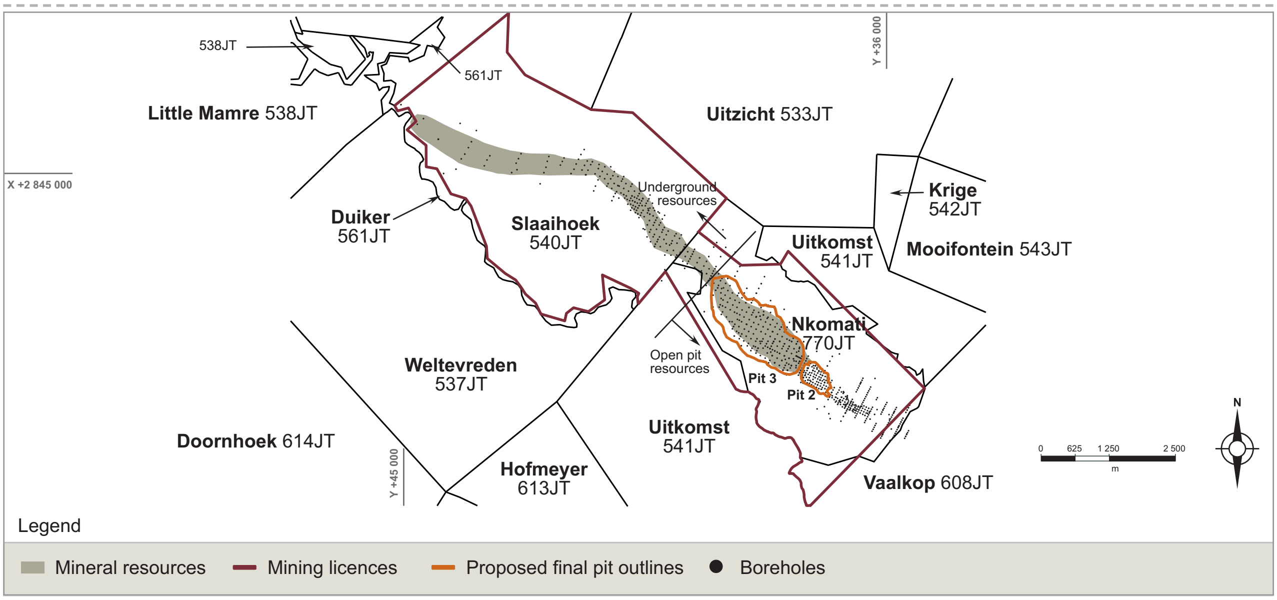
4E = platinum + palladium + rhodium + gold.
Totals are rounded off.

Chromite Stockpile Reserves

	Proved Reserves		Total Reserves	
	Mt	Cr_2O_3%	Mt	Cr_2O_3%
PCR Stockpile	2.28	19.20	2.28	19.20
Uncrushed ROM Stockpile	0.44	35.43	0.44	35.43
Lumpy-old Fines Dump	0.03	28.85	0.03	28.85
2013 Total Stockpile Reserves	**2.75**	**21.90**	**2.75**	**21.90**
2012 Total Stockpile Reserves	2.41	20.77	2.41	20.77

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)								
	Mt	Pt g/t	Pd g/t	Rh g/t	Au g/t	4E g/t	6E g/t	Pt Moz	6E Moz
Measured	14.13	2.71	1.43	0.51	0.04	4.69	5.66	1.23	2.57
Indicated	40.18	1.94	1.11	0.36	0.04	3.44	4.13	2.51	5.33
Total (Measured and Indicated) 2013	**54.31**	**2.14**	**1.19**	**0.40**	**0.04**	**3.77**	**4.53**	**3.74**	**7.90**
Total (Measured and Indicated) 2012	57.82	2.11	1.24	0.40	0.04	3.79	4.55	3.92	8.45

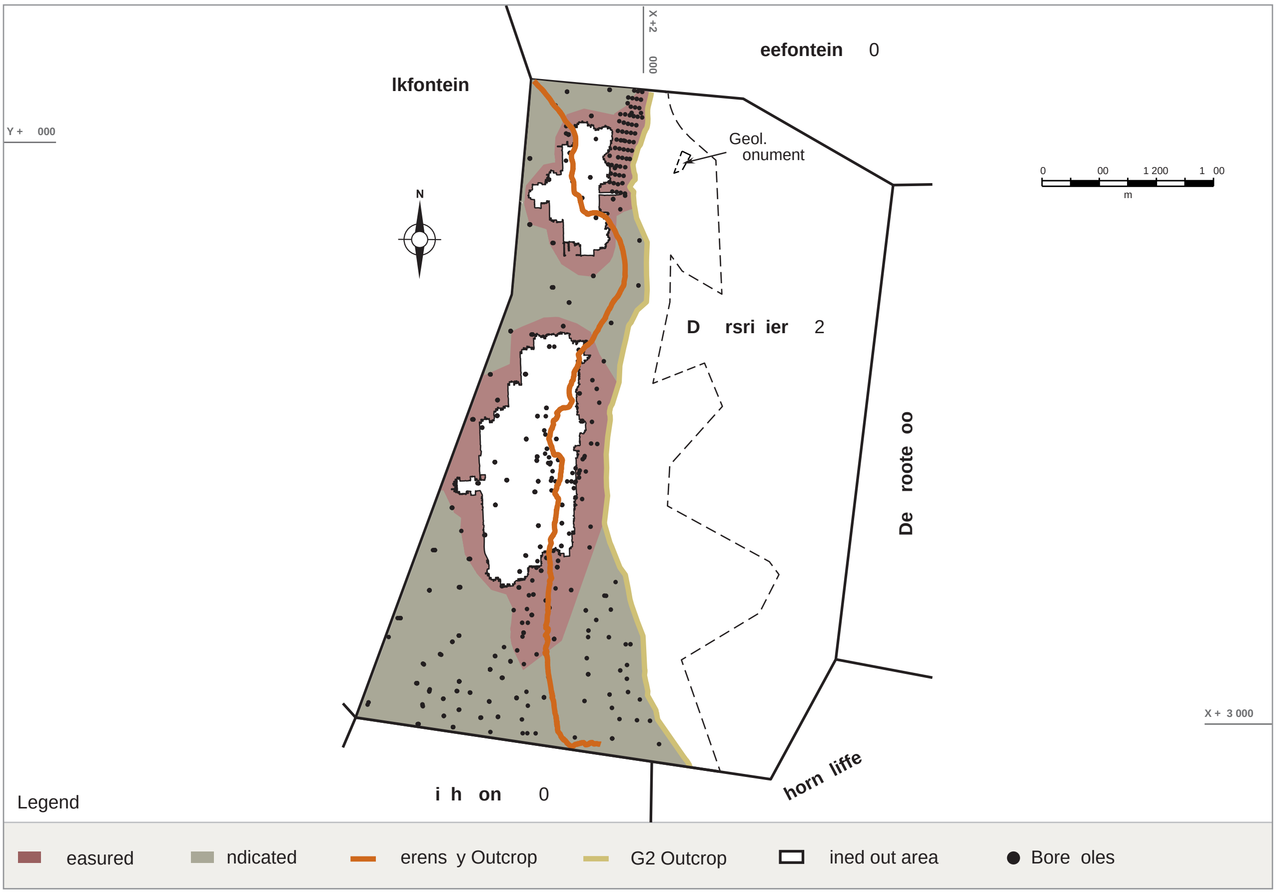
__4E__ = platinum + palladium + rhodium + gold; __6E__ = platinum + palladium + rhodium + iridium + ruthenium + gold.
Mineral Resources are inclusive of Mineral Reserves.
Totals are rounded off.

UG2 Mineral Reserves

	(UG2 + Internal Pyroxenite)								
	Mt	Pt g/t	Pd g/t	Rh g/t	Au g/t	4E g/t	6E g/t	Pt Moz	6E Moz
Proved	10.39	1.89	1.01	0.36	0.03	3.29	3.99	0.63	1.33
Probable	24.71	1.58	0.90	0.30	0.03	2.81	3.39	1.26	2.69
Total Reserves 2013	**35.10**	**1.67**	**0.93**	**0.32**	**0.03**	**2.95**	**3.57**	**1.89**	**4.03**
Total Reserves 2012	35.14	1.65	0.94	0.31	0.03	2.93	3.52	1.86	3.98

__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.

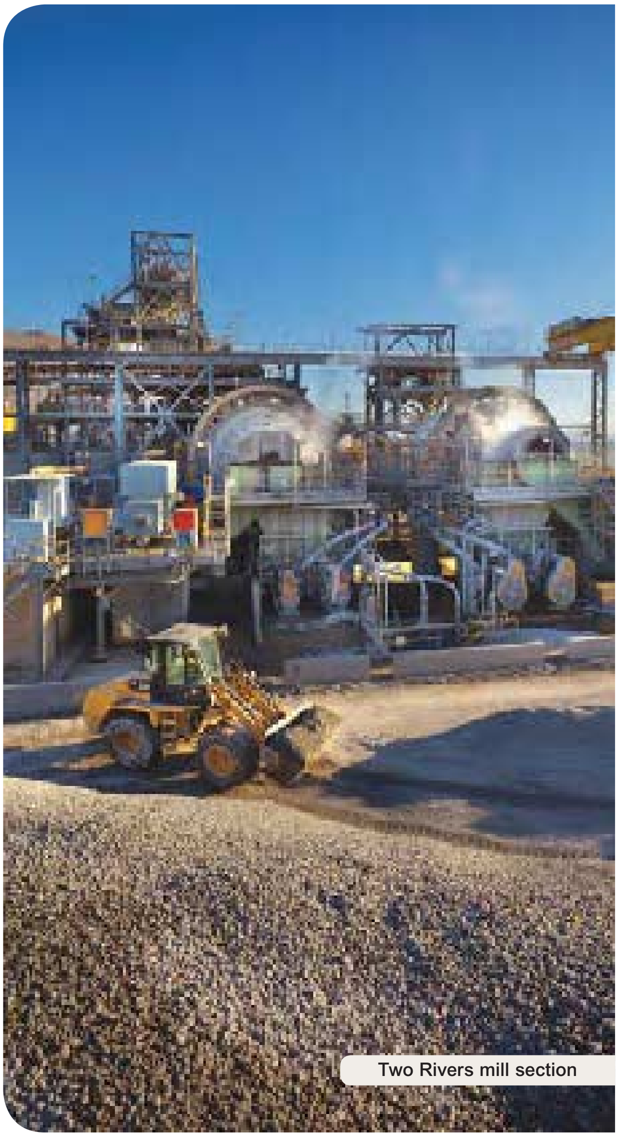
Two Rivers Mine UG2 Resource classification map



Merensky Reef Mineral Resources

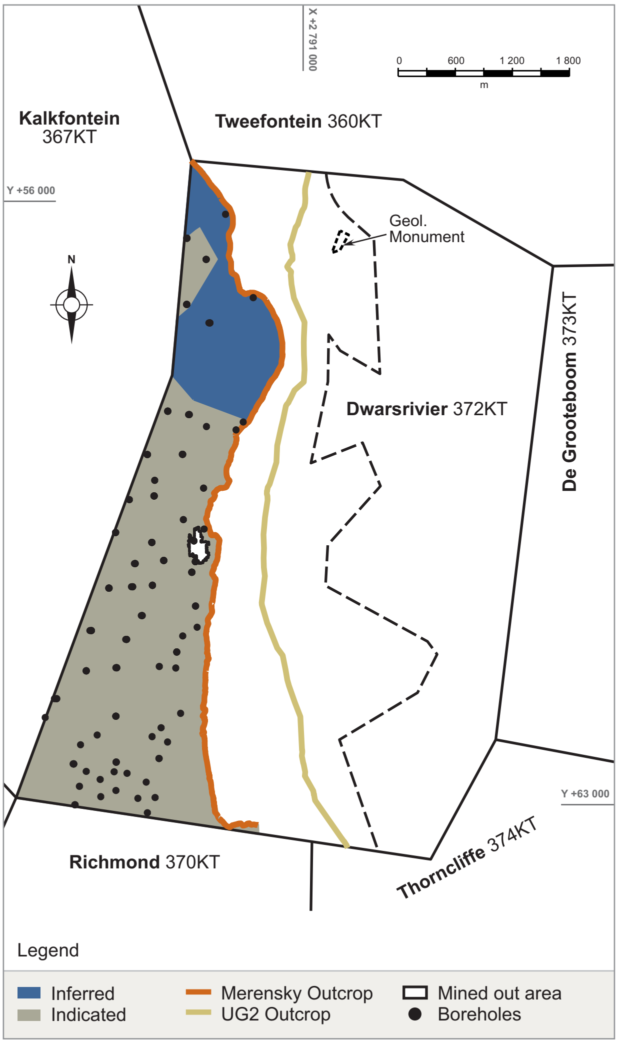
	Mt	Pt g/t	Pd g/t	Rh g/t	Au g/t	4E g/t	6E g/t	Pt Moz	6E Moz
Measured									
Indicated	43.10	1.63	0.89	0.09	0.18	2.79	3.04	2.26	4.21
Total (Measured and Indicated) 2013	**43.10**	**1.63**	**0.89**	**0.09**	**0.18**	**2.79**	**3.04**	**2.26**	**4.21**
Total (Measured and Indicated) 2012	38.16	1.73	0.96	0.10	0.20	2.98	3.17	2.12	3.89
Inferred 2013	**11.01**	**1.40**	**0.77**	**0.09**	**0.17**	**2.43**	**2.65**	**0.50**	**0.94**

__4E__ = platinum + palladium + rhodium + gold; __6E__ = platinum + palladium + rhodium + iridium + ruthenium + gold.
Totals are rounded off.



Two Rivers mill section

Two Rivers Mine Merensky Resource classification map



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				Mineral Reserves		
	Mt	4E g/t	4E Moz		Mt	4E g/t	4E Moz
Measured	50.60	5.90	9.60	Proved	15.70	4.66	2.35
Indicated	91.20	5.88	17.24	Probable	41.70	4.62	6.19
Total Measured and Indicated 2013	**141.80**	**5.89**	**26.84**	**Total Reserves 2013**	**57.40**	**4.63**	**8.54**
Total Measured and Indicated 2012	143.24	5.89	27.14	Total Reserves 2012	54.78	4.71	8.30
Inferred 2013	**76.60**	**6.19**	**15.24**				

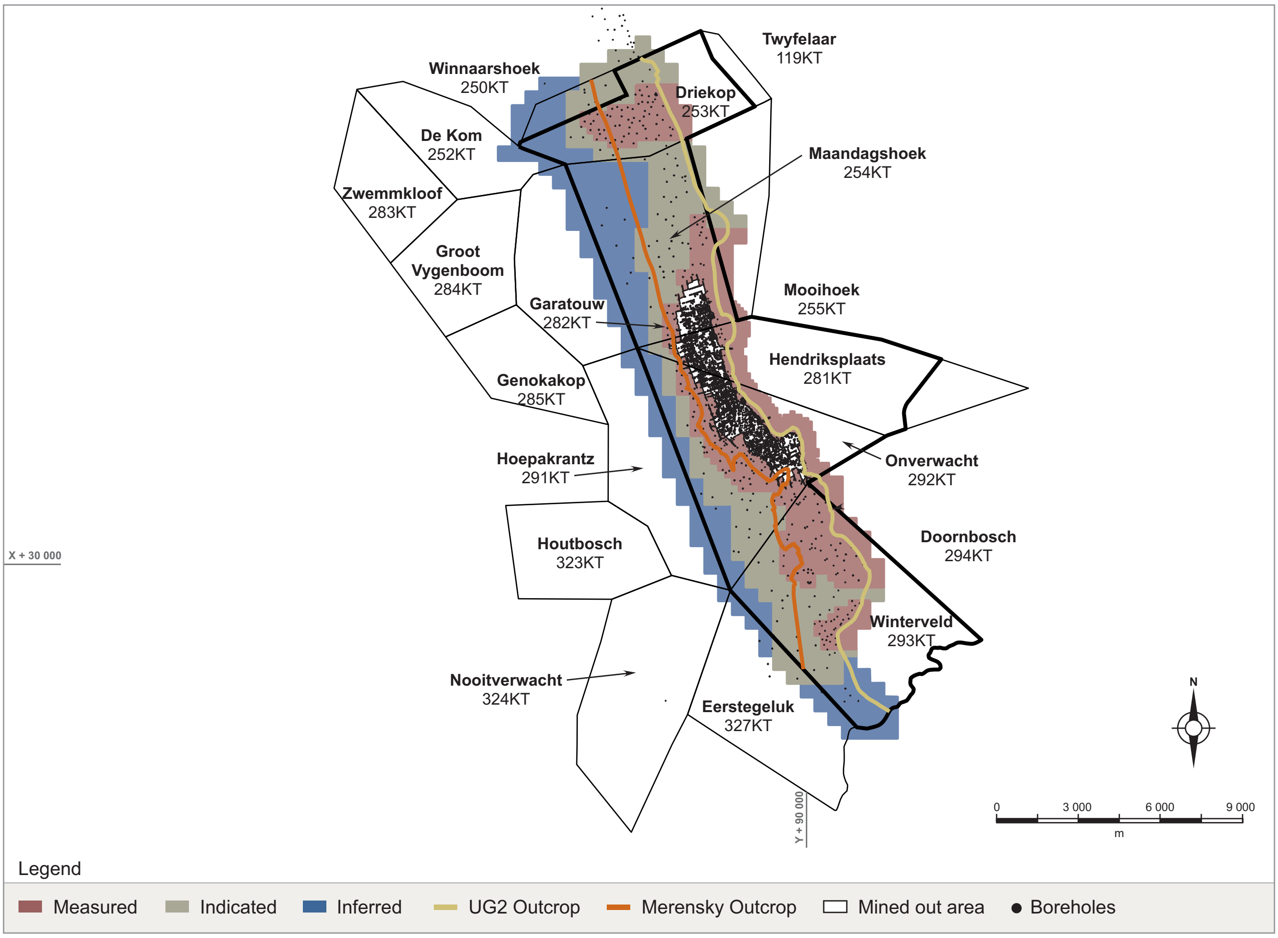
4E = platinum + palladium + rhodium + gold. Mineral Resources are exclusive of Reserves. Totals are rounded off.

Merensky Reef 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 2013	**72.00**	**2.78**	**6.44**
Total Measured and Indicated 2012	72.00	2.78	6.44
Inferred 2013	**136.84**	**2.65**	**11.66**

4E = platinum + palladium + rhodium + gold. Totals are rounded off.

Modikwa Mine UG2 Resource classification map



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 2013	**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 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

__3E__ = platinum + palladium + gold.

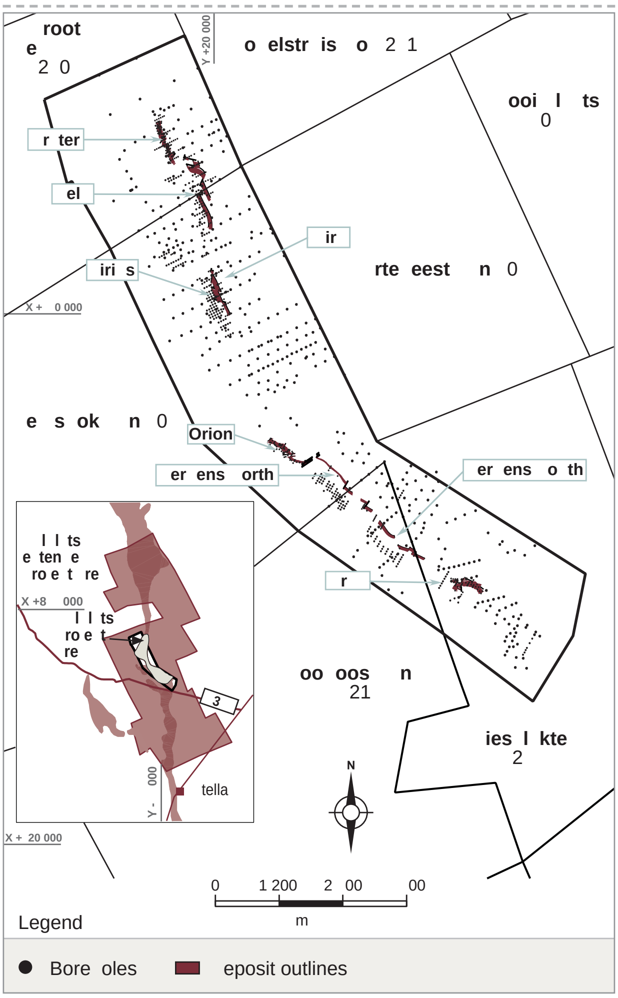
Totals are rounded off.

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.

Nkomati open pit

Kalplats Platinum Projects Deposits locality map



ARM Coal

Goedgevonden Coal Mine

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

Goedgevonden Coal Resources and Reserves

	Coal Resources			Coal Reserves (ROM)			Coal Reserves Saleable
	Measured Mt	Indicated Mt	Measured and Indicated Mt	Proved Mt	Probable Mt	Total Reserves Mt	Mt
Total 2013	**550.0**	**25.0**	**575.0**	**280.0**	**68.0**	**348.0**	**205.0**
Total 2012	580.0	24.0	604.0	273.0	76.0	349.0	198.0

Totals are rounded off.

GGV new discard load out facility

ARM Copper

The Lubambe Copper Mine

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

The Lubambe Copper Mine Mineral Resources

	Mt	TCu %	Mt Contained Cu
South Limb			
Measured	0.9	2.70	0.02
Indicated	23.9	2.13	0.51
Total South Limb (Measured and Indicated)	24.8	2.15	0.53
East Limb			
Measured	4.5	2.71	0.12
Indicated	14.3	2.61	0.37
Total East Limb (Measured and Indicated)	18.8	2.63	0.50
Fold Axis			
Measured	0.4	2.10	0.01
Indicated	11.8	2.70	0.32
Total Fold Axis (Measured and Indicated)	12.2	2.68	0.33
Total Measured and Indictated 2013	**55.8**	**2.43**	**1.36**
Total Measured and Indictated 2012	57.4	2.42	1.39
South Limb Inferred	13.8	2.22	
East Limb Inferred	0.4	2.00	
Fold Axis Limb Inferred	9.7	2.25	
Total Inferred 2013	**23.9**	**2.23**	
Total Inferred 2012	23.9	2.23	

Cut-off grade 1% total copper and minimum true thickness of 2m.

Mineral Resources are inclusive of Mineral Reserves.

Totals are rounded off.

Lubambe Copper Mine Mineral Reserves

	Mt	TCu %	Mt Contained Cu
South Limb			
Proved	0.7	2.39	0.02
Probable	19.6	1.87	0.37
Total Reserves South Limb	20.3	1.89	0.38
East Limb and Fold Axis			
Proved	2.9	2.35	0.07
Probable	22.7	2.10	0.48
Total Reserves East Limb and Fold Axis	25.6	2.13	0.54
Total Reserves 2013	**45.9**	**2.02**	**0.93**
Total Reserves 2012	9.34	2.33	0.22

Totals are rounded off.

Modifying factors: Mining losses, mining dilution and metallurgical.

Lubambe Extension Area (previously known as Area "A") Mineral Resources

	Mt	TCu %	Mt Contained Cu
Indicated (2013)	**73.0**	**3.60**	**2.63**
Inferred (2013)	**114.0**	**3.07**	
Inferred (2012)	219.5	2.64	

Lubambe target area which is the subject of ongoing feasibility studies, is part of the Lubambe Extension and covers an area with an Indicated Resource of 73 million tonnes at 3.60% total copper and an Inferred Resource of 32 million tonnes at 3.79% total copper.

Cut-off grade 1.5% total copper and minimum true thickness of 4m.

Totals are rounded off.

Gold: Harmony

ARM owns 14.6% of Harmony's issued share capital. Harmony, South Africa's third largest gold producer, is separately run by its own management team. Mineral 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 (2009), 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

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 in respect of 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 2012.

As more fully described under the heading "Ethics" on page 138 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 of the business of ARM 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 (the Companies Act), and the Regulations promulgated thereunder (the Companies Regulations) came into effect on 1 May 2011. The Board is committed to the implementation of the Companies Act and the Companies Regulations. Accordingly, the Company has implemented an ongoing programme to achieve compliance with the new requirements imposed upon the Company by the Companies Act and the Companies Regulations.

Other matters were addressed within the transition period as provided for in the Companies Act. For example, in December 2012, a new Memorandum of Incorporation was adopted by shareholders of the Company.

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 conducts gap analyses on an ongoing basis 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 opportunities 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, which was updated in 2013. 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 principles and JSE Listings Requirements criteria.
- The Company prepared a comprehensive Sustainability Report for F2013, 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: Business Development and Investor Relations, a Senior Executive: Corporate Affairs for ARM and an Executive: Legal Compliance and Stakeholder Relations.

Comment from Integrated Reporting and Assurance Services (IRAS):

"As part of our Independent Third Party Assurance processes, IRAS conducted an assessment of ARM's compliance with the 75 principles contained within the 3rd version of the King Report on Governance for South Africa 2009 and the King Code of Governance Principles (collectively, King III), and found no concerns relative to ARM's assertions that it has reasonably met the 'Apply' recommendations.

As from 2013, ARM has asserted that all of the 75 individual King III principles have been deemed 'Apply' with reasonable evidence to support each assertion, including progress over prior year performance on the last few remaining principles." (See the King III checklist on pages 124 and 125 of this report.)

For more information, go to IRAS's comprehensive assurance statement within ARM's 2013 Sustainability Report available on ARM's corporate website: **www.arm.co.za**

King III checklist

King III Chapter/ Number	King III principles	Apply	Partially apply	Under review/do not apply
1.	**Ethical leadership and corporate citizenship**			
1.1	Effective leadership based on an ethical foundation	✓		
1.2	Responsible corporate citizen	✓		
1.3	Effective management of the Company's ethics	✓		
2.	**Boards and Directors**			
2.1	The Board is the focal point for and custodian of corporate governance	✓		
2.2	Strategy, risk, performance and sustainability are inseparable	✓		
2.3	Effective leadership based on an ethical foundation	✓		
2.4	Responsible corporate citizen	✓		
2.5	Effective management of the Company's ethics	✓		
2.6	Effective and independent Audit and Risk Committee	✓		
2.7	The Board is responsible for the governance of risk	✓		
2.8	The Board is responsible for information technology (IT) governance	✓		
2.9	The Company complies with applicable laws and considers adherence to non-binding rules, codes and standards	✓		
2.10	The Board ensures that there is an effective risk-based internal audit	✓		
2.11	The Board appreciates that stakeholders' perceptions affect the Company's reputation	✓		
2.12	The Board should ensure the integrity of the Company's Integrated Annual Report	✓		
2.13	The Board should report on the effectiveness of the Company's internal control environment	✓		
2.14	The Board and the Directors act in the best interests of the Company	✓		
2.15	The Board should consider business rescue proceedings or other turnaround mechanisms as soon as the Company is financially distressed as defined in the Companies Act	✓[1]		
2.16	The chairman of the Board is an Independent Non-executive Director	✓[2]		
2.17	Framework for the delegation of authority has been established	✓		
2.18	The Board comprises a balance of power, with a majority of Non-executive Directors who are independent	✓		
2.19	Directors are appointed through a formal process	✓		
2.20	Formal induction of and ongoing training and development of Directors is conducted	✓		
2.21	The Board is assisted by a competent, suitably qualified and experienced Company Secretary	✓		
2.22	Annual performance evaluations of the Board, its committees and the individual Directors	✓		
2.23	Appointment of well-structured committees and oversight of key functions	✓		
2.24	An agreed governance framework between ARM and the boards of its subsidiaries is in place	✓		
2.25	Directors and executives are fairly and responsibly remunerated	✓		
2.26	Remuneration of Directors and senior executives is disclosed	✓		
2.27	The Company's Remuneration Policy is approved by its shareholders by a non-binding advisory vote	✓		
3.	**Audit and Risk Committee**			
3.1	Effective and independent	✓		
3.2	Suitably skilled and experienced Independent Non-executive Directors	✓		
3.3	Chaired by an Independent Non-executive Director	✓		
3.4	Oversees integrated reporting	✓		
3.5	A combined assurance model is applied to improve efficiency in assurance activities	✓		
3.6	Satisfies itself of the expertise, resources and experience of the Company's finance function	✓		
3.7	Oversees internal audit	✓		
3.8	Integral component of the risk management process	✓		

[1] *The risk management process ensures that the Company is operating optimally and is not in distress. See the Risk report on pages 140 to 151.*

[2] *ARM has an Executive Chairman and a Lead Independent Non-executive Director. See page 126 under the heading "Executive Chairman and Chief Executive Officer".*

King III Chapter/ Number	King III principles	Apply	Partially apply	Under review/do not apply
3.9	Recommending the appointment of the external auditor and oversees the external audit process	✓		
3.10	Reports to the Board and shareholders on how it has discharged its duties	✓		
4.	**The governance of risk**			
4.1	The Board is responsible for the governance of risk	✓		
4.2	Setting levels of risk tolerance			
4.3	The Audit and Risk Committee assists the Board in carrying out its risk responsibilities	✓		
4.4	The Board delegates the responsibility of risk management to management	✓		
4.5	The Board ensures that risk assessments and monitoring is performed on a continual basis	✓		
4.6	Framework and methodologies are implemented to increase the probability of anticipating unpredictable risks	✓		
4.7	Management considers and implements appropriate risk responses	✓		
4.8	The Board ensures that management monitors risk on a continual basis	✓		
4.9	The Board receives assurance on the effectiveness of the risk management process	✓		
4.10	Sufficient risk disclosure is made to stakeholders	✓		
5.	**The governance of information technology (IT)**			
5.1	The Board is responsible for IT governance	✓		
5.2	IT is aligned with the performance and sustainability objectives of the Company	✓		
5.3	Management is responsible for the implementation of an IT≈governance framework	✓		
5.4	The Board monitors and evaluates significant IT investments and expenditure	✓		
5.5	IT is an integral part of the Company's risk management	✓		
5.6	Information assets are managed effectively	✓		
5.7	The Audit and Risk Committee assists the Board in carrying out its IT oversight responsibilities	✓		
6.	**Compliance with laws, codes, rules and standards**			
6.1	The Board ensures that the Company complies with the applicable laws and considers adherence to non-binding rules, codes and standards	✓		
6.2	The Board, and each individual Director, has a working understanding of the relevance and implications of non-compliance	✓		
6.3	Compliance risk forms an integral part of the Company's risk management process	✓		
6.4	The Board has delegated to management the implementation of an effective compliance framework and processes	✓		
7.	**Internal audit**			
7.1	Effective risk-based internal audit	✓		
7.2	Risk-based approach to the internal audit plan	✓		
7.3	Written assessment of the effectiveness of the Company's system of internal controls and risk management	✓		
7.4	The Audit and Risk Committee is responsible for overseeing internal audit	✓		
7.5	Internal audit is strategically positioned to achieve its objectives	✓		
8.	**Governing stakeholder relationships**			
8.1	Appreciation that stakeholders' perceptions affect the Company's reputation	✓		
8.2	Management proactively deals with stakeholder relationships	✓		
8.3	There is an appropriate balance between its various stakeholder groupings	✓		
8.4	Equitable treatment of shareholders	✓		
8.5	Transparent and effective communication with stakeholders	✓		
8.6	Disputes are resolved effectively, efficiently and expeditiously	✓		
9.	**Integrated reporting and disclosure**			
9.1	The Board ensures the integrity of the Company's Integrated Annual Report	✓		
9.2	Sustainability reporting and disclosure is integrated with the Company's financial reporting	✓		
9.3	Sustainability reporting and disclosure is independently assured	✓		

For details of how the Company applies the King III principles, see the comprehensive King III checklist on ARM's corporate website: **www.arm.co.za**

Board composition

ARM has a unitary Board comprising fifteen Directors of whom one is a Non-executive Director, nine are Independent Non-executive Directors and five are Executive Directors.

Curricula vitae of the Board members are provided on pages 162 to 165.

Of the Company's fifteen Directors, seven Directors, or 47%, are black Directors. Two Directors, or 13%, are black female Directors.

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

[1] *Lead Independent Non-executive Director.*

[2] *Mr Gule retired as Executive Director: Corporate Affairs with effect from 30 June 2013 and remains on the Board as a Non-executive Director with effect from 1 July 2013.*

[3] *Mr Simelane was appointed as an Executive Director on 1 July 2013.*

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 and the JSE Listings Requirements.

Any term in office exceeding a period of nine years by an Independent Non-executive Director is subject to a review by the Board. The independence assessment considered relationships or circumstances likely to affect, or appearing to affect, the relevant Director's judgment. The Board concluded that in each circumstance the Independent Non-executive Director's independence was not impaired by the length of service.

Mr F Abbott, the former Financial Director of the Company, became an Independent Non-executive Director on 1 August 2012. 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 to Mr Chissano for these services are market-related and are not, in the opinion of the Board, material and as such, the Board 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. Contrary to the independence requirements of King III, Mr Patrice Motsepe is the Executive Chairman of the Company and a director of African Rainbow Minerals & Exploration Investments (Pty) Ltd (ARMI) and Botho-Botho Commercial Enterprises (Pty) Ltd (BBCE) which, between them hold 41.07% of the Company's issued share capital. The shares of ARMI and BBCE are all held indirectly or directly by Trusts, all of which, with the exception of The Motsepe Foundation, hold those shares for the benefit of Mr Patrice Motsepe and his immediate family. The Motsepe Foundation applies the benefits emanating from its indirect shareholding in ARM for philanthropic purposes. 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 Memorandum of Incorporation (the MOI) 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 on 1 January 2013. The Chief Executive Officer is appointed by the Board.

Board Charter

The Board Charter, which was approved in May 2009, was most recently amended by the Board in June 2013 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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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 the 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, 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.

Election, induction, succession and assessment

Election and Re-election

The Memorandum of Incorporation requires that one-third of elected Non-executive Directors, who have been in office longest since their last election, retire by rotation at each Annual General Meeting. Being eligible, these Directors may seek re-election should they so wish.

The table below sets out the Non-executive Directors who, being eligible, make themselves available for re-election at the Annual General Meeting to be held on Friday, 6 December 2013, together with the years when the Non-executive Directors who are not standing for re-election in 2013 are required to retire and may stand for re-election.

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

	Date first appointed to the Board	Due for re-election
Dr M M M Bakane-Tuoane (Lead Independent Non-executive Director)	30 April 2004	2013
F Abbott	30 April 2004	2013
T A Boardman	1 February 2011	2013
A D Botha	1 August 2009	2015
J A Chissano	21 April 2005	2015
W M Gule	1 December 2004	2016
M W King**	30 April 2004	n/a
A K Maditsi	30 April 2004	2015
Dr R V Simelane	30 April 2004	2014
Z B Swanepoel	5 May 2003	2014

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

** *Mr M W King has advised the Board that he will not stand for re-election at the Annual General Meeting scheduled for December 2013 and will retire at the end of such meeting.*

Dr M M M Bakane-Tuoane and Messrs F Abbott and T A Boardman 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.

Mr M W King is required to retire by rotation. He advised the Board on 28 August 2013 that he would not stand for re-election at the Annual General Meeting scheduled for December 2013 due to his age and that he will retire at the end of such meeting.

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). Mr D V Simelane was appointed on 1 July 2013. 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 their past performance and their contribution made to the Company, recommends such nominees to the Board for recommendation to shareholders for election and re-election at Annual General Meetings of shareholders, as the case may be.

The Directors' *curricula vitae* is available on pages 162 to 165.

Induction and continuing education

All newly appointed Directors receive a comprehensive information pack, including the Memorandum of Incorporation, 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.

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. Independent external advisors assisted the Nomination

Committee with the 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 assessments focus 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 is also given to the Board's diversity, size and demographics.

The findings of the 2012 assessment were considered by the Board in F2013 and copies of the findings were provided to the external auditors in terms of King III.

The findings of the 2013 assessment will be considered by the Board during the year.

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 152.

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 2013, five 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 July 2013 as part of the fifth 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 '12	Nov '12*	Dec '12	Feb '13	Jun '13
P T Motsepe (Executive Chairman)	✓	✓	✓	✓	✓
M P Schmidt (Chief Executive Officer)	✓	✓	a	✓	✓
A J Wilkens (Executive Director)	✓	✓	✓	✓	✓
F Abbott	a	✓	✓	✓	✓
M Arnold	✓	✓	✓	✓	✓
Dr M M M Bakane-Tuoane (Lead Independent Non-executive Director)	✓	a	✓	✓	✓
T A Boardman	✓	✓	✓	✓	✓
A D Botha	✓	a	✓	✓	✓
J A Chissano	✓	a	a	a	✓
W M Gule	a	a	a	a	✓
M W King	✓	a	✓	✓	✓
A K Maditsi	✓	✓	✓	✓	✓
Dr R V Simelane	✓	a	✓	✓	✓
Z B Swanepoel	a	✓	✓	✓	✓

** Special Board meeting*
a = apologies

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 by providing 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. The JSE Listings Requirements provide that boards must consider and satisfy themselves annually regarding the competence, qualifications and experience of the company secretary. Therefore in October 2013, 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 – Eight 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 F2013, the Terms of Reference were reviewed by the Committees and amendments to the Terms of Reference were approved by the Board to reflect the approval of the Memorandum of Incorporation by the Company's shareholders in December 2012 and other developments.

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 F2013 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.

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, following the 2013 annual review, meet the requirements of the new Companies Act.

Based on the Terms of Reference, a comprehensive agenda framework/workplan is prepared to ensure that all tasks assigned to the Audit and Risk 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 of ARM; 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.

In fulfilling its oversight responsibilities, the Audit and Risk 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 and 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. (EY) as external auditors of the Company and to re-appoint Mr E A L Botha as the designated individual auditor. EY 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 internal and external auditors are invited to attend Audit and Risk Committee meetings.

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 in December 2012. The Financial Director is authorised to engage the external auditors for non-audit services for which the fee would not exceed R150 000. Matters for which the fee will exceed R150 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 page 134 and pages 140 to 151 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 2013 financial year.

The Report of the Audit and Risk Committee is available on pages 170 and 171.

Audit and Risk Committee: Meeting attendance

	Aug '12	Sept '12	Oct '12	Dec '12	Feb '13	Mar '13	Jun '13
M W King (Chairman)	✓	✓	✓	✓	✓	✓	✓
Dr M M M Bakane-Tuoane	✓	✓	✓	✓	✓	✓	✓
T A Boardman	✓	✓	✓	✓	✓	✓	✓
A D Botha	✓	✓	✓	✓	✓	✓	✓
A K Maditsi	a	✓	✓	✓	✓	✓	✓
Dr R V Simelane	✓	✓	✓	✓	✓	✓	✓

a = apology

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 of the Investment Committee most recently updated by the Board in F2013, the Investment Committee is required to meet at least once a year. Three meetings were held during the 2013 financial year.

Investment Committee: Meeting attendance

	Sept '12	Mar '13	Mar '13
Z B Swanepoel (Chairman)	✓	✓	✓
F Abbott *	a	a	a
A D Botha	✓	✓	✓
M W King	✓	✓	✓
A K Maditsi	✓	✓	✓

** Excused due to prior commitments. Comments provided to Committee Chairman prior to meetings.*

a = apologies

Nomination Committee

Members:

Dr M M M Bakane-Tuoane (appointed to the Committee as Chairman from 29 August 2012)

J A Chissano

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 130 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 MOI 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 annual performance evaluation 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 most recently updated by the Board in F2013.

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.

In terms of the Terms of Reference of the Nomination Committee at least one meeting must be held per year. During F2013, two meetings were held.

For additional information regarding the succession process, please refer to page 128.

Nomination Committee: Meeting attendance

	Aug '12	Feb '13
Dr M M M Bakane-Tuoane (Chairman from 29 August 2012)*	n/a	✓
A K Maditsi (Chairman until 29 August 2012)	✓	✓
J A Chissano	✓	a
P T Motsepe (Member until 29 August 2012)	✓	n/a
Dr R V Simelane	✓	✓

** Dr M M M Bakane-Tuoane was appointed subsequent to the August 2012 Nomination Committee meeting.*

a = apologies

Non-executive Directors' Committee

Members:

Dr M M M Bakane-Tuoane (Chairman)

F Abbott

T A Boardman

A D Botha

J A Chissano

W M Gule (with effect from 1 July 2013)

A K Maditsi

M W King

Dr R V Simelane

Z B Swanepoel

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

Terms of Reference of the Non-executive Directors' Committee were approved by the Board in F2011 and most recently amended in F2013. 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 F2013.

Non-executive Directors' Committee: Meeting attendance

	Aug '12	Dec '12	Feb '13	Jun '13
Dr M M M Bakane-Tuoane (Chairman)	✓	✓	✓	✓
F Abbott	a	✓	✓	✓
T A Boardman	✓	✓	✓	a
A D Botha	✓	✓	✓	✓
J A Chissano	✓	a	a	✓
M W King	✓	✓	✓	✓
A K Maditsi	✓	✓	✓	✓
Dr R V Simelane	✓	✓	✓	✓
Z B Swanepoel	a	✓	✓	✓

a = apologies

Remuneration Committee

The Remuneration report is available on pages 152 to 159. Additional information is available in the Directors' report on pages 176 to 183.

Social and Ethics Committee

Members:

Dr R V Simelane (Chairman)

Dr M M M Bakane-Tuoane

A K Maditsi

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), the environment, tuberculosis, HIV & Aids and corporate social investment.

Social and Ethics Committee: Meeting attendance

	Aug '12	Dec '12	Feb '13	Jun '13
Dr R V Simelane (Chairman)	✓	✓	✓	✓
Dr M M M Bakane-Tuoane	✓	✓	✓	✓
A K Maditsi	✓	✓	✓	✓

The purpose of the Social and Ethics Committee is to monitor and report on the manner and extent to which ARM protects, enhances and invests in the 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 mineral 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's Terms of Reference were amended by the Board in May 2011 in compliance with King III. The Sustainable Development Committee was renamed the Social and Ethics Committee in August 2011. The Terms of Reference of the Social and Ethics Committee were most recently amended in June 2013.

The Social and Ethics Committee is responsible for:

- monitoring activities having regard to relevant legislation and other legal requirements and codes of best practice;
- 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's 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 Social and Ethics Committee is comprised of three Non-executive Directors, all of whom are independent.

Invitees include the Chief Executive Officer of the Company, 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 F2013.

Additional information is available in the Report of the Social and Ethics Committee on pages 160 and 161 of this report, in the Sustainability review on pages 32 to 51 of this report and in the 2013 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

A Joubert

B R Mashiane

K S Mashalane

H L Mkatshana

J M Pistorius

D V Simelane (Executive Director)

J C Steenkamp

F A Uys

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 are reviewed annually and were most recently amended in F2013.

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. The internal auditors are 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 F2013.

Additional information regarding the risk management programme is available in the Risk report on pages 140 to 151.

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 166 and 167.

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 fortnightly, or more often as required. Its members include the Chief Executive Officer, the Financial Director, the Chief Executive: ARM Copper, the Chief Executive: ARM Strategic Services and Exploration, the Executive: New Business Development and Investor Relations, the Executive: Legal Compliance and Stakeholder 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 seven years ago as the committees had common goals and addressed issues which are interrelated. From July 2012 to September 2012, the Committee was chaired by Mr W M Gule, who was at the time the Executive Director: Corporate Affairs. The appointment of Mr D V Simelane as the Committee Chairman was announced in October 2012. Its members include the Chief Executive Officer, the Financial Director, the Executive: Human Resources, the divisional chief executives, 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 (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, IRAS conducted an assessment of ARM's ethics policies and procedures, in line with King III recommendations. Based on our review, including observations and interviews during visits to selected sites, it appears that ARM employs a comprehensive set of policies (e.g., the Code of Conduct), procedures, systems and controls to meet reasonable expectations for the monitoring and management of ethical compliance throughout its operations."

For more information, go to the IRAS comprehensive assurance statement within ARM's 2013 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: Strategic Services and Exploration. Its members include the Chief Information Officer, the Chief Executive: ARM Ferrous, various senior ARM Ferrous and ARM Strategic Services and 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.

Information Management/Technology Governance within the ARM Group

Introduction

Within ARM, the terminology Information Management (IM) is used to describe the management of information as well as the supporting technology and the related applications and data.

IM within ARM has as its mission the implementation and continuous improvement of appropriate, standardised, proven and integrated information technology and software applications, which provide user-specific information to support all ARM's objectives and enhance its business and safe mining strategy. ARM does not develop any software but makes use of the principle "to buy, not develop". All software is thus configurable according to business processes and associated rules. Information must be accessible from anywhere at any time with any device. This initiative is known as RIFA (Reliable Information For ARM), throughout the Group.

To this end, the Group has continued with its roll-out of an integrated Enterprise Resource Planning (ERP) system, incorporating finance, procurement, inventory, safety and people management, to one system in line with ARM's drive to enhance efficiency. In addition, the Group has commenced with the roll-out of a system that allows for advanced analytics to show trends, enhance planning, forecasting and emerging patterns.

The Board affirms its responsibility for the governance of IM within the Group. The IM governance model reflects both business and IM requirements, focusing on strategic alignment of IM and business, the value delivered by IM, IM risk management (including information security, IM resilience and legislative and health and safety compliance), resource management and performance management. The business of IM is conducted in accordance with international standards, such as those embodied in the Information Systems Control Association's IT Governance Institute and CoBiT (Control Objectives for Information Technology) frameworks. These are reviewed from time-to-time to take into account organisational changes, international developments in the field of IM governance, and changing IM-related risk profiles.

The Group has adopted an internationally acknowledged IT Governance Framework that is in the process of being rolled out and aligned throughout all its operations. The focus in the year ahead will be to complete this roll-out. A Group Chief Information Officer manages and oversees the day-to-day IM operations and the Board has delegated responsibility to the Audit and Risk Committee for overseeing the governance of IM.

Governance of Information Management

Summarised in the table below are the key elements of the ARM IM Governance Framework and the aspects that are measured and monitored by the Chief Information Officer on an ongoing basis and are reported on quarterly to the Audit and Risk Committee. The framework used is based on international standards and has been mapped to the IM governance principles contained in the fifth chapter of King III. The Board is comfortable that through the use of this framework the King III principles are being applied.

IT Governance Dimension	Definition (Adapted from IT Governance Institute)	Status of Implementations
Strategic Alignment	Strategic alignment focuses on ensuring the linkage of business and IM plans; defining, maintaining and validating the IM value proposition; and aligning IM operations with enterprise operations.	Business/IM alignment is co-ordinated through a combination of central and decentralised efforts within each of its individual business units. Due to varying levels of governance maturity, and mining methods at each operation, the degree of alignment differs accordingly. This year, the Group initiated projects to improve alignment. This process will be a core focus for the coming financial year, ensuring strategic and holistic alignment within all aspects of the Group. The IM Strategy is aligned and has been shared with the Executive Committee. The principal underlying strategy is to “buy” not “build” (package configuration versus in-house development) and focuses on achieving efficiency through automation. Certain Green (energy efficient) initiatives have been introduced and projects are aligned with Group initiatives. Investment in business intelligence and KPI (Key Performance Indicator) management reporting has taken place, along with human capital management solutions focusing on capacity building. From an operational perspective, investment in mobile equipment optimisation, management and safety systems is ongoing.
Value Delivery	Value delivery is about executing the value proposition throughout the delivery cycle, ensuring that IM delivers the promised benefits against the strategy, concentrating on optimising costs and proving the intrinsic value of IM.	An initial analysis of the IM spend highlighted a balance between strategic initiatives and routine system enhancements that are delivered within a relatively small budget. Projects are approved and motivated at Board level. JD Edwards (integrated ERP) has been rolled out to six operations with Cato Ridge scheduled for the end of September 2013 thereby creating increased business efficiency. “QlikView” has been implemented at some operations and allows for advanced analytics to show trends and emerging patterns, e.g. absenteeism. In addition, this roll-out will allow for improved tracking of business benefits realised from IT projects. Other projects include the implementation of Microsoft System Centre and Configuration Manager Suite for system and application monitoring. Furthermore, Microsoft System Centre and Configuration Manager Suite have been acquired to configure a Help Desk as part of the service which will be introduced to the users.
Risk Management	Risk management requires risk awareness by senior corporate officers, a clear understanding of the enterprise’s appetite for risk, understanding of compliance requirements, transparency about the significant risks to the enterprise and embedding of risk management responsibilities into the organisation.	IT Policies and Procedures have recently been reviewed and updated, including the ARM Information Security Policy as well as the Enterprise Data Management Policy. All key audit findings (external and internal) are documented and discussed at the IM Committee and at the Audit and Risk Committee meetings. Risk management and divisional audit committees are in place and IM risk is reported to the Management Risk Committee as well as the Audit and Risk Committee where applicable. The Audit and Risk Committee has been tasked with the oversight of IM Governance by the Board.

IT Governance Dimension	Definition (Adapted from IT Governance Institute)	Status of Implementations
Risk Management continued		The following are used to augment the risk management: • **Information Security and Privacy** is monitored through various applications and tools and governed by the appropriate policies and procedures. • **Compliance and Governance** is managed through alignment with the international CoBIT standard (Control Objectives for Information Technology). • **Information and Technology Risk Management** – a principal IM corporate risk register has been drawn up along with the performance of regular assessments. • **Data Quality and Information Management** – appropriate electronic communications monitoring and protection is in place. • **IM Resilience, Business Continuity and Disaster Recovery** – appropriate backup and systems recovery is in place.
Resource Management	Resource management is about the optimal investment in, and the proper management of, critical IM resources: applications, information, infrastructure and people. Key issues relate to the optimisation of knowledge and infrastructure.	A Culture, Team and Individual Development (CTID) group initiative is to be piloted, which will be aligned with HR's Management of ARM's People Potential (MAPP) project. This will be initiated in Johannesburg and then rolled out to operations. Policies as per the Policy Register developed with KPMG, which governs IM/IT business, is in the process of being signed-off. An internal customer satisfaction survey and an IM "climate" survey within the IM team have recently been completed. Internet Solutions provide ARM with a Wide Area Network (WAN) service and a monitoring tool (Finex) to monitor the status and utilisation in order to manage and optimise the WAN links.
Performance Management	Performance measurement tracks and monitors strategy implementation, process performance and service delivery, using, for example, balanced scorecards that translate strategy into action to achieve goals measurable beyond conventional accounting.	The business of IM is conducted in accordance with international standards, such as those embodied in the Information Systems Control Association's IT Governance Institute and CoBiT (Control Objectives for Information Technology) frameworks. These Frameworks are in the process of being rolled out throughout all its operations. The focus in the year ahead will be to complete this roll-out. The Group Chief Information Officer oversees the day-to-day IM operations and the Board has delegated responsibility to the Audit and Risk Committee for overseeing it. The above are supported by the following structures: • Divisional IM Steering Committees, Group IM Steering Committee and an Executive Committee. Policies and Procedures have recently been reviewed and updated and are subject to audits, reviews and benchmarks. • An IM Integrated reporting dashboard has been developed and aligned with the IT Governance Institute which includes the seven principles contained in Chapter 5 of King III, expanded to include the total ARM reporting elements. All operations in the ARM Group will be aligned in this reporting method.

Abbreviations:

CoBit	Control Objectives for Information Technology
ERP	Enterprise Resource Planning
IM	Information Management
IT	Information Technology
MAPP	Managing ARM People Potential
RIFA	Reliable Information For ARM
WAN	Wide Area Network

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 ethical 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 and most recently updated in 2013 following the annual review. A Code of Conduct on-line training programme has been rolled out at the corporate office, the ARM Platinum operations and the ARM Ferrous operations.

The Code of Conduct is available 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 and Risk 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

The Risk report is available on pages 140 to 151.

Legal compliance

Internal and external audits are regularly conducted at all operations and any instances of non-compliance with 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, conducted in F2011, identified certain areas requiring attention, which were addressed during F2012. During the year under review, an administrative fine of R500 000 in terms of Section 24G of the National Environmental Management Act (NEMA) was paid by the Black Rock Mine of Assmang Limited and an administrative fine of R315 000 was paid by Modikwa in respect of the Montrose sewage facility. In the case of the Khumani Housing Company Proprietary Limited, a subsidiary of Assmang Limited, an administrative fine of R460 000 was imposed, but this has been taken on appeal. The appeal remained unresolved as at year end.

The Company did not receive any other administrative penalties nor was it fined nor has it been prosecuted for any anti-competitive practices or non-compliance with any governance or legislative obligations.

A legal compliance policy for the Company was finalised in F2012.

Mining Charter

ARM is committed to the Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry (the Mining Charter). The Mining Charter was developed to effect sustainable transformation, growth and development of the mining industry, through a consultative process between Government, labour and the mining industry. The Mining Charter was ratified in October 2007 and revised in September 2010. 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: ownership, procurement and enterprise development, beneficiation, employment equity, human resource development, mine community development, housing and living conditions, sustainable development and growth of the mining industry and reporting (monitoring and evaluation).

A section describing the progress ARM has made to comply with the requirements of the Revised Mining Charter is provided in the 2013 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 regulations. During these times, Directors, officers and designated persons are precluded from dealing in ARM securities. All Directors and employees were provided with relevant extracts from applicable legislation 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 F2013 following the introduction of the Financials Markets Act 19 of 2012.

The complete policy governing dealings in Company securities and insider trading is available 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: Business Development and Investor Relations, a Senior Executive: Corporate Affairs for ARM and an Executive: Legal Compliance and Stakeholder Relations.

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 policy 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 is available in the Investor Relations report on pages 258 to 262 and in the 2013 Sustainability Report available on ARM's corporate website: **www.arm.co.za**

Annual General Meeting

The Notice of Annual General Meeting is available on pages 265 to 272.

Sponsor

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

Risk report

Risk management philosophy, internal control and enterprise risk management (ERM) policy

ARM's risk management philosophy commits to developing, embedding, cost effectively implementing and continually reviewing the systems of internal control and ERM at all levels within the Company. It facilitates anticipation of and response to a changing business environment; keeping our people safe and healthy; reducing ARM's environmental impact to a minimum; developing constructive stakeholder relationships; and preserving and enhancing ARM's assets and earnings potential.

To implement this policy ARM:

- strives to protect and improve the health, safety and wellbeing of everyone affected by its operations
- identifies, evaluates and regularly reviews the risks faced in achieving objectives
- develops and executes appropriate actions and controls through its formal management framework that supports the achievement of strategic objectives
- preserves and enhances ARM's assets and earnings potential to safeguard and optimise the Company's assets and the shareholders' investment
- implements and maintains effective internal control and risk management programmes
- makes environmental management part of all activities and operates in accordance with the principles and procedures of the Mineral and Petroleum Resources Development Act (MPRDA) and the National Environmental Management Act (NEMA)
- ensures compliance with applicable legislation
- retains risk/self-insure to optimal capacity, in line with its conservative approach to financial constraints and the protection of shareholders' interests
- accepts, reduces or shares risk, ensuring the residual exposure is within its risk appetite or tolerance
- uses secure insurance and re-insurance markets to insure against catastrophic incidents and losses beyond its risk retention capacity.

Internal control and enterprise risk management (ERM) policy

ARM's Board of Directors has committed ARM to sound and effective systems of internal control and to a process of risk management that is aligned with the principles of King III.

ARM expects all of its subsidiaries, joint ventures, strategic alliances, strategic and functional areas, business units, operations, projects and processes to be subject to this internal control and enterprise risk management policy.

An annual Risk Management Plan is approved by the ARM Audit and Risk Committee, executed on an ongoing basis by ARM Risk Management and monitored by the Management Risk Committee (MRC) and the ARM and joint venture audit and risk committees on a quarterly basis. This plan ensures the implementation within the Company of its enterprise wide risk management (ERM) process.

The ERM process involves a unitary framework of identification and quantification of risks at all levels within the Company. The effectiveness of mitigation and control performance is measured, monitored and benchmarked against the Company's own and international best practice standards to meet and exceed ARM's risk management standards.

This process is consistent with ARM's "We do it better" management style and strives for the ongoing improvement of ARM's risk preparedness and effective corporate governance to achieve the objective of managing and minimising short-, medium- and long-term risk on all our operations.

ARM's risk profile requires that a prudent approach to corporate risk is adopted and decisions regarding risk tolerance and risk mitigation reflect this. ARM selects controls, mitigating actions and risk interventions, based on their potential to increase the likelihood of ARM fulfilling its stakeholder commitments. Sound management of risks provides ARM with the flexibility to anticipate and respond to changes in the business environment and make informed decisions in uncertain times.

We continue to embed our ERM and internal control processes in our business systems and processes, which will ensure that ARM's responses to risk remain current and dynamic.

Every employee has a part to play in this important endeavour.

Mike Schmidt
Chief Executive Officer

Management of risk

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

Management and reporting structure

The ARM Board tasks the Audit and Risk Committee with the oversight of risk management. The Audit and Risk Committee has established the Management Risk Committee (MRC) to assist it with its responsibilities. The ARM Chief Executive Officer chairs the MRC and its members include the divisional chief executives, the Financial Director, the Executive: Sustainable Development, the Chief Information Officer, the Leader: Risk Management and members of the ARM Steering Committee. The Leader: Risk Management reports quarterly on the MRC's activities to the Audit and Risk Committee, and the Audit and Risk Committee Chairman reports to the Board.

The Leader: Risk Management and the ARM Risk Management team also report quarterly to the Social and Ethics Committee, divisional and joint venture operational committees, divisional audit committees, as well as divisional social and ethics/sustainable development committees, with the exception of the ARM Coal audit committee meetings.

The annual Risk Management Plan focuses on ensuring the implementation of ARM's Internal Control and ERM policy. Structured formalised reporting in the functional reporting areas facilitates reporting on progress and implementation of the plan.

Functional reporting areas and objectives

Risk register/enterprise risk management (ERM)
Ensures that a robust system of identifying, quantifying, monitoring, managing and reporting risks and opportunities (including business, financial, physical, commercial and other risks) is applied consistently throughout the Company.
Physical risk management
Ensures that the (physical) risk grading, risk improvement and other risk control initiatives are appropriate and that they maintain and enhance performance against agreed (international) risk standards.
Risk financing/insurance
Ensures that the risk financing/insurance programmes are comprehensive and adequately protect the Company against catastrophic risk.
Governance and risk: monitoring new developments
Ensures that risk issues arising out of the principles of corporate governance and codes of practice are considered on an ongoing basis.

The use of risk and control dashboards enhances the quality and consistency of reporting on the management of risk and controls and helps achieve specific reporting objectives. This also provides a consistent method of analysing, benchmarking and reviewing the standard of controls and their effectiveness. To ensure consistent analysis the same rating of control effectiveness is applied to control performance measured in terms of the:

- ERM process;
- internal audit and process reviews provided by all external assurance providers; and
- physical risk preparedness ratings (Balanced scorecard) provided by external assurance providers.

ERM Framework

ARM Risk Management continues to champion the integration of risk and assurance processes as it is recognised that the approach not only helps provide assurance and appropriate corporate governance compliance but also provides a practical and effective tool for the management of risk within ARM. This integration of risk and assurance is critically analysed against the ARM ERM Framework (the Framework), which includes ARM's risk management philosophy and policy, sets out the ERM management and reporting, processes, roles and responsibilities; provides standards and guidelines; and identifies the risk tolerance levels (periodically reviewed by the MRC and approved by the Audit and Risk Committee) for the operations, divisions and the Company.

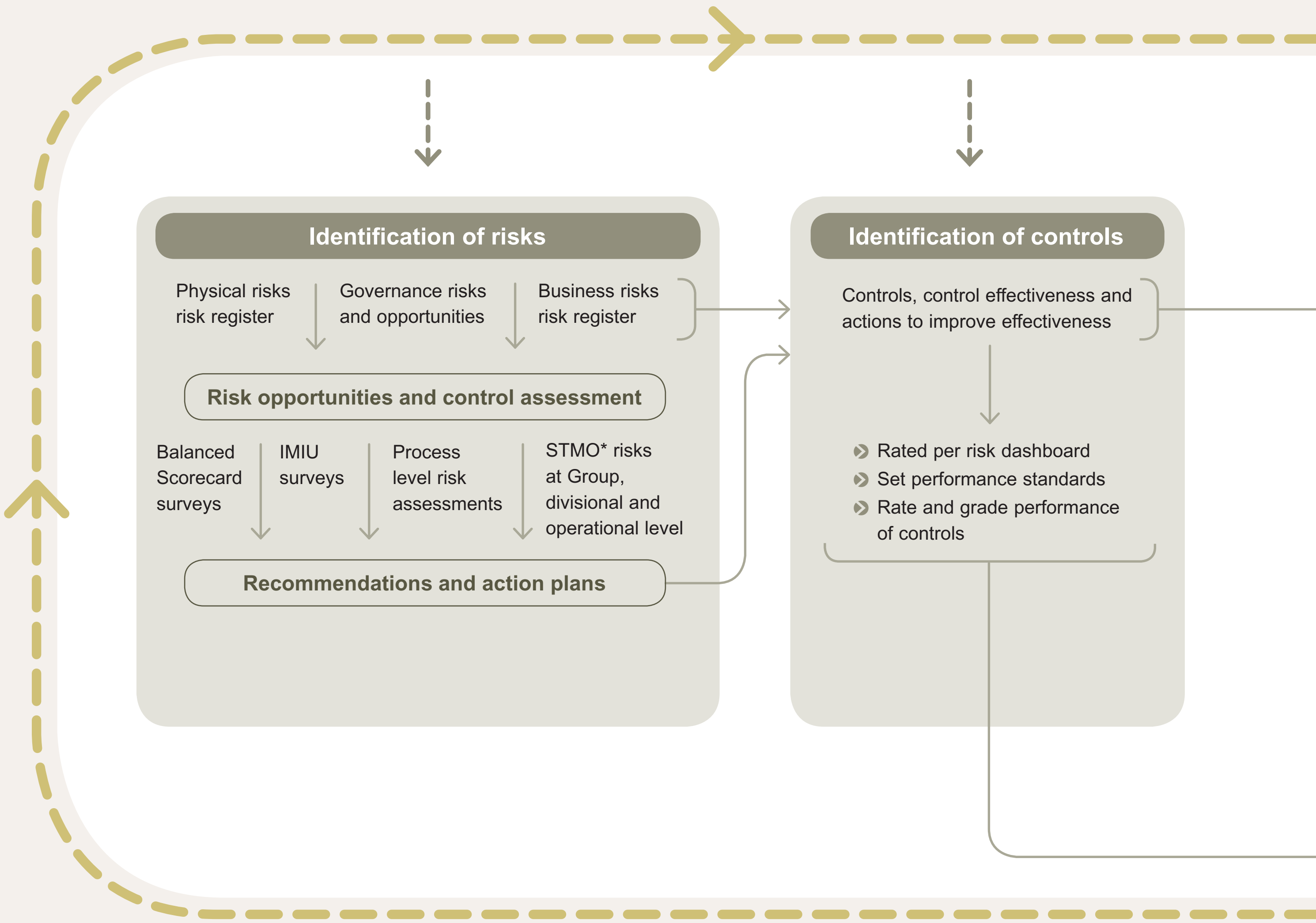
The Risk Management team periodically reviews and updates the detailed ERM Framework which was initially based on the COSO Framework of 2004. These updates have included reviewing and amending the Framework to incorporate ISO 31 000 principles, as well as the principles of King III and best practice risk management standards.

The Company's approach with its focus on identifying risks for the purpose of ensuring that effective controls are in place/ alternatively that mitigation/elimination practices are recognised and established, resonates with ARM's "We do it better" management style that incorporates the principle of continuous improvement.

A schematic of the entire ERM process is provided on pages 142 to 143.

Enterprise approach to the management and reporting of risk and controls in ARM

The ERM process



ARM's risk management initiatives must:

- continue to meet and exceed corporate governance requirements;
- provide an effective and efficient management tool for a continuous improvement process;
- provide evidence of meaningful management assurance that can be relied on by all stakeholders;
- facilitate the ongoing process of moving from exception reporting to performance of controls;
- identify risks (from long-term strategic planning to process level risks), with the specific objective of reviewing and ensuring that appropriate levels of control and mitigation are in place;
- set ARM performance standards and grading/rating performance of control and mitigation strategies;
- constantly reassess risk management initiatives to ensure they are relevant and that they anticipate emerging risks and opportunities; and
- add value to the efficiency and effectiveness of ARM's risk preparedness.

** Strategic, tactical and major operational risks.*

Acceptance or financing of risk

Governance and continuous improvement processes

Review process
- Risk registers
- Combined assurance
- Previous internal audit results and coverage
- Corporate governance requirements

Annual internal audit plan
(Risk-based audit approach)

Annual risk management plan

Internal audits

Actions include:
- Verification of control effectiveness
- Analysis of findings/recommendations
- Closing the loop (follow-up on internal audit findings/recommendations)

Focus on
- Ongoing risk identification
- Controls and effectiveness
- Risk financing/risk acceptance
- Reporting: providing assurance on governance risk and controls

Combined assurance

Reporting monitoring and assurance on governance, risk and controls

Risk and control reporting

Governance
- Internal audit rated per risk dashboard
- Detailed analysis of audit findings
- Follow-up reviews – closing the loop
- Governance, risk and control reporting

Risk register
- Business risk registers – risks, opportunities, controls and effectiveness

Risk financing/Risk acceptance

Physical risk management
- Balanced Scorecard
- IMIU ratings

Quarterly reporting to
- Operational audit committees
- Operations committees
- MRC
- ARM Social and Ethics Committee/ operational sustainable development committees
- ARM Audit and Risk Committee (which reports to the ARM Board)

The risk register function

The aim of the ARM risk register function is to ensure that relevant risks and opportunities are identified, that for each risk/opportunity the controls and mitigation strategies are identified and the efficacy of these controls considered. Where it is considered necessary to improve the control environment, the process requires that appropriate action plans are identified to improve controls or introduce mitigation strategies that would have the effect of reducing the risk profile. This ties in with ARM's "We do it better" management approach, which incorporates the principle of continuous improvement.

The scope of the risk register function extends from addressing strategic, tactical and major operational risks and opportunities to detailed risk assessments at a process level (and for specialised functions) across ARM, its divisions, operations and individual processes.

ARM's focus on ensuring the implementation of mitigating strategies and effective control 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.

Integrating risk and assurance and maintaining the focus on continuous improvement

Once the risk register has detailed each risk/opportunity identified and the existing controls and their associated control effectiveness this information is provided to the internal auditors together with the initial outcome and results of the Combined Assurance Status reports.

In consultation with ARM Risk Management, internal audit:

- uses this information to plan internal audit coverage, ensures that it is comprehensive and provides focus on considering identified high risk areas for particular attention;
- enhances the integration of the risk and internal audit functions by reviewing the process level risk assessments during their annual audit programme as well as the effectiveness of the controls/mitigation strategies associated with the identified risks; and
- reviews the strategic, tactical and major operational risks and their appropriate controls for relevancy and accuracy.

Embedding the ERM process

To embed the ERM process, ARM ensures that the risk register process, including the integration of appropriate management assurance and compliance reporting, plays an integral part in the management of all of its operations. This is achieved through:

- quarterly risk workshops and reviews;
- risk registers;
- quarterly updates;
- quarterly presentation of risks and controls;
- annual internal audit planning processes;
- external consultants' reports on risk, control and control effectiveness;
- review by internal audit of the ERM framework and the internal control and ERM policy for effectiveness and compliance with best practice corporate governance; and
- the combined assurance process incorporation into ERM process.

Physical risk management function

ARM addresses and reports on physical risks and their respective control environments separately and specifically to ensure that they receive focused attention. The identification of specific physical/operational risks and their attendant controls is also captured in the Risk Register process. However, it is through ARM's independent, focused Balanced scorecard and benchmarking processes that risk and control initiatives are progressed, monitored and reported.

Responsibility for management of risk

While the risk management approach (recorded in the Internal Control and ERM policy) emphasises that ARM's general managers are directly accountable for the management of risk in the area within his/her control, ARM Risk Management recognises that independent specialist expertise is necessary to guide and assist management in this area.

Specialist assistance provided to guide operations

ARM engages external consultants to assist its operations with the identification of risk and the rating and benchmarking of risk performance. This includes the Balanced scorecard programme and benchmarking surveys undertaken by the International Mining Industry Underwriters (IMIU).

The Balanced scorecard grades the operations against international best standards for risks associated with fire and explosions, flooding, mechanical engineering, electrical engineering, planned maintenance and risk management organisation and makes it possible for ARM to provide consistent monitoring of management assurance to all its relevant internal and external stakeholders. The Company recently revised its physical security scorecard to increase its focus on risk and controls and to provide performance standards and rating criteria that are far more critical than in the past.

The benchmarking surveys measure the operations against an international benchmark of risk preparedness.

ARM uses a combination of the information from the Balanced scorecard, the engine room of the physical risk management process, and the benchmarking and recommendations contained in the IMIU survey reports to guide the continuous improvement programme. ARM includes IMIU's risk recommendations in the Balanced scorecard and develops appropriate action plans.

The information obtained from these processes:

- provides a reliable measurement of controls, mitigation strategies and risk protection standards against which the risk management performance can be compared;
- allows ARM and its operations to focus on high risk areas;
- helps to continually develop and improve standards and ensure they meet international norms; and
- focuses attention on risk protection systems − both automatic and manual – to promote consistency with recognised internationally-accredited fire standards.

Risk financing insurance

ARM's risk financing strategy, which has remained consistant over many years considers the extent of risk self-retained by both the operations and the Company as a whole. This requires a mature approach to the management of controls and mitigation

Ball mill section, Lubambe Copper Mine

strategies that limit exposure to loss-producing events, which is both required and expected of management at all levels within ARM and is consistent with ARM's risk management philosophy.

The risk financing strategy focuses on delivering a cost-effective risk financing mechanism that will protect ARM against the financial consequences flowing from chance risk events. Its aim is to increase the likelihood of ARM succeeding in reducing both the probability of failure and/or uncertainty around achieving its overall objectives.

ARM remains committed to mutually beneficial long-term relationships with its risk partners/underwriters and to continually developing relationships with responsible and financially sound risk carriers.

Processes and principles in place to achieve ARM's strategy:

- identify and quantify each operation's exposures and risk profiles (frequency and severity exposures);
- ensure the availability of detailed and reliable risk and loss information;
- use forecasting techniques, where appropriate, to determine levels of predictability and optimal structure;
- consider potential increased self-assumption of risk (by operations and ARM) to ensure efficient risk financing at all levels;
- develop or use free reserves (within captive/risk financing vehicles) and accumulated self-retained amounts to finance the self-retained exposure;
- remove non-Group risk carriers from all but catastrophe exposures;
- provide broad-based insurance protection with appropriate limits to achieve a consistent approach to risk; and
- use accumulated reserves (within captive structures) with innovative structuring to extend risk financing programmes to carry risks of a non-conventional nature.

Risks, opportunities and challenges

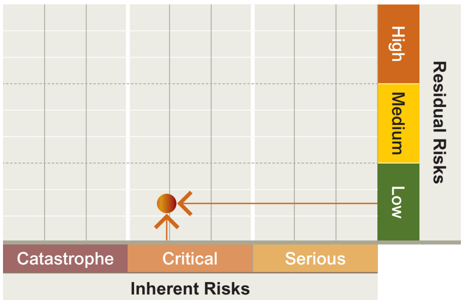
ARM's comprehensive Enterprise Risk Management process includes a detailed identification of risks ranging from process level risk assessments at individual operations, through to strategic, tactical and major operational (STMO) risks at operational, divisional and ARM Group level.

The quarterly review of strategic, tactical and major operational risks includes: specific focus on the efficacy of controls (and mitigating strategies) relating to the identified risks; actions that may be required to improve the control effectiveness; a note of any change to risk profiles; recognising new and emerging risks and any increased risk velocity (risks that require immediate management focus). The risks recorded below include certain of the risks that are regarded as principal risks, opportunities and challenges for the ARM Group. These risks and their attendant controls are presented and discussed at quarterly Management Risk Committee and Audit and Risk Committee meetings.

In the schedule below:

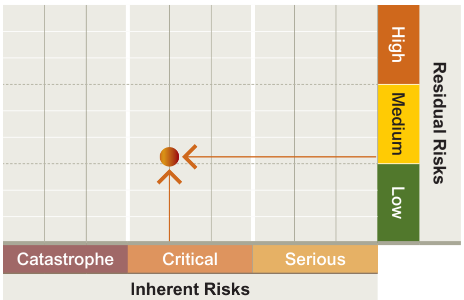
- "Inherent risk" means the potential risk/opportunity before the application of controls; and
- "Residual risk" means the residual risk after the application of controls.

Risks	Control effectiveness



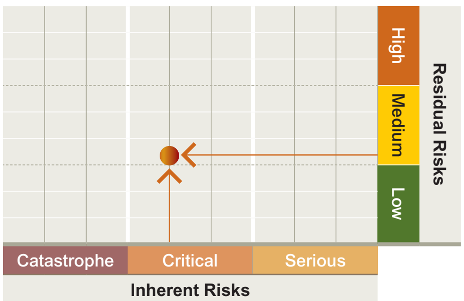
Safety and health

Although not significantly exposed to deep level mining operations, ARM is acutely aware of the risks associated with our mining and smelting operations. We value the health and wellbeing of all employees and the effectiveness of ARM's safety and health management and reporting structures is paramount. Each divisional chief executive is tasked with ensuring the safety and health of all employees and contractors are appropriately managed. Leading the effectiveness of this function is the Executive: Sustainable Development, who reports directly to the Chief Executive Officer.



Long-term business strategy

To mitigate any risk that the long-term strategic planning may present, ARM has robust but flexible strategy and growth management processes in place. These include a full-time dedicated Growth and Development Management team which reports to a Growth and Strategic Development Committee, whose members are all senior executives of ARM. Specialist consultants are periodically involved, where appropriate, to provide input, focus and assurance.

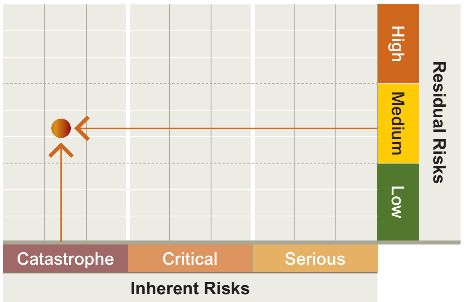


Regulatory and legal compliance

ARM recognises that ensuring regulatory and legal compliance requires detailed attention in all areas. Considerable attention is given to the measurement of and reporting on compliance and providing appropriate management assurance. While the internal control measures ensure compliance, ARM seeks to continually improve its monitoring, measurement and assurance processes through its continuous improvement management approach.

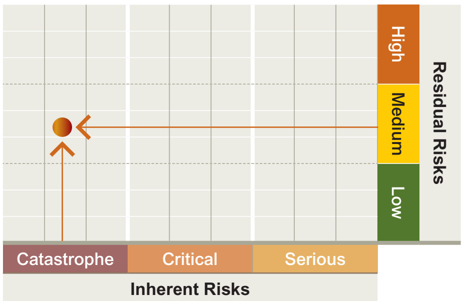
Less control | Satisfactory control | Good control

Risks	Control effectiveness



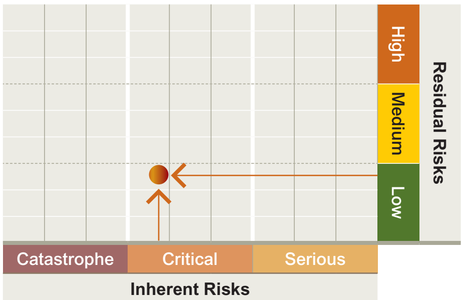
Key skills

ARM recognises that its future success depends on its ability to attract, retain and develop suitably skilled and qualified employees. To achieve this, the Company has attractive share and bonus schemes which are regularly reviewed and improved. The Company also has appropriate retention policies, graduate professional programmes and the focused training of artisans for the development of key technical skills required. ARM continues to strive to be an employer of choice and has been acknowledged as a leading employer in the CRF Institute's "Top Employer" awards for the past three years.



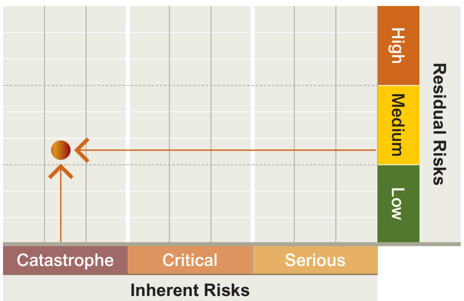
Climate change

The ARM Group safety, health, environment and quality (SHEQ) function monitors and provides guidance on SHEQ issues. Action plans include a strategic review of the Group's climate change risks, initiatives and approach. ARM is aligning its climate change policy with ICMM climate change developments. In developing the climate change policy, ARM is also considering the possible impact of climate change on ARM with the aim of developing a policy that will address its potential long-term impacts. ARM continually monitors and improves its sustainable development processes.



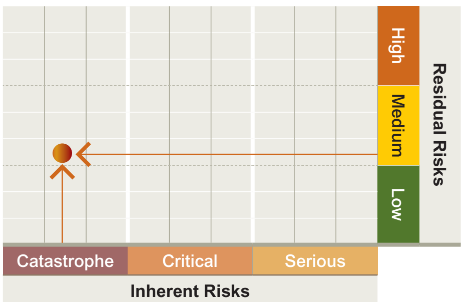
Stakeholder relationships

ARM recognises the risk to its business environment of having ineffective relationships with its various stakeholders. ARM identifies, develops and maintains multiple relationships with various stakeholders at all levels within ARM. Key individuals have responsibility for managing key relationships at operational, divisional and Group levels.



Labour relations

Stakeholder engagement processes associated with labour relations enjoy focused attention and this, together with ARM's approach of regularly engaging with trade unions at branch level, has helped foster positive labour relations. Specific actions taken have contributed to sound labour relations and include ensuring resolution of grievances and concerns; having employment practices that recognise and deliver on transformation imperatives; employing members of local communities; and providing well-structured competitive remuneration packages. See key skills regarding ARM's Top Employer status.

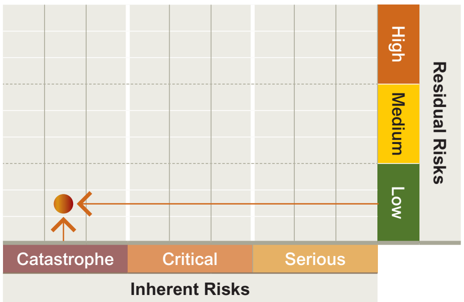


Pressure on margins/continued cost escalation

The softening/volatility of commodity prices and continued cost escalation places considerable pressure on margins. ARM counters this with productivity improvements, various cost reduction and efficiency initiatives and increased oversight by operational and executive management through ongoing review of production, costs and control initiatives. ARM strives to be below the 50th percentile of the global cost curve (based on steady state production) and the operations are benchmarked against the global cost curve (see page 7).

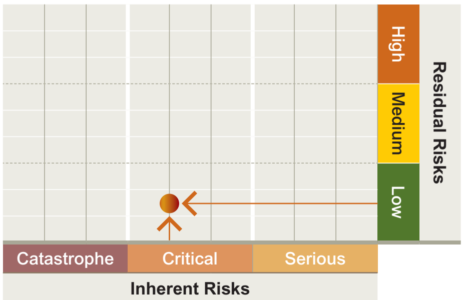
Less control | Satisfactory control | Good control

Risks	Control effectiveness



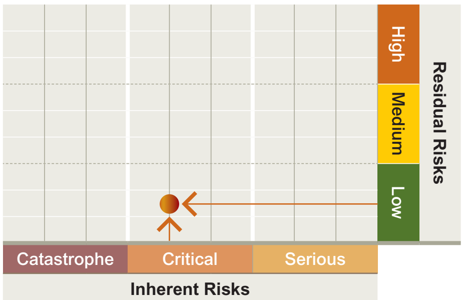
Liquidity and capital management

ARM continually monitors and improves its cash management processes and capital control.



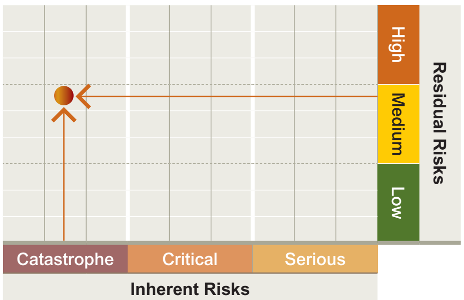
Effective transformation

Transformation is one of ARM's core values and it actively strives to make a meaningful contribution to transformation in the South African mining industry. ARM has social and labour plans (SLP), Corporate Social Investment (CSI), Local Economic Development (LED) and enterprise development budgets in place as well as transformation plans and projects. Improved compliance monitoring of our SLPs has been introduced. The smelter operations have approved transformation plans and our mining operations have defined and submitted their SLPs as part of their mining licence applications.



Ethics and reputation

ARM's strong commitment to ethical behaviour and the steps taken to encourage and monitor ethical behaviour throughout the operations is detailed on page 138 of this report.

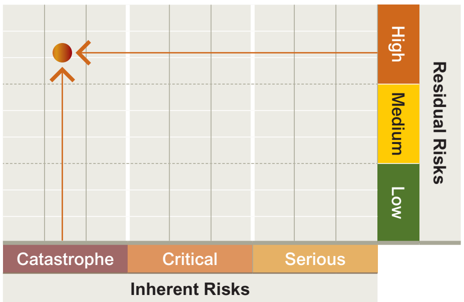


Commodity prices and global demand

The volatility of commodity pricing driven by short- and long-term inequalities in global demand/supply relationships continues to be both a significant exposure and opportunity for ARM. The risk is mitigated by maintaining a diversified portfolio of commodities and constantly monitoring commodity markets in close collaboration with ARM's joint venture partners to ensure our planning and mitigation processes assist in reducing the impact of these risks. ARM's strategy of targeting to have all operations below the 50th percentile of their respective global cost curve is a key measure to mitigate against this risk.

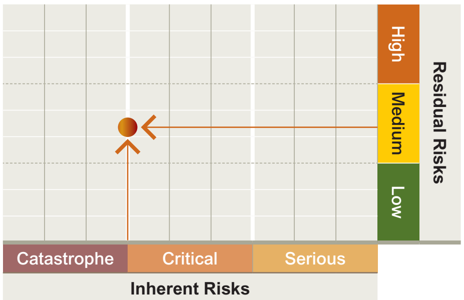
Less control | Satisfactory control | Good control

Risks	Control effectiveness



Exchange rate fluctuation

Coupled with the risk/opportunity created by commodity price volatility is the influence of the Rand/US$ exchange rate. ARM does not engage in currency hedging other than for the purchase of long lead time capital equipment and project funding, if required.

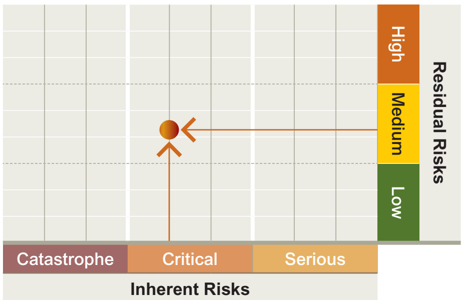


Resource nationalism, political and fiscal risks

The risk/opportunity associated with potential changes in legislation, regulations, taxes or royalties affecting the mining industry continue to be considered and monitored by ARM.

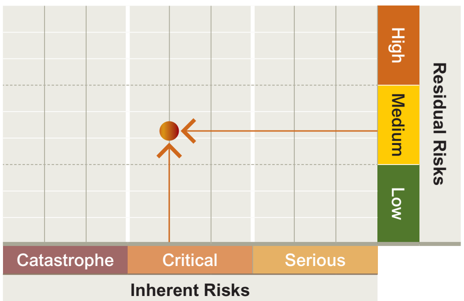
ARM maintains relationships with key stakeholders, is involved in appropriate initiatives and is represented by the Chamber of Mines on issues associated with the mining industry. ARM also has regular communication with investors and analysts on major changes affecting the mining industry generally and ARM in particular.

The approach to relationships with stakeholders associated with these risks is explained under stakeholder relationships.



Infrastructure access and capacity: rail and port logistics

Logistics constraints and access to rail and port capacity are challenges/opportunities which can affect ARM's ability to meet demand for its commodities and may have a material impact on the timing of strategic export growth initiatives planned for the manganese, iron ore and coal operations. ARM is actively involved in commodity and logistics industry initiatives, including being an active member of a commodity-specific steering committee which regularly meets with Transnet on these issues.



Security of energy supply

The security of supply of electricity (both in respect of cost and current and future capacity) presents a significant challenge particularly in relation to the ferromanganese smelters which are intensive users of electricity. The considerable increase in electricity costs in South Africa also affects the ability to contain costs. The operations continue to implement energy efficiency plans and to explore co-generation opportunities and other alternative energy sources. The ARM Ferrous Division (Assmang) is a member of the Energy Intensive User Group. ARM has put plans in place to manage and mitigate the risk to and impact on the production of load shedding in the short-term and the possibility of reduced baseline allocations in the longer term.

Less control | Satisfactory control | Good control

Schedule of values, related strategy and associated risks

Our values	Related strategy	Associated risks
Work responsibly to achieve the balance between the social, economic and environmental aspects of our business essential to the sustainability of our business and its long-term growth	• Operational efficiencies – all operations to be below the 50th percentile • Responsible community development • Employer of choice	• Social licence to operate • Safety and health • Labour • Continued cost escalation • Regulatory compliance
Invest in keeping our employees safe and healthy and remain an employer of choice by investing in our people through aggressively benchmarking our remuneration with our peers, training and retraining our employees, developing our talent pool and establishing a leadership succession plan	• Employer of choice	• Safety and health • Labour • Key skills
Maintain the highest standards of corporate governance through a governance structure designed to ensure the Board of Directors retains effective control over the Company and is responsible for leading ARM's commitment to transparency, accountability and ethical behaviour	• World-class management team	• Regulatory compliance
Practice the highest standards of personal and professional integrity and conduct business in an ethical manner and in the interests of both ARM and all its stakeholders. We believe demonstrating this behaviour provides an environment that encourages our employees, contractors and business partners to behave ethically	• World-class management team • Partner of choice	• Regulatory and legal compliance • Social licence to operate • Ethics and reputation
Be committed to open, respectful two-way engagement with all stakeholders, but in particular with the workforce, trade unions, regulators, communities, suppliers, customers, business partners and shareholders	• Entrepreneurial management • Partner of choice • Responsible community development • Employer of choice	• Stakeholder relationships • Social licence to operate • Business continuity • Labour relations
Maintain a non-discriminatory workplace based on fairness and employment equity, fair labour practices and freedom of association, which empowers our employees to contribute to the best of their ability, offers them rewarding career opportunities and in so doing supports transformation of the South African mining industry	• Employer of choice • World-class management team	• Labour relations • Key skills • Effective transformation
Employ a devolved management structure which, by placing accountability at operational and divisional level within a defined governance structure, allows entrepreneurial flair to flourish and to deliver cost benefits and an above average return on assets	• Entrepreneurial management	• Key skills • Effective transformation • Labour relations
Aim for operational excellence through continuous quality improvement and by employing a leading practice sustainable development framework to achieve our environmental and health performance targets and a safe, injury-free workplace	• Operational efficiencies • Owner operator	• Safety and health • Climate change • Infrastructure/logistics • Pressure on margins/ continued cost escalation


Two Rivers Mine ore transfer to plant

Our values	Related strategy	Associated risks
Create shareholder value by achieving organic growth through our pipeline of expansionary projects, maintaining operational excellence and making value creating acquisitions by assessing growth opportunities against a strict set of performance criteria	» Quality growth continues in ARM's portfolio of commodities – ramping up volumes and initiating new growth projects » Profit focused » Continue to assess acquisitions and joint venture opportunities	» Long-term business strategy » Key skills » Liquidity and capital management » Commodity prices and global demand » Exchange rate fluctuation » Infrastructure access and capacity/logistics » Security of energy supply
Improve the lives of the communities in which we operate by creating jobs, investing in projects that directly benefit them, providing skills training to community members that equips them for employment and support enterprise development in these communities	» Responsible community development » Quality growth continues in ARM's portfolio of commodities – ramping up volumes and initiating new growth projects » Employer of choice	» Social licence to operate » Regulatory compliance » Key skills » Ethics and reputation

Remuneration report

Role of the Remuneration Committee

ARM recognises that its strategic objectives 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.

This goal is only possible with an attractive employee value proposition with focused attention given to elements such as the Company's values, culture, talent management, workforce planning and competitive benefits and remuneration. This can only be achieved with a solid employer brand within the market.

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 talent management, 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 ARM's objective to be an Employer of Choice. We endeavour to achieve commitment and engagement of all employees. Remuneration and benefits significantly contribute towards this proposition.

These elements are discussed in more detail in the 2013 Sustainability Report available on ARM's corporate website: **www.arm.co.za**

Composition of the Remuneration Committee

Members:

A K Maditsi (Chairman from August 2012)

Dr M M M Bakane-Tuoane (Chairman until August 2012)

F Abbott

T A Boardman

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 Committee's 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

The Remuneration 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 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 within 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 salaries;
- 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 and that individual and corporate performance targets, both financial and sustainability-related, are tailored to the needs of ARM's business;
- recommending to the Board cash performance bonuses to 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;
- recommending to the Board grants or awards to Executive Directors and senior management to be made pursuant to ARM's long-term share-based incentive schemes;

- 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;
- 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.

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 three times during F2013.

Remuneration Committee: Meeting attendance

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

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 recommendation to the Board of the annual bonuses paid to Executive Directors and senior management in terms of the Out Performance Bonus Scheme.
- The recommendation to the Board of the annual offers to Executive Directors of share-based instruments in terms of The African Rainbow Minerals Share Incentive Scheme (the Scheme) and The African Rainbow Minerals Limited 2008 Share Plan (the Share Plan).
- The recommendation to the Board of the Board retainer and Board and Committee meeting attendance fees for Non-executive Directors, 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.

During F2013, ARM was certified as a "Top 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; and
- 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 in this regard.

Advisors to the Remuneration Committee

In F2013, the Remuneration Committee was advised by Deloitte & Touche, which provided, *inter alia* market benchmarking 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 Inc.

The Remuneration Committee and the Company also made use of the professional services and advice of PricewaterhouseCoopers (PwC)/Remchannel and EOH Human Capital (previously Compensation Technologies) to conduct surveys regarding Non-executive Director fees and conditions of employment 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 8 (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 for the following year.

Additional information is available in the Notice of Annual General Meeting on pages 265 to 272.

Remuneration Philosophy and Policy: Executive remuneration

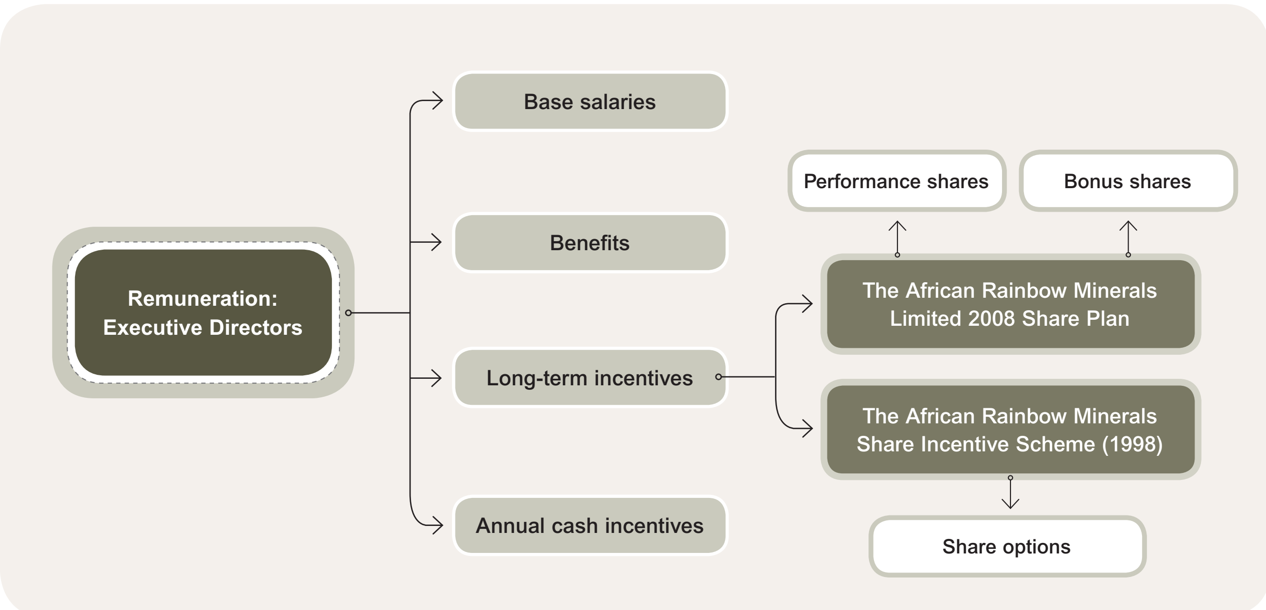
Principles of executive remuneration

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 95.48% of all job offers made were accepted;
- the ability to retain that top talent, as the annual turnover is only 1.72% with no turnover in top management;
- a management team that realises the ARM 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 those of 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; and
- 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 F2013, please refer to the Directors' report on pages 176 to 181.

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

Policy	Basis of delivery
Base salaries: • Are benchmarked against market practices, amongst other South African mining companies that are comparable in size, business complexity and international scope. • Generally reflect market median levels based on the role and individual skills and experience. • For key individuals, are aligned with the upper quartile of the resource market.	**Base salaries:** • Are paid monthly in cash. • Are reviewed annually, with changes taking effect on 1 July. • Increases are also determined by Company performance, individual performance and changes in responsibilities. • Form part of and are the major component of a total cost-to-company (TCTC) package, which also include 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. Total contribution to the fund, including risk benefits such as life and disability cover is 22.5% of pensionable salary. • The ARM Pension Fund is: – Managed by eight trustees of whom 50% are appointed by ARM and 50% are elected by the members. – Administered 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.
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.

<table>
<tr><th>Policy</th><th>Basis of delivery</th></tr>
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Annual cash incentives:
• Incentivised achievement against annual cost and profitability objectives are rewarded.
• Executive Directors and senior executives are allowed, prior to March, the voluntary deferral of either 25%, 33% or 50% of any bonus calculation into “co-investment” shares (see page 157 of this Remuneration report for details).
</td><td>
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 operational 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 operational unit cost of sales in each of the operational cluster(s);
– targeted operational production; and
– 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.
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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.
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Long-term (share-based) incentives:
• ARM’s long-term (share-based) incentives 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.
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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.

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. Although the number of performance shares to be settled as a result of the annual performance assessments would have been calculated, they will remain restricted and will only be settled at the end of the four year period.

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 177 to 178 and 180 to 181.

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 178 to 179 and 181.

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 179 to 181.

Deferred bonus/co-investment scheme

In February 2011, the Remuneration Committee approved a deferred bonus/co-investment scheme, in terms of 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%, 33% or a maximum of 50%) of any bonus calculated at the end of the performance year, is deferred and converted into an equivalent number 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 number 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 promotes the retention of employees and enhances 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 176 to 182.

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), Simelane (Chief Executive: ARM Copper) and Wilkens (Executive Director: Growth and Strategic Development). These contracts are subject to a one calendar month's termination notice period by either party. None of the employment contracts is a fixed-term contract. Executive agreements do not include restraint provisions applicable upon termination.

The remuneration paid in terms of the executive employment agreements with the Executive Directors is set out in detail on page 176 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 against those paid by 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 177.

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 proposed 5% 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, 6 December 2013. 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

	2013/14 Fees (Rand)*		2012/13 Fees (Rand)**	
	Annual	**Per meeting**	Annual	Per meeting
Lead Independent Non-executive Director	**443 350**	**17 000**	n/a	16 200
Independent Non-executive Director	**353 700**	**17 000**	336 850	16 200
Non-executive Director	**283 000**	**17 000**	269 500	16 200

* *Effective 1 July 2013, should the increase be approved by shareholders at the Annual General Meeting.*

** *Effective 1 July 2012.*

Committee meeting attendance fees

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 5% per annum (rounded to the nearest R50) for all committees, as set out in the table below. The fees provide remuneration for preparation for and attendance at meetings.

Committee meeting attendance fees

		2013/14 per Meeting fees (Rand)*	2012/13 per Meeting fees (Rand)**
Audit and Risk Committee			
	Chairman	**88 400**	84 200
	Member	**35 400**	33 700
Investment Committee, Nomination Committee, Remuneration Committee and Social and Ethics Committee			
	Chairman	**34 700**	33 000
	Member	**23 100**	22 000

* *Effective 1 July 2013, should the increase be approved by shareholders at the Annual General Meeting.*

** *Effective 1 July 2012.*

Fee for the Lead Independent Non-executive Director

On the advice of the Remuneration Committee, the Board recommends that the shareholders approve an annual retainer fee of R443 350, effective 1 July 2013, be paid to the Lead Independent Non-executive Director. In prior years, the Lead Independent Non-executive Director was paid for chairing quarterly meetings of Non-executive Directors. The proposed annual retainer fee is the annualised equivalent of the 2012/2013 fees of R21 350 per quarterly meeting increased by 5% (rounded to the nearest R50).

Please refer to the Notice of Annual General Meeting on pages 265 to 272.

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.

Agreements have been entered into between the Company and Messrs Chissano and Gule to perform services on behalf of the Company. The renewable contracts are subject to one calendar month's termination notice period 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 the termination of any contracts have been concluded between the Company and any of its Non-executive Directors.

Details regarding amounts paid in F2013 in terms of service contracts with Non-executive Directors are provided in the Directors' report on page 177.

Report of the Social and Ethics Committee

This report is provided by the Social and Ethics Committee (Committee) in terms of Regulation 43(5)(c) of the Companies Regulations promulgated in terms 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. Pursuant to the 2013 annual review minor amendments were made to the Committee's Terms of Reference. 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 2013 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 Regulation 43(5) of the Companies Regulations;
- monitored complaints received via ARM's whistleblowers' hotline, including complaints or concerns regarding sustainable development matters;
- 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 and at ARM Ferrous during F2013.

The Company reviewed its initiatives to counteract risks of fraud, bribery and corruption. As more fully described on page 138 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 to under the social and labour plans; and
- the ARM Broad-based Economic Empowerment Trust projects.

The Committee specifically focused 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 is available in the Sustainability review on pages 32 to 51 of this report and in the 2013 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 Regulations and its Terms of Reference.

On behalf of the Social and Ethics Committee

Dr Rejoice V Simelane
Chairman of the Social and Ethics Committee

16 October 2013

Board of Directors

Patrice Motsepe (51) Executive Chairman
BA (Legal), LLB

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 Gold Mining Company Limited (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.

Mike Schmidt (55) Chief Executive Officer
Mine Managers Certificate, MDP, Pr Cert Eng

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.

Mike Arnold (56) Financial Director
BSc Eng (Mining Geology), BCompt (Hons), CA(SA)

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.

Dan Simelane (51) Executive Director
BA (Legal), LLB, LLM (International Business Law) and High Tax Diploma

Appointed on 1 July 2013. Dan Simelane has over 15 years of experience in the mining industry. He has served in the following companies as a Senior Tax Consultant, Legal Advisor, Executive or Director: Arthur Andersen, Swaziland Electricity Board, Anglovaal Mining Limited, TEAL Exploration & Mining Limited, African Rainbow Minerals Limited and Harmony.

He is currently the Chief Executive of ARM Copper, a division of ARM. He sits on a number of boards, including the Premier Soccer League and Mamelodi Sundowns Football Club.

André Wilkens (64) Executive Director: Growth and Strategic Development

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

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 Mike Schmidt as 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 44 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.

Dr Manana Bakane-Tuoane (65) Lead Independent Non-executive Director

BA (Economics and Statistics), MA, PhD (Econ)

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.

Frank Abbott (58) Independent Non-executive Director

BCom, CA(SA), MBL

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.

Tom Boardman (63) Independent Non-executive Director

BCom, CA(SA)

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.

Anton Botha (60) Independent Non-executive Director

BCom (Marketing), BProc, BCom (Hons), SEP (Stanford)

Appointed to the Board in 2009. Anton Botha is a co-founder, 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 Limited, building it into a leading South African investment banking group that became a wholly-owned subsidiary of Sanlam Limited in 2000.

Joaquim Chissano (73) Independent Non-executive Director

PhD

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.

Mike King (76) Independent Non-executive Director

CA(SA), FCA

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.

Alex Maditsi (51) Independent Non-executive Director

BProc, LLB, LLM

Appointed to the Board in 2004. Alex Maditsi is the Managing Director of Copper Moon Trading (Pty) Ltd. Previously he was employed by Coca Cola South Africa as a Franchise Director for South Africa. 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. Alex's directorships include Bidvest Group and Sterling Debt Recovery.

Dr Rejoice Simelane (61) Independent Non-executive Director
BA (Econ and Acc), MA, PhD (Econ), LLB (UNISA)

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 and Mamelodi Sundowns Football Club. 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.

Bernard Swanepoel (52) Independent Non-executive Director
BSc (Min Eng), BCom (Hons)

Appointed to the Board in 2003. Bernard Swanepoel started his career with Gengold in 1983, culminating in his appointment as General Manager of Beatrix Mines in 1993. He joined Randgold in 1995 as Managing Director of the Harmony Mine. 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.

Mangisi Gule (61) Non-executive Director
BA (Hons) Wits, P & DM (Wits Business School)

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 was the Executive Director: Corporate Affairs until 30 June 2013. He has been a Non-executive Director of the Company since 1 July 2013. Mangisi 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 Mining Consortium Limited and Modikwa Mining Personnel Services (Pty) Ltd.

Steering Committee

Mike Schmidt
Chief Executive Officer

Mike Arnold
Financial Director

Dan Simelane
Executive Director and
Chief Executive: ARM Copper

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: Exploration and New
Business, ARM Exploration

Director Matlala
Leader: Transformation

Francois Uys
Chief Executive:
ARM Platinum

Imrhan Paruk
Executive: Corporate
Development

Jan Steenkamp
Chief Executive: ARM
Strategic Services and
Exploration

Johan Pistorius
Chief Information Officer

Jongisa Klaas
Corporate Development and
Head of Investor Relations

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: Stakeholder Relations, ARM Ferrous

Rilette Avenant-Buys
Executive: Logistics

Sandile Langa
Executive Legal: ARM Coal

Steve Mashalane
Senior Executive: ARM Corporate Affairs

Stompie Shiels
Executive: Business Development

Thando Mkatshana
Chief Executive: ARM Coal

Zandile Moseke
Human Resources Manager: Corporate

Annual financial statements

Exploration drill rig, Lubambe Copper 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 the financial statements in accordance with the 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 130 to 131 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 the operations of the Company and the Group and the financial position of 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 and the Group.

The consolidated and separate annual financial statements on pages 169 to 257, were approved by the Board and are signed on its behalf by:

Patrice Motsepe
Executive Chairman

Mike Schmidt
Chief Executive Officer

Johannesburg
16 October 2013

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 2013, the Company has lodged with the Commissioner of the Companies and Intellectual Property Commission 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
16 October 2013

Report of the Audit and Risk Committee

This report is provided by the Audit and Risk Committee appointed in respect of the F2013 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 130 and 131 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 Companies Act and all applicable legal and regulatory requirements for the appointment of the external 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 2014.

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 auditor and internal auditor.

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 2013, based on negative assurance, delivered an assessment of "Acceptable with room for improvement". 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 2013, 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 ended 30 June 2013. 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 162 to 165.
** *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 external 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 2013, 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 2013 Integrated Annual Report to the Board for approval. 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

16 October 2013

Independent Auditor's report

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 173 to 250, which comprise the statements of financial position as at 30 June 2013 and the income statements, 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 Separate 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 2013, 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 2013, we have read the Audit and Risk Committee's report and the Certificate of the Company Secretary 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

16 October 2013

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 2013.

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, base metals, ferrous metals and alloys, which include platinum group metals, nickel, copper, 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 Glencore Operations South Africa (Pty) Ltd (previously Xstrata South Africa (Pty) Ltd).

ARM's assets in the rest of Africa are held in a 50:50 incorporated joint venture with Vale SA. At year end, the Kalumines joint venture consisted of a copper mine and exploration areas in Zambia and a copper/cobalt project in the Democratic Republic of the Congo (DRC). The decision to exit the Kalumines project was implemented subsequent to year end. The Lubambe Copper Mine commissioned its concentrator plant in 2012. Zambian Consolidated Copper Mines Investment Holdings, a state-controlled company, owns 20% of the Lubambe Copper Mine and exploration area.

Holding company

The Company's largest shareholder is African Rainbow Minerals & Exploration Investments (Pty) Ltd (ARMI), holding 40.70% of the issued ordinary share capital of the Company as at 30 June 2013. The sole shareholder of ARMI is Ubuntu-Ubuntu Commercial Enterprises (Pty) Ltd, the shares of which are held by Trusts all of which, except The Motsepe Foundation, own those shares for the benefit of Mr Patrice Motsepe and his immediate family. The Motsepe Foundation applies the benefits emanating from its indirect shareholding in ARM for philanthropic purposes.

In addition, 0.37% of the issued share capital of ARM is held by Botho-Botho Commercial Enterprises (Pty) Ltd, all the shares of which are beneficially owned by Trusts which Trusts, with the exception of The Motsepe Foundation, hold those shares for the benefit of Mr Motsepe and his immediate family.

ARM is one of the largest black-controlled mineral resource companies in South Africa. ARM is committed to the spirit and objectives of the Mineral and Petroleum Resources Development Act 28 of 2002, 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 has been completed. The beneficiaries include several South African communities and community leaders, church groups, union representatives, a women's upliftment trust and seven regional upliftment trusts. The ARM BBEE Trust distributed R10 million to beneficiaries during the past year arising from ARM's Dividend No 6.

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 2013, on pages 4 to 101.

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, as noted in the Corporate Governance report on pages 124 and 125.

For details of how the Company applies the King III principles, see the comprehensive King III checklist on ARM's corporate website: **www.arm.co.za**

Financial results

The consolidated and separate financial statements and accounting policies appear on pages 184 to 250 of this report. The results for the year ended 30 June 2013 have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of those standards adopted by the International Accounting Standards Board (IASB), requirements of the South African Companies Act 71 of 2008, as amended, in the SAICA Financial Reporting Guides as issued by the Accounting Practice Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the Listings Requirements of the JSE Limited. The consolidated and separate financial statements fairly present the state of affairs of the Company and adequate accounting records have been maintained.

Borrowings and cash

Total interest-bearing borrowings at 30 June 2013 amounted to R3.99 billion, which is higher than the F2012 amount of R3.24 billion. Borrowings mainly increased as a result of funding raised for the development of the Lubambe Copper Mine through external borrowings. Cash and cash equivalents increased by R1.07 billion to R4.63 billion as at 30 June 2013. As a result ARM is in a net cash position of R640 million (F2012: net cash position of R327 million).

ARM's borrowings are fully described in notes 15, 20 and 35 to the financial statements.

ARM's borrowing powers are in accordance with its Memorandum of Incorporation (MOI) and are unlimited subject to any regulation that may be made by the Company in general meeting. There are no borrowing power provisions in its MOI.

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 2014. 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 2011.

All tax submissions up to and including June 2012 have been submitted. The tax return for June 2013 will be submitted during F2014.

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 249 to 250.

The Financial Director's report on page 20 includes an outline of the findings on the impact of new accounting standards IFRS 10 and IFRS 11 on the accounting treatment of its jointly controlled entities.

Dividend

The seventh annual gross dividend of 510 cents per share declared on Monday, 2 September 2013 in respect of the year ended 30 June 2013 (F2012: 475 cents per share) amounted to a distribution of approximately R1 100 million.

The dividend was subject to the 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 510 cents and the Secondary Tax on Companies (STC) credits utilised was an amount of R992 980 098 or 460.51257 SA cents per share;
- No STC credits remain after this dividend;
- The gross local dividend amount was 510 cents per ordinary share for shareholders exempt from the Dividends Tax;
- The net local dividend amount was 502.57689 cents per ordinary share for shareholders liable to pay the Dividends Tax;
- As at the date of the dividend declaration, ARM had 215 624 972 ordinary shares in issue; and
- ARM's income tax reference number is 9030/018/60/1.

A gross dividend of 510 cents per ordinary share, being the dividend for the year ended 30 June 2013, was paid to shareholders on Monday, 30 September 2013. 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 F2013 amounted to R3.5 billion (F2012: R4.3 billion). Full details are set out in the Financial Director's report on pages 14 to 21 and in the Operational reviews on pages 53 to 101.

Events after the reporting date

The Kalumines transaction was concluded after the year end. As a result, all the Kalumines assets are reflected as held for sale.

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

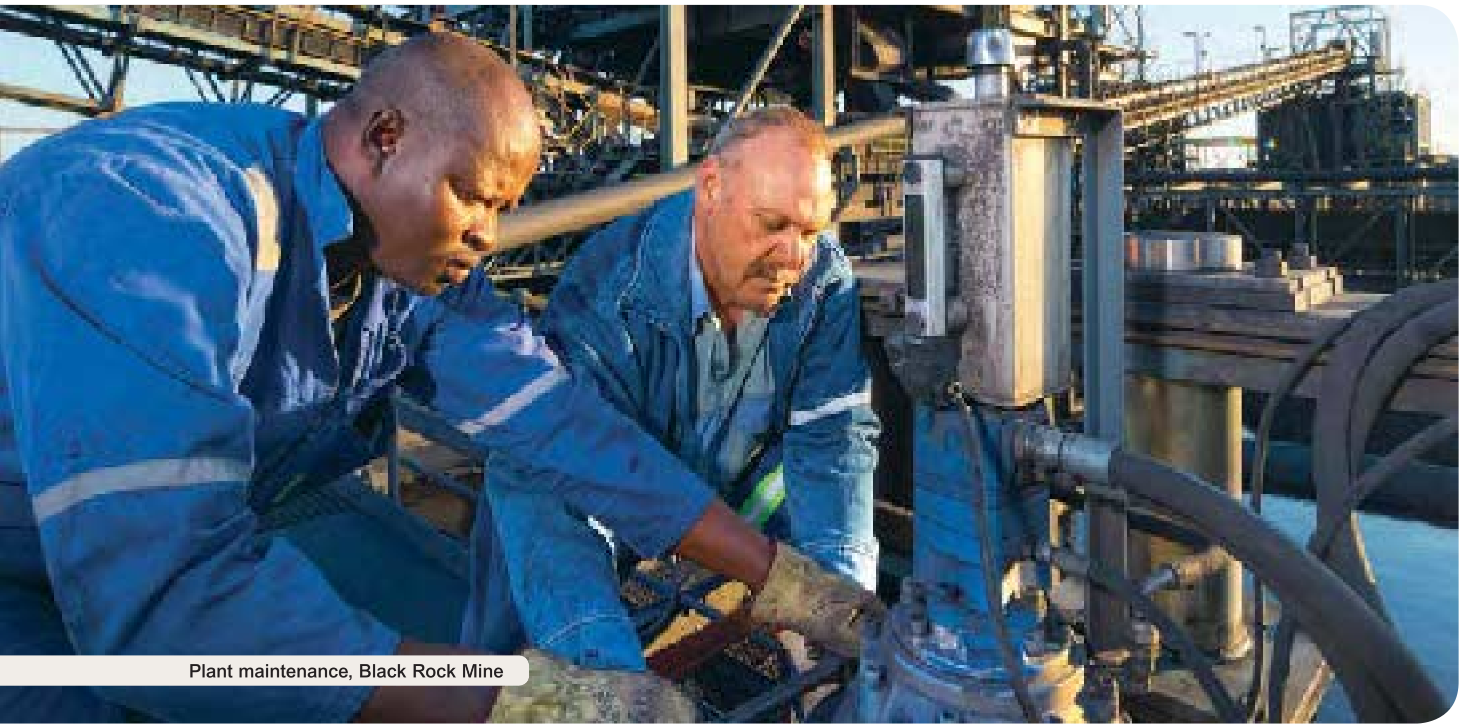
A comprehensive analysis of shareholders together with a list of shareholders beneficially holding, directly or indirectly, in excess of 5% of the ordinary shares of the Company at 30 June 2013, is set out in the Investor Relations report on pages 259 to 261.

Directorate

The composition of the Board is set out on page 126. *Curricula vitae* of the Directors may be found on pages 162 to 165.

Mr W M Gule ceased his role as Chief Executive: ARM Coal on 3 September 2012, and was the Executive Director: Corporate Affairs until his retirement on 30 June 2013. Mr Gule became a Non-executive Director of the Company with effect from 1 July 2013. Mr D V Simelane, Chief Executive of ARM Copper, became an Executive Director of the Company with effect from 1 July 2013.

The Memorandum of Incorporation provides for one-third of the previously elected Non-executive Directors to retire by rotation. The Non-executive Directors affected by this requirement are Dr M M M Bakane-Tuoane and Messrs F Abbott and T A Boardman each of whom is available for re-election. Mr M W King, who will retire by rotation at the next Annual General Meeting, advised the Board on 28 August 2013 that due to his age, he would not stand for re-election. Mr D V Simelane, who was appointed to the Board subsequent to the previous Annual General Meeting, must be considered for election by the shareholders at the 6 December 2013 Annual General Meeting.



Plant maintenance, Black Rock Mine

Interest of Directors

The direct beneficial and non-beneficial interests of the Directors of the Company in the issued share capital of the Company were as follows:

	30 June 2013				30 June 2012			
	Direct		Indirect		Direct		Indirect	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial	Beneficial	Non-beneficial	Beneficial	Non-beneficial
P T Motsepe	–	–	88 540 712	–	–	–	88 382 206	–
M Arnold	13 787	–	–	–	9 029	–	–	–
A D Botha	–	–	17 450	–	–	–	17 450	–
M P Schmidt	11 171	–	–	–	8 563	–	–	–
A J Wilkens	59 739	–	329 178	–	44 629	–	329 178	–
Total	84 697	–	88 887 340	–	62 221	–	88 728 834	–

During F2013, Mr W M Gule acquired and sold 3 013 shares. Mr Gule ceased to be an Executive Director on 30 June 2013. He is now a Non-executive Director of the Company.

After the reporting date, Mr D V Simelane became an Executive Director of the Company on 1 July 2013. As at the date of this report, Mr Simelane held 6 736 shares in the Company. In settlement of bonus shares and performance shares on 26 September 2013, Mr Gule acquired 15 103 shares in the Company and sold 2 655 shares on 10 October 2013. No other Directors acquired a direct or indirect beneficial or non-beneficial interest in the issued share capital of the Company between 30 June 2013 and the date of this report.

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 152 to 159.

The table below sets out the emoluments paid during the year ended 30 June 2013 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 F2013	Pension scheme contri-butions F2013	Allow-ances F2013	**Total gross annual package F2013[8]**	Accrued bonus F2013	Total F2013	Total gross annual package F2012[8]	Accrued bonus F2012	Total F2012
Executive Directors*									
P T Motsepe	7 805	–	2	**7 807**	4 199	12 006	6 940	2 673	9 613
A J Wilkens	5 839	–	332	**6 171**	2 781	8 952	6 767	2 281	9 048
M Arnold	3 750	386	264	**4 400**	4 068	8 468	3 818	2 563	6 381
W M Gule[1]	2 619	260	339	**3 218**	734	3 952	2 887	1 849	4 736
K S Mashalane[2]	–	–	–	**–**	–	–	2 703	825	3 528
M P Schmidt[3]	5 372	496	363	**6 231**	3 208	9 439	4 763	1 553	6 316
L A Shiels[4]	–	–	–	**–**	–	–	2 642	1 695	4 337
J C Steenkamp[4]	–	–	–	**–**	–	–	5 100	4 364	9 464
Total for Executive Directors	25 385	1 142	1 300	**27 827**	14 990	42 817	35 620	17 803	53 423
Prescribed Officers[5]									
A Joubert[6]	3 051	349	282	**3 682**	1 692	5 374	–	–	–
L A Shiels[7]	2 568	320	286	**3 174**	2 980	6 154	240	154	394
J C Steenkamp[7]	4 645	573	783	**6 001**	5 563	11 564	462	397	859
Total for Prescribed Officers	10 264	1 242	1 351	**12 857**	10 235	23 092	702	551	1 253
Total for Executive Directors and Prescribed Officers	35 649	2 384	2 651	**40 684**	25 225	65 909	36 322	18 354	54 676

** Mr D V Simelane, Chief Executive of ARM Copper, became an Executive Director on 1 July 2013.*

[1] Mr W M Gule retired as an Executive Director on 30 June 2013. He is now a Non-executive Director of the Company.

[2] Mr K S Mashalane ceased to be an Executive Director on 1 June 2012. He remains a Senior Executive of the Company. Remuneration is shown for 1 July 2011 to 31 May 2012.

[3] Mr M P Schmidt was appointed to the Board on 1 September 2011. Remuneration for the F2012 is shown for 1 September 2011 to 30 June 2012.

[4] Messrs L A Shiels and J C Steenkamp ceased to be Executive Directors on 1 June 2012. They remain Senior Executives and Prescribed Officers of the Company. Remuneration as Executive Directors for F2012 is shown for 1 July 2011 to 31 May 2012.

[5] Prescribed Officers are disclosed in terms of the Companies Act, Section 30(4)(a).

[6] Mr A Joubert was appointed Chief Executive of ARM Ferrous on 1 July 2012 and therefore his remuneration is only shown for F2013.

[7] The remuneration for Messrs Shiels and Steenkamp as Prescribed Officers in F2012 is shown for 1 June 2012 to 30 June 2012.

[8] Total gross annual package before bonuses.

The accrued bonuses indicated for F2013 are based upon performance in F2013.

The bonuses earned by Executives Directors and Prescribed Officers were generally higher than those paid in the previous year. These bonuses were earned based on a combination of profit performance and cost performance targets at operations, and were approved by the Remuneration Committee and Board after considering aspects of the operational results for all divisions. Operational performance in F2013 exceeded targets with (i) sales volume increases at Khumani, Nkomati, Goedgevonden and Dwarsrivier; and (ii) the achievement of a R362 million headline earnings contribution turnaround at Nkomati in F2013, and overall operational costs were well controlled with Nkomati, Goedgevonden and the chrome alloy operations reporting a reduction in unit costs.

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.

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 158 and 159.

The Board has agreed to recommend an increase in Non-executive Directors' fees, effective from 1 July 2013, to ensure that Non-executive Directors' fees remain competitive. The Board further agreed to recommend an annual fee payable to the Lead Independent Non-executive Director. At the Annual General Meeting, shareholders will be requested to approve the increase in Directors' fees and the Lead Independent Non-executive Director's 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 2013.

Emoluments paid to Non-executive Directors

All figures in R000	Board and Committee fees	Other*	Total F2013	Total F2012
Non-executive Directors[1]				
Dr M M M Bakane-Tuoane	997	–	**997**	939
F Abbott	511	–	**511**	471
T A Boardman	784	–	**784**	723
A D Botha	834	–	**834**	815
J A Chissano	440	548	**988**	927
M W King	1 122	–	**1 122**	977
A K Maditsi	971	–	**971**	833
Dr R V Simelane	878	–	**878**	803
Z B Swanepoel	565	–	**565**	515
Total	7 102	548	**7 650**	7 003

** Additional information may be found under the heading "Service Contracts: Non-executive Directors" on page 159 of the Remuneration report.*

[1] *Payments for the reimbursement of out-of-pocket expenses have been excluded.*

Performance shares

Conditional awards of full value ARM shares are made to eligible participants pursuant to The African Rainbow Minerals Limited 2008 Share Plan (the Share Plan). Performance shares are settled after a three- 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 October 2012 and April 2013 was 345 754. In October 2012 and April 2013, an additional 74 384 and 737 performance shares, respectively, were awarded in terms of the achievement against set performance criteria and were settled. During the year under review, 189 224 performance shares vested and were settled, including 1 455 performance shares, held by employees who either retired or were retrenched during the year, were settled; and 30 138 performance shares were forfeited. The total number of performance shares as at 30 June 2013 was 808 152.

Between 30 June 2013 and 20 September 2013, 5 983 performance shares were settled and none 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[4]
	Number of shares		
Opening balance as at 1 July 2012	68 827	23 651	16 479
Performance shares awarded[1]			
10 October 2012[1]	16 138	–	–
15 October 2012[2]	28 106	12 846	6 587
16 October 2012[3]	8 724	2 923	1 750
Performance shares settled	(21 803)	(7 306)	(4 373)
Closing balance as at 30 June 2013[5]	**99 992**	**32 114**	**20 443**

[1] *Performance shares awarded in terms of the Company's deferred bonus/co-investment scheme.*

[2] *Annual award of performance shares in terms of the Share Plan.*

[3] *Additional performance shares awarded as determined by the Company's achievement of performance measures.*

[4] *Mr Gule retired as an Executive Director on 30 June 2013. He is now a Non-executive Director of the Company.*

[5] *No performance shares were awarded or settled between 30 June 2013 and 20 September 2013.*

Performance shares *continued*

Executive Directors	M P Schmidt	A J Wilkens
	Number of shares	
Opening balance as at 1 July 2012	29 144	69 390
Performance shares awarded		
10 October 2012[1]	11 250	13 769
15 October 2012[2]	23 706	17 567
16 October 2012[3]	1 563	8 774
Performance shares settled	(3 906)	(21 928)
Closing balance as at 30 June 2013[4]	**61 757**	**87 572**

[1] *Performance shares awarded in terms of the Company's deferred bonus/co-investment scheme.*
[2] *Annual award of performance shares in terms of the Share Plan.*
[3] *Additional performance shares awarded as determined by the Company's achievement of performance measures.*
[4] *No performance shares were awarded or settled between 30 June 2013 and 20 September 2013.*

Prescribed Officers	A Joubert	L A Shiels	J C Steenkamp
	Number of shares		
Opening balance as at 1 July 2012	23 803	14 122	37 943
Performance shares awarded			
10 October 2012[1]	7 711	–	–
15 October 2012[2]	10 755	6 587	17 567
16 October 2012[3]	3 742	1 745	3 911
Performance shares settled	(9 352)	(4 361)	(9 775)
Closing balance as at 30 June 2013[4]	**36 659**	**18 093**	**49 646**

[1] *Performance shares awarded in terms of the Company's deferred bonus/co-investment scheme.*
[2] *Annual award of performance shares in terms of the Share Plan.*
[3] *Additional performance shares awarded as determined by the Company's achievement of performance measures.*
[4] *No performance shares were awarded or settled between 30 June 2013 and 20 September 2013.*

Bonus shares

Pursuant to the Share Plan, eligible participants 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.

The total number of bonus shares granted in October 2012 was 233 265. During the year under review, 11 479 bonus shares vested and were settled; and 1 674 bonus shares, held by employees who either retired or were retrenched during the year, were settled and 14 467 bonus shares were forfeited. The total number of bonus shares as at 30 June 2013 was 619 345.

Between 30 June 2013 and 20 September 2013, no bonus shares were settled or 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[4]
	Number of shares		
Opening balance as at 1 July 2012	67 115	18 510	13 450
Bonus shares granted			
10 October 2012[1]	16 138	–	–
15 October 2012[2]	23 319	7 656	3 868
Bonus shares settled	(2 919)	(523)	(585)
Closing balance as at 30 June 2013[3]	**103 653**	**25 643**	**16 733**

[1] *Bonus shares granted in terms of the Company's deferred bonus/co-investment scheme.*
[2] *Annual grant of bonus shares in terms of the Share Plan.*
[3] *No bonus shares were granted or settled between 30 June 2013 and 20 September 2013.*
[4] *Mr Gule retired as an Executive Director on 30 June 2013. He is now a Non-executive Director of the Company.*

Bonus shares *continued*

Executive Directors	M P Schmidt	A J Wilkens
	Number of shares	
Opening balance as at 1 July 2012	12 036	58 552
Bonus shares granted		
10 October 2012[1]	11 250	13 769
15 October 2012[2]	14 475	13 628
Bonus shares settled	(385)	(2 935)
Closing balance as at 30 June 2013[3]	**37 376**	**83 014**

[1] *Bonus shares granted in terms of the Company's deferred bonus/co-investment scheme.*
[2] *Annual grant of bonus shares in terms of the Share Plan.*
[3] *No bonus shares were granted or settled between 30 June 2013 and 20 September 2013.*
[4] *Mr Gule retired as an Executive Director on 30 June 2013. He is now a Non-executive Director of the Company.*

Prescribed Officers	A Joubert	L A Shiels	J C Steenkamp
	Number of shares		
Opening balance as at 1 July 2012	17 262	11 431	32 313
Bonus shares granted			
10 October 2012[1]	7 711	–	–
15 October 2012[2]	7 632	3 868	14 224
Bonus shares settled	–	(584)	(1 152)
Closing balance as at 30 June 2013[3]	**32 605**	**14 715**	**45 385**

[1] *Bonus shares granted in terms of the Company's deferred bonus/co-investment scheme.*
[2] *Annual grant of bonus shares in terms of the Share Plan.*
[3] *No bonus shares were granted or settled between 30 June 2013 and 20 September 2013.*

Share option scheme

Annual allocations of share options in terms of The African Rainbow Minerals Share Incentive Scheme (the Scheme) are made to eligible participants, 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 2013 are set out below.

Schedule of share option entitlements

Executive Directors	P T Motsepe		M Arnold[2]		W M Gule[3]	
	No of options	Avg price R	No of options	Avg price R	No of options	Avg price R
Opening balance as at 1 July 2012	520 303	81.74	135 623	107.42	42 498	98.61
Options granted during F2013	22 964	168.37	12 769	168.37	7 484	168.37
Options exercised	(133 784)[1]		–		(18 000)	
Average issue price per option		37.00		–		27.00
Gross sale price per option		158.01		–		174.00
Options forfeited and lapsed	–		–		–	
Closing balance as at 30 June 2013	**409 483**	**101.21**	**148 392**	**112.66**	**31 982**	**158.58**
Grant date of options						
10 October 2005	–	–	101	37.00	–	–
1 November 2006	254 468	73.99	82 051	73.99	–	–
16 October 2007	85 880	139.73	21 598	139.73	–	–
21 May 2008	–	–	3 914	279.50	–	–
5 December 2008	16 068	96.20	6 397	96.20	7 160	96.20
15 October 2009	10 707	155.20	5 316	155.20	4 771	155.20
15 October 2010	–	–	6 287	178.49	4 863	178.49
9 November 2011	19 396	182.67	9 959	182.67	7 704	182.67
15 October 2012	22 964	168.37	12 769	168.37	7 484	168.37

[1] *Share options exercised and acquired by subscription.*
[2] *Mr M Arnold exercised 51 301 share options (82 152 share options were reduced to 51 301 share options as a result of the net settlement mechanism being utilised) between 30 June 2013 and the date of this report at an average issue price of R73.93 per option and a gross sale price of R196.84 per share.*
[3] *Mr W M Gule retired as an Executive Director on 30 June 2013. He is now a Non-executive Director of the Company. Mr Gule exercised 7 160 share options between 30 June 2013 and the date of this report at an issue price of R96.20 per option and a gross sale price of R202.00.*

Schedule of share option entitlements *continued*

Executive Directors	**M P Schmidt[4]**		**A J Wilkens[5]**	
	No of options	Avg price R	No of options	Avg price R
Opening balance as at 1 July 2012	86 314	110.47	349 146	100.24
Options granted during F2013	18 127	168.37	17 463	168.37
Options exercised	–		–	
Average issue price per option		–		–
Gross sale price per option		–		–
Options forfeited and lapsed	–		–	
Closing balance as at 30 June 2013	**104 441**	**120.52**	**366 609**	**103.49**
Grant date of options				
15 June 2005	–	–	–	–
1 November 2006	–	–	219 714	73.99
16 October 2007	55 464	139.73	66 557	139.73
5 December 2008	6 397	96.20	19 011	96.20
15 October 2009	4 262	155.20	12 668	155.20
15 October 2010	4 863	178.49	12 072	178.49
9 November 2011	15 328	182.67	19 124	182.67
15 October 2012	18 127	168.37	17 463	168.37

[4] *Mr M P Schmidt exercised 20 000 share options between 30 June 2013 and the date of this report at an issue price of R139.73 per option and a gross sale price of R204.57.*

[5] *Mr A J Wilkens exercised 137 303 share options (217 837 share options were reduced to 137 303 share options as a result of the net settlement mechanism being utilised) between 30 June 2013 and the date of this report at an issue price of R73.99 per option and a gross sale price of R200.32.*

Prescribed Officers	**A Joubert**		**L A Shiels[1]**		**J C Steenkamp[2]**	
	No of options	Avg price R	No of options	Avg price R	No of options	Avg price R
Opening balance as at 1 July 2012	17 963	173.73	207 997	72.42	270 557	99.39
Options granted during F2013	10 691	168.37	7 484	168.37	17 463	168.37
Options exercised	–		(90 000)		–	
Average issue price per option		–		32.00		–
Gross sale price per option		–		175.28		–
Options forfeited and lapsed	–		–		–	
Closing balance as at 30 June 2013	**28 654**	**171.73**	**125 481**	**107.13**	**288 020**	**103.57**
Grant date of options						
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	5 103	155.20	4 759	155.20	8 000	155.20
15 October 2010	4 863	178.49	4 863	178.49	9 408	178.49
9 November 2011	7 997	182.67	6 163	182.67	14 903	182.67
15 October 2012	10 691	168.37	7 484	168.37	17 463	168.37

[1] *Mr L A Shiels ceased to be an Executive Director on 1 June 2012. He remains a senior executive and is a Prescribed Officer with effect from 1 June 2012. Between 30 June 2013 and the date of this report, Mr Shiels exercised 68 756 share options at an issue price of R73.99 per option and a gross sale price of R197.96.*

[2] *Mr J C Steenkamp ceased to be an Executive Director on 1 June 2012. He remains a senior executive and is a Prescribed Officer with effect from 1 June 2012. Between 30 June 2013 and the date of this report, Mr Steenkamp exercised 94 135 share options at an issue price of R73.99 per option and a gross sale price of R198.46.*

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 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 2013	**808 152**
Vested	
27 April 2013	3 590
Vesting on	
16 October 2013	105 519
2 April 2014	6 525
30 September 2014	87 103
10 November 2014	57 973
4 April 2015	15 090
10 November 2015	174 125
11 October 2015	65 247
16 October 2015	74 855
4 April 2016	13 489
16 October 2016	200 256
27 April 2016	4 380

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 2013	**619 345**
Vesting on	
16 October 2013	113 722
2 April 2014	234
30 September 2014	93 367
10 November 2014	37 502
10 November 2015	142 763
11 October 2015	65 247
16 October 2015	43 614
16 October 2016	122 896

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 executives 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 2013	**2 933 275**	**R124.14**
Vested		
11 October 2006	2 805	R37.00
11 October 2007	9 884	R37.00
2 November 2007	172 866	R73.99
6 June 2008	12 666	R119.00
11 October 2008	20 659	R37.00
17 October 2008	161 926	R139.73
2 November 2008	195 861	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	164 394	R139.73
2 November 2009	393 516	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	166 011	R139.73
2 November 2010	172 733	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	182 066	R73.99
6 December 2011	157 776	R96.20
18 March 2012	1 531	R120.80
6 June 2012	18 002	R119.00
16 October 2012	156 682	R155.20
27 April 2013	4 808	R195.60
Vesting on		
16 October 2013	175 390	R178.49
2 April 2014	8 559	R223.00
10 November 2014	128 533	R182.67
3 April 2015	14 293	R182.19
10 November 2015	150 675	R182.67
3 April 2016	6 861	R182.19
16 October 2015	171 064	R168.37
27 April 2016	5 609	R181.00
16 October 2016	188 059	R168.37

Share incentive movements

	Options		Performance shares[1]		Bonus shares[1]	
	F2013	F2012	**F2013**	F2012	**F2013**	F2012
Opening balance as at 30 June 2012	**3 168 450**	4 081 733	**606 639**	375 495	**413 700**	245 890
Exercised	**(572 593)**	(1 225 485)	**–**	–	**–**	–
Settled	**–**	–	**(189 224)**	(129 660)	**(13 153)**	(115 189)
Granted/awarded/granted	**368 834**	313 258	**420 875**	363 218	**233 265**	282 999
Forfeited	**(31 416)**	(1 056)	**(30 138)**	(2 414)	**(14 467)**	–
Closing balance as at 30 June 2013	**2 933 275**	3 168 450	**808 152**	606 639	**619 345**	413 700
Subsequent to year end:						
Exercised/settled	**(531 835)**	(220 917)	**(5 983)**	–	**–**	–
Granted/awarded/granted	**–**	–	**2 393**	–	**–**	–
Forfeited/cancelled	**(129 074)**	(15 927)	**–**	(20 779)	**–**	(9 041)
Balance as at 20 September 2013	**2 272 366**	2 931 606	**804 562**	585 860	**619 345**	404 659

[1] *Conditional.*

External auditors

Ernst & Young Inc. (EY) continued in office as external auditors for the Company. At the Annual General Meeting, shareholder approval will be sought for the re-appointment of EY as ARM's external auditors for the 2014 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 130.

Special resolutions

The following special resolutions were passed by shareholders of ARM at the Annual General Meeting held on 7 December 2012:

- Remuneration of Non-executive Directors; and
- Adoption of a new Memorandum of Incorporation.

The following special resolutions adopting new Memoranda of Incorporation were passed by shareholders of ARM's subsidiaries and joint ventures between 17 October 2012 and the date of this report:

Subsidiary	Registration number	Date passed
African Rainbow Minerals Platinum Proprietary Limited	1999/018332/07	26 April 2013
Anglovaal Air Proprietary Limited	1966/010522/07	23 April 2013
ARM Mining Consortium Limited	2001/001997/06	03 May 2013
Assmang Limited	1935/007343/06	26 April 2013
Atscot Proprietary Limited	1964/004676/07	23 April 2013
Avmin Exploration Proprietary Limited	1980/000578/07	23 April 2013
Avmin Limited	1933/004469/06	29 April 2013
Bitcon's Investments Proprietary Limited	1933/004424/07	23 April 2013
Cato Ridge Alloys	1997/000755/07	26 April 2013
Cato Ridge Development Company	1956/002268/06	26 April 2013
Centenary Prospecting and Mining Company Proprietary Limited	1937/010430/07	23 April 2013
Cumulus Mining, Prospecting & Development Company Proprietary Limited	1969/005886/07	23 April 2013
Fox Street Nominees Proprietary Limited	1949/032427/07	23 April 2013
Highland Gold Mining Company Proprietary Limited	1975/000182/07	23 April 2013
Jesdene Limited	1946/022921/06	23 April 2013
Khumani Housing Development Company	2007/000964/07	26 April 2013
Kransberg Prospecting and Mining Company Proprietary Limited	1979/000660/07	23 April 2013
Letaba Copper & Zinc Corporation Limited	1952/000234/06	29 April 2013
Middle Witwatersrand (Western Areas) Limited	1993/000180/06	23 April 2013
Prieska Copper Mines Limited	1968/003032/06	24 January 2013

Subsidiary *continued*	**Registration number**	**Date passed**
Sheffield Minerals Proprietary Limited	1980/001567/07	23 April 2013
South African Base Minerals Limited	1926/008904/06	23 April 2013
Taurus Mining & Prospecting Company Proprietary Limited	1968/003070/07	23 April 2013
Transvaal Copper Mining and Exploration Company Proprietary Limited	1948/031887/07	23 April 2013
Two Rivers Platinum Proprietary Limited	2001/007354/07	26 April 2013
Venture Building Trust Proprietary Limited	1934/005644/07	23 April 2013

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 found on pages 251 to 257.

Statements of financial position

at 30 June 2013

	Notes	Group F2013 Rm	Group F2012 Rm	Company F2013 Rm	Company F2012 Rm
Assets					
Non-current assets					
Property, plant and equipment	3	**20 636**	18 707	**2 110**	2 268
Investment property	4	**12**	12	**–**	–
Intangible assets	5	**179**	191	**–**	–
Deferred tax assets	16	**327**	3	**326**	–
Loans and long-term receivables	6	**285**	221	**377**	240
Financial assets	7	**98**	74	**–**	–
Inventories	10	**–**	141	**–**	–
Investment in associate	8	**1 420**	1 354	**432**	432
Other investments	9	**2 391**	4 959	**6 570**	8 751
		25 348	25 662	**9 815**	11 691
Current assets					
Inventories	10	**3 222**	2 458	**326**	169
Trade and other receivables	11	**4 667**	3 606	**744**	396
Taxation	34	**22**	26	**–**	–
Financial assets	7	**39**	–	**–**	–
Cash and cash equivalents	12	**4 632**	3 564	**911**	314
		12 582	9 654	**1 981**	879
Assets held for sale	13	**191**	–	**–**	–
Total assets		**38 121**	35 316	**11 796**	12 570
Equity and liabilities					
Capital and reserves					
Ordinary share capital	14	**11**	11	**11**	11
Share premium	14	**3 996**	3 937	**3 996**	3 937
Other reserves		**769**	571	**443**	275
Retained earnings		**19 294**	18 681	**5 062**	6 333
Equity attributable to equity holders of ARM		**24 070**	23 200	**9 512**	10 556
Non-controlling interest		**1 393**	1 205	**–**	–
Total equity		**25 463**	24 405	**9 512**	10 556
Non-current liabilities					
Long-term borrowings	15	**3 293**	2 216	**564**	–
Deferred tax liabilities	16	**3 951**	3 777	**374**	442
Long-term provisions	17	**959**	892	**174**	154
		8 203	6 885	**1 112**	596
Current liabilities					
Trade and other payables	18	**2 678**	2 318	**616**	436
Short-term provisions	19	**746**	463	**215**	107
Taxation	34	**332**	224	**50**	134
Overdrafts and short-term borrowings – interest-bearing	20	**699**	1 021	**33**	450
– non-interest-bearing	20	**–**	–	**258**	291
		4 455	4 026	**1 172**	1 418
Total equity and liabilities		**38 121**	35 316	**11 796**	12 570

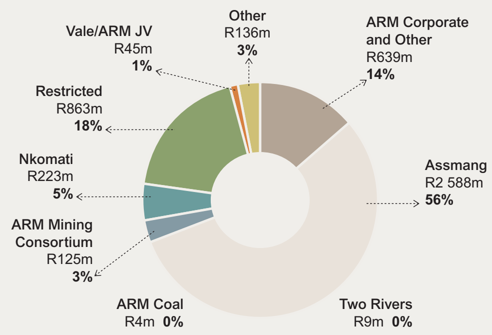
Income statements

for the year ended 30 June 2013

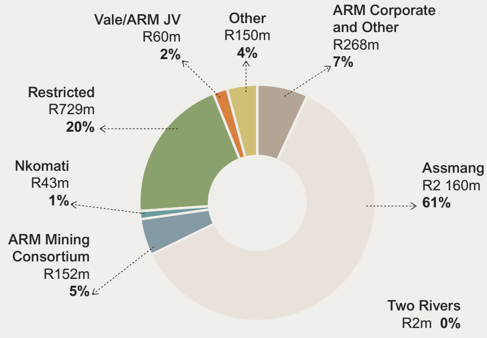
		Group		Company	
	Notes	**F2013 Rm**	F2012 Rm	**F2013 Rm**	F2012 Rm
Revenue	23	**20 508**	18 142	**4 662**	3 238
Sales	23	**19 844**	17 530	**2 244**	1 554
Cost of sales	24	**(13 115)**	(11 463)	**(1 811)**	(1 497)
Gross profit		**6 729**	6 067	**433**	57
Other operating income	25	**960**	859	**806**	693
Other operating expenses	26	**(2 152)**	(1 710)	**(958)**	(918)
Profit/(loss) from operations before exceptional items		**5 537**	5 216	**281**	(168)
Income from investments	27	**268**	279	**1 823**	1 148
Finance costs	28	**(225)**	(232)	**(43)**	(62)
(Loss)/income from associate*	8	**(14)**	11	**–**	–
Profit before taxation and exceptional items		**5 566**	5 274	**2 061**	918
Exceptional items excluding tax	29	**(2 639)**	(70)	**(2 655)**	1
Profit/(loss) before taxation		**2 927**	5 204	**(594)**	919
Taxation	30	**(1 145)**	(1 633)	**344**	(189)
Profit/(loss) for the year		**1 782**	3 571	**(250)**	730
Attributable to:					
Non-controlling interest		**148**	133		
Equity holders of ARM		**1 634**	3 438	**(250)**	730
		1 782	3 571	**(250)**	730
Additional information					
Headline earnings (R million)	32	**3 737**	3 451		
Headline earnings per share (cents)	31	**1 735**	1 615		
Basic earnings per share (cents)	31	**759**	1 609		
Diluted headline earnings per share (cents)	31	**1 723**	1 604		
Diluted basic earnings per share (cents)	31	**753**	1 598		
Number of shares in issue at end of year (thousands)		**215 625**	214 852		
Weighted average number of shares in issue (thousands)		**215 357**	213 689		
Weighted average number of shares used in calculating diluted earnings per share (thousands)	31	**216 914**	215 118		
Net asset value per share (cents)	31	**11 163**	10 798		
EBITDA (R million)		**7 230**	6 531		
Dividend declared after year end (cents per share)	31	**510**	475	**510**	475

** Exceptional gain net of tax included in (loss)/income from associate Rnil (F2012: R38 million).*

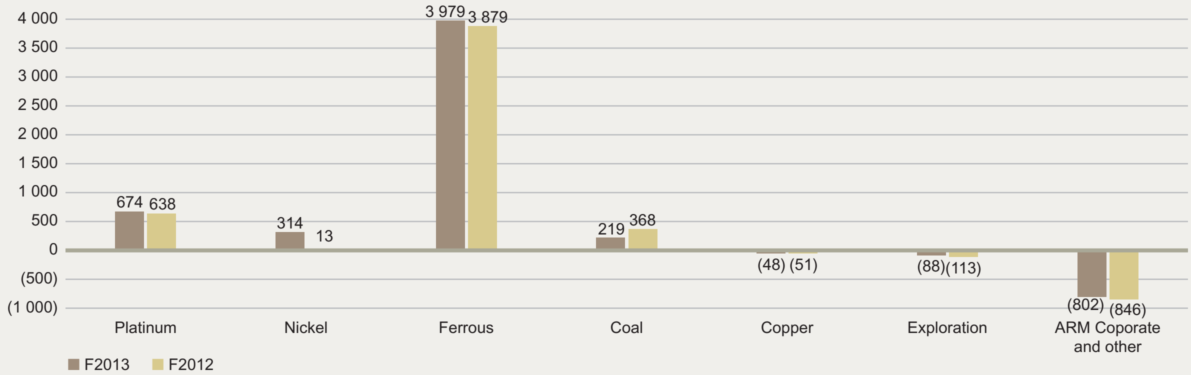
Cash and cash equivalents – statement of financial poisition F2013 (R million) (refer note 12)



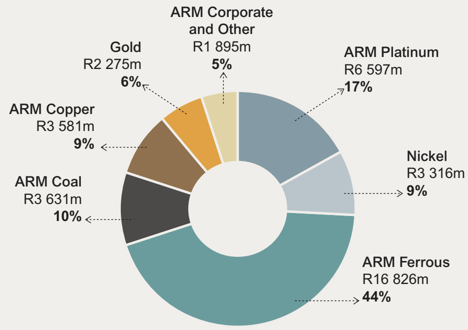
Cash and cash equivalents – statement of financial poisition F2012 (R million) (refer note 12)



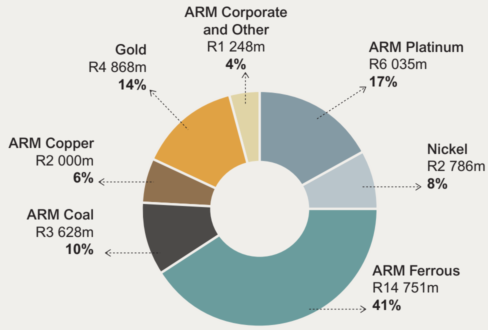
Cash inflow/(outflow) from operating activities
(R million) (refer note 2)



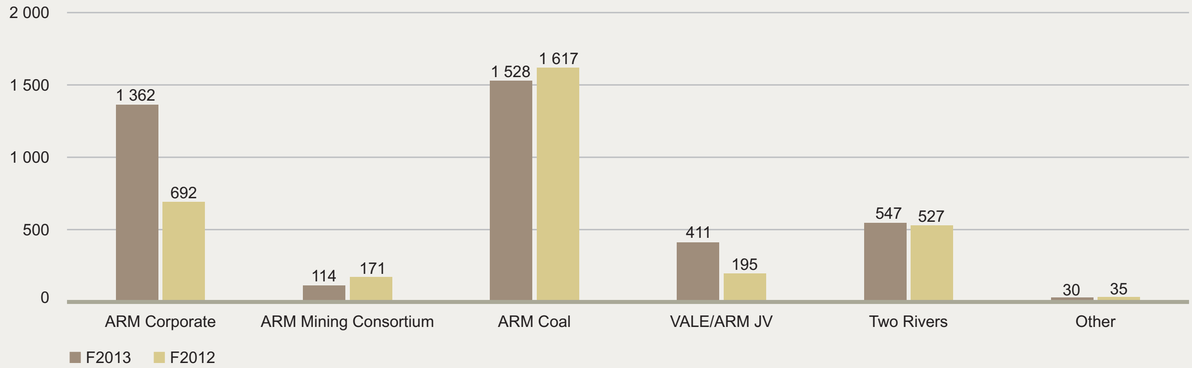
Segment assets F2013
(R million) (refer note 2)



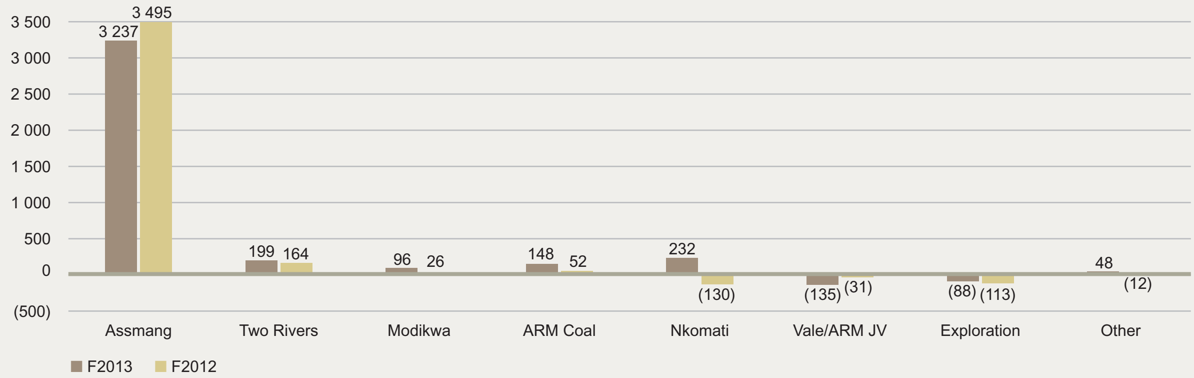
Segment assets F2012
(R million) (refer note 2)



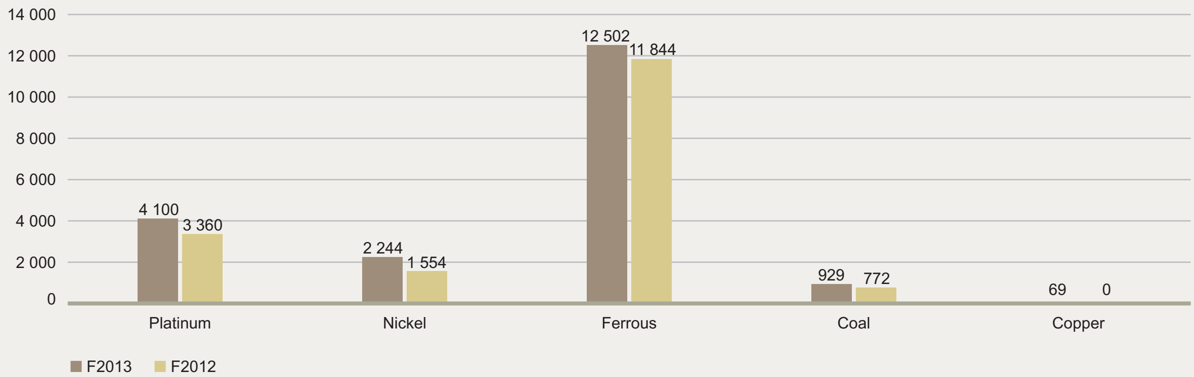
Long- and short-term borrowings
(R million) (refer note 15 and 20)



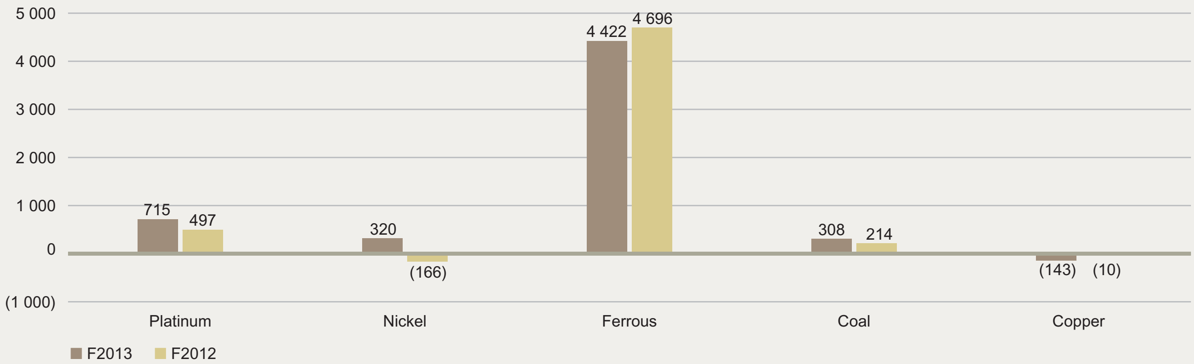
Headline earnings
(R million) (refer note 2)



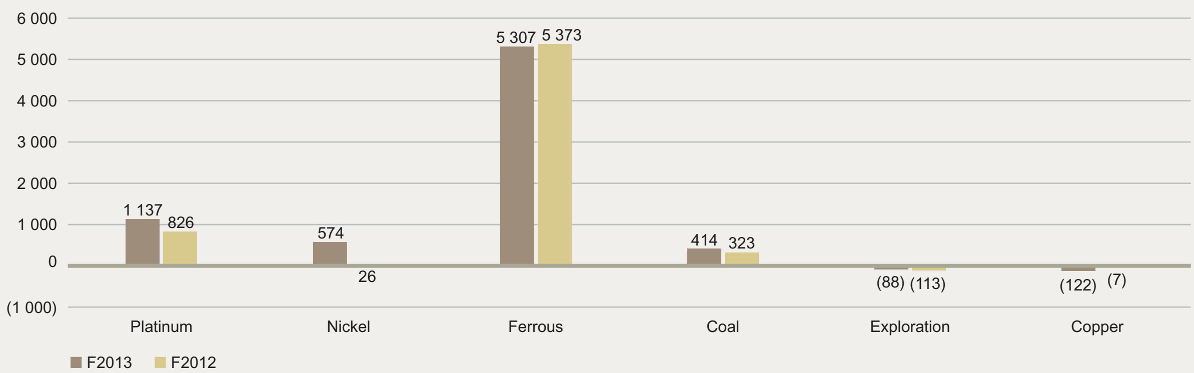
Sales
(R million) (refer note 2)



Segment result
(R million) (refer note 2)



EBITDA
(R million) (refer note 2)



Statements of comprehensive income

for the year ended 30 June 2013

Group	Notes	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 2012							
Profit for the year to 30 June 2012		–	–	3 438	3 438	133	**3 571**
Other comprehensive income that may be reclassified to the income statement in subsequent periods							
Revaluation of listed investment	9	(856)	–	–	(856)	–	**(856)**
Deferred tax on revaluation of listed investment		81	–	–	81	–	**81**
Net impact of revaluation of listed investments		(775)	–	–	(775)	–	**(775)**
Realisation of foreign exchange movements on loans to a foreign Group entity		–	87	–	87	–	**87**
Deferred tax on realisation of foreign exchange on loans to a 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)**
Cash flow hedge reserve	8	–	(11)	–	(11)	–	**(11)**
Foreign currency translation reserve movement		–	16	–	16	–	**16**
Total other comprehensive loss		(775)	102	–	(673)	–	**(673)**
Total comprehensive income for the year		(775)	102	3 438	2 765	133	**2 898**
For the year ended 30 June 2013							
Profit for the year to 30 June 2013		**–**	**–**	**1 634**	**1 634**	**148**	**1 782**
Other comprehensive income that may be reclassified to the income statement in subsequent periods							
Reclassification adjustment due to impairment of available-for-sale listed investment		**(170)**	**–**	**–**	**(170)**	**–**	**(170)**
Deferred tax on above		**31**	**–**	**–**	**31**	**–**	**31**
Net impact of revaluation of listed investment	9	**(139)**	**–**	**–**	**(139)**	**–**	**(139)**
Foreign exchange movements on loans to a foreign Group entity		**–**	**57**	**–**	**57**	**–**	**57**
Deferred tax on unrealised foreign exchange movements on loans to a foreign Group entity		**–**	**(16)**	**–**	**(16)**	**–**	**(16)**
Cash flow hedge reserve	8	**–**	**(32)**	**–**	**(32)**	**–**	**(32)**
Foreign currency translation reserve movement		**–**	**227**	**–**	**227**	**–**	**227**
Total other comprehensive income		**(139)**	**236**	**–**	**97**	**–**	**97**
Total comprehensive income for the year		**(139)**	**236**	**1 634**	**1 731**	**148**	**1 879**

Company	Notes	Available-for-sale reserve Rm	Retained earnings Rm	Total Rm
For the year ended 30 June 2012				
Profit for the year to 30 June 2012		–	730	**730**
Other comprehensive income that may be reclassified to the income statement in subsequent periods				
Revaluation of listed investment	9	(856)	–	**(856)**
Deferred tax on revaluation of listed investment		81	–	**81**
Net impact of revaluation of listed investment		(775)	–	**(775)**
Total other comprehensive loss		(775)	–	**(775)**
Total comprehensive loss for the year		(775)	730	**(45)**
For the year ended 30 June 2013				
Loss for the year to 30 June 2013		–	(250)	(250)
Other comprehensive income that may be reclassified to the income statement in subsequent periods				
Reclassification adjustment due to impairment of available-for-sale investment		82	–	82
Deferred tax on above		(15)	–	(15)
Net impact of revaluation of listed investment	9	67	–	67
Total other comprehensive income		67	–	67
Total comprehensive loss for the year		**67**	**(250)**	**(183)**

Statements of changes in equity

for the year ended 30 June 2013

Group	Notes	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 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 loss		–	(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	31	–	–	–	(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**
Profit for the year to 30 June 2013		–	–	–	1 634	1 634	148	**1 782**
Other comprehensive income		–	(139)	236	–	97	–	**97**
Total comprehensive income for the year		–	(139)	236	1 634	1 731	148	**1 879**
Share-based payments		–	–	133	–	133	–	**133**
Share options exercised	14	27	–	–	–	27	–	**27**
Bonus and performance shares issued to employees	14	32	–	(32)	–	–	–	**–**
Dividend paid	31	–	–	–	(1 021)	(1 021)	–	**(1 021)**
Contribution by ZCCM		–	–	–	–	–	40	**40**
Balance at 30 June 2013		**4 007**	**–**	**769**	**19 294**	**24 070**	**1 393**	**25 463**

	F2013 Rm	F2012 Rm	F2011 Rm
*Other reserves consist of the following:			
General reserve	**32**	32	32
Insurance contingency	**14**	14	18
Share-based payments	**452**	351	304
Cash flow hedge reserve	**(31)**	1	12
Foreign exchange on loans to a foreign Group entity	**61**	20	(77)
Foreign currency translation reserve (FCTR)	**255**	28	12
Premium paid on purchase of non-controlling interest	**(14)**	(14)	(14)
Total	**769**	432	287

Company	Notes	Share capital and premium Rm	Available-for-sale reserve Rm	Other* Rm	Retained earnings Rm	Total Rm
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 loss		–	(775)	–	–	**(775)**
Total comprehensive loss for the year		–	(775)	–	730	**(45)**
Bonus and performance shares issued to employees	14	47	–	(47)	–	**–**
Dividend paid	31	–	–	–	(959)	**(959)**
Share-based payments		–	–	94	–	**94**
Share options exercised	14	50	–	–	–	**50**
Balance at 30 June 2012		3 948	(67)	342	6 333	**10 556**
Loss for the year to 30 June 2013		–	–	–	(250)	**(250)**
Other comprehensive income		–	67	–	–	**67**
Total comprehensive loss for the year		–	67	–	(250)	**(183)**
Dividend paid	31	–	–	–	(1 021)	**(1 021)**
Share-based payments		–	–	133	–	**133**
Share options exercised	14	27	–	–	–	**27**
Bonus and performance shares issued to employees	14	32	–	(32)	–	**–**
Balance at 30 June 2013		**4 007**	**–**	**443**	**5 062**	**9 512**

	F2013 Rm	F2012 Rm	F2011 Rm
*Other reserves consist of the following:			
General reserve	**35**	35	35
Share-based payments	**408**	307	260
Total	**443**	342	295

Statements of cash flows

for the year ended 30 June 2013

	Notes	Group F2013 Rm	Group F2012 Rm	Company F2013 Rm	Company F2012 Rm
Cash flow from operating activities					
Cash receipts from customers		**19 611**	17 883	**2 578**	1 938
Cash paid to suppliers and employees		**(13 299)**	(11 914)	**(2 233)**	(1 986)
Cash generated/(utilised) from operations	33	**6 312**	5 969	**345**	(48)
Interest received		**199**	214	**27**	36
Interest paid		**(115)**	(106)	**(47)**	(46)
Dividends received		**64**	64	**1 737**	1 064
Dividend paid		**(1 021)**	(959)	**(1 021)**	(959)
Taxation paid	34	**(1 191)**	(1 294)	**(134)**	(85)
Net cash inflow/(outflow) from operating activities		**4 248**	3 888	**907**	(38)
Cash flow from investing activities					
Additions to property, plant and equipment to maintain operations		**(1 452)**	(1 180)	**(82)**	(77)
Additions to property, plant and equipment to expand operations		**(2 224)**	(2 866)	**(8)**	(199)
Proceeds on disposal of property, plant and equipment		**23**	1	**–**	–
Investment in associate		**(112)**	(23)	**–**	–
Investment in RBCT		**(26)**	(17)	**–**	–
Investment in subsidiary		**–**	–	**–**	(48)
Decrease/(increase) in loans and receivables		**30**	8	**(391)**	(617)
Net cash outflow from investing activities		**(3 761)**	(4 077)	**(481)**	(941)
Cash flow from financing activities					
Proceeds on exercise of share options		**28**	50	**28**	50
Long-term borrowings raised		**802**	501	**150**	(3)
Long-term borrowings repaid		**(212)**	(294)	**–**	–
Decrease in short-term borrowings		**(144)**	(78)	**(2)**	–
Net cash inflow from financing activities		**474**	179	**176**	47
Net increase/(decrease) in cash and cash equivalents		**961**	(10)	**602**	(932)
Cash and cash equivalents at beginning of year		**3 227**	3 227	**279**	1 211
Foreign currency translation on cash balance		**48**	10	**–**	–
Cash and cash equivalents at end of year	12	**4 236**	3 227	**881**	279
Cash generated from operations per share (cents)	31	**2 931**	2 794	**159**	(22)

Notes to the financial statements

for the year ended 30 June 2013

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 71 of 2008, the SAICA Financial Reporting Guides as issued by the Accounting Practice Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council 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
IAS 1	Presentation of other comprehensive income (Amendment)
IAS 12	Income taxes – Recovery of underlying assets (Amendment)

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.

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 intra-group 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.

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.

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 on-going mining operations, is included in long-term provisions. This estimate is revised annually and any movement is expensed in the income statement. Expenditure on on-going 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 the income statement.

Available-for-sale financial assets

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised in the comprehensive income.

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 available-for-sale reserve. 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 or units of export sales. 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.

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.

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 measured 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. If all the criteria are not met, the production stripping costs are charged to the income statement 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 provided these meet the definition of property, plant and equipment. 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 or the lease term if less, to estimated residual values.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset;
- The ability to measure reliably the expenditure during development; and
- The ability to use the intangible asset generated.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

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 ore body.
- 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 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.
- 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 rate prevailing on date of valuation.
- 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.

Equity-settled options 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 operating 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 other operating income. 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.

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 on-going 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

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

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

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

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

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

Basic 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 2012 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 provision 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 1	First-time adoption of International Financial Reporting Standards (Amendment)	1 January 2013
IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
IFRS 9	Financial instruments: Classification and Measurement	1 January 2015
IFRS 10	Consolidated Financial Statements	1 January 2013
IFRS 10	Consolidated Financial Statements – Transition guidance (Amendment)	1 January 2013
IFRS 10	Consolidated Financial Statements – Investment entities final amendment – exception to consolidation	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 11 and 12	Transition guidance	1 January 2013
IFRS 12	Disclosure of Interest in Other Entities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
IAS 19	Employee Benefits (Amendment)	1 January 2013
IAS 27	Separate Financial Statements (as revised in 2011)	1 January 2013
IAS 28	Investment in Associate and Joint Ventures (as revised in 2011)	1 January 2013
IAS 32	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IAS 36	Recoverable Amount Disclosure for Non-Financial Assets of impaired assets	1 January 2014
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting (Amendment)	1 January 2014
IFRIC 21	Levies	1 January 2014

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 structured entities.

IFRS 11 replaces IAS 13 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities using proportionate consolidation. Instead, jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method. For a joint operation, the joint operator recognises its assets, liabilities, income and expenses and/or relative share thereof.

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.

The adoption of IFRS 10, 11 and 12 will have an impact on the future presentation and disclosures in the financial statements. The effect is discussed in detail in the Financial Director's report (refer to page 20).

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 14.6% (F2012: 14.7%).

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 a 10.2% participating investment in the existing coal operations of GCSA (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 the PCB.

ARM Copper comprises an effective 40% share in the Lubambe Copper Mine, 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. The Kalumines transaction was concluded after the year-end; as a result all the Kalumines assets are reflected as held for sale.

ARM Exploration is involved in identifying and assessing exploration and mineral business opportunities largely 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 2013

	ARM Platinum Rm	ARM Ferrous Rm	ARM Coal Rm	ARM Copper Rm	ARM Exploration Rm	*Corporate and other Rm	Gold Rm	Total Rm
Sales	6 344	12 502	929	69	–	–	–	**19 844**
Cost of sales	(5 102)	(7 271)	(656)	(132)	–	46	–	**(13 115)**
Other operating income	87	306	37	11	–	519	–	**960**
Other operating expenses	(294)	(1 115)	(2)	(91)	(88)	(562)	–	**(2 152)**
Segment result	1 035	4 422	308	(143)	(88)	3	–	**5 537**
Income from investments	21	137	–	–	–	46	64	**268**
Finance cost	(56)	(26)	(82)	(20)	–	(35)	–	**(219)**
Finance cost Implats: Shareholders' loan Two Rivers	(3)	–	–	–	–	–	–	**(3)**
Finance cost ARM: Shareholders' loan Two Rivers	(3)	–	–	–	–	–	–	**(3)**
Income from associate	–	–	(14)	–	–	–	–	**(14)**
Exceptional items	–	(182)	(3)	–	–	–	(2 454)	**(2 639)**
Taxation	(285)	(1 245)	(63)	(6)	–	(30)	484	**(1 145)**
Non-controlling interest	(182)	–	–	34	–	–	–	**(148)**
Contribution to basic earnings	527	3 106	146	(135)	(88)	(16)	(1 906)	**1 634**
Contribution to headline earnings	527	3 237	148	(135)	(88)	(16)	64	**3 737**
Other information								
Segment assets, including investment in associate	9 913	16 826	3 631	3 581	–	1 895	2 275	**38 121**
Investment in associate			1 420					**1 420**
Segment liabilities	2 008	1 617	1 717	919	–	2 114	–	**8 375**
Unallocated liabilities (tax and deferred tax)								**4 283**
Consolidated total liabilities								**12 658**
Cash inflow/(outflow) from operations	1 159	4 747	390	(48)	(88)	152	–	**6 312**
Cash inflow/(outflow) from operating activities	988	3 979	219	(48)	(88)	(866)	64	**4 248**
Cash outflow from investing activities	(654)	(2 041)	(169)	(888)	–	(9)	–	**(3 761)**
Cash (outflow)/inflow from financing activities	(149)	–	(155)	144	–	634	–	**474**
Capital expenditure	735	1 951	41	753	–	9	–	**3 489**
Amortisation and depreciation	676	885	106	21	–	5	–	**1 693**
Impairment	–	156	–	–	–	–	–	**156**
EBITDA	1 711	5 307	414	(122)	(88)	8	–	**7 230**

** Corporate, other companies and consolidation adjustments.*

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)
Loss 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 generated 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 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
Impairment	(1)	69	–	–	–	–	–	68
EBITDA	852	5 373	323	(7)	(113)	103	–	6 531

** Corporate, other companies and consolidation adjustments.*

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 2013

	Nkomati Rm	Two Rivers Rm	Modikwa Rm	**Platinum Total Rm**
External sales	2 244	2 868	1 232	**6 344**
Cost of sales	(1 810)	(2 216)	(1 076)	**(5 102)**
Other operating income	54	21	12	**87**
Other operating expenses	(168)	(114)	(12)	**(294)**
Segment result	320	559	156	**1 035**
Income from investments	9	4	8	**21**
Finance cost	(3)	(50)	(3)	**(56)**
Finance cost Implats: Shareholders' loan Two Rivers	–	(3)	–	**(3)**
Finance cost ARM: Shareholders' loan Two Rivers	–	(3)	–	**(3)**
Taxation	(94)	(146)	(45)	**(285)**
Non-controlling interest	–	(162)	(20)	**(182)**
Contribution to basic earnings	232	199	96	**527**
Contribution to headline earnings	232	199	96	**527**
Other information				
Segment and consolidated assets	3 316	3 823	2 774	**9 913**
Segment liabilities	608	1 037	363	**2 008**
Unallocated liabilities (tax and deferred tax)				**1 354**
Consolidated total liabilities				**3 362**
Cash generated from operations	306	693	160	**1 159**
Cash inflow from operating activities	314	539	135	**988**
Cash outflow from investing activities	(80)	(427)	(147)	**(654)**
Cash outflow from financing activities	–	(149)	–	**(149)**
Capital expenditure	94	498	143	**735**
Amortisation and depreciation	254	350	72	**676**
EBITDA	574	909	228	**1 711**

2. Primary segmental information continued

2.2 Year to 30 June 2012

	Nkomati Rm	Two Rivers Rm	Modikwa Rm	Platinum Total Rm
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
Amortisation and depreciation	192	249	80	521
Reversal of impairment	(1)	–	–	(1)
EBITDA	26	715	111	852

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 2013					
Sales	**15 690**	**7 437**	**1 876**	**25 003**	**12 502**
Other operating income	**854**	**272**	**22**	**1 148**	**306**
Other operating expense	**(1 576)**	**(878)**	**(313)**	**(2 767)**	**(1 115)**
Operating profit/(loss)	**7 466**	**1 555**	**(179)**	**8 842**	**4 422**
Contribution to basic earnings	**5 517**	**827**	**(134)**	**6 210**	**3 106**
Contribution to headline earnings	**5 531**	**940**	**1**	**6 472**	**3 237**
Other information					
Consolidated total assets	**23 185**	**10 513**	**776**	**34 474**	**16 826**
Consolidated total liabilities	**5 985**	**2 555**	**332**	**8 872**	**1 617**
Capital expenditure	**2 709**	**1 223**	**132**	**4 064**	**1 951**
Amortisation and depreciation	**1 180**	**533**	**102**	**1 815**	**885**
Cash inflow/(outflow) from operating activities	**3 694***	**1 314**	**(51)**	**4 957**	**3 979**
Cash outflow from investing activities	**(2 791)**	**(1 164)**	**(127)**	**(4 082)**	**(2 041)**
EBITDA	**8 646**	**2 088**	**(77)**	**10 657**	**5 307**
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 basic 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

** Dividend paid amounting to R3 billion (F2012: R2 billion) included in cash flows from operating activities.*

2. Segmental information continued

2.4 Geographical segments

	Group F2013 Rm	Group F2012 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	**30 371**	31 786
– Europe	**1 281**	350
– Americas	**203**	145
– Far and Middle East	**2 724**	1 271
– Zambia	**3 004**	1 750
– Other	**538**	14
	38 121	35 316
Sales by geographical area		
– South Africa	**5 526**	4 389
– Europe	**4 073**	2 364
– Far and Middle East	**9 005**	10 127
– Americas	**611**	566
– Other	**629**	84
	19 844	17 530
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	**1 232**	1 025
Impala Platinum Limited	**2 868**	2 336
Capital expenditure		
– South Africa	**2 736**	3 256
– Rest of Africa	**753**	1 065
	3 489	4 321

3. 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 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
Additions	1 380	1 361	78	–	103	507	60	3 489
Reclassifications	(71)	(11)	16	–	16	50	–	–
Change in estimates*	–	49	(99)	–	–	–	–	(50)
Asset held for sale	(9)	(54)	(22)	–	(12)	(3)	–	(100)
Scrapping	–	(6)	–	–	–	–	–	(6)
Disposals	–	(79)	(10)	–	–	(112)	(30)	(231)
Realignment of currencies	339	48	4	–	27	5	–	423
Balance at 30 June 2013	8 209	12 823	738	2 054	923	2 929	366	28 042
Accumulated amortisation, depreciation and impairment								
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**	69	(1)	–	–	–	–	–	68
Disposals	(196)	(8)	–	–	–	(31)	(20)	(255)
Reclassifications	–	(4)	–	4	–	–	–	–
Capitilised depreciation	3	31	–	–	–	–	–	34
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
Charge for the year	403	688	37	54	17	403	79	1 681
Impairments***	–	151	5	–	–	–	–	156
Reclassifications	4	(5)	–	–	–	(2)	3	–
Asset held for sale	(9)	(49)	(21)	–	–	(3)	–	(82)
Scrapping	–	(3)	–	–	–	–	–	(3)
Disposals	–	(66)	(5)	–	–	(81)	(30)	(182)
Realignment of currencies	2	18	4	–	–	2	–	26
Balance at 30 June 2013	1 851	3 235	201	279	93	1 491	256	7 406
Carrying value at 30 June 2012	5 119	9 014	590	1 829	713	1 310	132	18 707
Carrying value at 30 June 2013	6 358	9 588	537	1 775	830	1 438	110	20 636

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

** *Comprises mainly mine development at ARM Ferrous.*

*** *Comprises mainly furnace and pelletising plant at ARM Ferrous.*

3. Property, plant and equipment continued

a. Borrowing costs

Borrowing costs which were incurred at LIBOR plus 5% (F2012: prime overdraft call rates) applicable during the year, amounting to R16 million, were capitalised in respect of mine development and decommissioning assets and plant and machinery for the year to 30 June 2013 (F2012: R3 million).

b. Capital work-in-progress

Included in mine development and decommissioning assets and plant and machinery above are R1 183 million (F2012: R2 580 million) of assets relating to projects in progress. Material projects included in this amount are: (i) R742 million in respect of the Assmang Group at Khumani and on the WHIMS Project; R167 million on the Ferromanganese Conversion Project from chrome at Machadodorp Works; R173 million on the Black Rock Mine expansion from 3mtpa to 5mtpa. The pre-stripping cost asset amounts to R206 million (F2012: R186 million).

c. Pledged assets

The carrying value of assets pledged as security for loans amounts to R3 billion (F2012: R3.1 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 R108 million (F2012: R126 million). Leased assets are pledged 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 R259 million (F2012: R90 million).

Company	Mine develop-ment and decom-missiong assets Rm	Plant and machinery Rm	Land and buildings Rm	Mineral rights Rm	Furniture equipent and vehicles Rm	Total Property, plant and equipment Rm
Cost						
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
Additions	80	14	–	–	9	103
Derecognition	(2)	–	–	–	–	(2)
Balance at 30 June 2013	907	1 894	35	144	203	3 183
Accumulated amortisation, depreciation and impairment						
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
Charge for the year	170	75	2	–	12	259
Balance at 30 June 2013	620	386	6	–	61	1 073
Carrying value at 30 June 2012	379	1 569	31	144	145	2 268
Carrying value at 30 June 2013	287	1 508	29	144	142	2 110

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 2013 (F2012: Rnil).

b. Capital work-in-progress

Included in mine development and decommissioning assets above are R152 million (F2012: R71 million) of assets relating to pre-stripping 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 F2013 Rm	Group F2012 Rm
4. 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 30% (F2012: 55%) occupied with current lease contracts terminating between 2014 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
5. Intangible assets			
Group			
Cost			
Balance at 30 June 2011	220	6	**226**
Balance at 30 June 2012	220	6	**226**
Balance at 30 June 2013	220	6	**226**
Accumulated amortisation and depreciation			
Balance at 30 June 2011	24	–	**24**
Charge for the year	7	4	**11**
Balance at 30 June 2012	31	4	**35**
Charge for the year	12	–	**12**
Balance at 30 June 2013	43	4	**47**
Carrying value at 30 June 2012	189	2	**191**
Carrying value at 30 June 2013	177	2	**179**

Finite life intangible assets which are amortised comprise of: (i) the RBCT entitlement held by the Goedgevonden joint venture of R177 million (F2012: R189 million); and (ii) R2 million (F2012: R2 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 22 years (F2012: 23 years).

	Group F2013 Rm	Group F2012 Rm	Company F2013 Rm	Company F2012 Rm
6. Loans and long-term receivables				
Long-term receivables	**285**	221	**377**	240
Total	**285**	221	**377**	240
Long-term loans held are as follows:				
Assmang	**195**	107	**–**	–
ARM Platinum (Modikwa)	**17**	17	**–**	–
ARM Coal (refer note 8)	**–**	–	**9**	9
ARM Coal (GSA)	**73**	97	**–**	–
ARM Coal (Corporate)	**–**	–	**368**	231
	285	221	**377**	240
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.				
7. Financial assets				
Structured investment	**134**	70	**–**	–
Arranger's fee	**3**	4	**–**	–
	137	74	**–**	–
Less: Transferred to short-term financial assets	**(39)**	–	**–**	–
Total	**98**	74	**–**	–

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 R95 million (F2012: R44 million) and Two Rivers R39 million (F2012: R26 million). The investment capital growth is linked to the JSE Top 40 index growth. The investment maturity dates are 29 November 2013, 30 September 2014 and 1 July 2015 (F2012: 29 November 2013 and 30 September 2014). This asset is carried at fair value through profit and loss (refer note 25 and 26). During 2012, a US Dollar denominated loan was taken up with Standard Finance (Isle of Man) Limited in terms of which an arranger's fee was paid. This arranger's fee will be amortised over the 60 month period of the loan starting from April 2012.

	Group		Company	
	F2013 Rm	F2012 Rm	**F2013 Rm**	F2012 Rm
8. Investment in associate				
Through ARM's 51% investment in ARM Coal, the Group holds an effective 10.2% investment in the existing coal operations of GCSA.				
Opening balance	**974**	862	**–**	–
Original investment (10.2%)	**400**	400	**–**	–
Additional investment (ATCOM and ATC collieries)*	**9**	9	**–**	–
Additional investment RBCT	**313**	201	**–**	–
Retained income	**252**	246	**–**	–
Cash flow hedge	**–**	6	**–**	–
(Loss)/profit for the current year	**(7)**	6	**–**	–
Cash flow hedge current year	**(16)**	(6)	**–**	–
	951	862	**–**	–
ARM invested directly in 10% of the existing coal operations of GCSA on 1 September 2007.				
Opening balance	**630**	630	**432**	432
Original investment	**400**	400	**400**	400
Additional investment (ATCOM and ATC collieries)	**32**	32	**32**	32
Retained income	**198**	192	**–**	–
Cash flow hedge	**–**	6	**–**	–
(Loss)/profit for the current year	**(7)**	5	**–**	–
Cash flow hedge current year	**(16)**	(5)	**–**	–
	607	630	**432**	432
Less: Dividend received prior years	**(138)**	(138)	**–**	–
Total investment	**1 420**	1 354	**432**	432
Total (loss)/profit for the year	**(14)**	11		
Total cash flow hedge for the year	**(32)**	(11)		
** Treated as a long-term loan and receivable in ARM Company which eliminates on consolidation (refer note 6).*				
Group's interest in sales of associate	**1 642**	1 562		
Group's interest in associate statement of financial position				
Non-current assets	**4 605**	4 098		
Current assets	**925**	882		
Total assets	**5 530**	4 980		
Less liabilities:				
Non-current liabilities	**3 922**	3 411		
Current liabilities	**188**	215		
Net assets	**1 420**	1 354		

9. Other investments

	Group F2013 Rm	Group F2012 Rm	Company F2013 Rm	Company F2012 Rm
Listed investment*				
Opening balance	**4 868**	5 724	**4 868**	5 724
Unrealised revaluation loss for the year	**–**	(856)	**–**	(856)
Unrealised impairment**	**(2 593)**	–	**(2 593)**	–
Available-for-sale reserve in other comprehensive income reclassified	**(139)**	–	**67**	–
Impairment of listed investment (refer note 29)	**(2 454)**	–	**(2 660)**	–
Total – listed investment classified as available-for-sale	**2 275**	4 868	**2 275**	4 868
Market value of listed investment	**2 275**	4 868	**2 275**	4 868
(Determined by reference to market share price)				
Unlisted joint ventures				
Investment in joint ventures***			**2 200**	2 031
Loans**** (refer page 250)			**728**	566
RBCT	**106**	80	**–**	–
Preference shares	**10**	11	**–**	–
Unlisted – subsidiary companies				
Cost of investments			**567**	529
Loans**** (refer page 249)			**800**	757
Total – unlisted investments	**116**	91	**4 295**	3 883
Total carrying amount of investments	**2 391**	4 959	**6 570**	8 751

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 of the listed investment was determined by reference to the market share price at 30 June 2013 and 30 June 2012.

Kingfisher Insurance Company Limited holds R10 million (F2012: R11 million) preference shares in various financial institutions.

Investments valued at cost amount to R567 million (F2012: R529 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 2013 was R567 million (F2012: R415 million) (refer note 15 and 20). The book value of the pledged shares amounts to R1 631 million (F2012: R2 870 million).

A report on investments appears on pages 248 to 250.

* *Harmony 63 632 922 shares at R35.75 per share (F2012: R76.50).*

** *The impairment was due to a significant decline in the share price below cost for additional information, please refer to the Financial Director's report on page 20.*

*** *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 Rnil million (F2012: R62 million) beared interest at the South African Revenue Service rate;

(ii) the loan to Venture Building Trust of R55 million (F2012: R55 million) bears interest at 2% below the prime bank overdraft rate, which is currently 6.5% (F2012: 7%) per annum; and

(iii) Vale/ARM joint venture loans included under joint ventures, R728 million which currently bear interest at LIBOR plus 5% (F2012: R566 million beared interest at LIBOR plus 5%).

	Group		Company	
	F2013 Rm	F2012 Rm	**F2013 Rm**	F2012 Rm
10. Inventories				
Inventories (non-current)				
Ore stockpiles	**–**	141	**–**	–
	–	141	**–**	–
Inventories consisted 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. This was transferred to assets held for sale (refer note 13).				
Inventories (current)				
Ore stockpiles	**730**	285	**199**	75
Consumable stores	**724**	461	**85**	60
Raw material	**120**	127	**–**	–
Work-in-progress	**58**	64	**32**	12
Khumani housing	**232**	131	**–**	–
Finished goods	**1 358**	1 390	**10**	22
	3 222	2 458	**326**	169
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 R329 million (F2012: R217 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 R120 million (F2012: R119 million) have been pledged as security for loans in ARM Coal Proprietary Limited (refer note 15).				
11. Trade and other receivables				
Trade receivables	**2 958**	1 776	**633**	119
Related parties (refer note 41)	**1 191**	1 204	**72**	229
Other receivables	**518**	626	**39**	48
	4 667	3 606	**744**	396

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.

	Group		Company	
	F2013 Rm	F2012 Rm	**F2013 Rm**	F2012 Rm
11. Trade and other receivables continued				
Debtors analysis				
Outstanding on terms' normal cycle	**4 181**	3 278	**677**	387
Outstanding longer than 30 days outside normal cycle	**199**	173	**–**	–
Outstanding longer than 60 days outside normal cycle	**138**	59	**–**	–
Outstanding longer than 90 days outside normal cycle	**35**	60	**–**	–
Outstanding longer than +120 days outside normal cycle*	**123**	44	**67**	10
Less: Provisions for impairments	**(9)**	(8)	**–**	(1)
Total	**4 667**	3 606	**744**	396
Provision for impairments				
Opening balance	**8**	20	**1**	13
Foreign exchange/(release) for the year	**1**	(12)	**(1)**	(12)
Closing balances	**9**	8	**–**	1

* *No provision has been raised in F2013 on debtors outstanding longer than 120 days (F2012: Rnil) and the balance is considered recoverable. Total provision at year end amounted to R9 million (F2012: R8 million).*

12. Cash and cash equivalents

	Group F2013 Rm	Group F2012 Rm	Company F2013 Rm	Company F2012 Rm
Cash at bank and on deposit	**3 769**	2 838	**802**	205
Restricted cash				
– Rehabilitation trust funds (refer note 22)	**200**	174	**51**	47
– Other♦	**663**	552	**58**	62
Cash and cash equivalents per statement of financial position	**4 632**	3 564	**911**	314
Less: Overdrafts (refer note 20)	**(396)**	(337)	**(30)**	(35)
Cash and cash equivalents per statement of cash flows	**4 236**	3 227	**881**	279
The cash is held as follows per statement of financial position:				
African Rainbow Minerals Limited	**579**	161	**579**	161
ARM Finance Company SA	**60**	107	**–**	–
ARM Coal Proprietary Limited	**4**	–	**–**	–
Assmang Limited	**2 588**	2 160	**–**	–
ARM Platinum Proprietary Limited	**125**	152	**–**	–
Kingfisher Insurance Co Limited	**134**	146	**–**	–
Nkomati	**223**	43	**223**	43
Two Rivers Platinum Proprietary Limited	**9**	2	**–**	–
Vale/ARM joint venture	**45**	60	**–**	–
Venture Building Trust Proprietary Limited	**2**	4	**–**	–
Restricted cash	**863**	729	**109**	110
	4 632	3 564	**911**	314

Cash at bank and on deposit earns interest at floating rates based on daily bank deposit rates.

♦ *Other restricted cash includes:*
- *The ARM trust of R30 million (F2012: R36 million) and cash held by Mannequin Insurance PCC Limited (Cell AVL 18) amounting to R492 million (F2012: R436 million) in terms of an insurance contract.*
- *Guarantees issued by Two Rivers to DMR and Eskom amounting to R53 million (F2012: R53 million).*
- *Guarantees issued by Nkomati to DMR and Eskom amounting to R27 million (F2012: R27 million).*
- *Guarantees issued by Modikwa to DMR amounting to R60 million (F2012: Rnil).*

	Group		Company	
	F2013 Rm	F2012 Rm	**F2013 Rm**	F2012 Rm
13. Assets held for sale				
Fixed assets	**18**	–	**–**	–
Ore stockpile	**173**	–	**–**	–
	191	–	**–**	–
The decision to exit the Kalumines Project in the Democratic Republic of the Congo (DRC) has been concluded since the end of the financial year.				
The mining licence was handed back to Gecamines (our 40% partner) and Gecamines also paid a settlement fee for the mining of ore and for geological drilling done by the partners.				
14. Share capital and share premium				
Share capital				
Authorised				
500 000 000 (F2012: 500 000 000) ordinary shares of 5 cents each	**25**	25	**25**	25
	25	25	**25**	25
Issued				
Opening balance	**11**	11	**11**	11
773 076 shares issued (F2012: 1 719 356)*	**–**	–	**–**	–
215 624 972 (F2012: 214 851 896) ordinary shares of 5 cents each	**11**	11	**11**	11
Share premium	**3 996**	3 937	**3 996**	3 937
– Balance at beginning of the year	**3 937**	3 840	**3 937**	3 840
– Premium on shares issued	**59**	97	**59**	97
Total issued share capital and share premium	**4 007**	3 948	**4 007**	3 948
** The movement in issued shares was less than R1 million.*				
15. Long-term borrowings				
Secured				
Loan facility (Two Rivers Mine Housing Project)	**75**	92	**–**	–
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 7.35% (F2012: 5.6%).				
The loan is secured by a mortgage bond over the property and a cession of insurances.				
Loan facility (ARM Corporate)	**567**	415	**567**	415
This loan facility is for an amount of R2 250 million and is repayable in August 2015. The interest rate has a JIBAR base with an additional margin between 2.3% and 3.5%. At 30 June 2013, the rate was 7.35% (F2012: 8.8%). This loan has been secured by a pledge of shares (refer note 9).				

15. Long-term borrowings continued

	Group F2013 Rm	Group F2012 Rm	Company F2013 Rm	Company F2012 Rm
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 F2013, an amount of US$80 million had been drawn on this facility (F2012: US$34 million). ARM Company has guaranteed this loan.	**795**	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 six-month LIBOR rate plus 5%. The LIBOR rates for the period under review varied between 0.41% to 0.86% (F2012: 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 six months after commercial production has begun, with final settlement on 30 June 2016.	**398**	195	**–**	–
Leases (Two Rivers) Finance leases over property, plant and equipment with a book value of R108 million (F2012: R126 million) bear interest at 7% linked to JIBAR (F2012: 7.47%) 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 2016 (refer note 37).	**119**	141	**–**	–
Loan facility (ARM Coal – partner loan) The following loans are with Glencore Operations South Africa Proprietary Limited (previously Xtrata South Africa) (GSA) and relate to the acquisition and development of the Goedgevonden Thermal Coal Mine.				
ARM Coal – acquisition loan (partner loan) Interest charged at the prime bank overdraft rate. The loan is repayable over 20 years as and when positive cash flows are generated with final repayment in 2026.	**418**	439	**–**	–
ARM Coal – project facility phase 1 loan (partner loan) The phase 1 project facility bears interest at the prime bank overdraft rate after the interest holiday expires in 2014 and is repayable by August 2024 from positive cash flows.	**761**	761	**–**	–
ARM Coal – project facility phase 2 loan (partner loan) The phase 2 project facility bears interest at the prime bank overdraft rate and is repayable by August 2024 from positive cash flows.	**196**	213	**–**	–

These are secured by:

- a cession in favour of GSA creating a first ranking security interest over ARM Coal's participating interest in the Goedgevonden joint venture;
- a cession in favour of GSA creating a first ranking security interest over all the preference shares in GSA held by ARM Coal;
- a cession in favour of GSA 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 GSA over all immovable property of ARM Coal; and
- notarial bonds to be registered by ARM Coal in favour of GSA over all movable assets owned by ARM Coal.

	Group F2013 Rm	Group F2012 Rm	Company F2013 Rm	Company F2012 Rm
15. Long-term borrowings continued				
Unsecured				
ARM Coal – RBCT phase V (partner loan)	**153**	205	**–**	–
This loan is with GSA and bears interest at the prime bank overdraft rate plus 0.5% and is repayable by October 2020 from postive cash flows.				
Total borrowings	**3 482**	2 738	**567**	415
Less: Repayable within one year included in short-term borrowings (refer note 20)	**(189)**	(522)	**(3)**	(415)
Total SA Rand long-term borrowings	**3 293**	2 216	**564**	–
Held as follows:				
– African Rainbow Minerals Limited	**564**	–	**564**	–
– ARM Finance Company SA	**735**	277	**–**	–
– ARM Coal Proprietary Limited – acquisition loan (partner loan)	**404**	439	**–**	–
– ARM Coal Proprietary Limited – project facility phase 1 (partner loan)	**761**	761	**–**	–
– ARM Coal Proprietary Limited – project facility phase 2 (partner loan)	**187**	210	**–**	–
– ARM Coal Proprietary Limited – RBCT phase V (partner loan)	**140**	194	**–**	–
– Two Rivers Platinum Proprietary Limited	**104**	140	**–**	–
– Vale/ARM joint venture (partner loan)	**398**	195	**–**	–
	3 293	2 216	**564**	–

Repayments schedule – undiscounted cash flows, excluding accounting adjustments

Group	Total borrowings F2013 Rm	Repayable during the year ending 30 June F2014 Rm	F2015 Rm	F2016 Rm	F2017 Rm	F2018 – onwards Rm
Secured loans						
Loan facility (Two Rivers Mine Housing Project)	**75**	16	16	16	16	11
ARM Coal – acquisition loan (partner loan)	**418**	14	28	38	44	294
ARM Coal – project facility phase 1 loan (partner loan)	**761**	–	38	55	59	609
ARM Coal – project facility phase 2 loan (partner loan)	**196**	9	10	13	14	150
Loan facility (ARM Corporate)	**567**	3	–	564	–	–
Loan facility (ARM Finance Company SA)	**795**	60	238	268	229	–
Vale/ARM joint venture	**398**	–	99	99	100	100
Finance leases – Two Rivers	**119**	74	37	8	–	–
Total secured loans	**3 329**	176	466	1 061	462	1 164
Unsecured loans						
ARM Coal – RBCT phase V (partner loan)	**153**	13	16	20	19	85
Total secured loans	**153**	13	16	20	19	85
Total borrowings at 30 June 2013	**3 482**	189	482	1 081	481	1 249

	F2012	F2013	F2014	F2015	F2016	F2017 – onwards
Total borrowings at 30 June 2012	2 738	522	242	397	243	1 334

16. Deferred taxation

	Group F2013 Rm	Group F2012 Rm	Company F2013 Rm	Company F2012 Rm
Deferred tax assets				
Provisions	**2**	3	**1**	–
Capital gains tax on revaluation of listed investment	**325**	–	**325**	–
Deferred tax assets	**327**	3	**326**	–
Deferred tax liabilities				
Property, plant and equipment	**4 221**	3 820	**423**	314
Intangible assets	**50**	53	**–**	–
Provisions	**(360)**	(259)	**(73)**	(15)
Capital gains tax on revaluation of listed investment	**–**	159	**–**	159
Inventories	**36**	24	**–**	–
Post-retirement healthcare provisions	**(27)**	(28)	**(23)**	(24)
Unrealised related party foreign currency	**31**	8	**47**	8
Deferred tax liabilities	**3 951**	3 777	**374**	442
Reconciliation of opening and closing balance				
Opening deferred tax liabilities	**3 777**	3 593	**442**	538
Opening deferred tax assets	**(3)**	(87)	**–**	(85)
Net deferred tax liabilities opening balance	**3 774**	3 506	**442**	453
Temporary differences from:	**(150)**	268	**(394)**	(11)
Property, plant and equipment	**401**	360	**109**	(40)
Intangible assets	**(3)**	(3)	**–**	–
Provisions	**(100)**	(97)	**(59)**	5
Revaluation of investments – directly in equity	**–**	(81)	**–**	(81)
Impairment of listed investment	**(484)**	–	**(484)**	–
Inventories	**12**	(16)	**–**	–
Assessed loss	**–**	1	**–**	–
Post-retirement healthcare provisions	**1**	(1)	**1**	–
Unrealised related party foreign currency	**23**	20	**39**	20
STC asset reversal	**–**	85	**–**	85
Total deferred tax	**3 624**	3 774	**48**	442
Deferred tax liabilities	**3 951**	3 777	**374**	442
Deferred tax assets	**(327)**	(3)	**(326)**	–

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 after taking possible future uncertainties into account. Future taxable profits are estimated based on approved business plans which include various estimates and assumptions regarding economic growth, interest, inflation, metal prices, exchange rates, taxation rates and competitive forces.

17. Long-term provisions

	Group F2013 Rm	Group F2012 Rm	Company F2013 Rm	Company F2012 Rm
Environmental rehabilitation obligation				
Provision for decommissioning				
Balance at beginning of year	**394**	296	**25**	20
Provision for the year	**(26)**	88	**(4)**	3
Unwinding discount rate	**20**	17	**1**	2
Realignment of currency	**6**	9	**–**	–
Reallocation	**–**	(16)	**–**	–
Balance at end of year	**394**	394	**22**	25
Provision for restoration				
Balance at beginning of year	**209**	102	**34**	30
Reallocation	**–**	16	**–**	–
Unwinding of discount rate	**13**	12	**1**	1
Realignment of currency	**2**	2	**–**	–
Provision for the year	**(19)**	77	**17**	3
Balance at end of year	**205**	209	**52**	34
Total environmental rehabilitation obligation	**599**	603	**74**	59
The net present value of current rehabilitation liabilities is based on discount rates taking into consideration long bond yield rates of around 9.22% (F2012: around 7.5%), inflation rates of around 7.41% in line with the South African Reserve Bank long-term inflation target of between 3% to 8% (F2012: 3% to 6%) and life-of-mines of between 3 and 25 years (F2012: 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	**100**	97	**87**	87
Benefits paid	**(6)**	–	**(6)**	–
Interest cost	**1**	3	**1**	–
Balance at end of the year (refer note 39)	**95**	100	**82**	87
Other long-term provisions				
Balance at beginning of year	**189**	54	**8**	–
Change in estimate of variable purchase price for mine properties	**(28)**	65	**–**	–
Change in estimate structured investment	**–**	14	**–**	–
Unwinding of discount rate	**7**	–	**–**	–
Transfer to short-term provisions	**(53)**	(1)	**–**	–
Provision for the year	**150**	57	**10**	8
Balance at end of the year	**265**	189	**18**	8
Total long-term provisions at end of the year	**959**	892	**174**	154

Other long-term provisions include: long-term incentive schemes aimed at attracting, retaining and rewarding eligible senior employees; and 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 F2013 Rm	Group F2012 Rm	Company F2013 Rm	Company F2012 Rm
18. Trade and other payables				
Trade	**1 925**	910	**468**	222
Related parties (refer note 41)	**1**	59	**–**	20
Other	**752**	1 349	**148**	194
Total trade and other payables	**2 678**	2 318	**616**	436
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	**328**	152	**83**	98
Provision for the period	**477**	348	**188**	83
Payments made during the year	**(339)**	(173)	**(84)**	(98)
Transfer from long-term provision	**21**	–	**–**	–
Realignment of currency	**4**	1	**–**	–
Balance at end of the year	**491**	328	**187**	83
Leave pay provision				
Balance at beginning of year	**122**	96	**24**	20
Provision for the period	**51**	31	**8**	8
Payments made during the year	**(10)**	(6)	**(4)**	(4)
Realignment of currency	**1**	1	**–**	–
Balance at end of the year	**164**	122	**28**	24
Other provisions				
Balance at beginning of year	**13**	39	**–**	–
Provision for the period*	**49**	1	**–**	–
Payments made	**(3)**	(28)	**–**	–
Transfer from long-term provision	**32**	1	**–**	–
Balance at end of the year	**91**	13	**–**	–
Total short-term provisions	**746**	463	**215**	107

** These amounts include provision movements for the period amounting to -R8 million (F2012: R1 million) and R57 million (F2012: Rnil) for an expense provision capitalised.*

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.

	Group		Company	
	F2013 Rm	F2012 Rm	**F2013 Rm**	F2012 Rm

20. Overdrafts and short-term borrowings

	Group F2013 Rm	Group F2012 Rm	Company F2013 Rm	Company F2012 Rm
Overdrafts	**396**	337	**30**	35
Loans from subsidiaries – non-interest-bearing	**–**	–	**258**	291
Short-term borrowings – partner loans (refer note 41)	**114**	162	**–**	–
Current portion of long-term borrowings (refer note 15)	**189**	522	**3**	415
	699	1 021	**291**	741
Overdrafts and short-term borrowings are held as follows:				
– African Rainbow Minerals Limited	**3**	415	**3**	415
– ARM Mining Consortium Limited	**–**	57	**–**	–
– ARM Mining Consortium Limited – Anglo American Platinum Limited (partner loan)	**114**	114	**–**	–
– ARM Coal Proprietary Limited	**36**	14	**–**	–
– ARM Finance Company	**60**	–	**–**	–
– Two Rivers Platinum Proprietary Limited – bank loans and overdrafts	**443**	338	**–**	–
– Two Rivers Platinum Proprietary Limited – Impala Platinum (partner loan)	**–**	48	**–**	–
– Vale/ARM joint venture	**13**	–	**–**	–
– Other	**30**	35	**30**	35
– Loans from subsidiaries	**–**	–	**258**	291
	699	1 021	**291**	741
Overdrafts are held as follows:				
– ARM Mining Consortium Limited	**–**	57	**–**	–
– Two Rivers Platinum Proprietary Limited	**353**	245	**–**	–
– Vale/ARM joint venture	**13**	–	**–**	–
– Other	**30**	35	**30**	35
	396	337	**30**	35
Unutilised short-term borrowing and overdraft facilities:				
– African Rainbow Minerals Limited	**430**	430	**430**	430
– Assmang Limited – 50%	**521**	521		
– ARM Mining Consortium Limited	**100**	44		
– Two Rivers Platinum Proprietary Limited	**147**	255		
Total	**1 198**	1 250	**430**	430

All of the above overdraft facilities roll from year to year except the Two Rivers Platinum Limited overdraft that expired in December 2012 but was renewed. 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.

21. Joint ventures

The proportionate share of the following joint ventures has 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		Company	
	F2013 Rm	F2012 Rm	**F2013 Rm**	F2012 Rm
Income statements				
Sales	**16 976**	15 195	**2 244**	1 554
Cost of sales	**(10 945)**	(9 697)	**(1 810)**	(1 497)
Other operating income	**420**	481	**54**	11
Other operating expenses	**(1 389)**	(1 215)	**(168)**	(234)
Income from investments	**155**	145	**9**	6
Finance costs	**(133)**	(156)	**(3)**	(3)
(Loss)/income from associate	**(14)**	6	**–**	–
Exceptional items	**(182)**	(70)	**–**	1
Profit/(loss) before tax	**4 888**	4 689	**326**	(162)
Taxation	**(1 453)**	(1 307)	**(94)**	33
Profit/(loss) for the year after taxation	**3 435**	3 382	**232**	(129)
Non-controlling interest	**14**	12	**–**	–
Attributable to equity holders of ARM	**3 449**	3 394	**232**	(129)
Statements of financial position				
Non-current assets	**19 516**	17 565	**2 023**	2 215
Current assets	**9 783**	7 560	**1 259**	571
Non-current liabilities (interest-bearing)	**1 890**	1 799	**–**	–
Non-current liabilities (non-interest-bearing)	**4 167**	3 728	**458**	338
Current liabilities (non-interest-bearing)	**2 960**	2 221	**538**	317
Current liabilities (interest-bearing)	**49**	70	**–**	–
Statements of cash flows				
Net cash inflow from operating activities	**4 599**	4 258	**314**	13
Net cash outflow from investing activities	**(3 325)**	(3 740)	**(80)**	(272)
Net cash outflow from financing activities	**(11)**	(84)	**–**	(3)

	Group		Company	
	F2013 Rm	F2012 Rm	**F2013 Rm**	F2012 Rm
22. Environmental rehabilitation trust funds				
Balance at beginning of year	**174**	130	**47**	45
Contributions	**17**	37	**2**	1
Interest earned	**9**	7	**2**	1
Total (included in cash and cash equivalents) (refer note 12)	**200**	174	**51**	47
Total environmental rehabilitation obligations (refer note 17)	**599**	603	**74**	59
Less: Amounts in trust funds (see above)	**(200)**	(174)	**(51)**	(47)
Unfunded portion of liability	**399**	429	**23**	12
Part of the unfunded portion of the liability is secured by guarantees in favour of the Department of Mineral Resources as required, of R256 million (F2012: R254 million) (refer note 36).				
23. Sales				
Sales – mining and related products	**19 844**	17 530	**2 244**	1 554
Made up as follows:				
Local sales	**5 669**	4 458	**–**	26
Export sales	**14 106**	13 072	**2 244**	1 528
Foreign sales	**69**	–	**–**	–
	19 844	17 530	**2 244**	1 554
Revenue	**20 508**	18 142	**4 662**	3 238
Sales – mining and related products	**19 844**	17 530	**2 244**	1 554
Interest received (refer note 27)	**204**	215	**86**	84
Dividends received (refer note 27)	**64**	64	**1 737**	1 064
Fees received	**298**	273	**595**	536
Property rental income	**21**	5	**–**	–
Net insurance premiums received	**77**	55	**–**	–
24. Cost of sales				
Amortisation and depreciation	**1 664**	1 305	**252**	190
Staff costs	**2 670**	1 984	**217**	144
– salaries and wages	**2 366**	1 765	**206**	133
– pension – defined contribution	**181**	126	**11**	10
– long service benefits	**11**	13	**–**	–
– medical aid	**112**	80	**–**	1
Consultants, contractors and other	**382**	785	**9**	16
Electricity	**668**	696	**95**	78
Inventories written down	**103**	61	**–**	5
Raw materials, consumables used and change in inventories	**3 692**	3 128	**1 168**	1 035
Railage and road transportation	**1 488**	1 149	**–**	–
Provisions – long-term	**134**	68	**27**	11
– short-term	**352**	292	**31**	17
Distribution costs	**1 583**	1 637	**–**	–
Other costs	**379**	358	**12**	1
	13 115	11 463	**1 811**	1 497

	Group		Company	
	F2013 Rm	F2012 Rm	**F2013 Rm**	F2012 Rm
25. Other operating income				
Fees received	**298**	273	**596**	536
Unrealised foreign exchange	**115**	4	**142**	29
Realised foreign exchange	**288**	255	**35**	88
Commission received	**6**	21	**6**	6
Insurance income received	**77**	55	**–**	–
Insurance income loss of revenue	**4**	93	**–**	–
Rental income from investment property (refer note 4)	**2**	2	**–**	–
Structured investment (refer note 7)	**13**	3	**–**	–
Other	**157**	153	**27**	34
	960	859	**806**	693
26. Other operating expenses				
Exploration	**101**	125	**88**	113
Depreciation	**29**	10	**7**	6
Distribution cost	**104**	180	**104**	180
Direct operating expenses of investment property	**5**	5	**–**	–
Insurance	**190**	149	**9**	14
Operating lease payments	**3**	2	**–**	–
Rent paid	**6**	5	**12**	10
Mineral royalty tax	**551**	492	**8**	7
Staff cost	**252**	195	**218**	187
– salaries and wages	**237**	182	**203**	174
– pension – defined contribution	**8**	9	**8**	9
– long service rewards	**1**	–	**1**	–
– training	**6**	4	**6**	4
Consulting fees	**49**	43	**38**	27
Realised foreign exchange	**14**	17	**14**	7
Unrealised foreign exchange	**1**	10	**1**	–
Provisions – long-term	**(3)**	154	**–**	–
– short-term	**168**	88	**165**	73
Secretarial and financial services	**3**	3	**3**	3
Shortworkings	**150**	46	**–**	–
Share-based payments expensed	**133**	94	**133**	94
Structured investment (refer note 7)	**–**	4	**–**	–
Other	**396**	88	**158**	197
	2 152	1 710	**958**	918

	Group		Company	
	F2013 Rm	F2012 Rm	**F2013 Rm**	F2012 Rm
27. Income from investments				
Dividend income – listed	**64**	64	**64**	64
– unlisted (refer note 41)	**–**	–	**1 673**	1 000
Interest received – subsidiary companies and joint ventures (refer note 41)	**–**	–	**66**	59
– environmental trust funds (refer note 22)	**9**	7	**2**	1
– South African Revenue Service	**–**	7	**–**	–
– short-term bank deposits and other	**195**	201	**18**	24
	268	279	**1 823**	1 148
The interest received is from financial assets categorised as loans and receivables (refer note 35).				
28. Finance cost				
Interest on finance leases	**10**	11	**–**	–
Gross interest paid on long- and short-term borrowings and overdrafts	**191**	181	**41**	45
South African Revenue Service	**–**	14	**–**	14
Unwinding of discount rate	**40**	29	**2**	3
Less: Capitalised (refer note 3)	**(16)**	(3)	**–**	–
	225	232	**43**	62
The interest paid is on financial liabilities categorised as other financial liabilities at amortised cost (refer note 35).				
29. Exceptional items				
Loss on sale of property, plant and equipment	**(26)**	(2)	**–**	–
Profit on sale of investment	**–**	–	**5**	–
Unreaslised impairment of available-for-sale listed investment	**(2 454)**	–	**(2 660)**	–
(Impairments)/reversal on property, plant and equipment	**(156)**	(68)	**–**	1
Scrapping of property, plant and equipment	**(3)**	–	**–**	–
Exceptional items per income statement	**(2 639)**	(70)	**(2 655)**	1
Profit on sale of property, plant and equipment accounted for directly in associate – ARM Coal	**–**	52	**–**	–
Taxation accounted for in associate	**–**	(14)	**–**	–
Taxation on impairment of available-for-sale investment	**484**	–	**484**	–
Taxation on other exceptional items	**52**	19	**–**	–
Total amount adjusted for headline earnings	**(2 103)**	(13)	**(2 171)**	1

30. Taxation

	Group F2013 Rm	Group F2012 Rm	Company F2013 Rm	Company F2012 Rm
South African normal taxation				
– current year	**1 344**	1 184	**90**	82
– mining	**1 185**	1 043	**–**	–
– non-mining	**159**	141	**90**	82
– prior year	**(42)**	69	**(40)**	37
Foreign tax	**7**	1	**–**	–
STC	**–**	50	**–**	–
Total current taxation	**1 309**	1 304	**50**	119
Deferred taxation	**(164)**	329	**(394)**	70
Total taxation	**1 145**	1 633	**(344)**	189
Attributable to:				
Profit before exceptional items	**1 681**	1 652	**140**	189
Exceptional items (refer note 29)	**(536)**	(19)	**(484)**	–
	1 145	1 633	**(344)**	189
Amounts recognised directly in statement of comprehensive income:				
Unrealised loss on available-for-sale financial asset	**–**	(81)	**–**	(81)
Realisation of foreign exchange movements on loans to a foreign Group entity	**–**	11	**–**	–
Unrealised foreign exchange movements on loans to a foreign Group entity	**14**	9	**–**	–
	14	(61)	**–**	(81)
Total movement in deferred tax	**(150)**	268	**(394)**	(11)

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.

30. Taxation continued

	Group F2013 %	Group F2012 %	Company F2013 %	Company F2012 %
Reconciliation of rate of taxation:				
Standard rate of Company taxation	**28**	28	**28**	28
Adjusted for:				
Disallowable expenditure	**2**	1	**(15)**	21
Exempt income	**(1)**	–	**82**	(32)
Capital Gains Tax	**9**	–	**(44)**	–
Foreign entity	**2**	–	**–**	–
STC	**–**	1	**–**	–
Prior year under provision	**(1)**	1	**7**	4
Effective rate of taxation	**39**	31	**58**	21
Reconciliation of rate of taxation before exceptional items:				
Standard rate of Company taxation	**28**	28	**28**	28
Adjusted for:				
Disallowable expenditure	**2**	1	**4**	21
Exempt income	**–**	–	**(23)**	(32)
Foreign entity	**1**	–	**–**	–
STC	**–**	1	**–**	–
Prior year under provision	**(1)**	1	**(2)**	4
Effective rate of taxation before exceptional items	**30**	31	**7**	21

	F2013 Rm	F2012 Rm	F2013 Rm	F2012 Rm
Profit before taxation and exceptional items per income statement	**5 566**	5 274	**2 061**	918
Taxation per income statement	**1 145**	1 633	**(344)**	189
Taxation on exceptional (refer note 29)	**536**	19	**484**	–
Tax without tax on exceptionals	**1 681**	1 652	**140**	189
Percentage on above	**30**	31	**7**	21
Estimated assessed losses available for reduction of future taxable income	**491**	326	**–**	–
No deferred tax asset has been raised on the estimated assessed losses of R449 million (F2012: R284 million) in the Vale/ARM joint venture group.				
Unredeemed capital expenditure available for reduction of future mining income*	**3 944**	4 188	**664**	1 163

** Deferred tax has been raised on these estimated tax benefits.*

The Company had estimated unutilised credits in respect of STC of R993 million at 30 June 2013 (F2012: R2 242 million).

The post year end dividend declared will bear withholding tax at 15% (F2012: 15%) and no STC credits remain subsequent to this dividend payment.

The latest tax assessment for the Company relates to the year ended June 2011.

All returns up to and including June 2012 have been submitted.

	Group	
	F2013	F2012
31. Calculations per share		
The calculation of basic earnings per share is based on basic earnings of R1 634 million (F2012: R3 438 million) and a weighted average of 215 357 thousand (F2012: 213 689 thousand) shares in issue during the year.		
The calculation of headline earnings per share is based on headline earnings of R3 737 million (F2012: R3 451 million) and a weighted average of 215 357 thousand (F2012: 213 689 thousand) shares in issue during the year.		
The calculation of diluted basic earnings per share is based on basic earnings of R1 634 million (F2012: R3 438 million), with no reconciling items to derive at diluted earnings, and a weighted average of 216 914 thousand (F2012: 215 118 thousand) shares, calculated as follows:		
Weighted average number of shares used in calculating basic earnings per share (thousands)	**215 357**	213 689
Potential ordinary shares due to share options granted (thousands)	**1 557**	1 429
Weighted average number of shares used in calculating diluted earnings per share (thousands)	**216 914**	215 118
The calculation of diluted headline earnings per share is based on headline earnings of R3 737 million (F2012: R3 451 million) and a weighted average of 216 914 thousand (F2015: 215 118 thousand) shares.		
The calculation of net asset value per share is based on net assets of R24 070 million (F2012: R23 200 million) and the number of shares at year-end of 215 625 thousand (F2012: 214 852 thousand) shares.		
The calculation of cash generated from operations per share (cents) is based on cash generated from operations of R6 312 million (F2012: R5 969 million) and the weighted average number of shares in issue of 215 357 thousand (F2012: 213 689 thousand).		
Dividend per share After the year end, a dividend of 510 cents per share (F2012: 475 cents per share, F2011: 450 cents per share) was declared which approximates R1 100 million (F2012: R1 021 million, F2011: R959 million). This dividend was declared on 2 September 2013 (F2012: 3 September 2012, F2011: 31 August 2011), before approval of the financial statements but was not recognised as a distribution to owners during the period to June 2013.		
	Rm	Rm
32. Headline earnings		
Basic earnings attributable to equity holders of ARM	**1 634**	3 438
– Profit on sale of property, plant and equipment in associate – ARM Coal	**–**	(52)
– Unrealised impairment of available-for-sale listed investment	**2 454**	–
– Impairments of property, plant and equipment	**156**	68
– Scrapping of property, plant and equipment	**3**	–
– Loss on disposal of property, plant and equipment	**26**	2
	4 273	3 456
– Taxation on impairment of available-for-sale investment	**(484)**	–
– Taxation on other exceptional items	**(52)**	(5)
Headline earnings	**3 737**	3 451

	Group		Company	
	F2013 Rm	F2012 Rm	**F2013 Rm**	F2012 Rm
33. Reconciliation of net profit before tax to cash generated from operations				
Profit/(loss) from operations before exceptional items	**5 537**	5 216	**282**	(168)
(Loss)/income from associate	**(14)**	11	**–**	–
Exceptional items	**(2 639)**	(70)	**(2 655)**	1
Profit/(loss) from operations after exceptional items	**2 884**	5 157	**(2 373)**	(167)
Adjusted for:	**5 037**	2 001	**3 135**	286
– Amortisation and depreciation of property, plant and equipment	**1 693**	1 315	**259**	196
– Long- and short-term provisions	**651**	496	**223**	102
– Impairment of listed investment	**2 454**	–	**2 660**	–
– Impairment of property, plant and equipment	**159**	68	**–**	(1)
– Inventory written off	**103**	61	**–**	5
– Loss on disposal of property, plant and equipment	**26**	2	**–**	–
– Profit on disposal of subsidiary	**–**	–	**(5)**	–
– Unrealised foreign exchange gains	**(114)**	(8)	**(141)**	(116)
– Associate loss/(income)	**14**	(11)	**–**	–
– Share-based payments expense	**133**	94	**133**	94
– Sale of houses – Khumani	**(94)**	(45)	**–**	–
– Structured investment	**(13)**	1	**–**	–
– Other non-cash flow items	**25**	28	**6**	6
Cash from operations before working capital changes	**7 921**	7 158	**762**	119
Increase in inventories	**(863)**	(375)	**(157)**	(19)
Increase in receivables	**(1 066)**	(528)	**(331)**	(191)
Increase/(decrease) in payables and provisions	**320**	(286)	**71**	43
Cash generated from operations	**6 312**	5 969	**345**	(48)
34. Taxation paid				
Balance at beginning of year	**198**	195	**134**	100
Current taxation as per income statement (refer note 30)	**1 309**	1 304	**50**	119
Normal tax	**1 309**	1 254	**50**	119
STC	**–**	50	**–**	–
Other	**(6)**	–	**–**	–
Interest received	**–**	(7)	**–**	–
Balance at end of year	**(310)**	(198)	**(50)**	(134)
Tax payable	**(332)**	(224)	**(50)**	(134)
Tax receivable	**22**	26	**–**	–
Taxation paid	**1 191**	1 294	**134**	85

35. 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 35 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 when appropriate.

Below is a summary of amounts included in the statement of financial positions denominated in a foreign currency.

	Foreign currency amount	Year-end exchange rate
Financial assets		
Foreign currency denominated items included in receivables:		
30 June 2013	US$219 million	9.93
30 June 2012	US$191 million	8.16
Foreign currency denominated items included in cash and cash equivalents:		
30 June 2013	US$9 million	9.93
30 June 2012	US$21 million	8.16
Financial liabilities		
Foreign currency denominated items included in payables:		
30 June 2013	US$38 million	9.93
30 June 2012	US$20 million	8.16
Foreign currency denominated items included in long-term borrowings:		
30 June 2013	US$114 million	9.93
30 June 2012	US$34 million	8.16
Foreign currency denominated items included in overdrafts and short-term borrowings:		
30 June 2013	US$7 million	9.93
30 June 2012	US$nil	8.16

Foreign currency contract

During the year under review, GlencoreXstrata (previously 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 R32 million (F2012: R1 million) being recorded, at Group level, for the share of the cash flow hedge reserve in the PCB.

35. Financial instruments and risk management continued

b. Liquidity risk management

The Group's executive meets regularly to review long- and mid-term plans as well as short-term 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 table below summarises the maturity profile of the Group's financial liabilities at 30 June 2013 and 2012 based on undiscounted cash flows.

	Group F2013			
	Within one year Rm	**2 – 5 years Rm**	**Over 5 years Rm**	**Total Rm**
Long-term borrowings (refer note 15 and 20)	**189**	**2 044**	**1 249**	**3 482**
Trade and other payables (refer note 18)	**2 678**	**–**	**–**	**2 678**
Overdrafts and short-term borrowings (refer note 20)	**510**	**–**	**–**	**510**
Total	**3 377**	**2 044**	**1 249**	**6 670**

	Group F2012			
	Within one year Rm	2 – 5 years Rm	Over 5 years Rm	Total Rm
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	
	F2013 Rm	F2012 Rm
Overdrafts and short-term borrowings held as follows:		
ABSA Bank Limited	**293**	172
Nedbank Limited	**150**	114
The Standard Bank of South Africa Limited	**16**	182
Rand Merchant Bank Limited	**–**	182
Sanlam Limited	**–**	50
Other	**90**	145
Partner loans short-term	**114**	162
Partner loans long-term (included in R189 million, F2012: R522 million transfer to short-term)	**36**	14
	699	1 021

35. Financial instruments and risk management continued

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 11.

Major trade receivables include Impala Platinum R803 million (F2012: R 621 million), Rustenburg Platinum Mines R386 million (F2012: R281 million) and Norilsk Nickel R604 million (F2012: R154 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 12.

The available-for-sale financial assets (which is the Harmony investment) exposure is the carrying value of these assets as per note 9.

	Group	
	F2013 Rm	F2012 Rm
Cash and cash equivalents are held at the following financial institutions:		
ABSA Bank Limited	**887**	649
Nedbank Limited	**579**	368
The Standard Bank of South Africa Limited	**1 568**	1 375
Investec Limited	**50**	29
First Rand Limited	**636**	483
Stanlib Collective Investment Limited	**307**	7
Barclays Private Clients International	**492**	434
Other	**113**	219
	4 632	3 564

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 11) amounts to R1 793 million (F2012: R1 199 million) (Refer to the sensitivity calculations which follow note j below).

35. Financial instruments and risk management continued

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 35 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.

The table quantifies the interest rate risk.

Financial assets		Book value at year end Rm	Maturity date	Effective interest rate
Year ended 30 June 2013				
Cash – financial institutions	US$9 million	**88**	**Overnight call deposit**	**0 – 2 per cent**
– financial institutions		**3 856**		**2 – 7 per cent**
– fixed		**688**	**July-13**	**5 – 7 per cent**
		4 632		
Year ended 30 June 2012				
Cash – financial institutions	US$21 million	169	Overnight call deposit	0 – 1 per cent
– financial institutions		2 802		5 – 7 per cent
– fixed		593	July-12	5 – 7 per cent
		3 564		

Financial liabilities		Maturity date	Year end rate
Year ended 30 June 2013			
Long-term borrowings			
Leases	**119**	**2016**	**7% linked to JIBAR**
Loan facility (Two Rivers Mine Housing Project)	**75**	**2017**	**5.6% linked to JIBAR**
Loan facility (ARM Corporate)	**567**	**2015**	**7.35%**
Loan facility (ARM Finance Company SA)	**795**	**2018**	**LIBOR plus 3.65%**
Loan facility (Vale/ARM joint venture)	**398**	**2018**	**Libor plus 5%**
ARM Coal – RBCT phase V (partner loan)	**153**	**2021**	**Prime plus 0.5%**
ARM Coal – acquisition loan (partner loan)	**418**	**2026**	**Prime**
ARM Coal – project facility phase 1 loan (partner loan)	**761**	**2024**	**Nil till 2014, thereafter prime**
ARM Coal – project facility phase 2 loan (partner loan)	**196**	**2025**	**Prime**
	3 482		
Less: Transferred to short-term	**(189)**		
Total	**3 293**		

35. Financial instruments and risk management continued

f. Interest rate risk *continued*

Summary of variable and fixed rates

	Total Rm	Transfer to short-term Rm	Long-term Rm	
Variable rates	3 482	189	3 293	
Fixed rates	–	–	–	
Total	3 482	189	3 293	
Year ended 30 June 2012				
Long-term borrowings				
Leases	141		2012	2.655% below prime
Loan facility (Two Rivers Mine Housing Project)	92		2016	5.6% linked 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%
ARM Coal – RBCT (partner loan)	205		2021	Prime plus 0.5%
ARM Coal – acquisition loan (partner loan)	439		2026	Prime
ARM Coal – project facility phase 1 loan (partner loan)	761		2024	Nil till 2014, thereafter prime
ARM Coal – project facility phase 2 loan (partner loan)	213		2025	Prime
	2 738			
Less: Transferred to short-term	(522)			
Total	2 216			

** Refinanced after the year-end (refer note 15).*

Summary of variable and fixed rates

	Total Rm	Transfer to short-term Rm	Long-term Rm	
Variable rates	2 738	522	2 216	
Fixed rates	–	–	–	
Total	2 738	522	2 216	

Short-term financial liabilities	Book value at year end	Repricing date	Maturity date	
Year ended 30 June 2013				
– Financial institutions	**585**	**30/06/2013**	**30/06/2013**	**Variable rate between 5% and 7%**
– Anglo American Platinum (partner loan)	**114**			**No interest**
Total	**699**			
Year ended 30 June 2012				
– Financial institutions	859	30/06/2012	30/06/2012	Variable rate between 7% and 10%
– Anglo American Platinum (partner loan)	114			No interest
– Implats (partner loan)	48			Variable rate at year end 6.5%
Total	1 021			

35. Financial instruments and risk management continued

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.

Financial instruments by categories — **Group F2013**

Category	Loans and receivables Rm	At fair value through profit and loss Rm	Available-for-sale financial assets Rm	Other liabilities at amortised cost Rm	Total book value Rm	Total fair value Rm	Fair value hierarchy level Rm
Investments – listed	**–**	**10**	**2 275**	**–**	**2 285**	**2 285**	**1**
Investments – unlisted	**106**	**–**	**–**	**–**	**106**	**106**	**2**
Trade and other receivables	**2 874**	**1 793**	**–**	**–**	**4 667**	**4 667**	**2**
Loans and long-term receivables	**285**	**–**	**–**	**–**	**285**	**285**	**2**
Financial assets							
Structured investment	**–**	**137**	**–**	**–**	**137**	**137**	**2**
Trade and other payables	**–**	**–**	**–**	**(2 678)**	**(2 678)**	**(2 678)**	**2**
Cash and cash equivalents	**4 632**	**–**	**–**	**–**	**4 632**	**4 632**	**2**
Long-term borrowings	**–**	**–**	**–**	**(3 293)**	**(3 293)**	**(3 293)**	**2**
Short-term borrowings	**–**	**–**	**–**	**(303)**	**(303)**	**(303)**	**2**
Overdrafts	**–**	**–**	**–**	**(396)**	**(396)**	**(396)**	**2**

Financial instruments by categories — **Group F2012**

Category	Loans and receivables Rm	At fair value through profit and loss Rm	Available-for-sale financial assets Rm	Other liabilities at amortised cost Rm	Total book value Rm	Total fair value Rm	Fair value hierarchy level Rm
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 receivables	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

35. 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 793 million (F2012: R1 199 million) was valued using the following parameters: (i) Rand/US Dollar exchange rate of R9.93 (F2012: R8.16); (ii) platinum price of $1 342/oz (F2012: $1 443/oz); (iii) palladium price of $658/oz (F2012: $581/oz); (iv) rhodium of $1 000 oz (F2012: $1 250/oz); (v) a nickel price of $13 710/tonne (F2012: $16 730/tonne); and (vi) a copper price of $7 004/tonne (F2012: n/a).

The sensitivity was applied to profit or loss before taxation and non-controlling interest. There is no other impact on equity.

	Group	
	F2013 Rm	F2012 Rm
The increase in profit before tax if:		
The Rand/US Dollar exchange rate weakens by R1	**180**	147
The price of nickel increases by 10%	**61**	50
The price of PGM increases by 10%	**120**	162
The interest rate increases by 1%	**1**	2
The decrease in profit before tax if:		
The Rand/US Dollar exchange rate strengthens by R1	**(180)**	(147)
The price of nickel decreases by 10%	**(61)**	(50)
The price of PGM decreases by 10%	**(120)**	(162)
The interest rate decreases by 1%	**(1)**	(2)

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.

	Group		Company	
	F2013 Rm	F2012 Rm	**F2013 Rm**	F2012 Rm

36. Commitments and contingent liabilities

Commitments				
Commitments in respect of capital expenditure:				
Approved by directors				
– contracted for	**1 265**	3 580	**36**	72
– not contracted for	**482**	419	**120**	128
Total commitments	**1 747**	3 999	**156**	200
Commitments allocated as follows				
Assmang Limited	**1 202**	3 334	**–**	–
ARM Mining Consortium Limited	**59**	39	**–**	–
ARM Coal Proprietary Limited	**13**	10	**–**	–
Nkomati	**156**	200	**156**	200
Two Rivers Platinum Proprietary Limited	**3**	2	**–**	–
Vale/ARM joint venture	**314**	414	**–**	–
	1 747	3 999	**156**	200

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.

Contingent liabilities

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 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$15 million (US$7.5 million attributable to ARM) arising from the Democratic Republic of the Congo 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. The decision to exit the Kalumines project in the Democratic Republic of the Congo has been implemented since the end of the financial year.

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 (F2012: 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 2013 were Rnil (F2012: Rnil).

Guarantees to the DMR for rehabilitation provision amounting to R256 million (F2012: R254 million).

Guarantees to Eskom amounting to R149 million (F2012: R149 million).

37. Leases

	Group			
	F2013 Rm	**F2013 Rm**	F2012 Rm	F2012 Rm
Finance leases (refer note 3)	**Minimum payments**	**Present value of payments**	Minimum payments	Present value of payments
Within one year	**81**	**76**	88	77
After one year but not more than five years	**47**	**45**	65	64
Total minimum lease payments	**128**	**121**	153	141
Less: Amounts representing finance charges	**(7)**		(12)	–
Present value of minimum lease payments	**121**	**121**	141	141
Operating leases – Group as lessor				
This is in respect of office building rentals received (refer note 4)				
Within one year	**1**		1	
After one year but not more than five years	**5**		4	
Total minimum lease payments	**6**		5	

38. 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 R189 million (F2012: R135 million).

39. 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	
	F2013 Rm	F2012 Rm	**F2013 Rm**	F2012 Rm
The post-retirement healthcare benefits are provided for in the following entities:				
African Rainbow Minerals Limited	**82**	87	**82**	87
Assmang Limited	**13**	13		
	95	100	**82**	87

The liability is assessed periodically by an independent actuary. The 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% (F2012: plus 9.1% or less 7.9%) on the liability.
- The average expected working lifetime of eligible members was seven years (F2012: seven 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.
- A 1% 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 R95 million (F2012: R100 million) at the end of the year. Interest of R1 million (F2012: R3 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.

	F2013	F2012	F2011	F2010	F2009
Balance at 30 June (R million)	**95**	100	97	98	83

40. 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.

	F2013 Share options	F2012 Share options	F2013 Average price cents	F2012 Average price cents
Outstanding at the beginning of the year	**3 168 450**	4 081 733	**10 585**	8 033
Granted during the year	**368 834**	313 258	**16 856**	18 264
Forfeited during the year	**(31 416)**	(1 056)	**17 526**	17 849
Exercised during the year	**(572 593)**	(1 225 485)	**3 620**	4 041
Outstanding at the end of the year	**2 933 275**	3 168 450	**12 414**	10 585
Exercisable at the end of the year	**2 084 232**	2 481 646		
Range of strike prices of options exercised (cents)			**5 to 17 849**	2 700 to 13 973
Range of strike prices of outstanding options (cents)			**3 700 to 27 950**	2 700 to 27 950

Bonus share 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.

	F2013 Bonus shares	F2012 Bonus shares
Outstanding at the beginning of the year	**413 700**	245 890
Granted during the year	**233 265**	282 999
Forfeited during the year	**(14 467)**	–
Shares vested	**–**	(111 176)
Shares vested*	**(13 153)**	(4 013)
Outstanding at the end of the year	**619 345**	413 700

** This represents shares that vested during the period as a result of no fault terminations.*

Performance share 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.

40. Share-based payment plans continued

	F2013 Performance shares	F2012 Performance shares
Outstanding at the beginning of the year	**606 639**	375 495
Awarded during the year	**345 754**	363 218
Additional award based on achievements above set performance criteria	**75 121**	249 022
Additional award settled (see above)	**(75 121)**	(249 022)
Forfeited during the year	**(30 138)**	(2 414)
Shares vested	**(111 543)**	(121 790)
Shares vested*	**(2 560)**	(7 870)
Outstanding at the end of the year	**808 152**	606 639

** This represents shares that vested during the period as a result of no fault terminations.*

The fair value of shares granted in these plans are estimated as at the date of the grant using an independent valuer that usesd 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 2013 and 30 June 2012.

	F2013	F2012
Dividend yield (%)	**2.64**	2.39
Expected volatility (%)	**31.62**	42.6
Risk-free interest rate (%)	**6.93**	8.41
Expected life of options (years)	**1 – 8**	1 – 8
Weighted average share price (cents)	**17 633**	17 641
Fair value of options issued during the year (Rm)	**23**	23
Fair value of options per option issued during the year (cents) – Oct – 3 year vesting period	**6 218**	–
Fair value of options per option issued during the year (cents) – Apr – 3 year vesting period	**6 178**	–
Fair value of options per option issued during the year (cents) – Apr – 4 year vesting period	**12 851**	–
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) – Nov – 4 year vesting period	**–**	6 807
Fair value of options per option issued during the year (cents) – Nov – 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 the Group and Company was a charge of (Rm)	**133**	94

41. 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 249 to 250.

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	
	F2013 Rm	F2012 Rm	**F2013 Rm**	F2012 Rm
Amounts accounted in the income statement relating to transactions with related parties				
Assmang Limited				
– Provision of services			**289**	262
– Dividends received			**1 500**	1 000
ARM Coal Proprietary Limited – interest received			**22**	18
– dividend received			**173**	–
Venture Building Trust Proprietary Limited – interest received			**4**	4
Two Rivers Platinum Proprietary Limited				
– Interest received			**3**	5
– Provision of services			**2**	2
Vale/ARM joint venture – interest			**37**	32
Amounts outstanding at year-end (owing to)/receivable by ARM on current account				
Assore – creditor	**–**	(39)	**–**	–
Assore – debtor	**2**	148	**36**	36
Anglo American Platinum – debtor	**386**	281	**–**	–
Impala Platinum – debtor	**803**	621	**–**	–
Norilsk Nickel – debtor	**–**	154	**–**	154
Norilsk Nickel – creditor	**(1)**	(20)	**(1)**	(20)
Impala Platinum – short-term borrowing	**–**	(48)	**–**	–
Anglo American Platinum – short-term borrowing	**(114)**	(114)	**–**	–
Vale/ARM joint venture – ZCCM – long-term borrowing	**(398)**	(195)	**–**	–
Glencore Operations SA – long-term borrowing	**(1 492)**	(1 618)	**–**	–
Glencore Operations SA – short-term borrowing	**(36)**	–	**–**	–
Assmang	**–**	–	**36**	38
Two Rivers Proprietary Limited	**–**	–	**–**	1
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	**19**	16		
Accrued bonuses	**16**	10		
Pension scheme contributions	**2**	2		
Reimbursive allowances	**2**	2		
Total	**39**	30		

41. Related party transactions continued

	Number of options	Average price cents	Average gross selling price cents
Share options			
Held on 1 July 2011	407 009	10 724	
Exercised during the year	(55 756)	4 090	17 157
Granted during the year	48 118	18 260	
Staff movements	(54 464)	14 383	
Held on 1 July 2012	344 907	12 271	
Exercised during the year	(26 150)	6 085	17 868
Granted during the year	58 201	16 837	
Held on 30 June 2013	**376 958**	**13 499**	

Bonus and performance shares

	Number of bonus shares	Number of performance shares
Held on 1 July 2011	39 577	65 922
Granted/awarded during the year	71 742	105 705
Additional performance shares awarded based on achievements above set performance criteria	–	38 948
Settled during the year	(18 521)	(58 422)
Staff movements	(24 516)	(46 714)
Held on 30 June 2012	68 282	105 439
Granted/awarded during the year	47 507	69 919
Additional performance shares awarded based on achievements above set performance criteria	–	11 544
Settled during the year	(1 946)	(40 394)
Held on 30 June 2013	**113 843**	**146 508**

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.

	Group		Company	
	F2013 Rm	F2012 Rm	**F2013 Rm**	F2012 Rm
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.

42. Events after reporting date

Please refer to events after reporting date included on page 174 of the Directors' report.

43. Major shareholders and shareholders' spread

Please refer to major shareholders at 30 June 2013 on page 261 of the Investor Relations report and shareholder spread at 30 June 2013 on page 260 of the Investor Relations report.

Report on subsidiary companies

for the year ended 30 June 2013

	Company	
	F2013 Rm	F2012 Rm
Investments		
Unlisted	**567**	529
Amounts owing by subsidiaries (refer note 9)	**800**	757
Amounts owing to subsidiaries (refer note 20)	**(258)**	(291)
	1 109	995
Income from subsidiaries		
Fees – management advisory services	**2**	2
	2	2
Members' aggregate interest in profits after taxation of subsidiaries		
Profits	**477**	313

Principal subsidiary companies

for the year ended 30 June 2013

						Book value of the Company's interests			
		Issued capital amount R million		Direct interest in capital %		Shares R million		Indebtedness by/(to) R million	
Name	Class	**F2013**	F2012	**F2013**	F2012	**F2013**	F2012	**F2013**	F2012
African Rainbow Minerals Platinum Proprietary Limited platinum mining	Ord	**–**	–	**100**	100	**257**	257	**739**	634
African Rainbow Minerals Finance Company SA Financing	Ord	**–**	–	**100**	100	**114**	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 (sold during the year)	Ord	**–**	–	**–**	100	**–**	4	**–**	(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 (sold during the year)	Pref	**–**	–	**–**	100	**–**	24	**–**	(24)
Two Rivers Platinum Proprietary Limited platinum mining	Ord	**100**	100	**55**	55	**55**	55	**–**	62
Venture Building Trust Proprietary Limited property investment	Ord	**–**	–	**100**	100	**1**	1	**55**	55
Total value of unlisted investment in subsidiaries						**567**	529		
Amounts owing to subsidiaries								**(258)**	(291)
Amounts owing by subsidiaries								**800**	757

Notes

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.

** Incorporated in Guernsey and has a December year end. Audited June figures are consolidated.*

Principal associate companies, joint ventures and other investments

	Group		Company		Group		Group		Company		Company	
	Number of shares held		Number of shares held		Effective percentage holding		Value of investment		Value of investment		Indebtedness by	
Name of company	**F2013**	F2012	**F2013**	F2012	**F2013**	F2012	**F2013 Rm**	F2012 Rm	**F2013 Rm**	F2012 Rm	**F2013 Rm**	F2012 Rm
Associated companies												
Unlisted												
Lucas Block Minerals Limited (1936)												
Ordinary shares of 200 cents per share	**121**	121	**121**	121	**30**	30	**–**	–	**–**	–	**–**	–
Glencore Operations South Africa Proprietary Limited*												
Non-convertible participating preference shares of 100 cents per share	**384**	384	**384**	384	**20.2**	20.2	**1 154**	1 042	**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	**14.6**	14.7	**2 275**	4 868	**2 275**	4 868	**–**	–
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	**–**	–	**–**	–	**1 068**	1 118
Assmang Limited (including Cato Ridge Alloys)	**–**	–	**1 774 103**	1 774 103	**50**	50	**–**	–	**259**	259	**–**	–
Vale/ARM joint venture					**40**	40	**–**	–	**1 532**	1 363	**728**	566
– Investment held directly by ARM	**–**	–	**1 150**	947								
– Investment held indirectly by ARM	**–**	–	**532**	532								
									2 200	2 031		

* *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 184 to 192, have been translated into United States Dollars and are presented on this page and pages 252 to 256. This information is only supplementary and is not required by any accounting standard and does not represent US GAAP.

The statements 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:	**F2013 R/US$**	F2012 R/US$
Statement of financial position	**R9.93**	R8.16
Income statement and statement of cash flows	**R8.83**	R7.77

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 193 to 203 and with the notes to the financial statements on pages 204 to 247.

Statements of financial position

at 30 June 2013

US Dollar convenience translation

		Group	
	Notes	**F2013 US$m**	F2012 US$m
Assets			
Non-current assets			
Property, plant and equipment	3	**2 078**	2 293
Investment property	4	**1**	1
Intangible assets	5	**18**	23
Deferred tax assets	16	**33**	–
Loans and long-term receivables	6	**29**	27
Financial assets	7	**10**	9
Inventories	10	**–**	17
Investment in associate	8	**143**	166
Other investments	9	**241**	608
		2 553	3 144
Current assets			
Inventories	10	**324**	301
Trade and other receivables	11	**470**	442
Taxation	34	**2**	3
Financial assets	7	**4**	–
Cash and cash equivalents	12	**467**	437
		1 267	1 183
Assets held for sale	13	**19**	–
Total assets		**3 839**	4 327
Equity and liabilities			
Capital and reserves			
Ordinary share capital	14	**1**	1
Share premium	14	**402**	482
Other reserves		**77**	70
Retained earnings		**1 943**	2 289
Equity attributable to equity holders of ARM		**2 423**	2 842
Non-controlling interest		**140**	148
Total equity		**2 563**	2 990
Non-current liabilities			
Long-term borrowings	15	**332**	272
Deferred tax liabilities	16	**398**	463
Long-term provisions	17	**97**	109
		827	844
Current liabilities			
Trade and other payables	18	**271**	284
Short-term provisions	19	**75**	57
Taxation	34	**33**	27
Overdrafts and short-term borrowings – interest-bearing	20	**70**	125
		449	493
Total equity and liabilities		**3 839**	4 327

Income statements
for the year ended 30 June 2013

US Dollar convenience translation

		Group	
	Notes	**F2013 US$m**	F2012 US$m
Revenue	23	**2 323**	2 335
Sales	23	**2 247**	2 256
Cost of sales	24	**(1 485)**	(1 475)
Gross profit		**762**	781
Other operating income	25	**109**	111
Other operating expenses	26	**(244)**	(220)
Profit from operations before exceptional items		**627**	672
Income from investments	27	**30**	36
Finance costs	28	**(25)**	(30)
(Loss)/income from associate	8	**(2)**	1
Profit before taxation and exceptional items		**630**	679
Exceptional items	29	**(299)**	(9)
Profit before taxation		**331**	670
Taxation	30	**(130)**	(210)
Profit for the year		**201**	460
Attributable to:			
Non-controlling interest		**17**	17
Equity holders of ARM		**184**	443
		201	460
Additional information			
Headline earnings	32	**423**	444
Headline earnings per share (US cents)	31	**197**	208
Basic earnings per share (US cents)	31	**85**	207
Diluted headline earnings per share (US cents)	31	**195**	206
Diluted basic earnings per share (US cents)	31	**85**	206

Statements of comprehensive income

for the year ended 30 June 2013

US Dollar convenience translation

Group	Notes	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 2012							
Profit for the year to 30 June 2012		–	–	443	443	17	460
Other comprehensive income that may be reclassified to the income statement in subsequent periods							
Revaluation of listed investment		(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 foreign Group entity		–	11	–	11	–	11
Deferred tax on realisation of foreign exchange on loans to a foreign Group entity		–	(2)	–	(2)	–	(2)
Foreign exchange movements on loans to a foreign Group entity		–	4	–	4	–	4
Deferred tax on unrealised foreign exchange movements on loans to a foreign Group entity		–	(1)	–	(1)	–	(1)
Cash flow hedge reserve	8	–	(1)	–	(1)	–	(1)
Foreign currency translation reserve movement		–	2	–	2	–	2
Total other comprehensive loss		(100)	13	–	(87)	–	(87)
Total comprehensive income for the year		(100)	13	443	356	17	373
For the year ended 30 June 2013							
Profit for the year to 30 June 2013		**–**	**–**	**184**	**184**	**17**	**201**
Other comprehensive income that may be reclassified to the income statement in subsequent periods							
Reclassification adjustment due to impairment of available-for-sale listed investment		**(19)**	**–**	**–**	**(19)**	**–**	**(19)**
Deferred tax on above		**4**	**–**	**–**	**4**	**–**	**4**
Net impact of revaluation of listed investment	9	**(15)**	**–**	**–**	**(15)**	**–**	**(15)**
Foreign exchange movements on loans to a foreign Group entity		**–**	**6**	**–**	**6**	**–**	**6**
Deferred tax on unrealised foreign exchange movements on loans to a foreign Group entity		**–**	**(2)**	**–**	**(2)**	**–**	**(2)**
Cash flow hedge reserve	8	**–**	**(4)**	**–**	**(4)**	**–**	**(4)**
Foreign currency translation reserve movement		**–**	**26**	**–**	**26**	**–**	**26**
Total other comprehensive income		**(15)**	**26**	**–**	**11**	**–**	**11**
Total comprehensive income for the year		**(15)**	**26**	**184**	**195**	**17**	**212**

Statements of changes in equity

for the year ended 30 June 2013

US Dollar convenience translation

Group	Notes	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 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	14	6	–	(6)	–	–	–	–
Part disposal of interest in Lubambe		–	–	–	5	5	15	20
Dividend paid	31	–	–	–	(123)	(123)	–	(123)
Balance at 30 June 2012		483	17	53	2 289	2 842	148	2 990
Profit for the year to 30 June 2013		**–**	**–**	**–**	**184**	**184**	**17**	**201**
Other comprehensive income		**–**	**(15)**	**26**	**–**	**11**	**–**	**11**
Total comprehensive income for the year		**–**	**(15)**	**26**	**184**	**195**	**17**	**212**
Translation adjustments		**(87)**	**(2)**	**(13)**	**(414)**	**(516)**	**(30)**	**(546)**
Share-based payments		**–**	**–**	**15**	**–**	**15**	**–**	**15**
Share options exercised	14	**3**	**–**	**–**	**–**	**3**	**–**	**3**
Bonus and performance shares issued to employees	14	**4**	**–**	**(4)**	**–**	**–**	**–**	**–**
Dividend paid	31	**–**	**–**	**–**	**(116)**	**(116)**	**–**	**(116)**
Contribution by ZCCM		**–**	**–**	**–**	**–**	**–**	**5**	**5**
Balance at 30 June 2013		**403**	**–**	**77**	**1 943**	**2 423**	**140**	**2 563**

Statements of cash flow

for the year ended 30 June 2013

US Dollar convenience translation

	Notes	Group F2013 US$m	Group F2012 US$m
Cash flow from operating activities			
Cash receipts from customers		**2 221**	2 301
Cash paid to suppliers and employees		**(1 506)**	(1 533)
Cash generated from operations	33	**715**	768
Translation adjustment		**(77)**	(79)
Interest received		**22**	28
Interest paid		**(13)**	(14)
Dividends received		**7**	8
Dividends paid		**(116)**	(123)
Taxation paid	34	**(135)**	(167)
Net cash inflow from operating activities		**403**	421
Cash flow from investing activities			
Additions to property, plant and equipment to maintain operations		**(164)**	(172)
Additions to property, plant and equipment to expand operations		**(252)**	(349)
Proceeds on disposal of property, plant and equipment		**3**	–
Investment in associate		**(13)**	(3)
Investment in RBCT		**(3)**	(2)
Decrease in loans and receivables		**3**	1
Net cash outflow from investing activities		**(426)**	(525)
Cash flow from financing activities			
Proceeds on exercise of share options		**3**	6
Long-term borrowings raised		**91**	64
Long-term borrowings repaid		**(24)**	(38)
Decrease in short-term borrowings		**(16)**	(10)
Net cash inflow from financing activities		**54**	22
Net increase/(decrease) in cash and cash equivalents		**31**	(82)
Cash and cash equivalents at beginning of year		**396**	478
Cash and cash equivalents at end of year	12	**427**	396
Cash generated from operations per share (US cents)	31	**332**	359

Financial summary and statistics

for the year ended 30 June 2013

US Dollar convenience translation

	Group									
	F2013 US$m	F2012 US$m	F2011 US$m	F2010 US$m	F2009 US$m	F2008 US$m	F2007 US$m	F2006 US$m	F2005 US$m	F2004 US$m
Income statement										
Sales	**2 247**	2 256	2 131	1 452	1 118	1 725	854	722	883	563
Headline earnings	**423**	444	483	226	257	550	168	72	55	7
Basic earnings per share (US cents)	**86**	207	226	113	150	292	81	46	36	125
Headline earnings per share (US cents)	**197**	208	227	106	121	261	81	35	27	5
Dividend declared after year end per share (US cents)	**51**	58	67	26	23	51	n/a	n/a	n/a	n/a
Statement of financial position										
Total assets	**3 839**	4 327	4 791	3 682	3 304	3 178	2 576	2 041	1 769	1 831
Cash and cash equivalents	**467**	437	543	396	455	340	150	61	43	57
Shareholders' equity	**2 564**	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	**715**	768	857	451	739	709	352	194	267	97
Net cash outflow from investing activities	**(426)**	(525)	(484)	(306)	(348)	(334)	(374)	(226)	(133)	(100)
Net cash (outflow)/inflow from financing activities	**54**	22	(85)	(96)	(19)	(24)	217	140	(88)	41
JSE Limited performance										
Ordinary shares (US cents)										
– high	**2 367**	2 561	3 376	2 714	3 217	4 205	1 917	816	612	696
– low	**1 574**	2 046	2 092	1 542	842	1 414	739	500	411	471
– year end	**1 508**	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

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 an interest in the gold mining sector through its 14.6% shareholding in Harmony.
Issued share capital at 30 June 2013	215 624 972 shares
Market capitalisation at 30 June 2013	R32.3 billion
	US$3.3 billion
Closing share price at 30 June 2013	R149.76
12 month high (1 July 2012 – 30 June 2013)	R208.84
12 month low (1 July 2012 – 30 June 2013)	R142.25
Average volume traded for the 12 months	453 829 shares per day

Shareholders' diary

Annual General Meeting	Friday, 6 December 2013
Financial year-end	June 2014
Integrated annual report issued	End of October 2013
Interim results announcement	March 2014
Provisional results announcement	September 2014

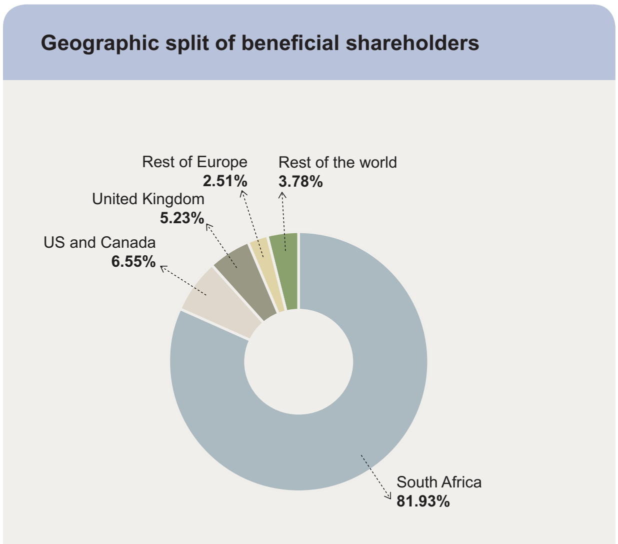
Shareholder analysis

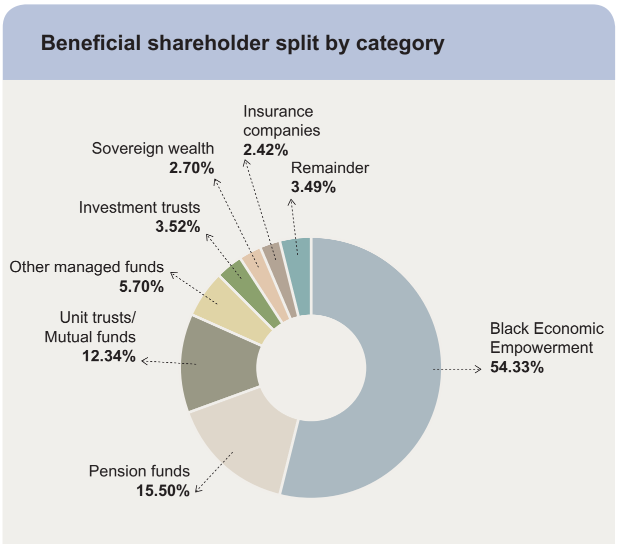
Shares held	Number of shareholders	% of shareholders	Number of shares held	% of issued share capital
1 to 1 000 shares	4 250	75.54	1 107 490	0.51
1 001 to 10 000 shares	809	14.38	2 676 140	1.24
10 001 to 100 000 shares	427	7.59	14 177 296	6.58
100 001 to 1 000 000 shares	118	2.10	33 976 229	15.76
1 000 001 shares and above	22	0.39	163 687 817	75.91
Total	**5 626**	**100.00**	**215 624 972**	**100.00**

Distribution of shareholders	Number of shares held	% of issued share capital
Black Economic Empowerment	117 155 452	54.33
Pension Funds	33 426 045	15.50
Unit Trusts/Mutual Fund	26 607 707	12.34
Other Managed Funds	12 294 610	5.70
Investment Trust	7 596 643	3.52
Sovereign Wealth	5 820 060	2.70
Insurance Companies	5 212 015	2.42
Private Investors	2 872 450	1.33
Custodians	844 815	0.39
Exchange-Traded Fund	554 472	0.26
University	278 562	0.13
Foreign Government	130 450	0.06
Charity	88 100	0.04
Stock Brokers	30 950	0.02
Local Authority	30 243	0.01
Remainder	2 682 398	1.25
Total	**215 624 972**	**100.00**

Public/non-public shareholders	Number of shareholders	% of total shareholders	Number of shares held	% of issued share capital
Non-public shareholders	8	0.14	117 586 777	54.53
Public shareholders	5 618	99.86	98 038 195	45.47
Total	**5 626**	**100.00**	**215 624 972**	**100.00**

Investment management and beneficial interest (more than 3%)	Number of shares held	%
PIC	12 619 412	5.85
Investec Asset Management	11 302 732	5.24
BlackRock Inc	10 983 330	5.09
Kagiso Asset Management (Pty) Ltd	6 812 886	3.16
Total	**41 718 360**	**19.35**





Top 20 shareholders

	Shareholder	Number of shares held	% holding of shares in issue
1	African Rainbow Minerals & Exploration Investments (Pty) Ltd	87 750 417	40.70
2	ARM Broad-Based Economic Empowerment Trust	28 614 740	13.27
3	Public Investment Corporation Limited	12 619 412	5.85
4	Investec Asset Management	11 302 732	5.24
5	BlackRock Inc	10 983 330	5.10
6	Kagiso Asset Management	6 812 886	3.16
7	Dimensional Fund Advisors	3 902 180	1.81
8	Momentum Investments	3 386 498	1.57
9	STANLIB Asset Management	2 939 999	1.36
10	The Vanguard Group Inc	2 695 273	1.25
11	Government Singapore Investment Corporation	2 531 978	1.17
12	Old Mutual Asset Management	2 296 649	1.07
13	Afena Capital	2 027 624	0.94
14	Coronation Asset Management	1 809 890	0.84
15	Jennison Associates LLC	1 769 700	0.82
16	JP Morgan Asset Management	1 539 228	0.72
17	Allan Gray Investment Council	1 384 102	0.64
18	Prudential Portfolio Managers	1 094 104	0.51
19	Quantitative Management Associates LLC	978 763	0.45
20	State Street Global Advisors	973 818	0.45

Share liquidity

Number of shares traded on the JSE Limited during F2013*

Month	Volume
July 2012	**5 591 178**
August 2012	**9 775 217**
September 2012	**17 328 008**
October 2012	**7 302 235**
November 2012	**6 352 725**
December 2012	**6 785 725**
January 2013	**11 589 145**
February 2013	**9 014 763**
March 2013	**10 181 898**
April 2013	**10 707 245**
May 2013	**11 340 271**
June 2013	**7 034 913**
Total	**113 003 323**

** Source: JSE Limited.*

Investor relations

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The F2013 ARM Integrated Annual Report 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 Proprietary Limited
Assmang	Assmang Limited
Assore	Assore Limited
ATC	Arthur Taylor Collieries
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
C2010	Calendar year starting 1 January 2010 ending 31 December 2010
C2011	Calendar year starting 1 January 2011 ending 31 December 2011
C2012	Calendar year starting 1 January 2012 ending 31 December 2012
C2013	Calendar year starting 1 January 2013 ending 31 December 2013
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
DoH	Department of Health
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
GCSA	Glencore Coal South Africa
GSA	Glencore Operations South Africa Proprietary Limited
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
LTI	Lost Time Injuries
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
MOSH	Mining Industry Occupational safety and Health
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
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 80th Annual General Meeting of shareholders of the Company will, subject to any cancellation, postponement or adjournment, be held on Friday, 6 December 2013 at 14:00 South African time, in Boardroom 6/7, Sandton Convention Centre, 161 Maude Street at the corner of Fifth and Maude Streets, Sandton, for considering and, if deemed fit, approving, with or without modification, the resolutions set out below.

The record date for the purposes of Section 59(1)(a) of the Companies Act 71 of 2008 (as amended) ("the Companies Act") for shareholders to be entitled to receive the Notice of Annual General Meeting is Friday, 25 October 2013.

The record date for the purposes of Section 59(1)(b) of the Companies Act for shareholders to 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, 29 November 2013 ("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, 22 November 2013.

Ordinary business

Acceptance of financial statements

Ordinary resolution number 1 is proposed to accept the annual financial statements of the Company and the Group, for the most recent financial year which ended on 30 June 2013 as set out on pages 184 to 250 in the 2013 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 2013 including the Directors', Audit and Risk Committee and Independent Auditor's reports, be and are hereby accepted."

In order for this resolution to be approved, the support of a majority of the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Re-election of Non-executive Directors

Ordinary resolutions numbers 2 – 4 are proposed to re-elect Directors who retire by rotation as Non-executive Directors of the Company in accordance with the provisions of the Company's Memorandum of Incorporation and who, being eligible, offer themselves for election. These Directors' *curricula vitae* appear in the 2013 Integrated Annual Report on pages 162 and 165. The Board of Directors of the Company (the "Board") recommends the re-election of these Directors.

Ordinary resolution number 2 – Re-election of Dr M M M Bakane-Tuoane

2. "Resolved that Dr M M M Bakane-Tuoane, who retires by rotation in terms of the Company's Memorandum of Incorporation 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 the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Ordinary resolution number 3 – Re-election of Mr F Abbott

3. "Resolved that Mr F Abbott, who retires by rotation in terms of the Company's Memorandum of Incorporation 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 T A Boardman

4. "Resolved that Mr T A Boardman, who retires by rotation in terms of the Company's Memorandum of Incorporation 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 the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Election of Directors

Ordinary resolution number 5 is proposed to elect Mr D V Simelane who was appointed as a Director since the previous Annual General Meeting and whose office terminates in accordance with the Company's Memorandum of Incorporation at this Annual General Meeting. The Board recommends the election of Mr D V Simelane.

Ordinary resolution number 5 – Election of Mr D V Simelane

5. "Resolved that Mr D V Simelane, whose period of office as a Director terminates in accordance with the Company's Memorandum of Incorporation on the date of this Annual General Meeting and who being eligible and having made himself available for election, be and is hereby elected as a Director of the Company."

In order for this resolution to be approved, the support of a majority of the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Re-appointment of external auditors and re-appointment of designated auditor

Ordinary resolution number 6 – Re-appointment of auditors and re-appointment of designated auditor

Ordinary resolution number 6 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 2014 and remain in office until the conclusion of the next Annual General Meeting.

6. "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 2014 and 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 the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Re-election of Audit and Risk Committee members

Ordinary resolution number 7 – Re-election of Audit and Risk Committee members

Ordinary resolution number 7 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 A on page 269. The *curricula vitae* of those Independent Non-executive Directors offering themselves for re-election as members of the Audit and Risk Committee are included on pages 162 and 165 of the 2013 Integrated Annual Report.

7. "Resolved that shareholders re-elect, each by way of a separate vote, the following Independent Non-executive Directors, as members of the Audit and Risk Committee, with effect from the end of this Annual General Meeting:

   7.1 Dr M M M Bakane-Tuoane*
   7.2 Mr T A Boardman*
   7.3 Mr A D Botha
   7.4 Mr A K Maditsi
   7.5 Dr R V Simelane

   **Subject to his or her re-election as a Director pursuant to Ordinary Resolutions numbers 2 and 4 above, respectively.*

In order for each of these resolutions to be approved, the support of a majority of votes cast in respect of each of these resolutions by shareholders present or represented by proxy at the Annual General Meeting is required.

Remuneration policy

Ordinary resolution number 8 – Acceptance of ARM's Remuneration policy

Ordinary resolution number 8 is proposed for the purpose set out in Annexure A on page 269.

8. "Resolved that shareholders accept, by way of a non-binding advisory vote, the Company's Remuneration report, including the Remuneration policy, as set out in the 2013 Integrated Annual Report on pages 152 to 159."

In order for this resolution to be approved, the support of a majority of the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Social and Ethics Committee Report

Ordinary resolution number 9 – Social and Ethics Committee Report

Ordinary resolution number 9 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.

9. "Resolved that the Company's Social and Ethics Committee Report, as set out in the 2013 Integrated Annual Report on pages 160 to 161, be and is hereby accepted."

In order for this resolution to be approved, the support of a majority of the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Authorisation of Directors

Ordinary resolution number 10 is proposed to authorise any two of the Executive Directors to implement the resolutions approved by shareholders.

Ordinary resolution number 10

10. "Resolved that, any two Executive Directors of the Company, acting together, be and are 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 and which are approved by the shareholders at the Annual General Meeting."

In order for this resolution to be approved, the support of a majority of the 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

11. "Resolved that with effect from 1 July 2013, the annual retainer fees for Non-executive Directors be increased by 5% per annum (rounded to the nearest R50) from R336 850 to R353 700 per annum for Independent Non-executive Directors and from R269 500 to R283 000 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

12. "Resolved that with effect from 1 July 2013, the per Board meeting attendance fees for Non-executive Directors be

increased by 5% per annum (rounded to the nearest R50) from R16 200 to R17 000 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

13. "Resolved that with effect from 1 July 2013, the per Committee meeting attendance fees for Non-executive Directors be increased as follows:

	2013/14 per Meeting Fees (Rand)*	2012/13 per Meeting Fees (Rand)**
Audit and Risk Committee		
Chairman	**88 400**	84 200
Member	**35 400**	33 700
Investment Committee, Nomination Committee, Remuneration Committee and Social and Ethics Committee		
Chairman	**34 700**	33 000
Member	**23 100**	22 000

* *Effective 1 July 2013, should the increase be approved by shareholders at the Annual General Meeting.*

** *Effective 1 July 2012.*

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 – Approve the annual retainer fee for the Lead Independent Non-executive Director

Special resolution number 4 is proposed to introduce an annual fee for the Lead Independent Non-executive Director. The proposed annual retainer fee is the annualised equivalent of the 2012/2013 fee of R21 350 per quarterly meeting increased by 5%.

14. "Resolved that with effect from 1 July 2013, the annual retainer fee for the Lead Independent Non-executive Director be R443 350 per annum (rounded to the nearest R50)."

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.

Financial assistance – For related or inter-related companies

In terms of the Companies Act, the Board may authorise a company to provide financial assistance to any company or corporation which is related or inter-related to the Company, provided that such assistance is approved by way of a special resolution of the shareholders approved within the previous two years and certain requirements set out in the Companies Act are met, *inter alia*, that the Board is satisfied that immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test. The Board seeks such approval from shareholders in order to provide financial assistance to any company or corporation which is related or inter-related to the Company.

Special resolution number 5 – Financial assistance – For related or inter-related companies

15. "Resolved that the provision of any financial assistance by the Company, subject to the provisions of the Companies Act, to any company or corporation which is related or inter-related to the Company (as defined in the Companies Act), on the terms and conditions which the Directors may determine, be and is hereby approved."

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.

Financial assistance – For subscription for securities

In terms of the Companies Act, the Board may authorise a company to provide financial assistance by way of a loan, guarantee, the provision of security or otherwise to any person for the purpose of or in connection with the subscription for any option or any securities issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company, provided that such assistance is approved by way of a special resolution of the shareholders approved within the previous two years and certain requirements set out in the Companies Act are met, *inter alia*, that the Board is satisfied that immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test. The Board seeks such approval from shareholders in order to provide financial assistance to any person who is a participant in any of the Company's share or employee incentive schemes.

Special resolution number 6 – Financial assistance – For subscription for securities

16. "Resolved that the provision of financial assistance by the Company to any Director or Prescribed Officer of the Company (or any person related to any of them or to any company or corporation related or inter-related to any of them) or to any person who is a participant in any of the Company's share or any employee incentive schemes, for the purpose of, or in connection with, the subscription for or purchase of any securities, issued or to be issued by the Company or related or inter-related company, where any such financial assistance is provided in terms of any such scheme that does not satisfy the requirements of Section 97 of the Companies Act, be and is hereby approved."

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.

Amendments to the Memorandum of Incorporation

Special resolution number 7 – Amendments to the Memorandum of Incorporation

The reason for special resolution number 7 is to amend the Memorandum of Incorporation of the Company to include a full indemnity in the Memorandum of Incorporation, to indemnify the

Directors to the fullest extent permitted under the Companies Act. The proposed amendments to paragraph 7.6 of the Memorandum of Incorporation have been approved by the Board and the Board recommends that shareholders vote in favour of the resolution for the amendment of the Memorandum of Incorporation.

17. "Resolved that the Memorandum of Incorporation of the Company be and is hereby amended by:

    17.1 the deletion of the words ', officers and employees' in the heading of 7.6;

    17.2 the deletion in its entirety of the existing 7.6.4;

    17.3 the insertion of the following new 7.6.4:

        7.6.4 Without derogating from the provisions of this 7.6 and subject to the provisions of the Act, the Company hereby indemnifies the directors against all claims and/or awards made against the director, or damages, costs, losses and/or expenses suffered or incurred by the director, as the case may be, at any time, by reason of any contract entered into, or any act or omission by the director, in the discharge of his duties or in his capacity as a director, to the fullest extent permitted by law; and

    17.4 the amendment of the existing 7.6.5 by inserting the words 'Without derogating from the provisions of 7.6.4, but' at the beginning of 7.6.5, and the deletion of the words ', unless such event, act or omission is attributable to his own negligence, default, breach of duty or breach of trust' at the end of 7.6.5."

A copy of the full text of the amended 7.6 of the Memorandum of Incorporation is attached as Annexure B to this Notice for the information of shareholders.

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 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 means 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. Please note that although shareholders are entitled to participate in the Annual General Meeting by electronic means, they shall not be entitled to exercise their votes at the Annual General Meeting electronically. Voting at the Annual General Meeting will only be possible by proxy if a shareholder is unable to attend the Annual General Meeting in person.

Certificated shareholders/dematerialised shareholders with own name registrations

Shareholders who have not yet dematerialised their shares with own name registrations ("Entitled Shareholders") may appoint one or more proxies to attend, speak and vote or abstain from voting in such shareholders' stead. The person so appointed need not be a 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 Proprietary Limited, 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

16 October 2013

Annexure A

Explanatory note relating to Ordinary resolution number 7: Re-election of Audit and Risk Committee members

Ordinary resolution number 7 is proposed to provide for the re-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) requires 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 themself that, *inter alia*, the Independent Non-executive Directors offering themselves for re-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 and Risk Committee membership (see the Report of the Audit and Risk Committee which appears on pages 170 and 171 of the 2013 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 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 set.

The Nomination Committee recommended that the Board recommend to the shareholders the re-election of those existing Audit and Risk Committee members, who offer themselves for re-election, by the shareholders at the Annual General Meeting.

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 170 and 171 of the 2013 Integrated Annual Report.

Explanatory note relating to Ordinary resolution number 8: Non-binding advisory vote

Ordinary resolution number 8 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 152 to 159 of the 2013 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 Non-executive Directors.

Ordinary resolution number 8 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 B

Explanatory note relating to Special resolution number 7: New paragraph 7.6 of the Memorandum of Incorporation

The reason for special resolution number 7 is to amend the Memorandum of Incorporation of the Company to include a full indemnity in the Memorandum of Incorporation, to indemnify the directors to the fullest extent permitted under the Companies Act ("Act"). The proposed amendments to paragraph 7.6 of the Memorandum of Incorporation have been approved by the Board and the Board recommends that shareholders vote in favour of the resolution for the amendment of the Memorandum of Incorporation.

7.6 Indemnification of directors

7.6.1 For the purposes of this 7.6, 'director' shall have the meaning ascribed to that term in section 78(1).

7.6.2 Subject to compliance with the requirements of the Act, the ability of the Company to advance expenses to a director to defend any legal proceedings arising from his service to the Company, or to indemnify a director against such expenses if the proceedings are abandoned or exculpate the director or arise in respect of any liability for which the Company may indemnify the director in terms of sections 78(5) and 78(6) applies without limitation, restriction or qualification. [Section 78(4)]

7.6.3 Subject to compliance with the requirements of the Act, this Memorandum does not limit, restrict or qualify the ability of the Company to indemnify a director in respect of any liability arising out of the director's service to the Company to the fullest extent permitted by the Act. [Section 78(5)]

7.6.4 Without derogating from the provisions of this 7.6 and subject to the provisions of the Act, the Company hereby indemnifies the directors against all claims and/or awards made against the director, or damages, costs, losses and/or expenses suffered or incurred by the director, as the case may be, at any time, by reason of any contract entered into, or any act or omission by the director, in the discharge of his duties or in his capacity as a director, to the fullest extent permitted by law.

7.6.5 Without derogating from the provisions of 7.6.4, but subject to the provisions of the Act, no Indemnified Person shall be liable for:

7.6.5.1 any act or omission of any other Indemnified Person; or

7.6.5.2 joining in any receipt or other act; or

7.6.5.3 any loss or expense suffered by the Company in consequence of any absence of, or any defect in, any title to any property acquired by order of the directors for or on behalf of the Company; or

7.6.5.4 any absence of, or defect in, any security upon which any of the monies of the Company shall be invested; or

7.6.5.5 any loss or damage arising from the insolvency or delictual act of any person with whom any monies, shares or assets shall be deposited; or

7.6.5.6 any loss or damage occasioned by any error of judgment or oversight on the part of such Indemnified Person; or

7.6.5.7 any other loss, damage or misfortune whatever which shall happen in relation to the execution of his office or employment.

7.6.6 This Memorandum does not limit, restrict or qualify the ability of the Company to purchase insurance to protect a director against any liability or expenses for which the Company is permitted to indemnify a director in terms of the Act and this Memorandum, or to protect the Company against any contingency including, but not limited to:

7.6.6.1 any expenses that the Company is permitted to advance or for which the Company is permitted to indemnify a director in terms of the Act; or

7.6.6.2 any liability for which the Company is permitted to indemnify a director in terms of the Act. [Section 78(7)]

Form of proxy

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")

A shareholder is entitled to appoint one or more proxies (none of whom need to be a shareholder of the Company) 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 80th Annual General Meeting of shareholders of the Company convened for Friday, 6 December 2013 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, 4 December 2013.

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, 6 December 2013 and at any cancellation, postponement or 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 2013 and the Directors', Audit and Risk Committee and Independent Auditor's reports thereon.			
2. Ordinary Resolution number 2: To re-elect Dr M M M Bakane-Tuoane as a Director.			
3. Ordinary Resolution number 3: To re-elect Mr F Abbott as a Director.			
4. Ordinary Resolution number 4: To re-elect Mr T A Boardman as a Director.			
5. Ordinary Resolution number 5: To elect Mr D V Simelane as a Director.			
6. Ordinary Resolution number 6: 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.			
7. Ordinary Resolution number 7: To individually elect the following Independent Non-executive Directors as members of the ARM Audit and Risk Committee:			
7.1 Dr M M M Bakane-Tuoane			
7.2 Mr T A Boardman			
7.3 Mr A D Botha			
7.4 Mr A K Maditsi			
7.5 Dr R V Simelane			
8. Ordinary Resolution number 8: To accept the Company's Remuneration report, which includes the Remuneration policy.			
9. Ordinary Resolution number 9: To accept the Company's Social and Ethics Committee Report.			
10. Ordinary Resolution number 10: That subject to the approval of the above ordinary resolutions and the special resolutions below, any two Executive Directors of the Company, acting together, be and are 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			
11. Special Resolution number 1: With effect from 1 July 2013, the annual retainer fees of Non-Executive Directors be increased by 5% per annum.			
12. Special Resolution number 2: With effect from 1 July 2013, the per Board meeting attendance fees of Non-Executive Directors be increased by 5% per annum.			
13. Special Resolution number 3: With effect from 1 July 2013, the per Committee meeting attendance fees of Committee members be increased as outlined on page 267 of this Notice of Annual General Meeting.			
14. Special Resolution number 4: With effect from 1 July 2013, the annual retainer fee for the Lead Independent Non-executive Director be R443 350 per annum.			
15. Special Resolution number 5: To authorise the Directors to cause the Company to provide financial assistance to any company or corporation which is related or inter-related to the Company, subject to the provisions of the Companies Act 71 of 2008, as amended.			
16. Special Resolution number 6: To authorise the Directors to cause the Company to provide financial assistance by way of a loan, guarantee or the provision of security to any person who is a participant in any of the Company's share or any employee incentive schemes, subject to the provisions of the Companies Act 71 of 2008, as amended.			
17. Special Resolution number 7: To authorise the Directors to adopt the amendments to the Company's 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 2013

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 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 one 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 Proprietary 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, 4 December 2013 (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 cancellation, postponement or 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: ZAE000054045

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Company Secretary
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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) Proprietary Limited

Transfer secretaries
Computershare Investor Services Proprietary Limited
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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*
D V Simelane
Dr R V Simelane*
Z B Swanepoel*
A J Wilkens

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

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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