ARM
African Rainbow Minerals

INTEGRATED ANNUAL REPORT

2015

We do it better

ABOUT THIS REPORT

The 2015 Integrated Annual Report covers the period 1 July 2014 to 30 June 2015. It provides an overview of and discusses the performance of our joint-venture operations and projects located in South Africa, Zambia and Malaysia. Our sustainability objectives and performance are reported only for those operations where ARM has direct or joint management and do not include the ARM Coal and Harmony operations.

This report is aimed at all ARM's stakeholders who among others include shareholders, potential investors, employees, communities surrounding our mining operations, customers, suppliers, the governments of the countries we operate in and the regulators who govern the mining industry. Our integrated approach to reporting aims to assist these stakeholders to understand our business better and to provide them with the information necessary to properly assess our Company's performance, prospects, value and strategic intent.

The 2015 Integrated Annual Report is supplemented by the comprehensive and detailed Sustainability Report and the Mineral Resources and Reserves Report both of which may be found on our website **www.arm.co.za**. Printed copies of the Sustainability Report are available on request from the Investor Relations Department. Refer to the inside back cover of this report for contact details.

CONTENTS

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.

REPORTING FRAMEWORKS

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. A comprehensive checklist detailing our application of the King III principles is included on our website. The Corporate Governance section of the report included on pages 149 to 197 discusses our approach to governance, risk management, and stakeholder engagement.

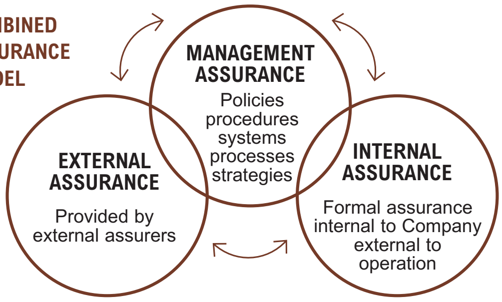
The financial information included in this report has been prepared according to International Financial Reporting Standards (IFRS). The unqualified opinion of the independent auditors on the financial information may be found on page 203. The presentation of the consolidated and separate annual financial statements from F2013 onwards has been affected by the adoption of IFRS 11 which covers accounting for joint arrangements and became effective for ARM on 1 July 2013. This change in accounting policy had a significant impact on the presentation of the consolidated annual financial statements and as a result comparison to the annual consolidated financial information prior to F2013 will be distorted.

As a result of a recent interpretation update on the application of IFRS 11 as it applies to the Company financial statements the F2014 Company financial statements have been restated. This change in accounting policy is fully explained on page 223 of the financial statements.

COMBINED ASSURANCE

The non-financial information included in the report has been assured by an external assurance provider to ensure reliability of the information published. The opinion of the external assurer may be found in our detailed Sustainability Report.

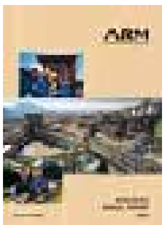
COMBINED ASSURANCE MODEL



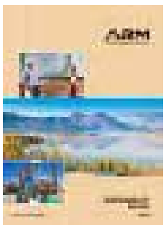
ARM's Combined Assurance Model defines what constitutes appropriate assurance relative to the three lines of defence. A Combined Assurance Report identifies potential gaps and duplication in assurance, and provides input into strengthening the control environment. The inter-relationship between ARM's ERM processes, internal audit initiatives, external audit activities and various management assurance interventions by specialists/subject matter experts further reinforces comprehensive management assurance processes and reporting.

OUR SUITE OF REPORTS

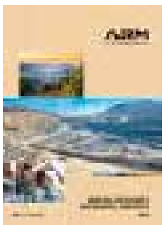
All the reports are available on the ARM website, **www.arm.co.za**



The Integrated Annual Report



The Sustainability Report



The Mineral Resources and Mineral Reserves Report

REFERENCES

IAR Integrated Annual Report 2015

SR Sustainability Report 2015

www.arm.co.za

BOARD APPROVAL

The ARM Board of Directors (Board) acknowledges its responsibility to ensure the integrity of the Integrated Annual Report. In the Board's opinion the 2015 Integrated Annual Report addresses all material matters and presents fairly the Company's integrated performance. The Board approved the financial and non-financial information contained in this report on 15 October 2015.

Patrice Motsepe
Executive Chairman

Mike Schmidt
Chief Executive Officer

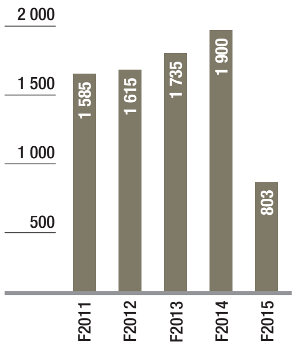
WE APPRECIATE YOUR FEEDBACK

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. Refer to the inside back cover of this report for contact details.

OUR PERFORMANCE

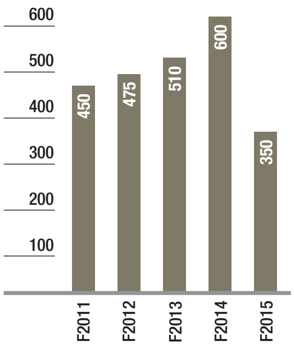
Headline earnings per share (cents)

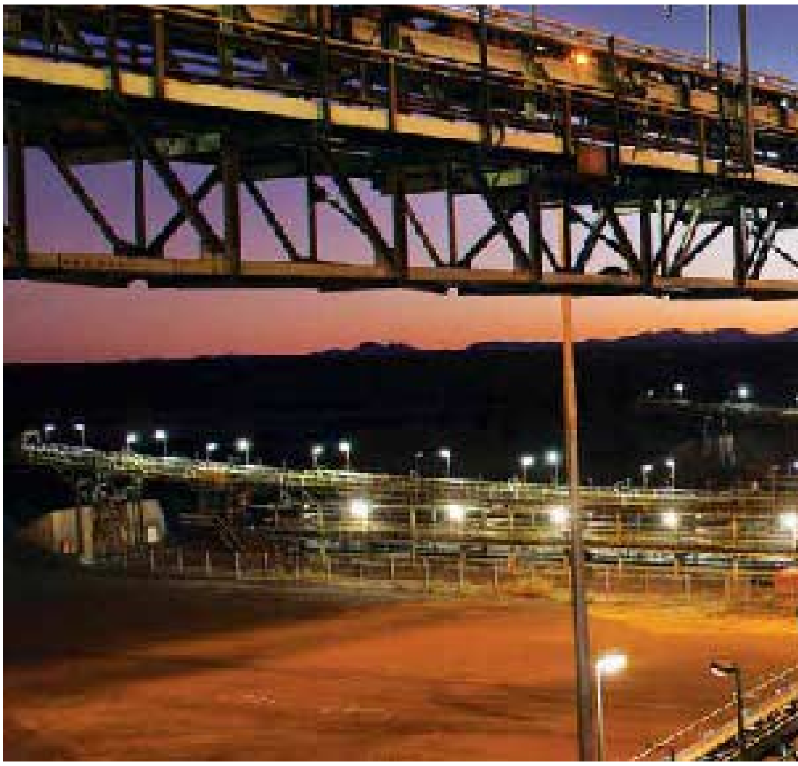
↓58%



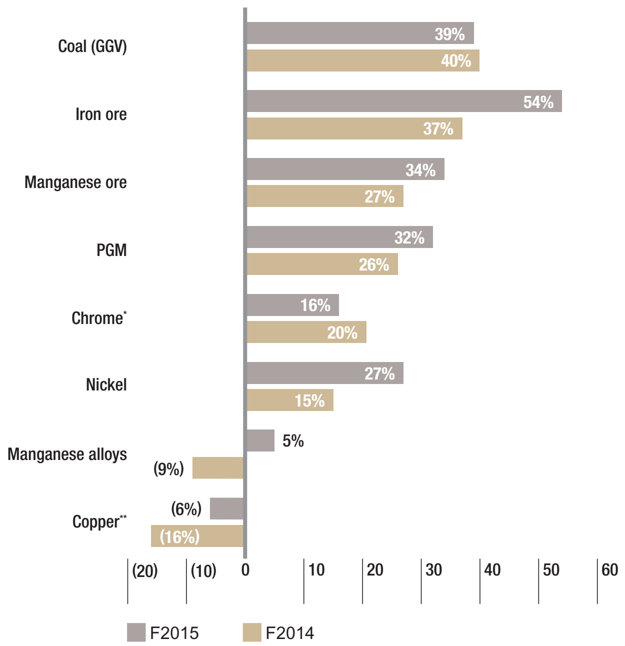
Dividends per share (cents)

↓42%



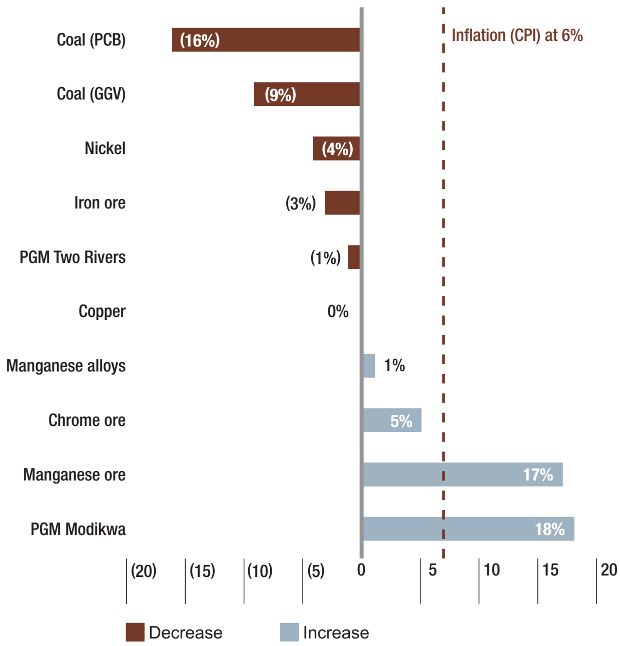


EBITDA margins by commodity



Unit cost performance

F2015 versus F2014 on-mine unit production costs



* *The Chrome Division includes Dwarsrivier Chrome Mine which is reflected as a discontinued operation under the ARM Ferrous segmental information.*

** *At Lubambe Copper Mine a new revised mine plan was implemented from April 2015.*

Safety LTIFR

↓0.35

F2014: 0.37 per 200 000 man hours

Carbon footprint

Scope 1 and 2 attributable emissions

↑1.4%

F2015: 1.25 million tCO_2e
F2014: 1.23 million tCO_2e

Electricity usage

↑5%

F2015: 2.10 million MWh
F2014: 2.05 million MWh

Water abstracted

↓6%

F2015: 18.3 million m^3
F2014: 19.4 million m^3

Corporate Social Responsibility (CSR)

↓40%*

F2015: R169 million
F2014: R283 million

Top Employer

as certified by the CRF Institute

* *The F2014 investment in CSR included non-recurring expenditure relating to the Lubambe Mine housing relocation project.*

ARM's financial position remains robust despite a significant decline in US Dollar commodity prices which was partially offset by a weaker Rand/US Dollar exchange rate.

Cash generated from operations increased to **R2 508 million** (F2014: R2 073 million). Dividend from Assmang was **R1 500 million** (F2014: R1 750 million).

Basic earnings were 97% lower at **R104 million** (F2014: R3 289 million) largely as a result of:

- impairments of **R292 million** after tax in ARM Ferrous;
- unrealised mark-to-market loss after tax on the Harmony investment of **R534 million**; and
- an attributable impairment adjustment at the Lubambe Copper Mine of **R784 million**.

Attributable segmental capital expenditure guidance for F2016 was reduced by **R500 million** (from R2 900 million to R2 400 million).

Lubambe Copper Mine plan revised to improve unit costs and mining efficiencies.

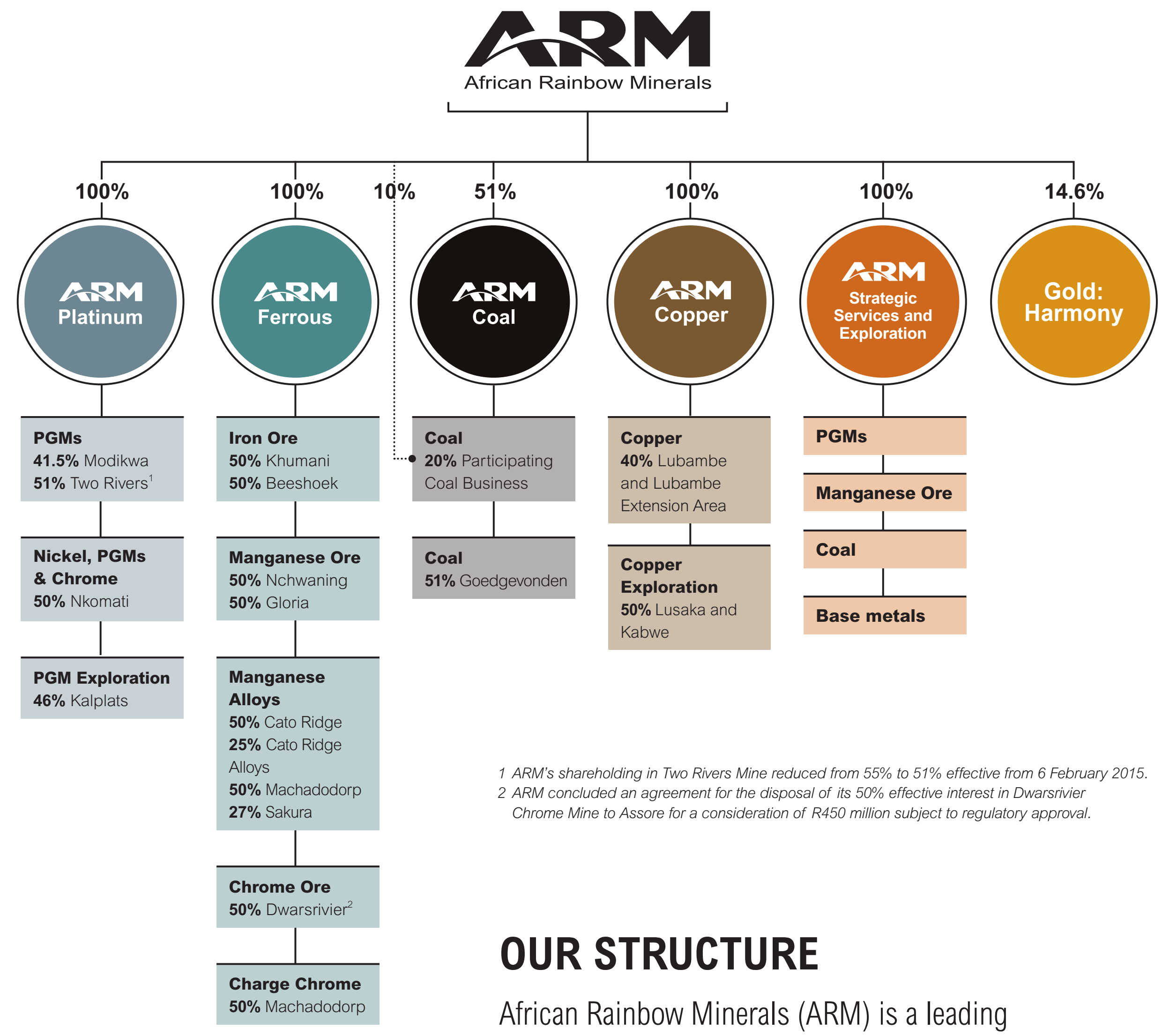
Additional uneconomical manganese alloy furnaces were placed on care and maintenance.

Disposal of ARM's 50% effective interest in Dwarsrivier Chrome Mine for R450 million was concluded subject to regulatory approval.

Continued improvement in the implementation of HIV & Aids and Tuberculosis (TB) management programmes.

Overall employment equity performance is ahead of 2014 Mining Charter targets.

ABOUT ARM

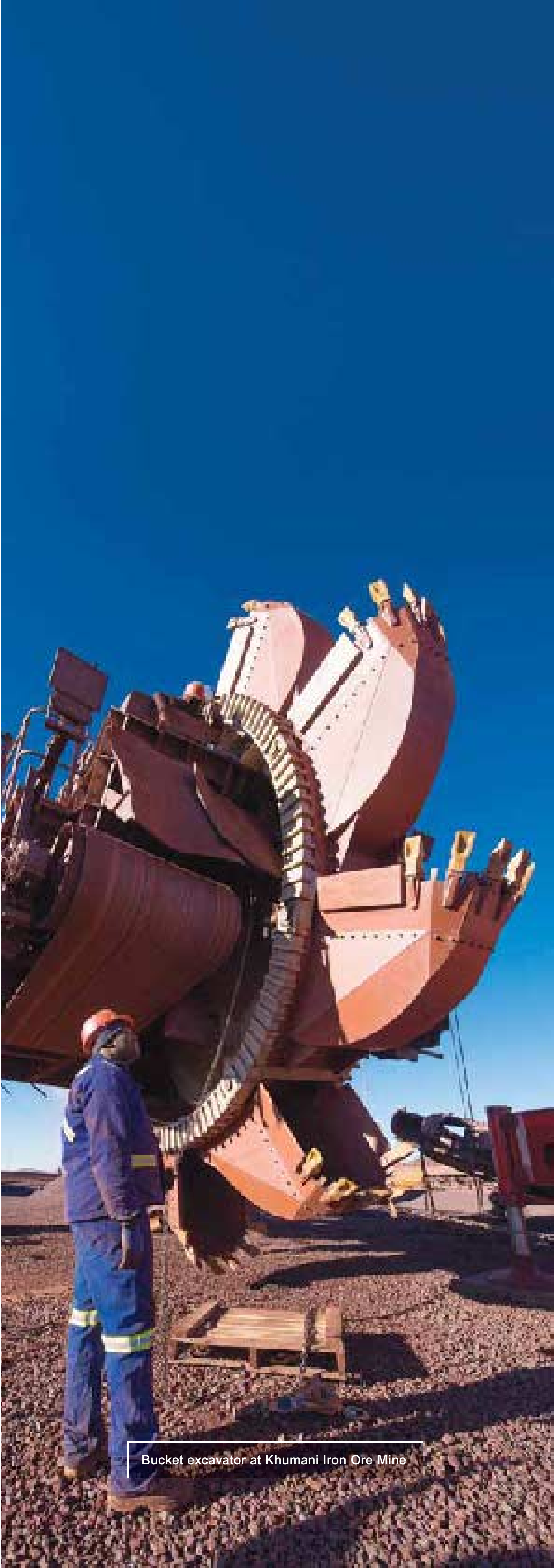


1 ARM's shareholding in Two Rivers Mine reduced from 55% to 51% effective from 6 February 2015.
2 ARM concluded an agreement for the disposal of its 50% effective interest in Dwarsrivier Chrome Mine to Assore for a consideration of R450 million subject to regulatory approval.

OUR STRUCTURE

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



OUR VALUES

Our "We do it better" management style is supported by values which guide the way we conduct business.

WORK RESPONSIBLY TO ACHIEVE THE BALANCE between the economic, social and environmental aspects of our business, all of which are essential to the sustainability of our business.

AIM FOR OPERATIONAL EXCELLENCE through continuous improvement and by employing a leading practice sustainable development framework to achieve our environmental and health performance targets and a safe, injury-free workplace.

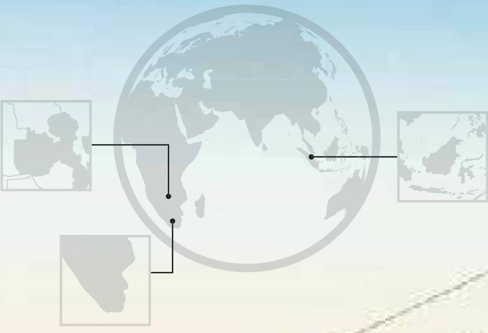
PROVIDE A SAFE AND HEALTHY WORK ENVIRONMENT FOR ALL OUR EMPLOYEES and remain an employer of choice by continually investing in our people.

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 support transformation in the South African mining industry.

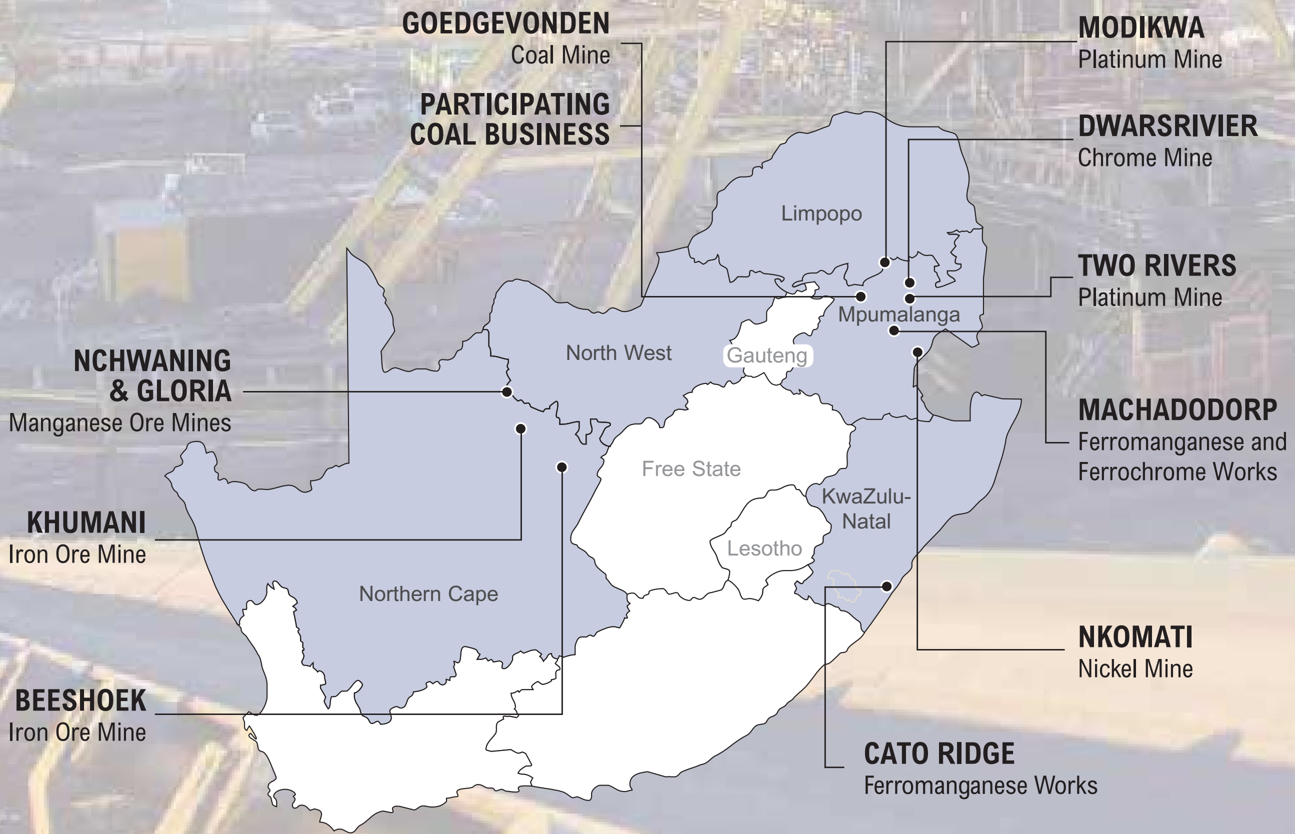
IMPROVE THE LIVES OF THOSE LIVING IN COMMUNITIES WHERE WE OPERATE by creating jobs, investing in projects that directly benefit them, providing skills training to community members that equip them for employment and supporting enterprise development in these communities.

We do it better

WHERE WE OPERATE

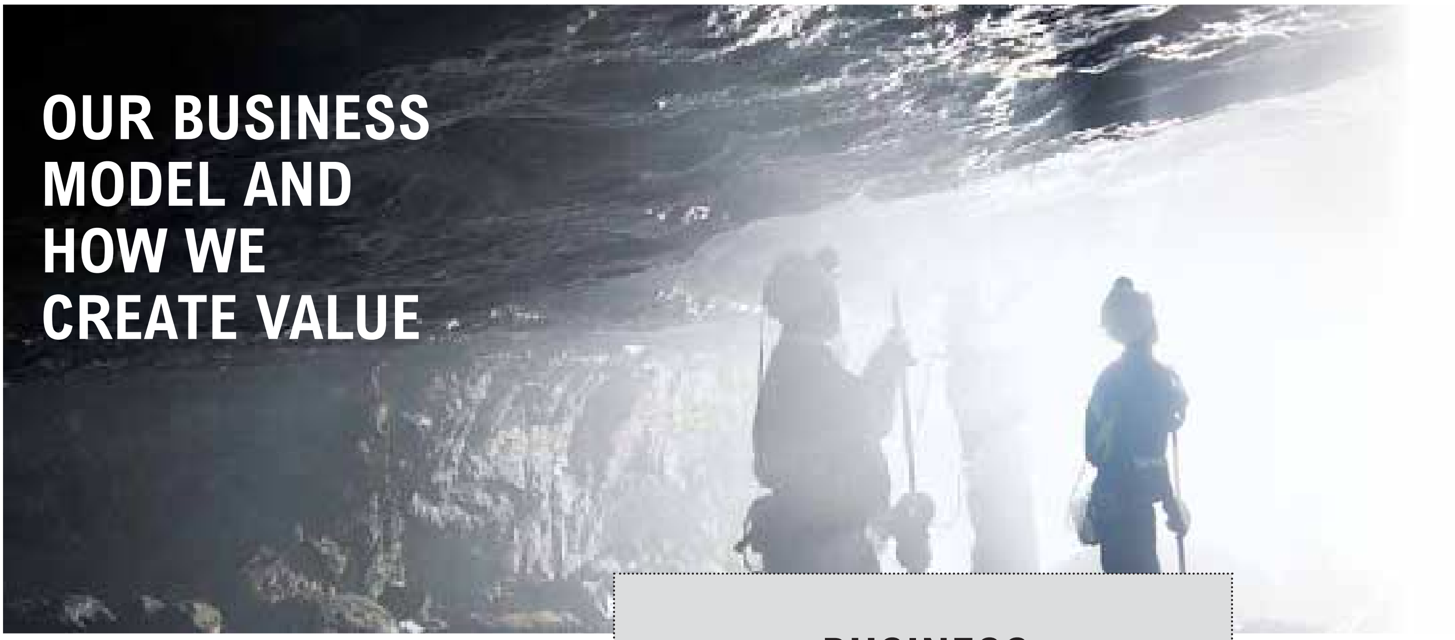


→ SOUTH AFRICA




ZAMBIA
LUBAMBE
Copper Mine
LUBAMBE
Extension Area
Northern
Luapula
Muchinga
Northwestern
Copperbelt
Eastern
Central
Lusaka
Western
Southern
MALAYSIA
Sabah
Brunei
South China Sea
SAKURA
Ferroalloys
Project
Sarawak

OUR BUSINESS MODEL AND HOW WE CREATE VALUE



INPUTS

FINANCIAL CAPITAL
- Assets
- Cashflow from operations
- Funding, cash balances and liquidity management
- Capital allocation and dividends

HUMAN CAPITAL
- People
- Safety and health
- Workforce planning
- Talent and performance management
- Human resource development
- Investment in people through training and benefits

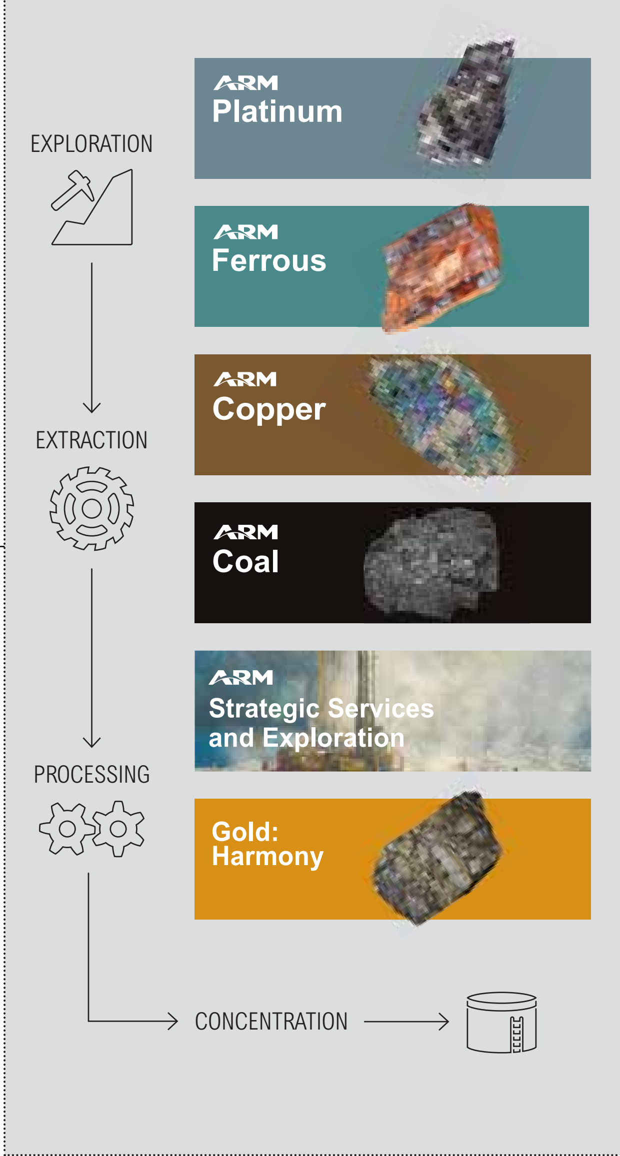
NATURAL CAPITAL
- Minerals
- Land
- Electricity
- Water
- Biodiversity

SOCIAL AND RELATIONSHIP CAPITAL
- Relationships with host communities
- Relationships with employees and organised labour
- Supplier relationships
- Ethics and values
- Relationship with government and regulators

INTELLECTUAL CAPITAL
- Management and employee experience and expertise
- Mining rights
- Risk management processes
- Information Technology systems
- Research and development
- Brand and reputation

MANUFACTURED CAPITAL
- Above and below ground mining infrastructure
- Mineral resources and reserves
- Mining equipment

BUSINESS MODEL



Underground mining at Two Rivers Platinum Mine

OUTPUTS

FINANCIAL CAPITAL

Dividends paid to shareholders
F2015: R1.3 billion

Payments to other finance providers
F2015: R0.2 billion

Reinvestment in the operations
F2015: R3.3 billion spent on capital expenditure

Taxes and royalties paid
F2015: R1.3 billion

HUMAN CAPITAL

Salaries and wages paid to employees
F2015: R3.6 billion

Expenditure on employee training
F2015: 8.3% of payroll

Jobs created
F2015: 3% increase in total labour (including contractors)

Safe and healthy work environment
F2015: LTIFR of 0.35

NATURAL CAPITAL

Carbon emissions
F2015: 1.2 million tCO_2e

Improved efficiency in water use
F2015: 6% decrease to 18.3 million m^3

Rehabilitation of land

Updated mineral resources and reserves

Responsible waste disposal

SOCIAL AND RELATIONSHIP CAPITAL

Investment in Corporate Social Responsibility
F2015: R0.2 billion

Supplier development F2015
Mining Charter targets on preferential procurement exceeded

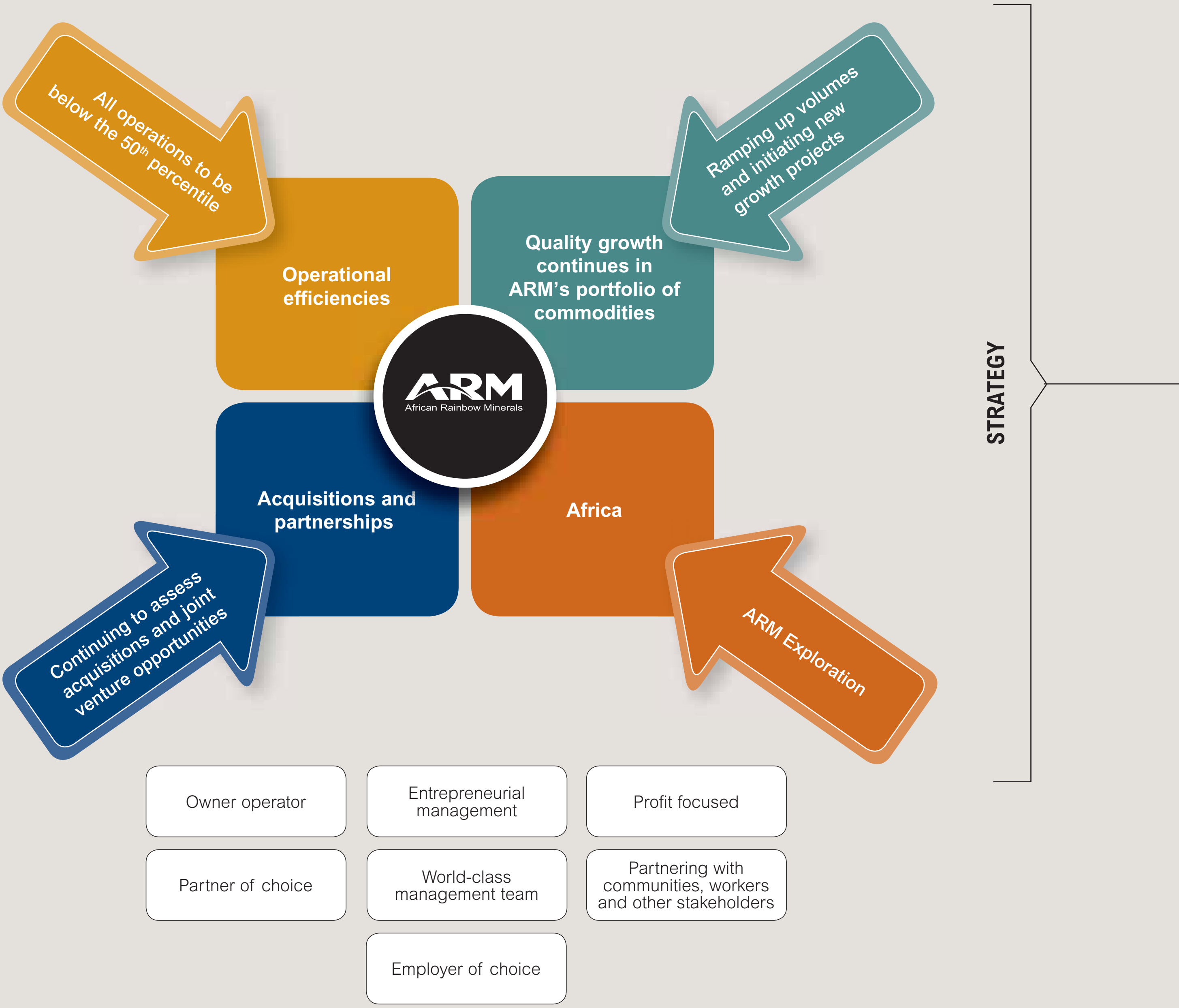
INTELLECTUAL CAPITAL

Mining rights converted to New Order Mining Rights

For detailed discussion on the capitals refer to the Sustainability review on pages 38 to 71. IAR

OUR STRATEGY

ARM's strategy focuses on quality growth in our existing portfolio of commodities, operational efficiencies, acquisitions and partnerships and exploration. The ARM Board of Directors provides strategic direction and leadership, monitors implementation of business and strategic plans and approves the capital funding for these plans.



OUR STRATEGIC OBJECTIVES AND HOW WE HAVE PERFORMED AGAINST THEM

Operational efficiencies

Objective

ARM's target is that all its operations should be positioned below the 50th percentile of each commodity's respective global cost curve. ARM strives to continuously improve productivity at all its operations through technology, mining and processing efficiencies and continuous training.

Performance in F2015

- Below inflation unit cost increases were achieved at all ARM's operations with the exception of the Modikwa and Black Rock mines.
- All ARM's operations are currently positioned below the 50th percentile of the respective global cost curves with the exception of the Lubambe Copper Mine and Cato Ridge Ferromanganese Works.
- A review of the manganese alloy business was completed and additional manganese alloy furnaces were closed in the financial year under review. Only three furnaces are operating at Cato Ridge Works.
- A revised mine plan was implemented from April 2015 at the Lubambe Copper Mine. The revised plan resulted in an improvement in the unit cost performance in the last quarter of the financial year under review.

Quality growth continues in ARM's portfolio of commodities

Objective

Ramping up volumes and initiating new growth projects.

Performance in F2015

- ARM is currently ramping up production at the Lubambe Copper Mine. As part of the revised plan, steady state production of 45 000 tonnes per annum has been deferred to F2019.
- The Sakura Ferroalloys Project is progressing on schedule and within budget. Steady state production of 170 000 tonnes of manganese alloys is expected in F2017.
- Given challenging global commodity market conditions capital expenditure is currently focused on sustaining production volumes and improving plant and mining efficiencies.

Acquisitions and partnerships

Objective

ARM is committed to being a partner of choice and exploring and assessing acquisitions and joint venture opportunities.

Performance in F2015

- In the financial year under review ARM acquired Tamboti Platinum (Pty) Limited (Tamboti), for a consideration of R400 million. Tamboti is the holder of a mining right over the property adjacent to Two Rivers Mine. ARM is in discussions with Implats to incorporate Tamboti into Two Rivers.
- Portions of the Buffelshoek, Kalkfontein and Tweefontein farms were added to the Two Rivers mining area.
- As a result of the above, the Two Rivers life of mine was extended by approximately 30 years.

Exploration

Objective

ARM actively pursues new mineral opportunities based on the commodities within ARM's current portfolio focussing on PGMs and base metals (especially copper and nickel sulphides) as well as high-quality manganese and coal opportunities.

Performance in F2015

- ARM continued with exploration work in Northern Mozambique to the end of March 2015 when the agreement with Rovuma Resources Limited expired.
- Exploration expenditure has been curtailed consistent with challenging commodity markets.

Patrice Motsepe
Executive Chairman

EXECUTIVE CHAIRMAN'S REPORT

"ARM's financial position remains robust despite a significant decline in US Dollar commodity prices. Very good unit cost control was achieved at most operations."

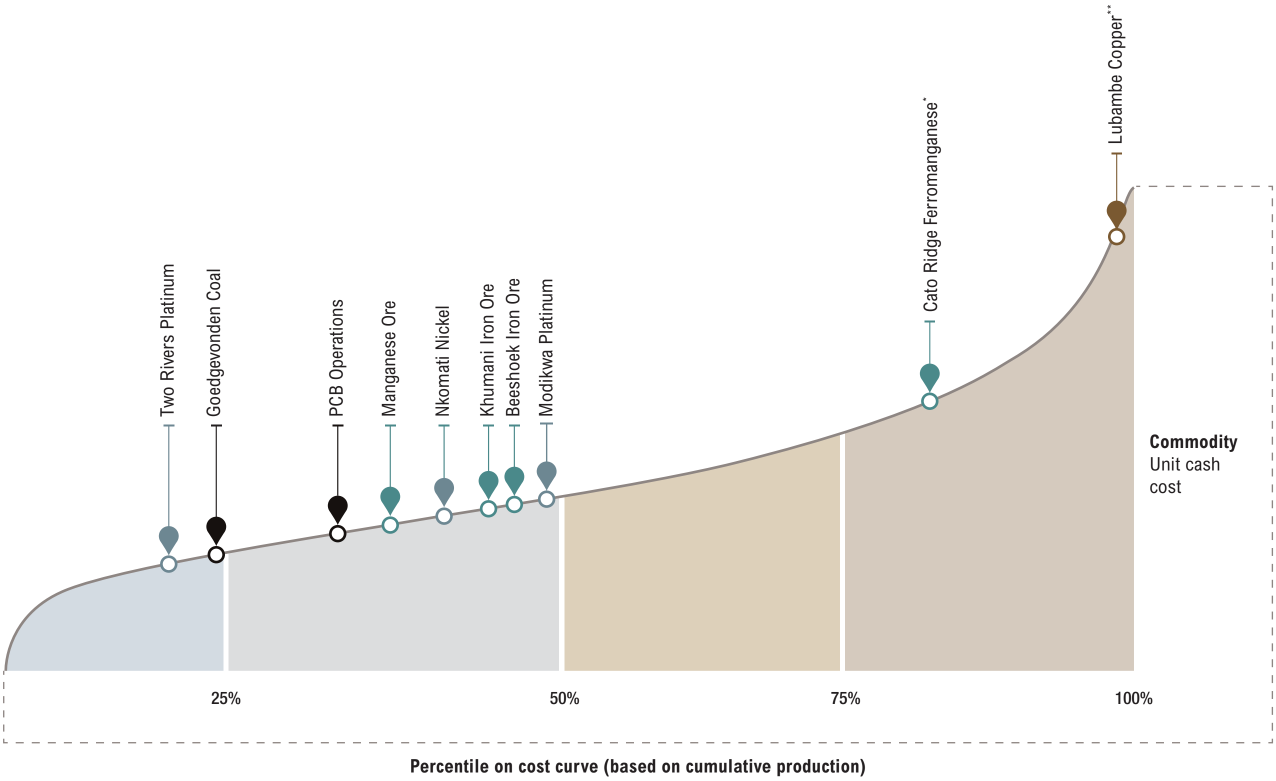
Patrice Motsepe

DELIVERING IN CHALLENGING TIMES

The global mining industry faced considerable headwinds in the financial year under review as commodity prices came under pressure mainly due to oversupply of many of the commodities we produce. The lower US Dollar prices for iron ore, manganese ore, thermal coal, platinum, nickel and copper were only partially offset by the 11% weakening of the Rand versus the US Dollar.

It is against this backdrop that ARM's headline earnings for F2015 decreased by 58% to R1 744 million (F2014: R4 108 million). Despite the decline in headline earnings ARM paid a ninth consecutive annual dividend of 350 cents per share. In the financial year under review we distributed R3.6 billion as salaries and wages to our employees; R1.3 billion was paid as taxes and royalties and R1.3 billion was paid to shareholders as dividends.

ARM'S OBJECTIVE IS THAT ALL OPERATIONS SHOULD BE BELOW THE 50TH PERCENTILE



* *At Cato Ridge Works only three of the six furnaces are operating.*
** *At Lubambe Copper Mine a new revised mine plan was implemented from April 2015.*

Commodity prices are expected to remain low in the short to medium term. ARM continues to focus on improving operational efficiencies, reducing unit costs and optimising cash. The company is well positioned to do well when commodity prices recover.

IMPROVING OPERATIONAL EFFICIENCIES AND REDUCING UNIT COSTS

ARM is committed to ensuring that all its operations are positioned below the 50th percentile of each commodity's global cost curve.

Two of ARM's operations, namely, Cato Ridge Ferromanganese Works and Lubambe Copper Mine are currently positioned above the 50th percentile of the global cost curve. The ferromanganese operations have over the years moved up the global cost curve mainly as a result of above inflation cost escalations for electricity and labour. Together with our partners, Assore, we completed an extensive review of the long-term profitability of these operations and a decision was taken to place all the furnaces at the Machadodorp Works and three furnaces at Cato Ridge Works on care and maintenance.

The Lubambe Copper Mine has experienced a number of operational challenges as part of its ramp up which are discussed further in the CEO's report. A revised plan was implemented in the latter part of the financial year to improve unit costs and mining efficiencies. The revised plan places the South Limb mining area on temporary care and maintenance with ramp up to full production of 45 000 tonnes per annum being deferred to F2019.

Our continued focus on cost reduction yielded very good results at all operations during the financial year, with the exception of Modikwa Mine and Black Rock Mine.

Unit production cost increases at the manganese ore operations were above inflation mainly due to lower production volumes, labour cost increases, ageing infrastructure and greater hauling distances. The Black Rock Project, is focused on upgrading the manganese ore operations and will address these challenges and also improve the mine's ability to exploit the high-grade resource in the Nchwaning mining area. Black Rock Mine is also in the process of right-sizing its labour complement and is engaged with employees and trade unions in a Section 189 process under the Labour Relations Act.

At Modikwa Mine unit production costs were 18% higher as a result of lower production volumes. A recovery plan is being implemented at Modikwa which is aimed at improving operational and labour efficiencies.

Management review: Executive Chairman's report continued

OPTIMISING OUR PORTFOLIO

ARM continues to review its portfolio of assets to ensure that the Company invests in quality assets and in commodities that have attractive long-term fundamentals.

We were therefore pleased to announce a significant extension to the Two Rivers life of mine in March 2015. The Two Rivers life of mine was increased by approximately 30 years by:

- the inclusion of portions of Buffelshoek, Kalkfontein and Tweefontein farms into the Two Rivers mining area as the previously outstanding transfer of the prospecting right from Implats to Two Rivers was finalised. As a result ARM's shareholding in Two Rivers reduced from 55% to 51% with effect from 6 February 2015.
- ARM's acquisition of Tamboti Platinum (Pty) Ltd, the holder of a mining right over a property adjacent to Two Rivers Mine for a consideration of R400 million. Based on previous drilling results available, this acquired property adds approximately 7.45 million ounces to the Two Rivers resource. We are in discussions with Implats to incorporate Tamboti into the Two Rivers mine.

On 25 June 2015 ARM announced the conclusion of an agreement to dispose of its 50% effective interest in Dwarsrivier Mine to Assore for a consideration of R450 million. Competition Commission approval has been obtained for the transaction. The remaining condition precedent for completion of the transaction is the transfer of the Dwarsrivier mining right to Assore in terms of the Mineral and Petroleum Resources Development Act No. 28 of 2002.

The current commodity environment continues to present opportunities for consolidation and ARM is assessing value accretive acquisitions and partnership opportunities on an ongoing basis.

INVESTING PRUDENTLY IN OUR OPERATIONS

The F2015 attributable capital expenditure (on a segmental basis) of R3 326 million was in line with previous guidance and was approximately R400 million higher than F2014, mainly as a result of increased waste stripping costs at Nkomati Mine and expenditure on upgrading infrastructure at the Black Rock and Modikwa operations. All planned capital expenditure has been reviewed to reduce or defer capital expenditure, without compromising the long-term sustainability of operations.

Attributable capital expenditure guidance for F2016 (on a segmental basis), which was previously R2 900 million, has been reduced by R500 million to R2 400 million. The lower guidance for F2016 is approximately R1 billion lower than the expenditure in F2015 in response to the lower commodity price environment.

DIVIDENDS

As a globally competitive company ARM is committed to paying dividends while funding efficiency improvements and sustaining production. The ARM Board declared an annual dividend of 350 cents per share in respect of the year ended 30 June 2015 (F2014: 600 cents per share).

SAFETY

We are committed to pursuing a goal of zero harm. It is pleasing to report that ARM's Lost Time Injury Frequency Rate (LTIFR) improved by 5% from 0.37 in F2014 (per 200 000 man hours) to 0.35 in F2015. The number of Lost Time Injuries (LTIs) decreased from 106 in F2014 to 103 in F2015.

Despite our ongoing efforts to ensure that the highest safety standards are maintained, it is with deep regret that I report that on the 12th of April 2015, two Khumani Mine employees were fatally injured in an accident. The Board and the management extends their sincere condolences to the family, friends and colleagues of the deceased. Any loss of life is unacceptable and we continue to strive for zero harm.

PARTNERING WITH OUR EMPLOYEES

Our employees are at the centre and at the heart of everything we do. ARM continues to strive to be an employer of choice and to create a safe and healthy work environment.

The diverse, multi-racial and multi-ethnic nature of our workforce benefits and enriches our Company. With this understanding, it is encouraging to note that during the year our employment equity in management increased to 51%, exceeding the Mining Charter target of 40%.

ARM has introduced several initiatives focussed on securing future skills. These include a graduate development programme and several socio-economic development programmes, which aim to improve Maths and Science in the communities in which we operate. ARM's skills development programmes include training courses, learnerships, internal and external bursaries and study assistance. Total investment in skills development during F2015 increased to R232 million from R196 million in F2014.

OUR COMMITMENT TO OUR STAKEHOLDERS

ARM's commitment to being a responsible corporate citizen drives our support of the development of the communities in which we operate through social investment and local economic development projects. These initiatives aim to build capacity in communities and prioritise women, HIV and Aids projects, the upliftment of people living with disabilities, youth and the socially destitute. During the year, R169 million was invested through our Corporate Social Investment (CSI), Local Economic Development (LED) and Social Labour Plan (SLP) projects.

In addition, as part of our commitment to the broader South African communities, the ARM Broad-Based Economic Empowerment Trust (ARM BBEE Trust) has distributed R120 million since inception to a broad base of poor and historically disadvantaged beneficiaries, including rural and women's upliftment trusts, church groups and trade unions. The ARM BBEE Trust works in close collaboration with traditional and local community leaders to ensure that initiatives undertaken by the rural upliftment trusts are those that have been identified by the local communities as being the most beneficial developmental and upliftment projects.

PURSUING ENVIRONMENTAL GOOD PRACTICES

We consistently seek to minimise the impact of our operations on the environment. As a member of the International Council on Mining and Metals (ICMM), ARM is committed to implementing good practice in relation to protecting and conserving the environment and rehabilitating the land where we operate our mines.

Our principal focus areas include responsible water management, climate change, biodiversity and the efficient utilisation of energy to reduce our carbon emissions.

Further details of our sustainability initiatives and the Company's performance in this regard are contained in our detailed Sustainability Report, which can be found on our website.

THE SOUTH AFRICAN MINING INDUSTRY

The current challenges in the global mining environment together with local pressures, including but not limited to labour unrest create a challenging environment for South African mining companies. South Africa however remains an important part of the global mining industry and a significant and strategically important sector of the South African economy. The South African mining industry currently contributes approximately 7.6% to the country's GDP, 21% to exports and directly employs approximately 500 000 people. A further 800 000 people are employed in indirect jobs by the industry. It is, therefore, imperative that the legislative, regulatory, tax and the overall governing dispensation of the mining industry continues to be globally competitive.

Government's commitment to creating a globally competitive mining and investment dispensation in South Africa has been consistently emphasised. On 31 August 2015, the South Africa's government, mining companies and labour unions adopted a 10-point plan to attempt to curb job losses in an industry where more than 11 700 people are at risk of losing their employment. The plan includes proposals to improve productivity, the re-skilling of workers and the transfer of employees between companies. This agreement, we believe, demonstrates the commitment of government, business and labour in securing the country's mining operations as attractive for local and foreign investment, whilst still doing the best for the country's broader socioeconomic development.

The differences in interpretation relating to the "once empowered, always empowered" principle should be resolved in a manner that will ensure the long-term global competitiveness and attractiveness of the South African mining industry.

At ARM, we are committed to continue working with government, labour and all stakeholders to ensure that the mining industry remains a competitive and attractive global investment destination.

GROWTH AND OUTLOOK

We expect commodity prices to continue being negatively impacted by the state of the global economy and by an oversupply of commodities in the short to medium term. Notwithstanding the continued absolute growth in China, concerns are that as the Chinese economy moves to becoming more consumer-led, demand for commodities in China could decline. The current oversupply of certain commodities is still, however, expected to be addressed by normal market supply/demand responses over the next two to three years. Until such time, the business environment for mining will remain challenging and US Dollar prices are expected to be low for longer in certain commodities.

We are confident that ARM's strategy of focussing on quality growth within our diversified portfolio and ensuring that all our operations are positioned below the 50th percentile of the global cost curve will continue to make ARM competitive and create value for its shareholders well into the future.

Our strategy is supported by our high standards of corporate governance, which we continue to review to ensure robust controls and alignment of our businesses with global best practice.

CHANGES TO THE BOARD

Earlier in the year we announced the resignation of Mr Dan Simelane as Chief Executive of ARM Copper and as an Executive Director of the Company, to pursue other interests. We would like to express our gratitude to Dan for his many years of service to ARM. Thando Mkatshana was appointed as the Chief Executive of ARM Copper and as an Executive Director of the Company with effect from 7 February 2015. Thando also retains his current role as Chief Executive of ARM Coal.

With effect from 2 March 2015, Dr Manana Bakane-Tuoane ceased to be the Lead Independent Non-executive Director of the Board and Chairman of the Nomination Committee and Chairman of the Non-executive Directors' Committee. The Board subsequently appointed her as Chairman of the Remuneration Committee. The Board conveys its appreciation to Dr Bakane-Tuoane for her leadership in these roles.

Mr Alex Maditsi, an Independent Non-executive Director of the Company was appointed as the Lead Independent Non-executive Director of the Board as well as the Chairman of the Nomination Committee and the Chairman of the Non-executive Directors' Committee. Applying the principles of King III, Mr Maditsi ceased to be the Chairman of the Remuneration Committee with effect from 2 March 2015.

CONCLUSION

I wish to extend my gratitude to our shareholders and all our other stakeholders for their continued support. We are extremely proud of the partnerships we have formed with our host communities, worker organisations, national and international governments, suppliers and joint venture partners. I am confident that through our continuous engagement we will navigate these challenging times successfully.

The ARM management team, under the leadership of Mike Schmidt, has continued to lead our organisation with insight and excellence. I wish to thank each and every employee for their hard work and sacrifices. I also wish to acknowledge the support and wise counsel of my fellow Board members. Their guidance and advice has been invaluable.

Mike Schmidt and the ARM management team have done a great job under a very challenging global environment.

Patrice Motsepe
Executive Chairman

15 October 2015

Mike Schmidt
Chief Executive Officer

CHIEF EXECUTIVE OFFICER'S REPORT

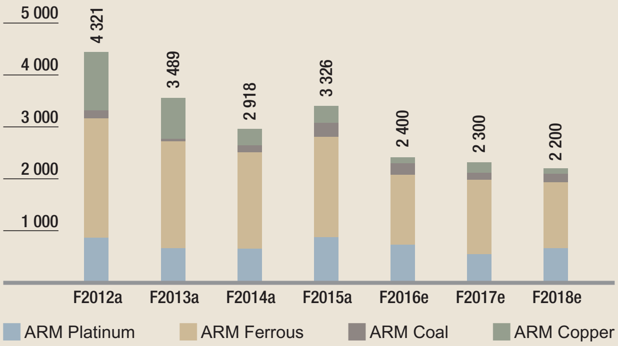
"The ARM operations delivered strong operational results against a backdrop of challenging commodity markets."

Mike Schmidt

ARM is responding proactively to the low commodity price environment by focussing on reducing costs, improving operational efficiencies, curtailing capital expenditure and addressing uneconomic operations. This focus has delivered strong operational results in the financial year under review with unit production cost increases below inflation at most of our operations.

We have thoroughly reviewed all planned capital expenditure with a view to reduce capital without compromising the long term sustainability of our operations. Our F2016 capital expenditure guidance has therefore been reduced from R2 900 million to R2 400 million most of which will be spent on maintaining current production volumes and improving operational efficiencies.

CAPITAL EXPENDITURE*
(R million)



** Capital expenditure includes (i) deferred stripping at Nkomati and Khumani mines, (ii) Eskom infrastructure as a finance lease at Nkomati Mine (iii) financed fleet replacement and (iv) sustaining capital expenditure but excludes the Sakura Ferroalloys Project.*

HEADLINE EARNINGS BY DIVISION

	12 MONTHS ENDED 30 JUNE		
R million	**2015**	2014	% change
ARM Platinum	**405**	883	(54)
ARM Ferrous	**1 588**	3 736	(57)
ARM Coal	**(93)**	(120)	23
ARM Copper	**(430)**	(309)	(39)
ARM Strategic Services and Exploration	**(50)**	(81)	38
Gold	**–**	–	–
Corporate and other	**324**	(1)	>250
ARM headline earnings	**1 744**	4 108	(58)

ARM Platinum's headline earnings decreased by 54% to R405 million (F2014: R883 million) primarily due to negative mark-to-market adjustments and lower production at the Modikwa and Nkomati mines, coupled with higher than inflation unit cost increases at the Modikwa Mine.

ARM Ferrous attributable headline earnings were 57% lower at R1 588 million (F2014: R3 736 million) and were negatively impacted by a 42% decrease in US Dollar average realised iron ore prices and a 21% drop in US Dollar manganese ore prices.

Despite lower realised export coal prices, ARM Coal's attributable cash operating profit increased by 48% to R747 million (F2015: R505 million). The division's headline loss reduced by 23% to R93 million.

The headline loss attributable to ARM Copper increased by R121 million to R430 million during 2015 owing to operational challenges experienced in the ramp up of the operation together with a decline in the average realised and closing copper price.

Our absolute focus remains on maintaining a competitive cost position for each of our operations and all divisions are encouraged and incentivised to continually strive to improve operational efficiencies to mitigate above-inflation cost increases.

SAFETY

ARM is committed to operating in a safe and responsible manner and is constantly working towards zero harm for our employees.

In the period under review, ARM's number of Lost Time Injuries (LTIs) decreased from 106 in 2014 to 103 in 2015. There were numerous commendable safety achievements at the various operations:

- On 22 August 2014, Beeshoek Mine was recognised for an outstanding achievement in safety at the annual Mine Safe Conference. This conference aims to bring various mining stakeholders together to share leading practices and successful strategies for "Zero Harm".
- On 31 August 2014, Nkomati Mine completed four million fatality-free shifts.
- On 5 September 2014, Two Rivers Mine completed two million fatality-free shifts and has been identified as an operation demonstrating leading practice in terms of the Chamber of Mines Mining Industry Occupational Safety and Health (MOSH) Hearing Conservation Programme.
- On 19 of February 2015, Modikwa Mine achieved one million fatality-free shifts.
- Black Rock Mine received the safety award for the "Best Improved Mine" from the Department of Mineral Resources in the Northern Cape.
- Prior to the accident on the 12 April 2015, Khumani Mine had achieved 4.8 million fatality-free shifts.

ARM FERROUS SIGNIFICANTLY IMPACTED BY LOWER IRON ORE AND MANGANESE ORE PRICES

The iron ore operations achieved record sales volumes of 16.19 million tonnes while manganese ore sales volumes were marginally higher at 2.74 million tonnes.

Chrome ore sales volumes from Dwarsrivier Mine were 9% higher as a result of productivity improvements achieved through the deployment of mechanised equipment together with additional volumes being mined from North Shaft.

ARM Ferrous continued to critically review all operational plans and has initiated various interactions aimed at reducing unit costs of production. These include right-sizing the labour complement, improving equipment utilisation, enhancing labour productivity and mining and processing efficiencies.

Despite higher than inflationary labour and electricity cost increases, the iron ore operations achieved a 3% reduction in on-mine unit production costs. Khumani Mine is targeting a further 15% reduction in on-mine unit production costs in 2016 on a nominal basis while Beeshoek Mine is targeting below

Management review: Chief Executive Officer's report continued

inflation increases in on-mine unit production costs for the next financial year.

On-mine unit production costs at the manganese operations increased by 17% mainly due to the decline in production, compounded by above-inflationary increases in labour and electricity costs, increased hauling distances and ageing underground infrastructure.

Black Rock Mine is in the process of right-sizing its labour complement to align the mine with the efficiency improvements required to remain profitable in the current market conditions.

The manganese ore operations are targeting a 15% reduction in on-mine production costs for 2016 in nominal terms.

Unit production cost for the manganese alloy operations increased by 1% despite an 8% decrease in production. The low manganese alloy price environment combined with the high cost of production resulted in a decision to stop the last operating furnace at Machadodorp Works in April 2015. All four furnaces at Machadodorp Works are now under care and maintenance and only three furnaces are operating at the Cato Ridge Works. Manganese alloy sales volumes consequently decreased 20% from 279 to 223 thousand tonnes.

ARM PLATINUM

Total PGM production, including the Nkomati Mine, decreased by 8% to 776 996 6E ounces (F2014: 841 581 6E ounces). The nickel production at the Nkomati Mine was 7% lower at 21 298 tonnes (F2014: 22 874 tonnes) due to planned lower-grade areas being mined.

Two Rivers Mine once again delivered an excellent operational performance, maintaining production volumes, keeping unit cash costs under control and delivering increased chrome concentrate sales volumes.

Production at Modikwa Mine decreased 8% mainly as a result of various safety stoppages, an extended break during December and a lack of mining flexibility resulting in labour inefficiencies. The lower production resulted in unit production costs increasing by 18% to R1 187 per tonne milled (F2014: R1 010 per tonne milled) and by 12% to R8 481 per 6E PGM ounce (F2014: R7 545 per 6E PGM ounce).

A recovery plan is being implemented at Modikwa mine which focuses on operational and labour efficiencies. Strict stoping controls were implemented in order to improve the head grade and management have also commenced with a project to enhance the concentrator plant recoveries. Capital projects at the mine were also reviewed, with the view to reduce capital expenditure without adversely affecting the mine's future ability to ramp up production. A decision was taken to implement the following actions:

- Defer capital expenditure at North shaft, resulting in a saving of R207 million over the next two years.
- Restructure the South 1 and South 2 operations to enable operational cost savings.
- Continue the capital project at South 2 shaft, with this project nearing completion, mining flexibility will be greatly improved.

SOLID OPERATIONAL RESULTS FROM ARM COAL

ARM Coal delivered solid operational results achieving a decrease in unit costs per saleable product at both the Goedgevonden (GGV) and the Participating Coal Business (PCB) operations. The cash operating profit at both PCB and GGV increased relative to F2014.

The commissioning of Tweefontein Optimisation Project (TOP) during 2015 was the final step in the long-term strategy to migrate from high-cost underground operations to high-volume, low-cost open-cast operations. ARM Coal now produces approximately 90% of its coal from three large open-cast mines with new and modern Coal Handling Processing Plants.

The GGV Coal Mine delivered excellent production results for the year, with the run of mine and saleable production increasing by 10% and 14% respectively. On-mine production unit costs at R189 per saleable tonne were 9% lower than the R208 per saleable tonne recorded in 2014.

The mines comprising the PCB operations increased their run of mine by 11% and saleable production by 13%. On-mine unit costs decreased by 16% from R396 per saleable tonne to R333 per saleable tonne.

RAMP UP CHALLENGES AT ARM COPPER BEING ADDRESSED

The Lubambe Copper Mine is continuing its ramp up to full production albeit at a slower rate than initially planned. Mining through the sand zone in the South Limb required additional specialised support resulting in higher costs and slower advance rates. This, together with the sharp decline in the copper price, resulted in a decision to stop production from the South Limb area in the short term. The delay in ramp up will also enable the mine to review and re-plan the approach to the sand zone with the emphasis on reducing the frequency of traversing through this structure. Production from the South Limb will recommence once the revised layout and mining plan has been finalised.

Further enhancements to stope methodology, mine design and extraction optimisation is underway and will be fully implemented by the end of the 2016 financial year. The mine has successfully completed the transition from contractor to owner operator and costs have reduced accordingly.

In the fourth quarter of the financial year the head grade improved from 1.83% in the second half to 2.10% and C1 cash costs improved from US$3.11/lb to US$2.48/lb.

The Lubambe Mine continues to target full production of 45 000 tonnes per annum and a steady state unit cost of US$2.00/lb of copper produced is envisaged when steady state is reached in F2019. The higher grade Lubambe Extension Area remains a significant part of the future expansion of the mine

ARM STRATEGIC SERVICES AND EXPLORATION

Costs for the ARM Strategic Services and Exploration division were reduced by 38% to R50 million (F2014: R81 million) as part of the Company's cost curtailment.

The Strategic Services project team collaborated with the ARM Ferrous Division on the Black Rock project and Sakura Ferroalloys Project while the Exploration team continued with work in Northern Mozambique to the end of March 2015 when the agreement with Rovuma Resources Limited expired.

LOOKING AHEAD

Despite a testing macroeconomic environment, I am confident that with our continued focus on enhancing operational efficiencies and sustaining quality production we are well positioned to take ARM into the future as a more efficient and resilient business. We are committed to steering the Company through these trying times and remain focused on creating sustainable value for all our stakeholders.

CONCLUSION

I would like to take this opportunity to thank all ARM employees for their hard work and effort; it is this dedication that forms the basis of our long-term success. I also extend my heartfelt appreciation to our Executive Chairman and the Board for their guidance and support in the year past.

Mike Schmidt
Chief Executive Officer

15 October 2015

Mike Arnold
Financial Director

FINANCIAL DIRECTOR'S REPORT

Headline earnings:
R1.74 billion
(F2014: R4.10 billion)

Dividends paid:
350 cents per share
(F2014: 600 cents per share)

Cash generated from operations:
R2.5 billion
(F2014: R2.1 billion)

Capital expenditure guidance for F2016 reduced by:
R500 million
to R2 400 million

Headline earnings declined by 58% to R1 744 million (F2014: R4 108 million) and equate to headline earnings per share of 803 cents (F2014: 1 900 cents). The weighted average number of shares in issue at 30 June 2015 is 217 232 000 shares (30 June 2014: 216 268 000 shares).

The Board declared and paid a ninth consecutive annual dividend of 350 cents per share (F2014: 600 cents per share) after the year-end.

ARM's basic earnings for F2015 were R104 million (F2014: R3 289 million) and were negatively impacted by special items (previously termed exceptional items) of R1 640 million loss after tax and non-controlling interest (F2014: R819 million loss after tax and non-controlling interest). The special items relate to (i) the unrealised mark-to-market loss of R534 million after tax on the Harmony investment made through the income statement. This accounting adjustment was made using the closing share price of Harmony at 30 June 2015. Additional special items mainly comprise (ii) smelter, plant and feasibility study impairments in ARM Ferrous of R292 million after tax as well as (iii) an attributable impairment of the Lubambe Copper Mine assets amounting to R784 million. The reconciliation of basic earnings to headline earnings is provided in note 33 to the financial statements.

The key drivers which impacted on the results for the year were a significant decline in US Dollar commodity prices, an 11% weaker Rand/US Dollar exchange rate, sales volume increases and cash cost decreases.

Refer to the F2015/F2014 comparison on this page as well as the profit variance analysis on page 22. IAR

The three-year compound annual growth rate in headline earnings for ARM since June 2012 was a negative 20%.

Sales for the year decreased by 7% to R9.26 billion (F2014: R10.00 billion). Sales for the Assmang joint venture decreased by 23% to R10.56 billion (F2014: R13.78 billion).

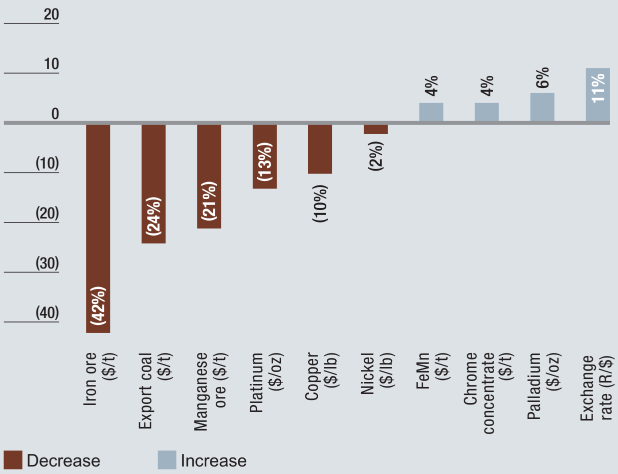
The average gross profit margin decreased to 15.2% (F2014: 24.7%).

The margins achieved at each operation may be ascertained from the detailed segment reports provided in note 2 to the financial statements as well as in the operational reviews on pages 72 – 112. IAR

The F2015 average Rand/US Dollar exchange rate of R11.45/US$ was 11% weaker than the average of R10.36/US$ for F2014. For reporting purposes the closing exchange rate was R12.16/US$.

Realised US Dollar commodity prices for most of ARM's commodities were lower than in F2014; the largest price declines in US Dollar terms were for export iron ore, manganese ore and export thermal coal.

F2015 VERSUS F2014 AVERAGE US DOLLAR REALISED PRICES AND AVERAGE EXCHANGE RATE
(%)



Management review: Financial Director's report continued

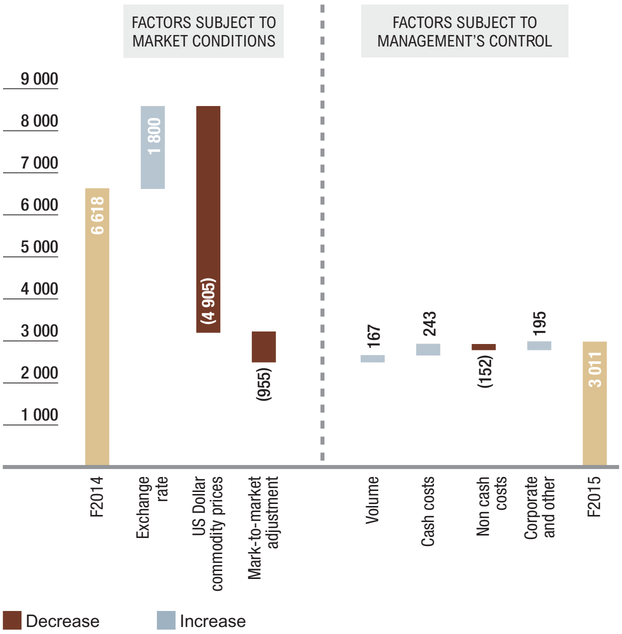
Earnings before interest, tax, depreciation and amortisation (EBITDA), excluding special items and income from associates and joint ventures were R2 087 million which is 20% lower than that achieved in F2014.

The income from joint venture which amounts to R1 289 million, and includes the negative impact of special items, is 64% lower than last year (F2014: R3 549 million).

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

- The ARM Ferrous contribution to ARM's headline earnings amounted to R1 588 million (F2014: R3 736 million). This is a decrease of 57% compared to the F2014 result and is largely due to a 61% lower contribution from the Iron Ore division. The results of the Dwarsrivier Chrome Mine have been reflected as "Income from discontinued operations" in the ARM Ferrous segmental information following the signing of all sale agreements in June 2015. The Dwarsrivier Chrome Mine assets have been disclosed as assets held for sale in the segment analysis.
- The ARM Platinum contribution, which includes the results of Nkomati Mine, was R405 million and represents a 54% decrease from the R883 million contribution for F2014. The decreased contribution is largely due to a lower contribution from Nkomati (mainly due to lower commodity prices) and Modikwa (mainly due to lower production).
- The ARM Coal result was a reduced headline loss of R93 million (F2014: R120 million loss) as a result of an improved performance from the PCB operations, notwithstanding the fall in export thermal coal prices. The headline earnings contribution from GGV remained positive at R93 million (F2014: R122 million). The ARM Coal results are negatively impacted by high finance charges.
- The ARM Copper result, excluding the impairment charge of R784 million (F2014: R nil) was a headline loss of R430 million (F2014: R309 million headline loss). This result includes interest on shareholders loans of R159 million.
- The ARM Exploration costs reduced to R50 million (F2014: R81 million) and were largely expended on exploration at Rovuma in Mozambique to the end of March 2015 as well as on staff costs.
- The ARM Corporate, other companies and consolidation segment reflects a positive contribution to headline earnings of R324 million for the year (F2014: R1 million loss). The higher contribution is largely due to increased management fees earned, foreign exchange gains on loans to Lubambe and reduced finance costs.

UNAUDITED SEGMENTAL PROFIT VARIANCE ANALYSIS – PROFIT FROM OPERATIONS BEFORE SPECIAL ITEMS
(R million)



The profit variance analysis provided on a segmental basis above indicates how ARM's results were impacted by various factors during the year at the level of profit from operations before special items.

Sales were impacted by the following variances:

- The 11% weakening of the Rand against the US Dollar accounted for a positive variance of R1 800 million;
- A total negative variance of R5 860 million resulting from the fall in US Dollar commodity prices across ARM's operations (including mark-to-market adjustments); and
- Sales volume increases of R167 million.

There is a positive cash cost variance of R243 million due to an absolute decrease in mining costs when compared to F2014 despite inflationary cost pressures.

The increased non-cash costs of R152 million were largely due to an increase in amortisation charges of R142 million.

Corporate and other costs had a positive variance of R195 million as a result of the previously described items which contributed to increased headline earnings.

CONSOLIDATED INCOME STATEMENT (ABRIDGED)

	12 MONTHS ENDED 30 JUNE		
	2015 Rm	2014 Rm	% change
Sales	**9 263**	10 004	(7)
Profit from operations (before special items)	**1 040**	1 671	(38)
Income from investments	**192**	119	61
Finance costs	**(250)**	(259)	3
Loss from associate	**(186)**	(374)	50
Income from joint venture	**1 289**	3 549	(64)
Special items before tax	**(1 659)**	(616)	(169)
Taxation	**(353)**	(546)	35
Non-controlling interest	**31**	(255)	112
Profit after tax and non-controlling interest	**104**	3 289	(97)
Headline earnings	**1 744**	4 108	(58)
Headline earnings (cents per share)	**803**	1 900	(58)

- ARM Platinum sales decreased by 7%.
- ARM Ferrous sales decreased by 23%.
- ARM Coal (GGV) sales increased by 7%.
- ARM Copper achieved sales of R794 million (F2014: R1 085 million).

The average gross profit margins for the individual operations on a segmental basis are:

	12 MONTHS ENDED 30 JUNE		
	2015 %	2014 %	% change
ARM Ferrous	**26**	44	(18)
ARM Platinum			
– Two Rivers	**28**	31	(3)
– Modikwa	**(10)**	8	(18)
– Nkomati	**14**	30	(16)
ARM Coal (GGV)	**18**	25	(7)
ARM Copper (in ramp-up)	**(14)**	3	(17)

Other operating income, which largely comprises management fee income and foreign exchange gains, increased by R264 million to R1 225 million from R961 million in F2014.

Other operating expenses decreased by R169 million in comparison to F2014. This decrease is largely due to the following items:

- A decrease in mineral royalty tax of R24 million (F2014: R302 million); and
- A decrease in distribution costs at Nkomati and Lubambe of R95 million.

As a result of the decreased gross profit and the combined impact of the previously mentioned changes in other income and other expenses, profit from operations before special items reduced to R1 040 million from R1 671 million in F2014.

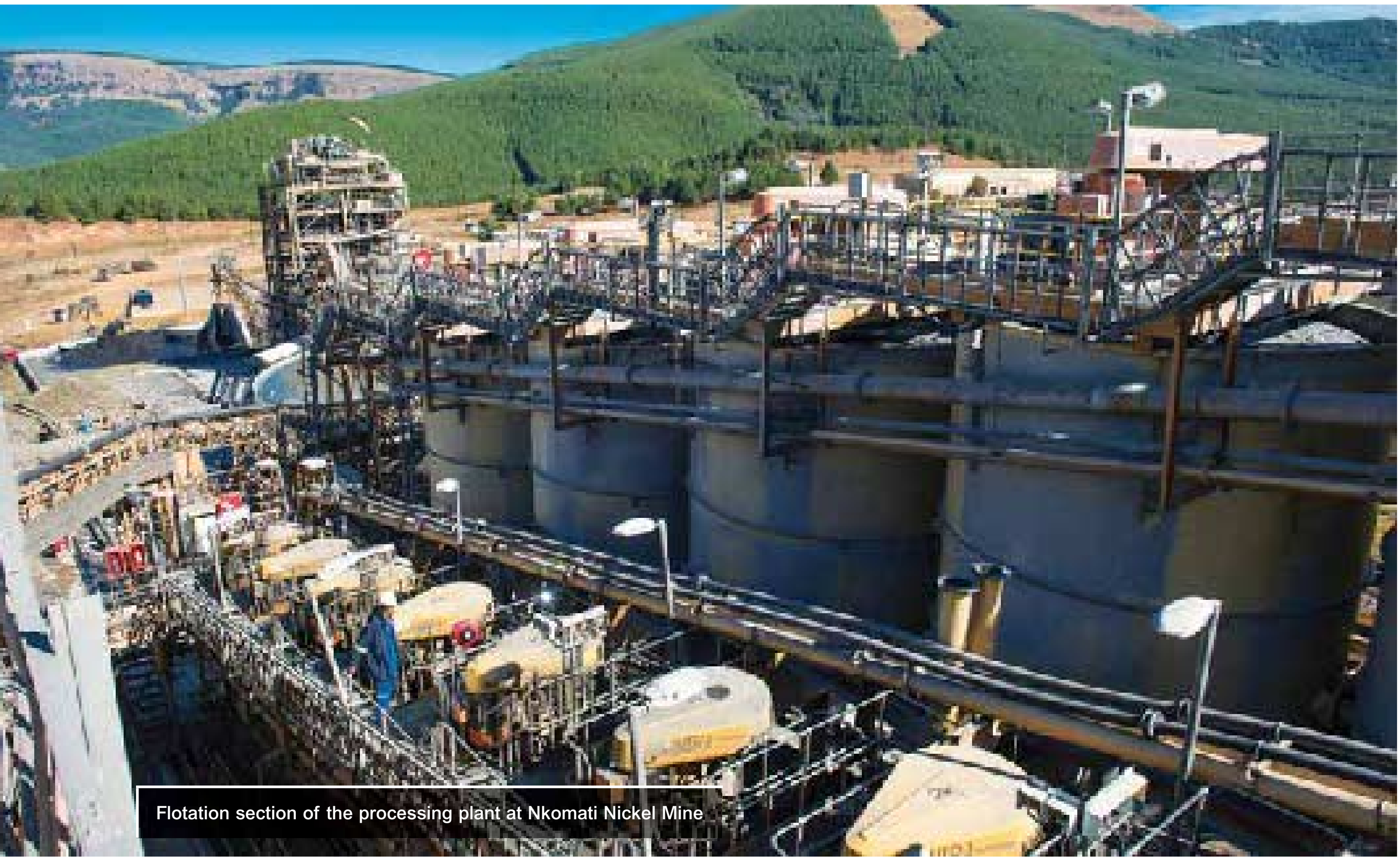
Income from investments amounted to R192 million for the year (F2014: R119 million) and mainly comprises interest received on cash balances.

Finance costs at R250 million were only R9 million less than those incurred in F2014, largely due to average interest-bearing borrowings remaining at similar levels to those in F2014.

The loss from associate, being the equity accounted results for the PCB operations, decreased by R188 million to R186 million and includes an impairment charge of Rnil (F2014: R132 million). This result is fully described in the section on ARM Coal on pages 98 to 105.

The income from joint venture represents the equity accounted earnings for ARM Ferrous.

Management review: Financial Director's report continued



Flotation section of the processing plant at Nkomati Nickel Mine

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (ABRIDGED)

	12 MONTHS ENDED 30 JUNE	
	2015 Rm	2014 Rm
Non-current assets	**29 616**	30 077
Property, plant, equipment and other	**12 367**	11 930
Investment in joint venture	**14 094**	14 305
Investments	**2 541**	3 386
Other	**614**	456
Current assets	**5 667**	6 381
Cash and cash equivalents	**2 257**	2 150
Other	**3 410**	4 231
Total assets	**35 283**	36 458
Total equity	**26 905**	28 199
Non-current liabilities	**5 137**	4 889
Long-term borrowings	**2 511**	2 420
Other	**2 626**	2 469
Current liabilities	**3 241**	3 370
Short-term borrowings	**1 371**	1 082
Other	**1 870**	2 288
Total equity and liabilities	**35 283**	36 458

The ARM consolidated financial position remains robust. At 30 June 2015 cash and cash equivalents amounted to R2 257 million (F2014: R2 150 million). This excludes the attributable cash and cash equivalents held at ARM Ferrous (50% of Assmang) of R2 471 million (F2014: R2 988 million).

Gross interest-bearing borrowings at 30 June 2015 was R3 882 million (F2014: R3 502 million). There are no interest-bearing borrowings at ARM Ferrous.

The net debt position at 30 June 2015 amounts to net debt of R1 625 million as compared to the net debt position of R1 352 million at 30 June 2014.

The investment in joint venture of R14.1 billion represents ARM's interest in ARM Ferrous.

Total assets decreased by R1 175 million to R35 283 million largely as a result of impairments charged against assets and reduced trade and other receivables.

Details of the capital expenditure are included in the operational reviews on pages 72 to 112. IAR

Additional key features include:

- Other investments, which largely comprise the 14.6% stake which ARM has in Harmony, amounted to R1 178 million. The Harmony share price at 30 June 2015 was R15.59 (F2014: R31.15). ARM holds 63.6 million shares in Harmony;
- Within current assets the value of trade and other receivables decreased by R749 million in line with the drop in sales at Nkomati, Lubambe and ARM Coal (GGV). This impacted positively on working capital requirements as reflected in note 34 to the financial statements; inventory levels reduced by R82 million during the year; and
- ARM has provided support to the ARM Broad-Based Economic Empowerment Trust ("ARM BBEE Trust") in the form of guarantees to support the financial covenants of the ARM BBEE Trust's bank loan. These financial covenants have come under pressure as a result of the fall in the ARM share price. Guarantees provided by ARM amounted to R400 million at 30 June 2015 (F2014: Rnil) and are included in contingent liabilities in note 40 to the financial statements. The Board has approved this support as the ARM BBEE Trust forms an integral part of the empowerment obligations of ARM. The current court process to determine the legal status of the "once empowered, always empowered" principle also makes it necessary that ARM minimises its legal and financial exposure should this principle not be upheld by the court. Since the financial year-end additional guarantees amounting to R300 million have been issued by ARM in this regard.

CONSOLIDATED STATEMENT OF CASH FLOWS

Cash generated from operations was R2 508 million or R435 million more than the F2014 amount of R2 073 million and is reported after a reduction in working capital requirements of R163 million (F2014: an increase in working capital of R959 million).

Dividends received from the ARM Ferrous joint venture were R1.50 billion (F2014: R1.75 billion) despite the R2 148 million decrease in the headline earnings contribution from ARM Ferrous.

As a result of the above and despite a R200 million higher ARM dividend payment in October 2014 the consolidated net cash inflow from operating activities remained fairly constant at R2 055 million (F2014: R2 077 million).

Net cash outflow from investing activities amounted to R1 980 million (F2014: R1 222 million). Capital expenditure was in line with F2014 at R1 276 million (F2014: R1 133 million).

Cash flow from financing activities amounted to an outflow of R304 million (F2014: R759 million outflow) and largely comprises repayment of short-term borrowings.

FINANCIAL CAPITAL

ARM's operational cash flows, net of tax, together with cash and cash equivalent balances and external funding sources constitute its primary financial capital. This capital is used to (i) maintain existing operations, (ii) expand new and existing operations, (iii) fund working capital and (iv) to make new investments. This utilisation of financial capital is balanced by the Board against its commitment that ARM as a globally competitive company, return capital to shareholders as dividends.

Just as the mineral resources and reserves of ARM's operations are valuable assets so too is its financial capital. Financial capital needs to be responsibly managed to ensure that the funding of the Company is not unduly stressed thereby ensuring a sound financial basis for its continued operation and future plans.

For the F2015 financial year the ARM funding position remained robust on the following levels:

Cash flow and capital allocation for the year

The cash generated from operating activities amounted to R2 055 million (after the R1 302 million dividend payment). This was allocated as follows:

- R1 276 million: capital expenditure;
- R400 million: acquisition of subsidiary to be incorporated into Two Rivers;
- R282 million: additional investment in associate (ARM Coal);
- R334 million: reduction of borrowings;
- R8 million: other net inflow; resulting in; and
- R229 million: reduction in cash and cash equivalents.

The capital allocation is considered prudent given the continuing volatility in and pressure on commodity prices.

The segmental value added statement as reflected on page 27 shows the wealth created and distributed in F2015.

Net gearing and borrowings

As at June 2015, total interest-bearing borrowings amounted to R3 882 million or 14% of total equity. These borrowings comprise:

- R1 762 million external bank debt (F2014: R1 510 million); and
- R2 120 million partner loans (F2014: R1 992 million).

Management review: Financial Director's report continued

It is evident that at both a consolidated and a segmental level ARM does not have high levels of bank debt. At an entity level however the ARM Coal investment into GGV and PCB is highly geared by shareholder funding provided as vendor facilitated funding from Glencore. These high debt levels impact on the bottom line profitability of the Coal Division. The retirement of this debt will be achieved from free cash flow from the coal operations. There is no recourse to ARM for this debt.

SEGMENTAL ANALYSIS

The detailed segmental results which include income statement, statement of financial position and cash flow information are provided in note 2 to the financial statements. IAR

SIGNIFICANT ACCOUNTING MATTERS

In terms of accounting standards IFRS 10, 11 and 12 which became effective for financial years commencing after 1 January 2013 the accounting for entities is assessed at each reporting date. Since 30 June 2014 there has been no change to the assessment of any of the entities which form part of the consolidated ARM results.

The Company financial statements for F2014 have been restated as a result of an adjustment to the accounting treatment for joint operations within the separate financial statements of the Company (joint operator). This change was necessitated following the publication in March 2015 of the IFRIC Update of the Interpretation Committee agenda decision on IFRS 11 Joint Arrangements – Accounting in separate financial statements by the joint operator; which provided certainty and clarity on the accounting. As a result of this change a proportionate share of the assets, liabilities and financial performance of the joint operations of Teal Minerals company and ARM Coal company are included in the Company financial statements and notes thereto.

This change in accounting policy is more fully described on page 223 and on pages 236 to 238 of the financial statements.

EVENTS AFTER REPORTING DATE

The Company paid a dividend of approximately R761 million on 5 October 2015.

ARM issued additional guarantees amounting to R300 million to the bank lenders of the ARM BBEE Trust to support financial covenants of the ARM BBEE Trust bank loan.

FINANCIAL RISK MANAGEMENT

ARM has an established risk management programme which is more fully described in the Risk report on pages 166 to 176.

Specific risks which have a financial bias include currency, commodity price, interest rate, counterparty, credit and acquisition risks.

For a detailed analysis of ARM's approach to these risks, please refer to note 39 to the financial statements. IAR

A sensitivity analysis is provided in note 39 to 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 corporate facility which expired in August 2015 was replaced with a new corporate revolving credit facility in the same amount of R2.25 billion and is due for repayment or refinancing in August 2018. The ARM Finance Company SA US$80 million loan facility is guaranteed by ARM with quarterly loan repayments which commenced on 31 December 2014 and is more fully described in note 16 to the financial statements.

The Company is financially sound. 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.

Commitments in respect of capital expenditure amounted to R248 million at 30 June 2015. It is anticipated that this expenditure, which relates to mine development and plant and equipment, will be financed from operating cash flows and 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.

The ninth annual dividend declared by ARM on 4 September 2015 of 350 cents per share is consistent with ARM's commitment as a globally competitive company to pay dividends to shareholders while simultaneously maintaining the ability to fund efficiency improvements and sustaining production volumes.

Mike Arnold
Financial Director

15 October 2015

VALUE ADD

ARM's fundamental goal is to generate financial returns for shareholders, investors and other providers of capital. This economic imperative is balanced with a responsible approach to the environmental and social aspects of our business to ensure that all our stakeholders benefit from the value created by the business. F2015 wealth created reduced by 39% consistent with the currently challenging commodity price environment.

WEALTH CREATED IN F2015 R7.2 BILLION

DISTRIBUTED AS FOLLOWS:

Employees R3.6 billion in salaries and wages	**Government** R1.3 billion in taxes and royalties	**Shareholders** R1.3 billion in dividends	**External providers of capital** R0.2 billion

R0.8 BILLION RE-INVESTED IN THE GROUP

VALUE ADDED STATEMENT

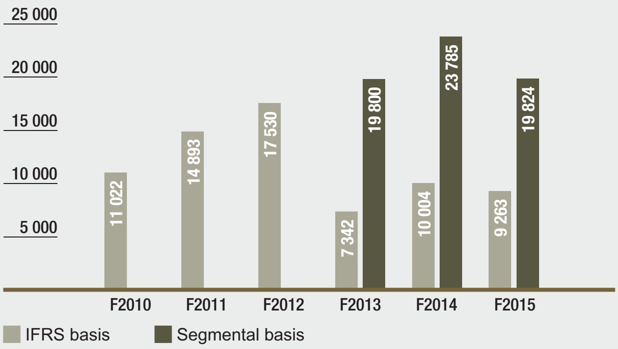
	F2015* (Rm)	F2014* (Rm)	F2013^ (Rm)	F2012 (Rm)	F2011 (Rm)	F2010 (Rm)	F2009 (Rm)	F2008 (Rm)
Sales	**19 824**	23 785	19 800	17 530	14 893	11 022	10 094	12 590
Net cost of products and services	**10 808**	11 093	9 100	8 329	6 357	5 604	4 201	4 318
Value added by operations	**9 016**	12 692	10 700	9 201	8 536	5 418	5 893	8 272
Income/(loss) from associations	**(186)**	(374)	(14)	11	(135)	(51)	147	461
Income from joint ventures	**51**	11	3	–	–	–	–	–
Special items	**(2 074)**	(876)	(2 639)	(70)	(11)	97	514	162
Income from investments	**410**	344	268	279	216	209	414	168
Wealth created	**7 217**	11 797	8 318	9 421	8 606	5 673	6 968	9 063
Applied as follows to:								
Employees as salaries, wages and fringe benefits	**3 565**	3 330	2 922	2 179	1 856	1 491	1 399	1 053
The State as taxes	**1 317**	2 796	1 696	2 125	1 855	1 029	1 727	2 084
– Income tax	**860**	1 893	1 145	1 633	1 693	1 009	1 727	2 084
– Mineral royalty tax	**457**	903	551	492	162	20	–	–
Providers of capital	**1 550**	1 643	1 394	1 324	836	725	1 034	1 213
– Equity – dividend	**1 302**	1 102	1 021	959	426	371	847	315
– Non-controlling interest	**(31)**	255	148	133	194	162	(198)	460
– Outside – finance cost	**279**	286	225	232	216	192	385	438
Total value distributed	**6 432**	7 769	6 012	5 628	4 547	3 245	4 160	4 350
Re-invested in the Group	**785**	4 028	2 306	3 793	4 059	2 428	2 808	4 713
Amortisation	**1 983**	1 841	1 693	1 315	1 118	987	787	541
Reserves retained	**(1 198)**	2 187	613	2 478	2 941	1 441	2 021	4 172
Wealth distributed	**7 217**	11 797	8 318	9 421	8 606	5 673	6 968	9 063
Market capitalisation at FYE (R billion)	**18.0**	40.5	32.2	35.7	40.2	34.3	27.5	59.2

* *Based on segmental reporting – refer to note 2 to the annual financial statements.*
^ *This is restated after adoption of IFRS 11.*

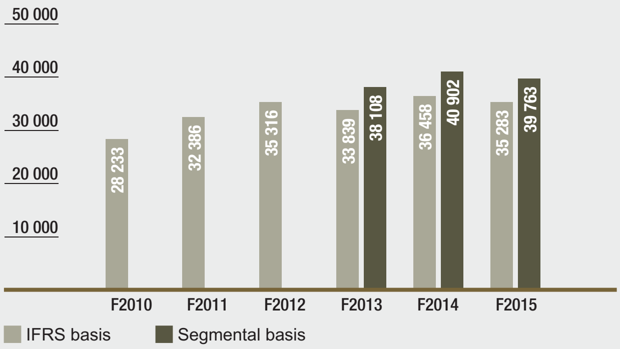
FINANCIAL SUMMARY AND STATISTICS

FOR THE YEAR ENDED 30 JUNE 2015

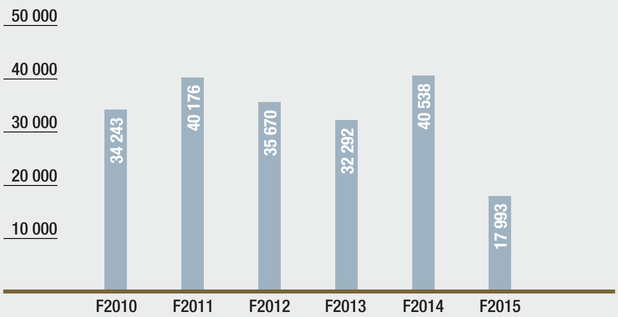
SALES
(R million)



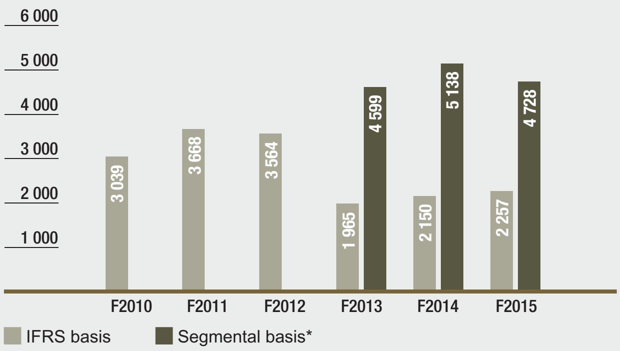
TOTAL ASSETS
(R million)



MARKET CAPITALISATION
(R million)



CASH AND CASH EQUIVALENTS
(R million)



** Excludes Sakura and Cato Ridge Alloys.*

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 special 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 special items divided by sales.

9 **Interest cover (times)**
Profit before special 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, income from joint venture and special 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 special items**
Taxation in the income statement less tax on special items divided by profit before tax and special items.

Financial summary and statistics continued

FOR THE YEAR ENDED 30 JUNE 2015

	GROUP		
R million, unless stated otherwise	Compounded annual growth rate %	F2015 Rm	F2014 Rm
Income statement			
Sales	5	**9 263**	10 004
Basic earnings	(14)	**104**	3 289
Headline earnings	18	**1 744**	4 108
Basic earnings per share (cents)	(14)	**48**	1 521
Headline earnings per share (cents)	17	**803**	1 900
Dividend declared after year-end per share (cents)		**350**	600
Statement of financial position			
Total assets	12	**35 283**	36 458
Cash and cash equivalents	23	**2 257**	2 150
Total interest bearing borrowings	9	**3 882**	3 502
Shareholders' equity	13	**26 905**	28 199
Statement of cash flows			
Cash generated from operations	4	**2 508**	2 073
Net cash outflow from investing activities	9	**(1 980)**	(1 222)
Net cash (outflow)/inflow from financing activities		**(304)**	(759)
Number of employees	8	**13 727**	14 066
Number of contractors		**11 729**	10 645
Exchange rates			
Average rate US$1 = R	6	**11.45**	10.36
Closing rate US$1 = R	6	**12.16**	10.63
JSE Limited performance			
Ordinary shares (Rands)			
– high	18	**203**	240
– low	13	**81**	143
– year-end	9	**83**	187
Volume of shares traded (thousands)	9	**124 582**	110 911
Number of ordinary shares in issue (thousands)	1	**217 491**	216 748
Financial statistics	Definition number*		
Liquidity ratios (x)			
Current ratio	1	**1.7**	1.9
Quick ratio	2	**1.5**	1.6
Cash ratio	3	**4.0**	3.6
Profitability (%)			
Return on operational assets	4	**5.8**	9.3
Return on capital employed	5	**6.9**	15.0
Return on equity	6	**6.8**	15.4
Gross margin	7	**15.2**	24.7
Operating margin	8	**11.2**	16.7
Debt leverage			
Interest cover (x)	9	**9.3**	19.1
Gross debt to equity ratio (%)	10	**14**	12
Net debt to equity ratio (%)	11	**6**	5
Other			
Net asset value per share (R/share)	12	**118**	123
Market capitalisation	13	**17 993**	40 538
Dividend cover (x)	14	**2.29**	3.17
EBITDA	15	**2 087**	2 620
EBITDA margin (%)	16	**23**	26
Effective tax rate	17	**83**	13
Effective tax rate excluding special items	18	**23**	14

The financial information above is in accordance with International Financial Reporting Standards.
Various corporate transactions were entered into during the past ten years and restatement due to IRFS in 2013 makes direct comparison for years not always meaningful.
NR refers to figures not reported.

* *The definitions are included on the previous page.*

GROUP								
Restated F2013 Rm	F2012 Rm	F2011 Rm	F2010 Rm	F2009 Rm	F2008 Rm	F2007 Rm	F2006 Rm	F2005 Rm
7 342	17 530	14 893	11 022	10 094	12 590	6 152	4 622	5 485
1 634	3 438	3 366	1 812	2 868	4 487	1 220	601	462
3 737	3 451	3 374	1 714	2 317	4 013	1 207	462	339
759	1 609	1 581	854	1 355	2 131	586	293	225
1 735	1 615	1 585	807	1 094	1 906	580	225	166
510	475	450	200	175	400	150	n/a	n/a
33 839	35 316	32 386	28 233	25 499	24 878	18 144	14 611	11 766
1 965	3 564	3 668	3 039	3 513	2 660	1 063	439	288
3 992	3 237	3 069	3 346	3 744	3 978	4 044	2 252	1 574
25 463	24 405	22 170	18 529	16 751	15 676	11 218	10 393	7 972
1 565	5 969	5 988	3 430	6 678	5 175	2 537	1 243	1 661
(1 720)	(4 077)	(3 382)	(2 324)	(3 135)	(2 427)	(2 691)	(1 444)	(826)
474	179	(588)	(729)	(171)	(175)	1 562	893	(549)
13 731	12 273	11 496	10 281	9 643	8 747	7 725	6 943	6 107
10 985	14 214	17 208	12 495	7 134	9 189	5 907	4 862	NR
8.83	7.77	6.99	7.59	9.03	7.30	7.20	6.40	6.21
9.93	8.16	6.76	7.67	7.72	7.83	7.07	7.16	6.65
209	199	236	206	291	307	138	52	38
139	159	146	117	76	103	53	32	25
150	166	189	161	130	280	123	48	34
113 003	98 740	121 051	138 241	113 690	84 678	40 203	39 711	51 382
215 625	214 852	214 852	216 292	212 068	211 556	209 730	206 367	204 437
1.9	2.4	2.4	2.2	1.5	1.8	1.5	1.4	1.6
1.5	1.8	1.8	1.7	1.1	1.5	1.1	1.0	1.0
6.5	5.2	12.6	5.9	1.6	1.6	0.8	0.8	0.8
7.1	20.1	24.1	15.2	20.4	39.6	25.1	17.6	20.6
14.1	17.7	19.8	12.0	18.2	36.3	16.4	9.2	8.2
15.5	14.9	15.9	9.6	14.3	27.0	11.1	4.5	5.2
20.1	34.6	40.4	32.1	40.1	56.2	45.7	28.5	31.8
16.0	29.8	36.3	26.5	36.7	53.0	40.3	24.1	29.0
21.9	23.7	25.4	16.0	11.1	16.7	6.9	8.5	8.5
16	13	14	18	25	25	36	22	20
8	n/a	n/a	2	1	8	27	17	16
112	108	99	84	76	70	52	50	32
32 292	35 670	40 176	34 243	27 548	59 236	25 900	9 957	6 949
3.40	3.40	3.52	4.04	6.25	4.76	3.87	n/a	n/a
1 982	6 531	6 517	3 907	4 484	7 229	2 887	1 552	2 025
27	37	44	35	44	57	47	34	37
(5)	31	32	34	39	30	36	33	37
10	31	32	35	44	30	36	37	38

OUR MOST MATERIAL MATTERS

Our most material matters are those factors that could significantly impact our ability to create long-term sustainable value. Material matters are identified by a combination of processes including our risk management processes, the continuous review of internal performance and the external environment and our stakeholder engagement initiatives, both formal and informal.

These matters are analysed and prioritised according to the significance of their impact on the Company and our key stakeholders. The process is informed by best practice guidelines, internal performance monitoring and reviews, media monitoring, peer reporting, regulatory trends and the information shared in industry associations.

The Company's strategy is informed by these matters and performance is measured through relevant key performance indicators and reported to the Executive Committee, Board sub-committees and the ARM Board. This Integrated Annual Report discusses our most material matters in detail, focussing on the operational and financial aspects of our performance while providing a summary of matters linked to non-financial sustainability.

ARM's 2015 Sustainability Report is available at **www.arm.co.za** and provides in depth discussion on our most material social and environmental matters.

Operational performance

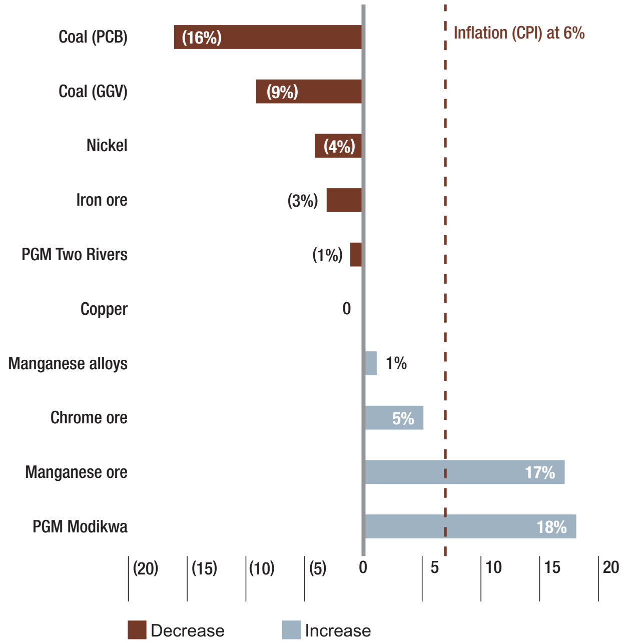
- Production
- Operational efficiencies
- Regulatory and legal compliance

Operational performance reflects how efficiently ARM's operations are able to mine and beneficiate metals and minerals. Strong operational performance relates not just to efficient production, but also to the safety and health of the workforce, managing environmental impact and complying with the applicable regulatory frameworks.

Controlling and reducing unit production costs is key in the current commodity price environment.

Stakeholders: Investors, JV partners, employees, trade unions and government.

F2015 VERSUS F2014 ON-MINE UNIT PRODUCTION COSTS



ARM operations delivered very good cost control with unit cost increases below inflation at all operations except Modikwa and Black Rock.

STRATEGY PILLAR: OPERATIONAL EFFICIENCIES

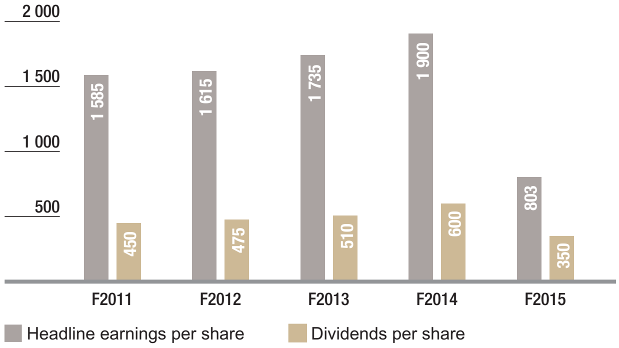
Financial performance

- Commodities – pricing and demand
- Rand/US$ exchange rate
- Business and growth strategy
- Tax regime
- Continued cost escalations
- Infrastructure/ logistics
- Capital allocation

ARM's primary imperative is to generate returns for providers of capital. In doing so, the Company has to negotiate a range of non-operational factors that are out of its ability to control.

Stakeholders: Investors, JV partners, suppliers, employees, trade unions, government, bankers, insurers and funders.

HEADLINE EARNINGS PER SHARE AND DIVIDENDS PER SHARE
(cents)



Headline earnings per share decreased to 803 cents per share mainly as a result of lower US Dollar commodity prices. ARM paid a dividend of 350 cents per share.

STRATEGY PILLAR: OPERATIONAL EFFICIENCIES, PROFIT FOCUSED, ENTREPRENEURIAL MANAGEMENT

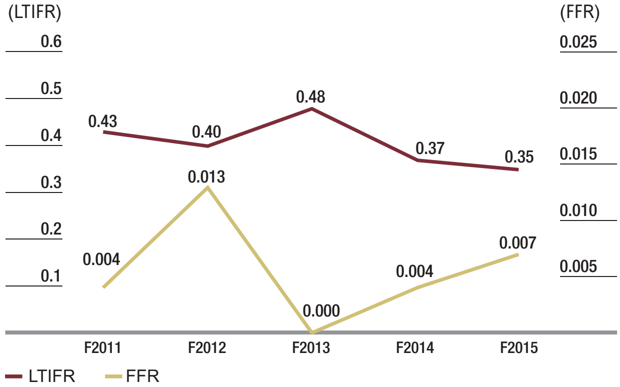
Human capital

- Safety and health
- Attraction and retention of key skills
- Skills development
- Employment equity
- Labour relations

ARM's more than 25 000 employees and contractors are critical to the success of the business in all areas. Their safety and health remain top priority. ARM needs to ensure that it can attract, retain and develop the critical skills necessary to execute its strategy. Maintaining good relationships with employees and trade unions is essential.

Stakeholders: Investors, JV partners, employees, trade unions and government.

LTIFR and FFR (per 200 000 man hours)



Regrettably, there were two fatalities at Khumani Mine in April 2015 and the Group's Fatality Frequency Rate (FFR) rose to 0.007 per 200 000 man hours. The Lost Time Injury Frequency Rate (LTIFR) improved to 0.35.

STRATEGY PILLAR: EMPLOYER OF CHOICE

Group Overview: Our most material matters continued

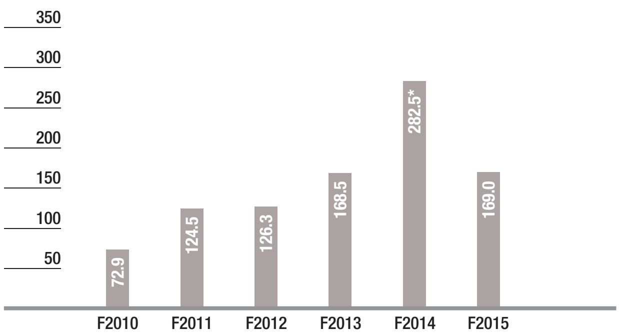
Social licence to operate

- Stakeholder engagement and relationships
- Transformation and the Mining Charter
- Corporate Social Responsibility
- Ethics and reputation
- Resource nationalism
- Socio-political instability

ARM is committed to respectful two-way engagement with stakeholders, investing to improve the living conditions in communities and contributing to the transformation of the South African mining industry.

Stakeholders: Investors, JV partners, employees, trade unions, government, communities, civil society, non-governmental organisations and customers.

CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE
(R million)



** The F2014 CSR expenditure included non-recurring expenditure relating to the Lubambe Mine housing relocation project.*

Corporate Social Responsibility spending, including Local Economic Development projects, decreased by 40% to R169 million.

Six of our seven mines scored over 80% against the Mining Charter targets.

STRATEGY PILLAR: PARTNERING WITH COMMUNITIES, WORKERS AND OTHER STAKEHOLDERS

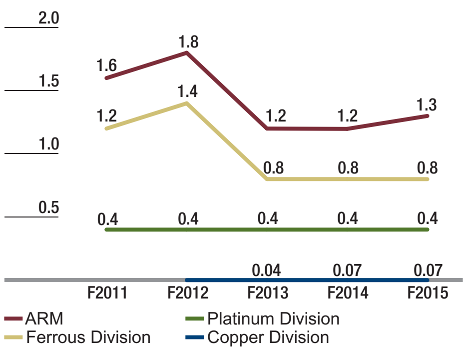
Environmental stewardship

- Climate change
- Energy
- Water
- Biodiversity

Climate change could have a significant impact on our operations and the local communities, particularly those in water-scarce areas. ARM is committed to improving its use of scarce resources, and to minimise its environmental impact.

Stakeholders: Investors, JV partners, government, communities, civil society, non-governmental organisations and customers.

CARBON FOOTPRINT – ATTRIBUTABLE SCOPE 1 AND 2
($mtCO_2e$)



ARM's attributable Scope 1 and 2 carbon footprint increased by 1.4% to 1.3 million tCO_2e.

STRATEGY PILLAR: OPERATIONAL EFFICIENCIES

OUR KEY STAKEHOLDERS

Our ongoing interactions with our key stakeholders provide the broader context for the way we do business, shaping the long-term direction of the Group as our strategy is refined to take into account their legitimate concerns and expectations. We define stakeholders as any individual or group that has a material interest in or is affected by ARM.

We have formal and informal stakeholder engagement processes that help us to understand the key concerns of our stakeholders, address them appropriately and communicate our response and progress. The relevant functions within the Company engage with stakeholders at the corporate, divisional or operational level as appropriate to the stakeholder.

This section lists ARM's key stakeholders, their main concerns, how we address these and the channels through which we engage with particular stakeholder groups.

Shareholders, institutional shareholders and analysts

Issues raised: *Growth, Cost reductions, Resource nationalism, Labour relations, Skills attraction, retention and development, Transformation, Dividends, Share price performance, Mineral rights conversions and mining licences*

- ARM communicates with its stakeholders in a transparent, comprehensive and objective manner.
- ARM's Investor Relations Department communicates with institutional shareholders, the investment community and the media.
- ARM holds discussions with JV partners and management to raise awareness of the concerns and expectations of analysts and fund managers.
- Regular meetings, promoting open communication and transparency.
- Summaries of the decisions taken at shareholders' meetings are disclosed on the Company's website following the meetings.

HOW WE ENGAGE

- Annual General Meeting.
- A comprehensive investor relations programme to communicate with domestic and international institutional shareholders, fund managers and investment analysts.
- One-on-one meetings with institutional investors in South Africa and internationally.
- Roadshows after interim and provisional results.
- Conferences.
- ARM's website provides updates on the Company's operations, financial performance and other information.

Bankers, insurers and funders

Issues raised: *Liquidity, Solvency, Funding and Insurance management*

- ARM ensures that its financial position is managed responsibly to meet its financial needs.
- Operations are protected by a comprehensive insurance programme.

HOW WE ENGAGE

- Ongoing maintenance of relationships through meetings and general discussions with bankers and insurance managers.

Joint venture partners

Issues raised: *Sustainable development, Financial performance, Equitable treatment*

- ARM's strategy is to position itself as a partner of choice. ARM holds itself to the highest ethical and governance standards in dealings with all stakeholders, including joint venture partners.

HOW WE ENGAGE

- Ongoing management interaction during the ordinary course of business.
- Monthly executive management meetings.

Employees and organised labour

Issues raised: *Remuneration, Training, Health and safety, Transformation*

- ARM's Human Resources strategies aim to position ARM as an employer of choice, including maintaining good relationships with unions.
- ARM is committed to fair treatment and remuneration of its employees.
- ARM invests in skills development. Career-planning programmes are in place to help employees to develop to their full potential.
- ARM concludes recognition agreements with one or more unions where the required representation levels are reached.

HOW WE ENGAGE

- Annual performance reviews.
- Annual internal results presentation.
- Regular internal roadshows.
- Annual employee surveys.
- Company intranet and website.
- Monthly shop steward meetings.
- Other meetings with unions as required.

Communities, civil society, Non-Governmental Organisations

Issues raised: *Community needs, including socio-economic development, infrastructure development and employment, Status of social projects, Operational changes and expansions, Environmental issues affecting communities*

- ARM sets up specialised discussions/ meetings to engage with communities about their specific concerns.
- Attendance registers and minutes of these meetings are kept.
- Sharing information and building relationships with communities during community open days.
- The ARM BBEE Trust partners with traditional and other community leaders to invest in the upliftment of rural communities throughout South Africa.
- Changes or expansions to our current operations require engagement with interested and affected parties through stakeholder consultation processes as prescribed by the Regulations of the National Environmental Management Act (NEMA).

HOW WE ENGAGE

- Social investment forums discuss investment in communities surrounding the operations.
- Monthly/quarterly meetings are held to discuss Local Economic Development (LED) and Corporate Social Investment (CSI) projects.
- Future Forums.
- Specialised discussions/meetings.
- The ARM BBEE Trust.

Government

Issues raised: *Social investment, Health and safety, Environmental management, Transformation, compliance with dti and Mining Charter, Regular progress reports and updates*

- ARM engages local and provincial government with respect to LED projects, licences and compliance with the relevant safety and environmental legislation. ARM also engages with national government on matters of policy-making as required.
- Regular reports are submitted by the operations on SED projects.
- Annual Mining Charter Scorecard reports are submitted to the Department of Mineral Resources (DMR) by each mine.

HOW WE ENGAGE

- Engagements at the appropriate level as required.
- Representation on various industry bodies which engage with government.
- Continuous liaison, depending on the purpose of the engagement.

Industry associations

Includes the Chamber of Mines, the International Council on Mining and Metals (ICMM), Ferro-Alloy Producers' Association, Association of Mine Managers of South Africa, Association of Resident Engineers, Business Unity of South Africa, Water User Associations and the Energy Intensive User Group

Issues raised: *Sustainable development, Labour issues, Financial sustainability, Implementation of best practice, Industry-specific issues*

- ARM is represented in various executive and other roles within industry associations, to engage and give input on various industry issues and communicate with industry and government stakeholders.

HOW WE ENGAGE

- Regular scheduled association meetings.

Customers

Issues raised: *Product quality, Timing of product delivery*

- Processes are in place to ensure consistency of product quality.
- ARM contracts with logistics and freight service providers including Transnet.

HOW WE ENGAGE

- Continual interactions in the ordinary course of business.
- Annual contractual negotiations.
- Regular service level agreement renewals.

Suppliers and local business

Issues raised: *Local Economic Development, Industry issues, Fair payment terms, Fair treatment, Valid BEE certification, Ethics, Sustainability issues*

- ARM ensures that its financial position is managed responsibly to meet its financial obligations.

HOW WE ENGAGE

- Continual interactions in the ordinary course of business.
- Annual and other contractual negotiations.
- Regular service level agreement renewals.
- Scheduled meetings with local business.

Media

Issues raised: *Topical issues as they arise*

- The Investor Relations Department communicates with the investment community and the media, and facilitates access to information and management where possible.

HOW WE ENGAGE

- One-on-one interviews.
- Press releases.
- SENS announcements.
- Media contact function on the Company website.
- Publications on the ARM website.

SUSTAINABILITY REVIEW

Our approach to sustainability

The mining industry in South Africa and globally is being increasingly challenged by civil society. Now, more than ever, companies in the industry need to clearly demonstrate their ethical, sustainable business practices and care for their wider stakeholder groups.

By taking a responsible, sustainable approach to mining and beneficiation, the industry makes a positive contribution to the country and its development. This happens through job creation, focused Local Economic Development and infrastructure development in communities, creating opportunities through enterprise development and preferential procurement initiatives. Successful businesses that generate good economic returns also contribute to the fiscus through the payment of taxes and royalties.

ARM has built its business on the principles of responsible investment, broad social benefit and good corporate governance. While we aim to ensure that we comply with all relevant legislation, our approach to sustainable development arises out of our values and our commitment to zero harm – to our employees, to communities and to the environment.

Our goal is to conduct our business in a way that generates sustainable economic returns while contributing positively to our broader stakeholders. This includes proactively and responsibly managing our environmental and social impacts while contributing to the development of the communities around us.

In refining our approach to sustainability, we continue to be guided by various regulations, industry requirements and guidelines, the most significant of which are shown below.

LEGISLATION

The Mining Charter and other relevant legislation

ARM's mining licences, the environmental regulations that apply to our operations and the associated industry guidelines largely define our social and environmental responsibilities. We pay particular attention to the Mining Charter and commit to transformation in our business and our country.

INDUSTRY INITIATIVES

The ICMM

ARM shares the International Council on Mining and Metals' (ICMM) vision of a respected mining and metals industry widely recognised as essential for society and a key contributor to sustainable development. ARM is a member and an active participant at Council, Executive and Task Force level within the ICMM. The Group's sustainable development initiatives align with the elements of the ICMM Sustainable Development Framework and its 10 sustainability principles.

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.

GUIDELINES AND FRAMEWORKS

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

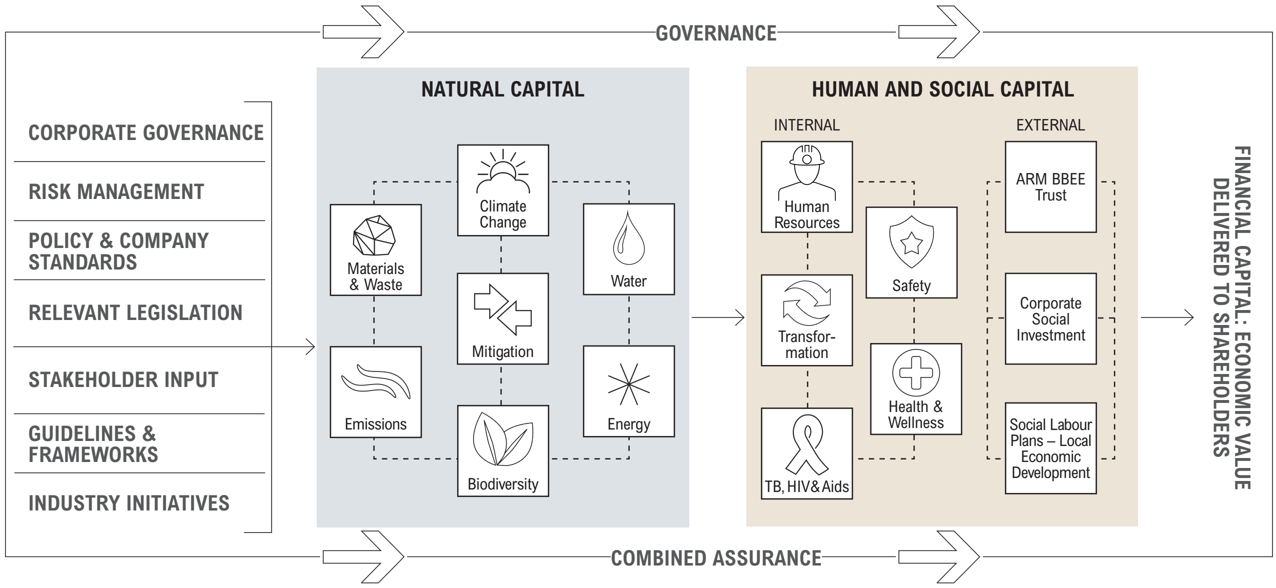
ARM's Sustainability Report was prepared in accordance with the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines (CORE), including the Mining and Minerals sector supplement. The Sustainability Report has been externally assured.

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 sixth time in 2015.

ARM'S SUSTAINABLE DEVELOPMENT MODEL

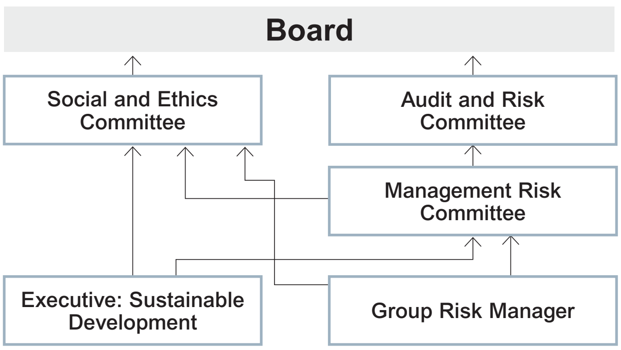
ARM's sustainable development model shows graphically how we approach sustainable development and how this underpins the economic imperative to deliver economic value to shareholders.



Policy, Company standards, management controls, internal audit, external audit, transparent reporting and independent external assurance of sustainability data.

HOW WE MANAGE SUSTAINABILITY IN OUR BUSINESS

Ultimate responsibility for sustainable development lies with the ARM Board. Specific aspects of this responsibility have been delegated to the Social and Ethics Committee and Audit and Risk Committee.



While the broad strategic approach to sustainable development is set at corporate level, along with sustainable development policies and standards, each operation adapts the approach to address the specific sustainability matters that are most material.

Sustainability progress is monitored and reported through both operational and corporate sustainability governance structures. The Executive: Sustainable Development is responsible for reviewing sustainability policies, strategies and targets and ensuring these align with the Board's commitment to zero tolerance to harm throughout ARM. The Executive: Sustainable Development operates with oversight from the Social and Ethics Committee and reports to the CEO of ARM. She is responsible, along with the chief executives of each division, for the implementation of sustainable development policies and procedures.

Sustainability review continued

Sustainability concerns also form part of the Company's risk management processes and sustainability aspects are included in the Group risk register. The Executive: Sustainable Development provides input to the Management Risk Committee, a sub-committee of the Audit and Risk Committee, on matters related to sustainable development as a standard agenda item.

Sustainability performance against benchmarks is reviewed at operational and corporate levels at regular meetings.

SOCIAL AND ETHICS COMMITTEE

The Social and Ethics Committee, a sub-committee of the ARM Board, meets at least quarterly to monitor the effectiveness with which sustainable development is managed in the Group. As part of this role, the committee reviews policies, ensures their implementation and monitors the Company's Local Economic Development initiatives.

SUSTAINABILITY AND RISK MANAGEMENT

The Management Risk Committee is a sub-committee of the Audit and Risk Committee that assists with oversight of risk management in the Company. The Management Risk Committee reviews the major strategic, tactical and operational risks facing the Company, which include sustainability risks. The Committee implements, coordinates and monitors the Company's Enterprise Risk Management (ERM) Framework, guided by Internal Control and the ERM policy in terms of the annual risk management plan.

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

Pages 158 to 159 and 190 to 191 of the Corporate Governance Report provide more information on the composition and activities of the Social and Ethics Committee and the Management Risk Committee. IAR

Combined Assurance

ARM's risk management philosophy integrates risk and three tiers of assurance through a combined assurance model to ensure comprehensive risk management.

The sustainable development reporting process is subject to ARM's Combined Assurance Model which is discussed in detail in the Risk Report contained on pages 166 to 176 of this report.

Gilden Assurance was contracted to provide high-level independent third-party assurance over the content of the 2015 Sustainability Report. Their assurance statement is included in the Sustainability Report and includes comment on data collection in ARM.

Sustainability review continued

SUMMARY SUSTAINABILITY REVIEW

Please note: ARM only reports sustainability information for those operations over which we have direct or joint management control: ARM Ferrous, ARM Platinum and ARM Copper. This reporting suite therefore does not report on sustainable development as it relates to ARM Coal or Harmony Gold.

HUMAN CAPITAL

Welding project at Khulong workshop, Modikwa Platinum Mine

Mining in South Africa is a labour-intensive activity that is strongly reliant on the diligence of its workforce. Human capital is integral to mining and beneficiation processes, which transform the natural capital of mineral and ore reserves into financial capital for the benefit of all stakeholders. ARM's leadership embraces creativity, innovation and entrepreneurship and is focused on the retention of talent.

ARM's focus on operational and cost efficiencies requires that we invest in our human capital to support continuous improvement in skills and productivity to deliver on our strategic goals.

Our most material human capital matters are:

- Human resources management;
- Safety;
- Occupational health and wellness;
- TB, HIV & Aids.

HUMAN RESOURCES MANAGEMENT

Our human capital strategy is driven by four strategic pillars. These pillars underpin the focus of all human capital interventions:

Strategic Pillars

- **Workforce planning:** To conduct workforce assessments for future business needs and respond to changes in industry requirements in relation to the skills gaps.
- **Talent management:** To recruit, develop and retain high quality people to meet the current and future needs of the business, ensure advancement of equal opportunity in employment through career mobility, succession and fast-tracking programmes.
- **Human Resources Development:** To have a highly skilled workforce that continues to learn and is able to respond to changes in working practices. To create platforms for learning and development in support of the skills development plan.
- **Performance enhancement:** To have a high-performing, well-motivated workforce that continuously seeks to improve on quality outputs. To ensure retention of high performing teams and individuals.

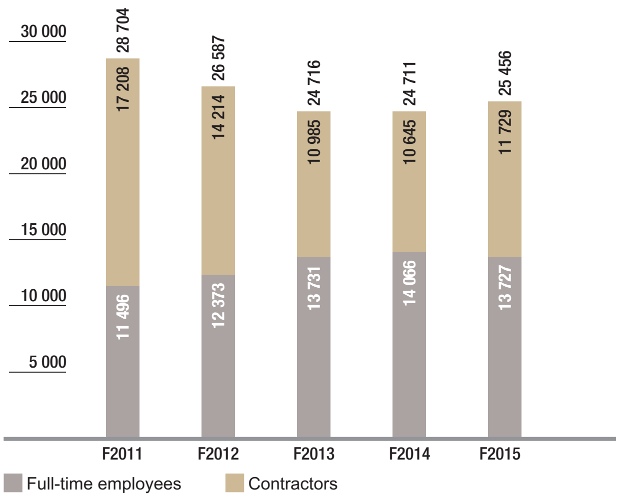
The investment of financial capital in the above pillars translates into intellectual capital and human capital growth, improving productivity, safety and efficiency. Skills upliftment, performance enhancement, career development panels and succession planning are key focus areas to retain talent and intellectual capital developed over time in the form of experience, innovation and entrepreneurial leadership. This is particularly true for the scarce, critical and technical skills needed by the Company to run its operations.

How we manage human capital

The Group Executive: Human Resources (HR) and Chief Human Resources Officer are the senior executives responsible for the delivery of the four human capital strategic pillars. The HR function is represented at operational, divisional and corporate level. Human capital, employment equity and skills development strategies form an integral part of Group interventions. Progress on transformation in the workforce, skills attraction and development are managed and monitored by the Employment Equity and Skills Development Committee at an executive level and is reported to the Social and Ethics Committee.

ARM's Human Resources strategic pillars foster an entrepreneurial culture and leadership among employees, ensuring HR practices are benchmarked against best practices, positioning ARM as an employer of choice. Integral to the human capital strategies and initiatives is ensuring compliance with relevant labour legislation, managing potential risks and promoting a strong and mature relationship with unions. We positively impact the lives of people in our communities through delivery on Social and Labour Plans and community projects. This is a key part of the human capital role and close synergies are identified through integration at the Group Executive: Human Resources and the Group Executive: Compliance and Stakeholder Relations level.

TOTAL LABOUR AS AT 30 JUNE 2015



Total full-time employees decreased by 2% to 13 727 at year-end due to changing operational requirements. Contractors increased to 11 729 as project work continued in support of business sustainability.

Sustainability review: Human capital continued

HIGHLIGHTS AND CHALLENGES

In the current economic climate there is an intense focus across the mining industry on financial sustainability through cost management, increased labour productivity and safeguarding the majority of jobs.

The ARM Corporate Employment Equity (EE) Plan for the next three years was submitted to the Department of Labour during the year and implemented at the start of the new financial year. Continuous monitoring and evaluation in terms of employment equity is done on a quarterly basis using various reports to facilitate discussions and promote focused employment equity decision making. This encourages and promotes diversity business cases in relation to racial demographics, gender and people living with disability. Historically Disadvantaged South African (HDSA) representation increased at both the professionally qualified level as well as the technically qualified level, increasing to 54% (F2014: 51%) and 67% (F2014: 65%) respectively. The improvement on the above mentioned levels reflects a positive outlook in relation to future succession planning as the feeder to senior management.

A work place disability management feasibility study in support of the four strategic pillars that focus on sourcing, attracting, developing and retaining talented people living with disability across our operations was completed. Operations including corporate have concluded facility inspections for reasonable accommodation and are now in various phases of conducting diversity related sensitisation workshops.

ARM has formed strategic relationships with higher learning institutions to enhance the technical and business skills pipeline. Implementation of the new ARM Bright Sparks Talent Management framework supported by an ARM talent portal and system is well advanced supporting the Talent Management strategic pillar.

An In-School Youth Maths and Science programme was adopted across our operations as a platform to create a pool of learners who have the skills to partake in our business as part of our future talent.

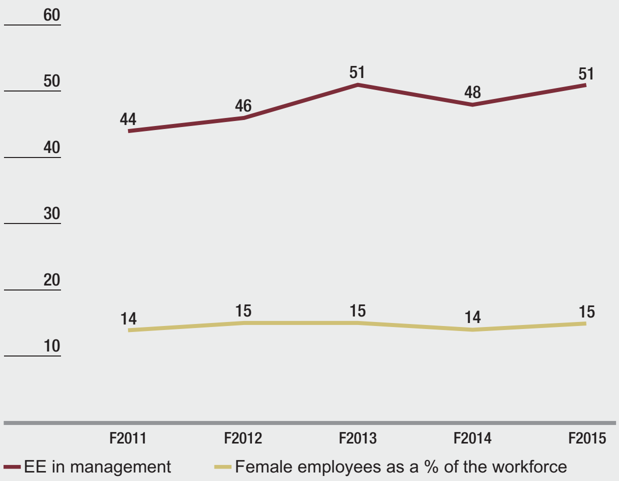
The programme facilitates access to career opportunities, study material and grades improvement.

A learning management system was implemented in the Northern Cape. The group capacity building strategy with its key focus areas was approved for implementation.

ARM participated in the Global Top Employer Certification programme, ranking its employee standards against international benchmarks. ARM was among 77 South African companies which were awarded Top Employer certification.

ARM contributed to the National debate by providing valuable insight into the Housing Strategies and interventions put in place in the mining industry. Further conducting a housing survey in the Northern Cape to ascertain the needs of employees.

REPRESENTATION
(%)



Female employees make up 15% of the workforce, exceeding the Mining Charter target of 10%. Women in core mining and critical and scarce skills comprise 10% of the workforce.

Securing suitable housing around our remote operations remains a significant challenge for the group.

Assisting women with obtaining careers in mining is also a challenge and operations continue to develop innovative ways to assist women in this regard.

FOCUS AREAS FOR F2015

1 ✓

Operationalise the strategic pillars through implementation

- **Workforce planning** – a workforce needs assessment was conducted which focused on critical and scarce skills. The workforce planning model is aligned to the Group's transformation and diversity plans for the Group, and is informed by the South African Board for People Practice (SABPP) standards and Top Employer requirements.
- **Talent management** – a talent management strategy was developed that ensures alignment with employment equity targets in line with the future workforce requirement. The Bright Spark Talent Framework was developed to address the different needs in nine career stages from high school learner until retirement.
- **Human Resources Development** – a complete Human Resources Development (HRD) audit was rolled out across the Group and HRD initiatives were aligned with SABPP standards to meet national goals and objectives.
- **Performance enhancement** – developed a standardised performance enhancement practice which aims to facilitate business strategy implementation. High performance team culture build sessions were conducted to align business plans to strategy.

2 ✓

Promote the learning hub centre of excellence by ensuring operational implementation and ownership

The learning hub centre of excellence has added much value in the area of tailored ARM Supervisory Development as a total portal of learning excellence and further added in the delivery of various leadership development programmes.

Attraction, retention and development of skills

ARM aims to remain an employer of choice in the mining industry by demonstrating a compelling employee value proposition, including career development opportunities, competitive remuneration, study assistance and performance management. Despite this, employee turnover increased to 11.5% as a result of restructuring due to operational requirements.

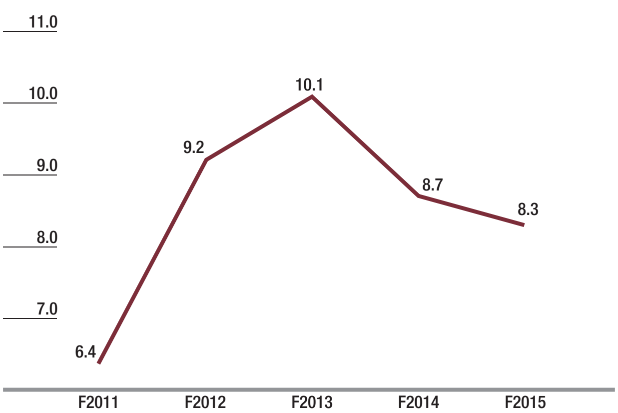
ARM has several initiatives in place focused on securing future skills. These include a graduate development programme as well as several socio-economic development programmes that aim to improve Maths and Science in the communities in which we operate.

ARM's skills development programmes include training courses, learnerships, internal and external bursaries and study assistance. The Company's total investment in skills development in F2015 increased to R232 million (F2014: R196 million), which represents 8.3% of total payroll.

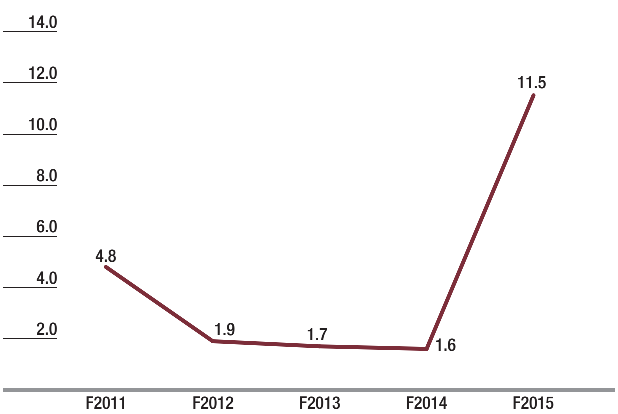
ARM has developed a Talent Management Framework to facilitate the entire employee career life cycle from entry level right up to exit phase and to transfer skills across various career stages. This programme benefits the Company through well-managed skills transfer.

As a Top Employer, ARM ensures that we are evaluated with other best-in-class companies to ensure our practices meet and exceed employee expectations, ensuring that employees feel the impact of a progressive human capital practice.

TRAINING SPEND AS A PERCENTAGE OF PAYROLL
(%)



EMPLOYEE TURNOVER*
(%)



** Excludes contractors.*

Sustainability review: Human capital continued

Housing

ARM seeks to facilitate processes that promote the ownership of affordable housing by employees at its operations. We support initiatives to provide quality housing for people residing and working in mining towns, as referenced to by the Mining Charter. ARM's strategy is to ensure that mining towns with great potential for future mining in line with the life of mine will be prioritised in this regard while the practice is to ensure that every employee has decent accommodation in line with the relevant legislation.

Since 2009, ARM has completed the following housing initiatives:

- Converted all hostels into single accommodation or family units.
- Constructed 205 houses at the Konkola Village in Zambia to resettle informal households which were previously located on affected mine land.
- Built 220 rental units in Kathu, Kuruman and Postmasburg in the Northern Cape.
- Constructed 1 695 houses/home ownership units in Kathu, Kuruman, Postmasburg, Burgersfort, Badplaas and Machadodorp.
- Sold 22 company owned units to employees in Kuruman in the Northern Cape.
- Acquired 759 vacant stands for future provision of housing in Kathu, Kuruman, Postmasburg and Machadodorp.

In F2015, a housing survey was held of more than 3 000 employees at Beeshoek, Black Rock and Khumani mines to better understand employees' living conditions, preferences and to ensure that the current housing scheme/subsidy has a positive impact.

HUMAN RESOURCES MANAGEMENT focus for F2016

Ferrous Division

The Ferrous Division will continue to implement the housing policies as agreed and will continue to promote home ownership.

Platinum Division

All the operations provide employees with assistance towards home ownership through either a living-out allowance or a housing/home ownership allowance. In F2016, Modikwa Mine will finalise the development of a housing strategy, while Two Rivers and Nkomati Mines will explore additional measures to facilitate home ownership for their employees.

Pavement upgrade at Badplaas community centre Nkomati Nickel Mine

SAFETY

Safety is a core value for ARM. We are committed to zero harm to our employees. Our safety policies and processes align with the Occupational Health and Safety Act, the guidelines and targets set in the Mine Health and Safety Act, the Mining Charter and effectively meet the Tripartite Health and Safety Targets and Milestones as appropriate. We work closely with our peers to ensure that we learn from industry good practice and benchmark through initiatives such as the Mining Industry Occupational Health and Safety (MOSH) Adoption System and the International Council on Mining and Metals (ICMM) internationally.

How we manage safety

Safety, Health and Environmental Managers at the divisions are responsible for setting operational safety policies and strategies, and for monitoring safety performance. These are reviewed at quarterly Safety, Health, Environmental and Quality (SHEQ) meetings. Operational safety policies and processes align with OHSAS 18001, the international health and safety management system and all operations except for Modikwa, Two Rivers, Black Rock and Lubambe Mines are certified in terms of OHSAS 18001. Black Rock Mine's OHSAS certification is planned for February 2016. Incentives for senior operational, divisional and corporate staff include safety performance as part of their performance targets.

FOCUS AREAS FOR F2015

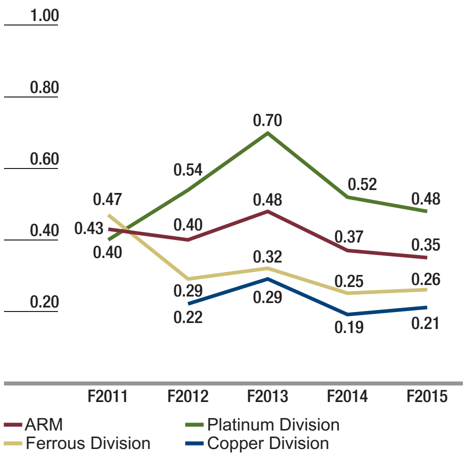
1

Zero harm to our employees

In April 2015, two employees – Messers Asher Seth Mkhonto and Joseph Mess, were fatally injured in an incident at Khumani Mine when a dump truck collided with a mobile shovel. The ARM Board and management express their sincere condolences to the families, friends and colleagues of the deceased.

Our primary lagging indicator used for monitoring safety performance is the Lost Time Injury Frequency Rate (LTIFR), which measures the number of injuries resulting in an employee being unable to work the next shift (expressed per 200 000 man hours).

LOST TIME INJURY FREQUENCY RATE
(LTIFR)



	F2015				F2014			
	Ferrous	**Platinum**	**Copper**	**ARM**	Ferrous	Platinum	Copper	ARM
Lost Time Injuries	**32**	**65**	**6**	**103**	31	69	6	106
LTIFR	**0.26**	**0.48**	**0.21**	**0.35**	0.25	0.52	0.19	0.37
Reportable injuries	**27**	**46**	**5**	**78**	16	46	4	66
RIFR[1]	**0.19**	**0.34**	**0.17**	**0.27**	0.13	0.35	0.13	0.23
FFR[2]	**0.02**	**0**	**0**	**0.01**	0	0.01	0	0.004

1 RIFR: Reportable Injury Frequency Rate.
2 FFR: Fatality Frequency Rate.

The LTIFR for the ARM Group improved to 0.35 in F2015 (F2014: 0.37), the best performance reported to date. The Platinum Division's LTIFR improved to 0.48 (F2014: 0.52), the Ferrous Division stayed at a similar level of 0.26 (F2014: 0.25) and the Copper Division rose marginally to 0.21 (F2014: 0.19).

Sustainability review: Human capital continued

FOCUS AREAS FOR F2015

1

Zero harm to our employees *continued*

Beeshoek Mine had only one Lost Time Injury for the year and ended the year with a 12-month rolling average LTIFR of 0.07 – a world-class performance. Machadodorp Works completed 18 months without a Lost Time Injury and Modikwa Mine completed 1.5 million fatality-free shifts.

OPERATION	TOTAL FATALITY-FREE SHIFTS WORKED (MILLION)	DATE OF LAST FATALITY
Beeshoek Mine	2.9	March 2003
Black Rock Mine	3.9	April 2009
Dwarsrivier Mine	2.9	January 2009
Khumani Mine	0.1	April 2015
Cato Ridge Works	1.9	February 2008
Machadodorp Works	0.9	February 2011
Lubambe Copper Mine	2.7	None since start of project
Modikwa Mine	1.5	June 2014
Two Rivers Mine	2.6	January 2012
Nkomati Mine	4.6	September 2008

More information about the safety performance and milestones achieved by each operation is available in ARM's 2015 Sustainability Report at **www.arm.co.za**.

SR

2

Reduce safety stoppages due to Section 54 and Section 55 Notices*

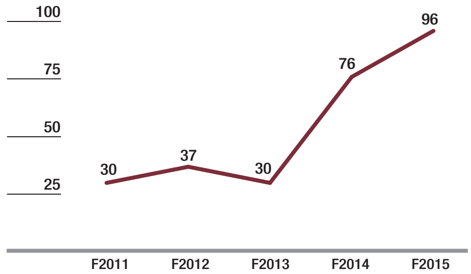
* *Notices issued in terms of Section 54 and Section 55 of the Mine Health and Safety Act (only applicable to South African mining operations).*

While we are pleased with the safety milestones achieved during the year as well as the overall improvement in the Group LTIFR, the tragic loss of life at Khumani Mine is deeply regretted.

There were 29 Section 54 Notices issued to the Group in F2015 (F2014: 20) and three Section 55 Notices (F2015: 19). In total the Group lost 96 shifts to stoppages from Section 54 and Section 55 Notices (F2014: 76).

A significant number of the Section 54 Notices (20 of 29) and shifts lost (62 of 96) can be attributed to Modikwa Mine, where contributing factors included a relatively high turnover in management as well as the safety management system needing revision. In the past few quarters there has been better continuity in management and supervisory levels. The mine has also revised its safety strategy, which included restructuring of the safety function and re-training of safety personnel to create a strong internal safety audit function that focuses on ensuring compliance with internal and legislative standards. This has already led to a 16% reduction in lost time injuries and the team is confident that this will reflect in a reduced number of Section 54 Notices going forward.

SHIFTS LOST TO SECTION 54 AND SECTION 55 NOTICES



	F2015			F2014		
	Ferrous	**Platinum**	**ARM**	Ferrous	Platinum	ARM
Section 54 Notices	**6**	**23**	**29**	5	15	20
Shifts lost to Section 54 Notices	**23**	**73**	**96**	18	57	75
Section 55 Notices	**2**	**1**	**3**	10	9	19
Shifts lost to Section 55 Notices	**0**	**0**	**0**	1	0	1

3 ✓ Continued focus and monitoring of existing leading practices. Active participation in new initiatives and leading practices	ARM continues to participate in initiatives such as the Chamber of Mines MOSH Programme to adapt and share leading practices. During F2015, Two Rivers Mine was identified as an operation demonstrating leading practice in terms of the Chamber of Mines MOSH Hearing Protection Device Programme and a detailed case study will be documented to share the successes of the adoption strategy with industry.

SAFETY focus for F2016

- Zero harm to our employees.
- Reduce stoppages due to Section 54 and Section 55 Notices.
- Continued focus and monitoring of existing leading practices. Active participation in new initiatives and leading practices.

OCCUPATIONAL HEALTH AND WELLNESS

The health and wellness of our workforce is crucial. It is also an important investment in building our human capital, who are the executors of our "We do it better" strategy. A motivated and healthy workforce is more productive and efficient, helping ARM to meet its strategic goals.

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.

The most common illnesses diagnosed in our workforce (including chronic and primary health-related conditions) are hypertension, upper respiratory tract infection (URTI) and back/muscular/skeletal ache. Hearing conservation is a primary focus area. Malaria is a significant health risk in the Zambian Copper Belt, where Lubambe Copper Mine is located.

The management and treatment of TB, HIV & Aids are significant concerns for the mining industry and the country as a whole. These are discussed in a separate section that follows.

The occupational health and wellness statistics reported in this section exclude Lubambe Mine. Occupational health and wellness at Lubambe (including TB, HIV & Aids), are managed according to the relevant Zambian legislation, which does not include access to the statistics reported under South African legislation.

How we manage occupational health and wellness

Occupational health and wellness at the South African operations is managed through ARM's occupational health surveillance and management programmes and is aligned with SANS 16001 (the South African National Standard on disease and wellness management). We aim to keep our employees aware of their responsibility to manage their health and wellness through targeted awareness campaigns and wellness days, which include testing for specific health challenges faced by our employees. Awareness campaigns were run during the year in conjunction with healthcare providers, medical aids and in several instances included the local Departments of Health and members of surrounding communities.

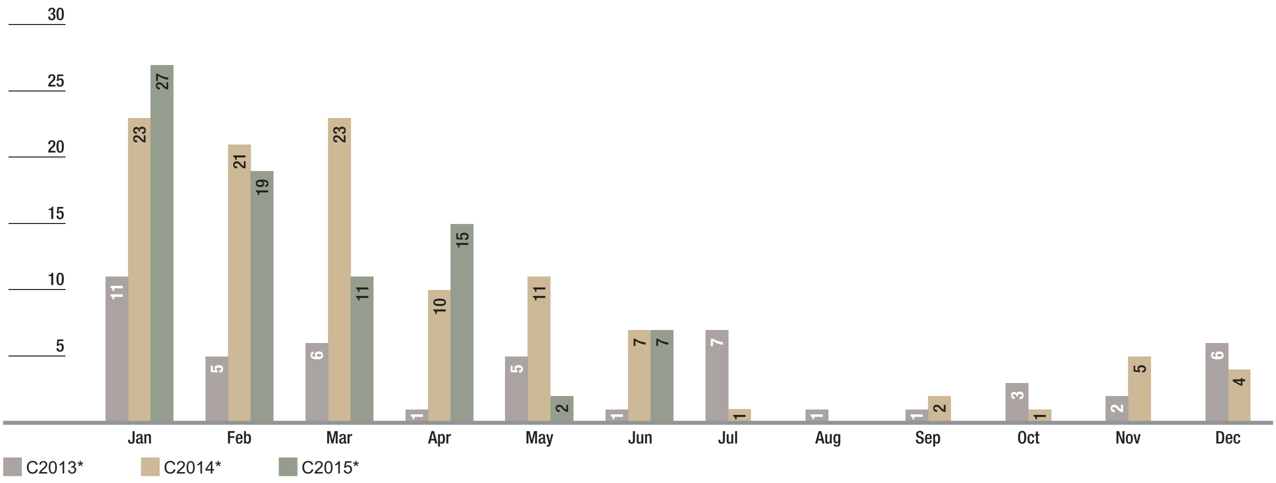
Exposure to hazardous substances is managed through occupational hygiene and personal monitoring, awareness campaigns, personal protective equipment and formalised safe operating procedures to limit exposure. Employees and contractors undergo medical examinations including biological monitoring when they join or leave the Company, as well as on a periodic basis. More than 40 000 such tests were conducted during F2015.

Each operation in the Ferrous and Platinum Divisions has a site clinic that offers both occupational and primary healthcare services to employees and contractors, while Lubambe Copper Mine manages and uses the community clinic. Chronic diseases are managed through chronic disease registers and following up on cases of chronic disease, particularly in employees working in high-risk areas. Malaria controls include residual indoor spraying of houses in nearby villages and buildings on site and treatment of stagnant water ponds surrounding the mine.

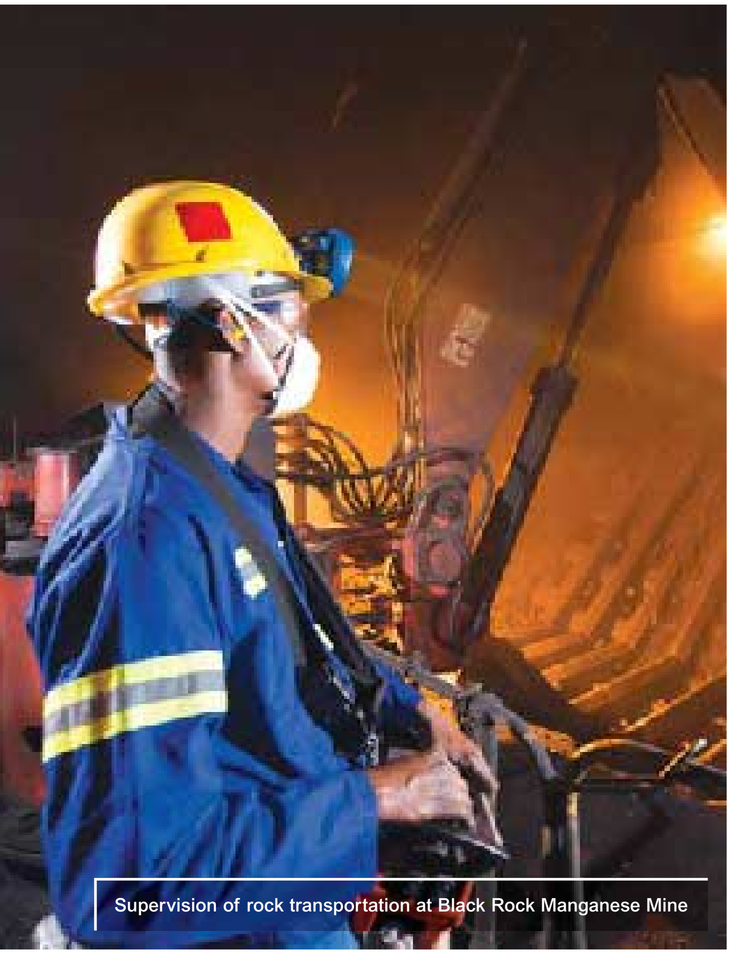
Operational occupational health facilities at the Ferrous and Platinum divisions are audited against ARM's internal standards and the SANS 16001 standard every second year. These audits were completed in November 2014 and areas for improvement were communicated to each facility. Follow-up audits were held in the second half of the financial year to ensure these areas had been addressed, where necessary.

Sustainability review: Human capital continued

MALARIA CASES



** Calendar year.*



Supervision of rock transportation at Black Rock Manganese Mine

HIGHLIGHTS AND CHALLENGES

Beeshoek Mine was successfully certified in terms of the South African National Standard (SANS 16001: 2013) on its disease and wellness management programme, joining Khumani Mine, which received certification in F2014.

Khumani Mine won the Mine Safe award in the Occupational Health and Wellness category as one of the first mines in South Africa to be certified in terms of SANS 16001. The Khumani Mine wellness centre successfully underwent quality assurance inspections to be recognised as an official health facility by the Northern Cape Provincial Health Department.

One of the key challenges faced by operations is difficulty in attracting and retaining the qualified occupational medical staff necessary to uphold the high quality of our medical surveillance programmes to remote locations where the operations are located.

Total malaria cases at Lubambe Copper Mine decreased from F2014, despite an increase in prevalence in the area, reduced residual indoor spraying at neighbouring mines and a suspected slight increase in resistance of mosquitos to the chemicals used in the spraying.

FOCUS AREAS FOR F2015

1

Ongoing focus on reducing noise from existing and new equipment, as well as awareness raising to improve compliance with the use of PPE.

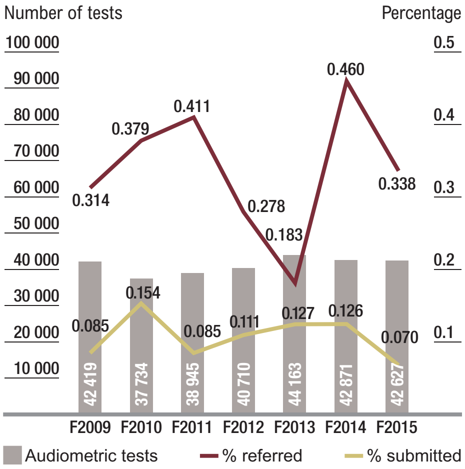
Continued implementation and monitoring of compliance with MOSH Leading Practices on Noise.

Equipment at our mining operations emit sound levels below the 110 dB(A) maximum specified by the DMR. We continue to implement programmes to improve compliance with the use of Personal Protective Equipment (PPE) and the MOSH Leading Practices on Noise.

2

Continued focus on hearing conservation and education.

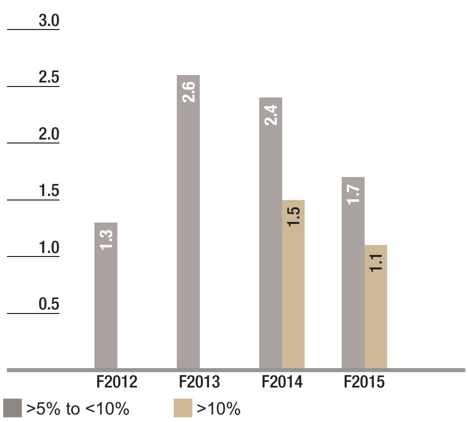
AUDIOMETRIC TEST
(% referred and submitted)



A total of 42 627 audiometric tests were conducted in the Ferrous and Platinum Divisions during F2015 (F2014: 42 871). Where test results show Percentage Loss of Hearing (PLH) shifts >5%, investigations in terms of Section 11.5 of the Mine Health and Safety Act (MHSA) are conducted and all such cases are reported to the DMR.

In F2015, 144 employees were referred to audiologists for further investigation, with the majority of these occurring at Modikwa Mine (58), Beeshoek Mine (51) and Khumani Mine (17). The corresponding figure for the previous year was 197. A total of 30 employees were submitted for compensation in F2015 (F2014: 54) and 12 were accepted (F2014: 20).

PERCENTAGE LOSS OF HEARING SHIFTS
(%)



The percentage of employees tested showing PLH shifts of between 5% and 10% decreased to 1.7% (F2014: 2.4%) and those showing PLH >10% fell to 1.1% (F2014: 1.5%).

Full details of divisional and operational performance are available in the 2015 Sustainability Report at **www.arm.co.za**.

SR

OCCUPATIONAL HEALTH AND WELLNESS
focus for F2016

- Implement mandatory Risk Based Fatigue Management Codes of Practice (COPs) at all operations as required by the DMR.
- Ensure regular updates to noise level inventories for all machinery at mining operations to ensure that noise levels are below 107 dB.

Sustainability review: Human capital continued

TB, HIV & AIDS

Pulmonary tuberculosis (TB), HIV & Aids represent critical challenges for South Africa and managing their spread and their impact on our employees is an important goal for our occupational health and wellness programme. Both TB and HIV & Aids can severely affect the quality of life of those infected, their families and the communities in which they live.

TB, HIV & Aids related statistics are not reported for Lubambe Mine as explained in the introduction to the occupational health and wellness section on page 49.

Our operations are located in areas where estimated HIV prevalence rates range from 2.6% (Beeshoek) to 20% (Cato Ridge). The prevalence rates at our operations are however estimated to be lower than the district and provincial prevalence.

How we manage TB, HIV & Aids

ARM's occupational health and wellness programme focuses on integrated management of TB, HIV & Aids and Sexually Transmitted Infections (STIs) and is aligned with the National Strategic Plan (NSP) of 2012 – 2016 and the requirements of the Mining Charter. Operations offer primary healthcare services, including TB and HIV counselling and testing on site.

HIV counselling is offered to all employees who visit the site clinics for initial, periodical and exit medicals and upon request. In this Counselling and Voluntary Testing (CVT) approach, HIV testing remains voluntary.

A standard TB reporting tool is in place that includes workplace investigations and compulsory TB screening for those in contact with TB infected employees at the workplace, as required by the DMR and the Department of Health. ARM's TB management programme was expanded in line with the National Strategic Plan 2012 – 2016 to incorporate the new forms and guidelines distributed by the DMR and the broader requirements for monitoring TB, multi-drug resistant TB (MDR TB) and extreme drug resistant TB (XDR TB).

Khumani, Beeshoek and Black Rock mines signed a Memorandum of Understanding with the Department of Health in the Northern Cape in F2014 to improve access to treatment for HIV, TB and STIs. Beeshoek Mine's wellness centre has been assessed and passed fit to dispense HIV & Aids, STI and TB treatment by the Northern Cape Department of Health.

Various operations are involved in HIV & Aids related community outreach and awareness programmes.

Medical examination at Lubambe Copper Mine

HIGHLIGHTS AND CHALLENGES

The wellness programmes at Nkomati and Modikwa mines were areas of particular focus during F2015 and showed a marked improvement. Both mines have been successful in revitalising their wellness programmes, increasing the frequency of reporting and coordinating the sharing of information between the medical aid schemes active at their operations.

One of the challenges faced is the sharing of HIV Counselling and Testing (HCT) data with some medical aid schemes, making it difficult to monitor employee access and compliance with Disease Management Programmes.

The Northern Cape operations of the Ferrous Division participated in a TB and MDR TB Management seminar organised by SABCOHA and the Northern Cape Provincial Health Department to strengthen community outreach projects aimed at eradicating TB in surrounding communities. TB will be part of the future agenda of the Mine Managers' Association Forum meetings.

Modikwa Mine jointly hosted a Provincial TB Day at the Ga-Mamphahlane Community with the Limpopo Provincial Health Department.

FOCUS AREAS FOR F2015

1 ✓

Continue to conduct SANS 16001-based wellness and disease management gap analyses to align all operations with the standard.

Gap analyses were conducted at all site clinics against SANS 16001. Areas for improvement were communicated to all sites visited and detailed action plans drawn up to align operations to the standard.

2 ✓

Continue annual internal audits on ARM's management guideline requirements and SANS 16001 and increase audit scores for all operations to our increased internal target of 80%.

The operations improved the overall HIV & Aids internal compliance score to 83% from 77% in F2014, exceeding our revised target of 80%.

3 ✓

Continued compulsory Counselling and Voluntary Testing (CVT) at all operations and occasional Knowledge, Attitudes, Perceptions and Behaviour surveys to increase the level of knowledge and understanding to motivate employees to know their status

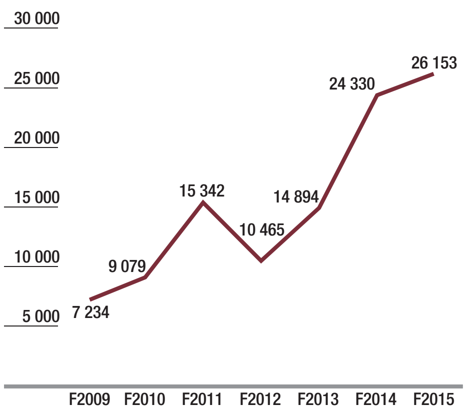
All site clinics use a CVT approach and various awareness raising initiatives were implemented during F2015, including wellness days with voluntary testing and the observation of World Aids Day on 1 December.

The number of employees and contractors counselled for HIV & Aids

↑7.5%

to 26 153 in F2015 (F2014: 24 330) 8 331 employees and contractors were tested (F2014: 12 295).

EMPLOYEES AND CONTRACTORS COUNSELLED



Employees and contractors:	F2015 Ferrous	F2015 Platinum*	F2015 ARM	F2014 Ferrous	F2014 Platinum	F2014 ARM
– Counselled	**10 184**	**15 969**	**26 153**	9 711	14 619	24 330
– Tested	**2 454**	**5 877**	**8 331**	4 699	7 596	12 295
– On Disease Management Programmes	**983**	**NR***	**NR***	849	353	1 202
– Receiving Anti-Retrovirals (ARVs)	**1 203**	**NR***	**NR***	847	2 283	3 130

* *NR refers to figures not reported. There was a change in the medical aid schemes at Modikwa Mine. The process of aligning their reporting system with ARM's system is still in progress and resulted in health statistics not being fully reported, including numbers of employees and contractors on disease management programmes and receiving ARVs.*

Sustainability review: Human capital continued

4

Continue to engage local Aids councils where our operations are located to identify wellness and health-related projects.

ARM's TB, HIV & Aids awareness and testing campaigns regularly extend to include communities around the mines and operations engage with local Aids councils to ensure that community projects address the most pressing wellness and health needs.

- Black Rock Mine supports the Tshela Bophelo Community wellness centre in partnership with the Northern Cape Department of Social Development. The centre is based in Maruping Village (JTG district) and assists the local community home-based care groups to render quality services to the village and the surrounding areas.
- Beeshoek Mine supported a TB campaign in Newtown Township in partnership with SANTA and the Northern Cape Provincial Health Department. A total of 3 565 TB screenings were done, 106 were referred to the local clinic for further tests and one was found to be TB positive and started on TB treatment.
- Dwarsrivier Mine supports the Ngwaabe community home-based care group in the Sekhukhune district.
- Two Rivers supports the Masha Gosebo community home-based care group in Kalkfontein to provide home care to 46 patients in the village. The operation provides monthly stipends and training to the home-based care group.
- Nkomati Mine supports the Emngwenya community home-based care group in Waterval Boven to provide home care services and to identify and support orphans and vulnerable children in the local communities.
- Cato Ridge Works' wellness campaign for employees included an HCT campaign with community helpers from the Thousand Hills Community.
- Some of the significant challenges we face in community initiatives include ensuring the optimal functioning of local Aids councils, supporting local Wellness Committees to continue working with medical aid schemes and encouraging trained peer educators to remain active.

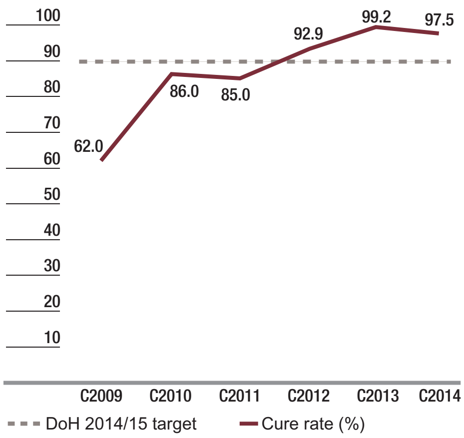
5

Continued alignment with the National Strategic Plan and passive TB screening of contacts at the workplace and in communities as per Department of Mineral Resources requirements.

In C2014 102 656 TB screening tests were performed on employees and contractors (C2013: 35 746) and 121 new cases were detected (C2013: 119). 118 of these cases were cured, representing a cure rate of 97.5% (C2013: 99.2%) and ARM's TB cure rate remains well above the national medium-term target cure rate of 90% for 2014/2015.

Four cases of multi-drug resistant (MDR) TB were detected at Khumani Mine, one at Black Rock Mine and one at Modikwa Mine. For all six cases, health investigations were done in terms of Section 11(2) of the Mine Health and Safety Act and submitted to the DMR, and the patients were admitted to special MDR hospitals for further management as required by the Department of Health.

TB CURE RATE



* *Note: TB statistics are recorded and reported on a calendar year basis as required by the Department of Health.*

5

Continued alignment with the National Strategic Plan and passive TB screening of contacts at the workplace and in communities as per Department of Mineral Resources requirements.

	JAN TO DEC 2014			JAN TO DEC 2013		
Employees and contractors:	**Ferrous**	**Platinum**	**ARM**	Ferrous	Platinum	ARM
– Screened	**56 908**	**45 748**	**102 656**	21 026	14 720	35 746
– New cases	**41**	**80**	**121**	50	62	119
– Cured	**41**	**77**	**118**	45	79	118
– MDR/XDR*	**5**	**1**	**6**	14	0	14

* *Multi-Drug Resistant/Extreme Drug Resistant TB.*

Full details of divisional and operational performance are available in ARM's 2015 Sustainability Report at **www.arm.co.za**.

TB, HIV & AIDS **focus for F2016**

- Continue passive TB screening and offering HIV counselling and voluntary testing to all employees visiting our clinics.
- Reinforce our TB-related community outreach projects to focus on early detection and treatment of TB for communities around our operations.

Cataract Eye Care Project supported by Nkomati Nickel Mine and Embhuleni Hospital (Chief Albert Luthuli Municipality)

Sustainability review continued

NATURAL CAPITAL

As part of our commitment to zero harm, sustainability and the principles of responsible mining, ARM aims to minimise its environmental impact and reduce our consumption of scarce natural resources. By entrenching ARM as a leader in environmentally aware mining and smelting we can achieve our strategic goals as well as create a sustainable competitive advantage.

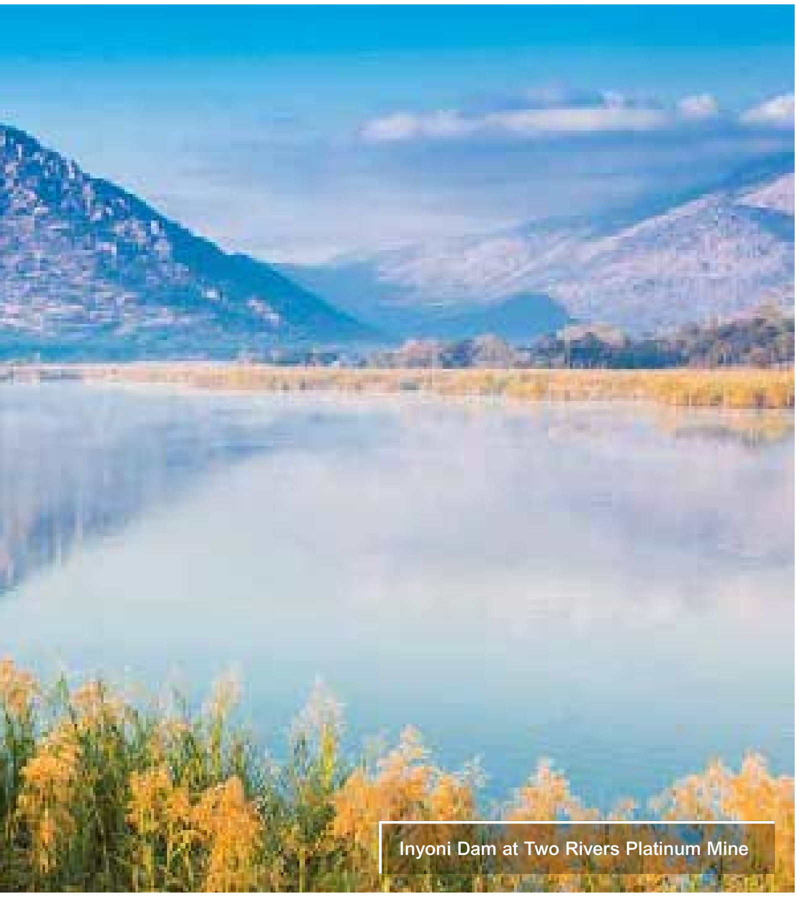
Just as ARM's business model converts natural capital into financial capital through extraction and beneficiation of ore, responsibly managing our environmental impact builds social and relationship capital in the form of trust with local communities and broader society. We report to government on our commitments in terms of our mining licences and it is important that our actions demonstrate responsible and ethical behaviour to build trust with the regulators.

Our most material environmental matters are:

- Climate change;
- Resource management, particularly energy use and water availability;
- Land management, including biodiversity conservation, rehabilitation and closure planning;
- Environmental compliance – ensuring that our operations remain legally compliant with new and changing legislation; and
- Managing and minimising our waste streams.

Climate change is one of our principal risks, uncertainties and opportunities and is a key input into our sustainable business strategy and risk management systems. We recognise its potential impact as an environmental, economic and social issue.

Mining and beneficiation are energy-intensive undertakings. Energy supply interruptions affect our ability to produce and process metals and minerals efficiently as well as having a potential impact on the safety of our workforce. Our cost-efficiency



Inyoni Dam at Two Rivers Platinum Mine

HIGHLIGHTS AND CHALLENGES

Continuing to improve our energy efficiency and reduce our carbon emissions in an economic climate where capital expenditure is constrained is a challenge. The pending carbon tax threatens to add another layer of costs to an industry that is in many instances barely profitable and already shedding jobs.

Society has an increasing expectation for supply chain transparency and this is reflected in the actions of various NGOs and the guidance in international reporting standards. Expanding environmental monitoring and reporting to include the supply chain is costly and time-consuming.

Water is a major concern across the Group, although for different reasons at different operations. At the Lubambe and Nkomati mines an excess of water is a serious impediment to mining operations. At our operations in the Northern Cape, issues around water scarcity can not only impede our growth plans but are also a core concern for local communities.

Our 2014 CDP Report was our sixth consecutive report under the project and again included independent verification of our emissions data.

Construction of a satellite workshop underground at Dwarsrivier Mine resulted in reduced travelling time and reduced diesel consumption of trackless mobile machinery.

Replacement of 100 Watt lights with 20 Watt compact globes on surface conveyors at Nkomati Mine reduced electricity consumption.

goals are negatively affected by continued above-inflation increases in the energy price, which also add further socio-economic stress on the communities around us.

Evolving environmental regulations, including the proposed carbon tax and the National Climate Change Response Policy in South Africa, impose additional direct, indirect and compliance costs that may affect the industry's international competitiveness and ability to operate profitably.

How we manage environmental sustainability

The Board has ultimate responsibility for sustainable development and delegates the management and monitoring of this area to the Social and Ethics Committee. The Executive: Sustainable Development operates with oversight from the Social and Ethics Committee and reports to the Management Risk Committee on matters and activities related to climate change and carbon emissions. Climate change is also on the agenda of the Audit and Risk Committee through the enterprise risk management system.

Operational environmental management systems identify our environmental impacts and assist in the implementation of our environmental plans and performance monitoring. The Group environmental strategy is executed by divisional and operational SHEQ managers. Operational environmental policies and strategies address the specific environmental challenges and opportunities the operation faces. Environmental performance and compliance are monitored at operational, divisional and corporate level.

Sustainability review: Natural capital continued

CARBON EMISSIONS

We measure and report our greenhouse gas (GHG) emissions to the Carbon Disclosure Project (CDP) in terms of Scope 1 (direct GHG emissions from sources owned or controlled by the Company), Scope 2 (indirect GHG emissions related to purchased energy) and Scope 3 emissions (all indirect emissions not included in Scope 2 that occur in the upstream and downstream value chain).

The largest contributor to ARM's carbon footprint is electricity consumed, which is produced by coal-fired power stations. Other contributors include diesel used in mining operations and materials movement, and carbon-based reductants in the smelters, such as coke and coal.

Cato Ridge Works accounts for 34% of the Group's F2015 Scope 1 and 2 emissions due to the energy intensive nature of the beneficiation process. Other significant contributors include Khumani Mine (11%) and Nkomati Mine (16%).

ELECTRICITY

Electricity is a key input in mining and beneficiation. The processing of metals is particularly energy intensive and the smelters in the Ferrous Division account for one-third of the Group's total electricity consumption. On the mines, electricity is required to power the crushers and mills that process ore, ventilation fans, pumps for dewatering and the motors that drive conveyor belts and elevator cages.

WATER

ARM sources water from rivers, boreholes and municipal sources according to the terms of our integrated water use licence at each operation. We engage with all relevant stakeholders to ensure the sustainability of water resources and ensure that all operations have the necessary controls in place to ensure that the quality of water around them is not negatively affected.

BIODIVERSITY

We respect the biodiversity in the biomes in which we operate. All operations have Biodiversity Action Plans in place and are at different stages of implementing their biodiversity management programmes. These are audited externally every second year and annually through legal compliance audits as part of the environmental management system.

WASTE CONTROLS

There were no significant hydrocarbon spills during the year. Minor hydrocarbon spills were reported by Dwarsrivier, Modikwa and Two Rivers Mines. Rehabilitation of affected areas was undertaken and contaminated soil was disposed at licenced hazardous waste landfill sites.

FOCUS AREAS FOR F2015

1

Continue implementation and monitoring of efficiency targets in terms of water and energy.

Efficiency targets have been set at all operations and are monitored as part of the sustainable development framework.

The Ferrous Division historically accounted for the majority of energy consumed in the Group and energy efficiency initiatives have mainly been managed through their emissions reduction plan. With the replacement of furnaces on care and maintenance at Machadodorp Works, electricity consumed by the Ferrous Division decreased 4% in F2015, but still comprises 55% of Group electricity consumption.

Energy reduction plans for the Platinum Division were developed as phase II of the climate change programme that was rolled out during the year.

The need to reduce emissions and energy consumption at operations is emphasised as part of efficiency improvement initiatives that drive cost reduction projects. Capital allowances have been set up at operations for energy efficiency projects and emission reduction activities are included on internal KPIs and scorecards for teams and divisions. Divisional carbon strategy workshops are run to raise awareness about emission reduction programmes.

Energy saving and carbon emission reduction initiatives implemented by operations during last year include:

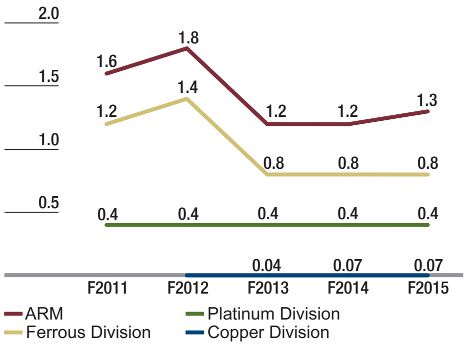
- A two megawatt variable speed drive was installed on a fugitive fume extraction system upgrade at Cato Ridge. The project was implemented by a third party in an energy saving share model (risk basis) so that no capital was required.
- Installation of LED lights in various areas at Nkomati, Beeshoek and Black Rock Mines.
- Installation of inverter type air conditioners at Nkomati Mine resulting in a saving of 60% of the power consumption of conventional air conditioners.
- Removal of redundant transformers at Nkomati Mine eliminated the unnecessary use of no-load energy by the transformer.
- My Greenhome video clips are shown on how to save to educate the employees on saving energy at Nkomati Mine.

2

Monitoring of performance against objectives and emissions targets

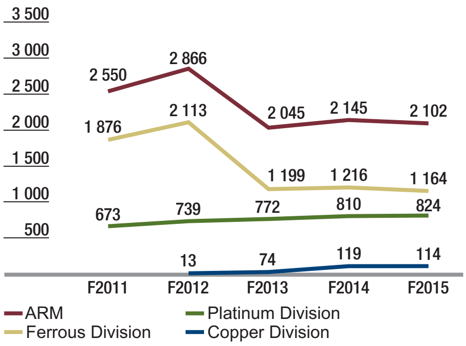
The Group's estimated carbon footprint (Scope 1 and 2 attributable emissions) for F2015 increased slightly by 1.4% to 1.25 $mtCO_2e$ (F2014: 1.23 $mtCO_2e$).

CARBON FOOTPRINT – ATTRIBUTABLE SCOPE 1 AND 2
($mtCO_2e$)



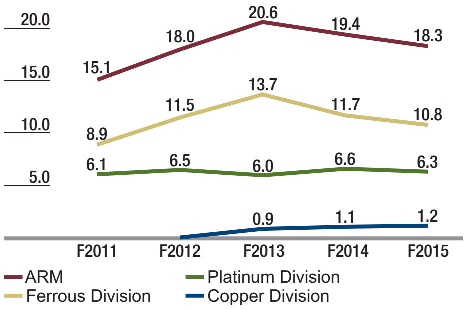
The Ferrous Division's estimated Scope 1 and 2 carbon footprint decreased to 813 689 tCO_2e (F2014: 824 948 tCO_2e) and estimated emissions attributable to the Platinum Division increased 7% to 424 623 tCO_2e (F2014: 396 868 tCO_2e) as production at Two Rivers Mine ramped up. Emissions at Lubambe Mine increased 12% to 7 409 tCO_2e (F2014: 6 625 tCO_2e) as the mine ramped up further.

ELECTRICITY CONSUMPTION
(000 MWh)



ARM's electricity consumption (reported on a 100% basis) decreased 2% to 2 102 451 MWh in F2015 (F2014: 2 144 895 MWh). The Ferrous Division's electricity consumption decreased 4% to 1 164 218 MWh (F2014: 1 215 622 MWh) and the Platinum Division's electricity consumption increased 2% to 824 432 MWh (F2014: 810 310 MWh).

WATER ABSTRACTED
(million m^3)



Total water abstracted in F2015 decreased 6% to 18.3 million m^3 (F2014: 19.4 million m^3).

Beeshoek Mine accounts for 29% of the total abstracted by ARM operations, and Khumani Mine and Nkomati Mine account for 20% each. Most of the water Beeshoek Mine abstracts is supplied to local communities and the mine's employee village.

Water abstracted at the Ferrous Division decreased 7% to 10.8 million m^3 (F2014: 11.7 million m^3) and decreased 4.3% in the Platinum Division to 6.3 million m^3 (F2014: 6.6 million m^3).

	F2015				F2014			
	Ferrous	**Platinum**	**Copper**	**ARM**	Ferrous	Platinum	Copper	ARM
Scope 1 and 2 carbon emissions (000 tCO_2e)	**814**	**424**	**7**	**1 246**	825	397	7	1 229
Electricity consumption (000 kWh)	**1 164**	**824**	**114**	**2 102**	1 216	810	119	2 145
Water abstracted (million m^3)	**11**	**6**	**1**	**18**	12	7	1	19

Sustainability review: Natural capital continued

3

Continued improvement through further refining and improvement in our data collection systems. Commitment to identify and implement performance improvement projects.

Our data collection systems continue to mature as policies and procedures become more entrenched in the organisation. Internal and external reviews help to highlight areas for improvement which are incorporated to improve the systems.

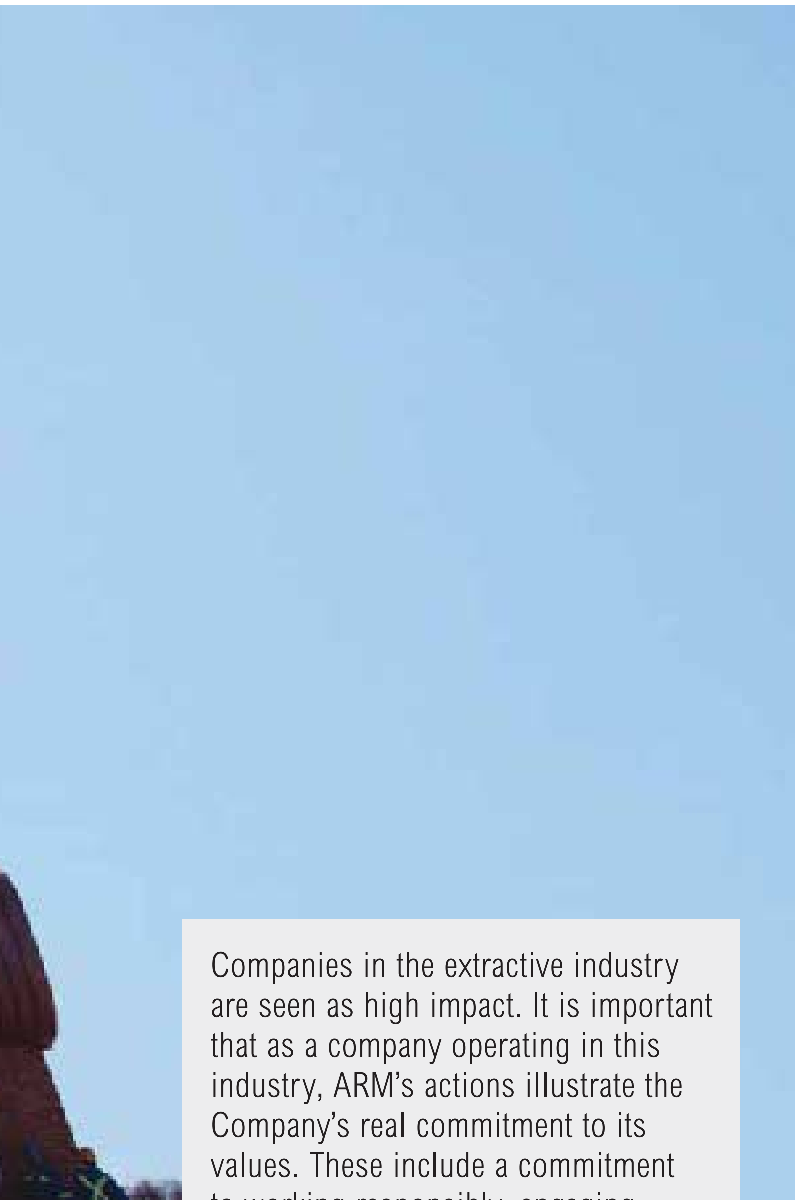
ARM continues to identify potential performance improvement projects, however, the current economic climate has constrained capital expenditure, so not all projects could be pursued.

The following performance improvement projects were implemented during F2015:

- During the F2015 external sustainability data verification process which was undertaken at three of our operations (Beeshoek, Black Rock and Two Rivers), the need was identified for an improved environmental data reporting procedure to guide operations in terms of definitions and controls to ensure that consistent quality data is reported to Corporate. This is already being addressed in the quarterly reporting procedure.

NATURAL CAPITAL focus for F2016

- Continue to implement carbon emissions reduction initiatives and monitor our performance against our emission targets.
- Improving the carbon intensity of our production by identifying and implementing appropriate emission reduction initiatives.
- Engaging proactively in the process of implementing various policy measures and environmental instruments, e.g. DERO's, carbon budgets, carbon tax etc.



Companies in the extractive industry are seen as high impact. It is important that as a company operating in this industry, ARM's actions illustrate the Company's real commitment to its values. These include a commitment to working responsibly, engaging respectfully with its stakeholders and improving the living conditions of the communities in which we operate.

Our most material social and relationship matters are:

- Stakeholder engagement (discussed on page 36);
- Transformation;
- Corporate social responsibility.

Social and relationship capital relies on the trust built through behaviour that consistently demonstrates ethical values such as responsibility, accountability and fairness. It is easily destroyed through careless or irresponsible actions. Where this happens, trust is eroded with government and broader society, and an organisation may lose its social licence to operate.

TRANSFORMATION

ARM is committed to non-discrimination. We support the principles of transformation as a means to redress historical inequality, facilitate broader social development and to give all South Africans a stake in the country's mineral wealth.

We manage transformation and measure our progress against the Broad-Based Socio-Economic Charter of the dti and the Mining Charter. The Social and Ethics Committee monitors and reviews the Company's approach to transformation while the Employment Equity and Skills Development Committee is responsible for transformation in the workforce. Transformation action plans are in place that deliver on the commitments made in our Social and Labour Plans.

During the year the Human Resources Department implemented a system that tracks and coordinates the varying employment equity requirements of the dti Codes of Good Practice (CoGP), the Mining Charter and the Employment Equity Act. This will help operations to track their performance against regulations and put in place plans to address areas for improvement.

CHALLENGES

One of the most significant transformation challenges we face is achieving employment equity targets in the professionally qualified employees and senior management categories. Our Human Resources strategy aims to improve employment equity at senior levels through succession planning, graduate development and by ensuring that open positions are offered to equity candidates whenever possible.

The Mining Charter targets ran through to the end of December 2014 and there has been no formal indication of new Mining Charter targets, so the current 2014 targets remain applicable until formally revised by the DMR. Continuing to exceed the 2014 Mining Charter BEE targets for preferential procurement is challenging, as is meeting the targets of the more stringent dti B-BBEE codes introduced in May 2015.

Sustainability review: Social & relationship capital continued

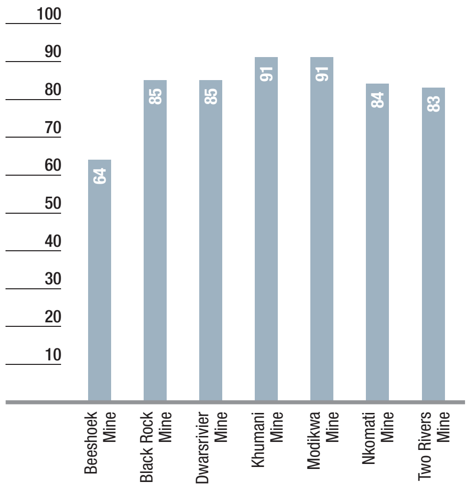
FOCUS AREAS FOR F2015

1

Continue to aim for and exceed the DMR's 2014 calendar year preferential procurement targets

Our mines submitted Mining Charter reports in December 2014 as required by the DMR. Six of our seven mines achieved more than 80% on their overall score against the DMR targets, placing them in the 'Excellent' category. Beeshoek Mine's actual performance continues to be strong, but its official performance fell to 64% due to an error in entering the required information onto the DMR's new electronic submissions which cannot be rectified during this current period. Action plans are in place for each mine to address areas for improvement.

MINING CHARTER PERFORMANCE
(%)



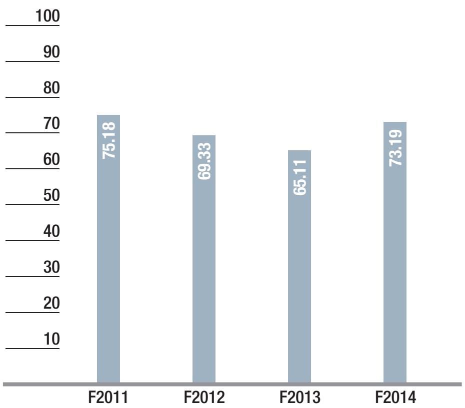
2

Continue to direct procurement to qualifying suppliers with valid B-BBEE certificates

Ensuring that suppliers have valid and current B-BBEE certificates is an ongoing challenge in maintaining our preferential procurement score under the dti Codes of Good Practice. In order to improve our B-BBEE preferential procurement score, more focus will need to be given to qualifying exempt micro-enterprises, qualifying small enterprises, black-owned and black women-owned enterprises.

The Company's B-BBEE performance for F2015 is currently being assessed in line with the new dti B-BBEE codes.

OVERALL DTI B-BBEE SCORE



All of our mines exceeded the Mining Charter preferential procurement targets

40% capital

50% consumables

70% services

TRANS-FORMATION focus for F2016

- Compliance in terms of DMR commitments as outlined in the Mining Charter.
- Aligning compliance efforts with the new dti Codes.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

ARM's values as a responsible corporate citizen commit it to supporting the development of the communities in which we operate through social investment and Local Economic Development projects. These aim to build capacity in communities and prioritise women, HIV & Aids projects, the advancement of people living with disabilities, youth and the socially destitute.

ARM's Social and Ethics Committee is responsible for monitoring the implementation of the Group's CSR strategy. Initiatives are centrally coordinated and supported by corporate executives responsible for CSR who report to the divisional Chief Executives.

At operational level, there are various projects supporting the communities around the operations as part of the commitment to Local Economic Development (LED) undertaken as part of ARM's Social and Labour Plans (SLPs). SLPs are established and regularly revised in close consultation with communities, local government and the Integrated Development Plans. There are also Corporate Social Investment (CSI) initiatives run by the operations to address the particular needs of the their host communities.

At a corporate level, CSR initiatives are run through the CSI function and include ARM's Chairman's Fund, the Education Trust Fund and the ARM BBEE Trust. The reporting system is fully implemented and continuously improved to ensure auditable Social and Labour Plan (SLP) reports.

CHALLENGES

The main challenges our CSR initiatives face are finding projects that create sustainable jobs and effectively alleviate poverty, quantifying the positive social impact that arise from these projects and finding the right skills to implement them. Other challenges include:

- Successfully coordinating the many parties involved in implementation of community projects, which results in delays to get all stakeholders to agree on projects;
- Identifying the right community representatives and ensuring that they actively engage the community they represent;
- Measuring social return on investment in terms of impact on the community and improvement of lives;
- Sustainability of completed projects;
- Creating achievable plans and strategies on supplier development initiatives; and
- Political pressure on which projects to invest in, influenced by community unrest relating to service delivery.

FOCUS AREAS FOR F2015

1

Continuous monitoring and evaluation of SLP projects to ensure maximum benefit is received by beneficiaries.

The updated reporting systems implemented in the previous year ensure that projects are regularly reviewed and reported on.

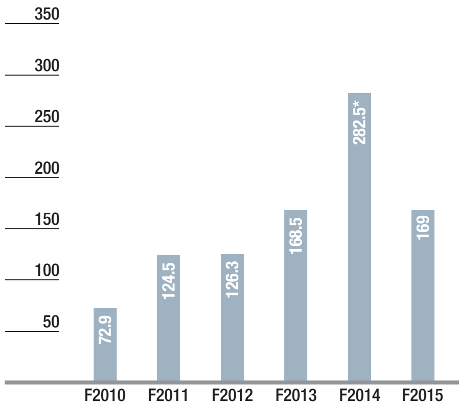
ARM's investment in CSR

↓40%* to

R169 million in F2015.

* *The F2014 investment in CSR included non-recurring expenditure relating to the Lubambe Mine housing relocation project.*

CORPORATE SOCIAL RESPONSIBILITY SPEND
(R million)



* *The F2014 investment in CSR included non-recurring expenditure relating to the Lubambe Mine housing relocation project.*

	F2015					F2014				
CSR	**Ferrous**	**Platinum**	**Copper**	**Corporate**	**ARM**	Ferrous	Platinum	Copper	Corporate	ARM
CSI	**28**	**11**	**2**	**13**	**54**	25	9	95	5	135
LED	**79**	**25**			**104**	111	31			142
ARM BBEE Trust				**12**	**12**				6	6
Total CSR spending	**107**	**35**	**2**	**25**	**169**	136	40	95	11	283

Sustainability review: Social & relationship capital continued

CSR PROJECTS UNDERTAKEN BY OPERATIONS DURING THE YEAR INCLUDE:

- Khumani Mine funded the construction and furnishing of three houses for Mandela Day at the request of the local municipality at a cost of R2.3 million. Contractors and sub-contractors from the Contractor Development Programme were used, creating 75 jobs.
- Khumani Mine funded several training initiatives, including training for 76 students with disabilities in eight skills focus areas, accredited ABET training for 17 health workers in Olifantshoek and a five-day entrepreneur training programme for 74 SMME suppliers and upcoming community SMMEs.
- Khumani Mine supports a contractor development plan that includes skills development initiatives, onsite mentoring and supplier development. The project has to date been funded with R1.5 million and benefited 13 companies and 22 individuals.
- Khumani Mine continued to invest in upgrading infrastructure at Khai Appel. The project has been funded with R6.7 million to date and includes repair and improvement of sewerage infrastructure, water supply and onsite water repairs and renovations and essential electrical work. 18 local jobs were created by the project.
- Black Rock Mine built a house in Gasese Village as part of Mandela Day initiatives.
- Black Rock Mine funded an Enterprise Supplier Development Programme with R1.05 million for suppliers in March 2015. Four new enterprise supplier development opportunities have been created through the programme to date.
- Two Rivers Platinum Mine financed the construction of three classrooms and furniture at Mareleme Primary School at a cost of R1.2 million.

FOCUS AREAS FOR F2015

2

Continued improvement of economic empowerment of communities through economic development and job creation.

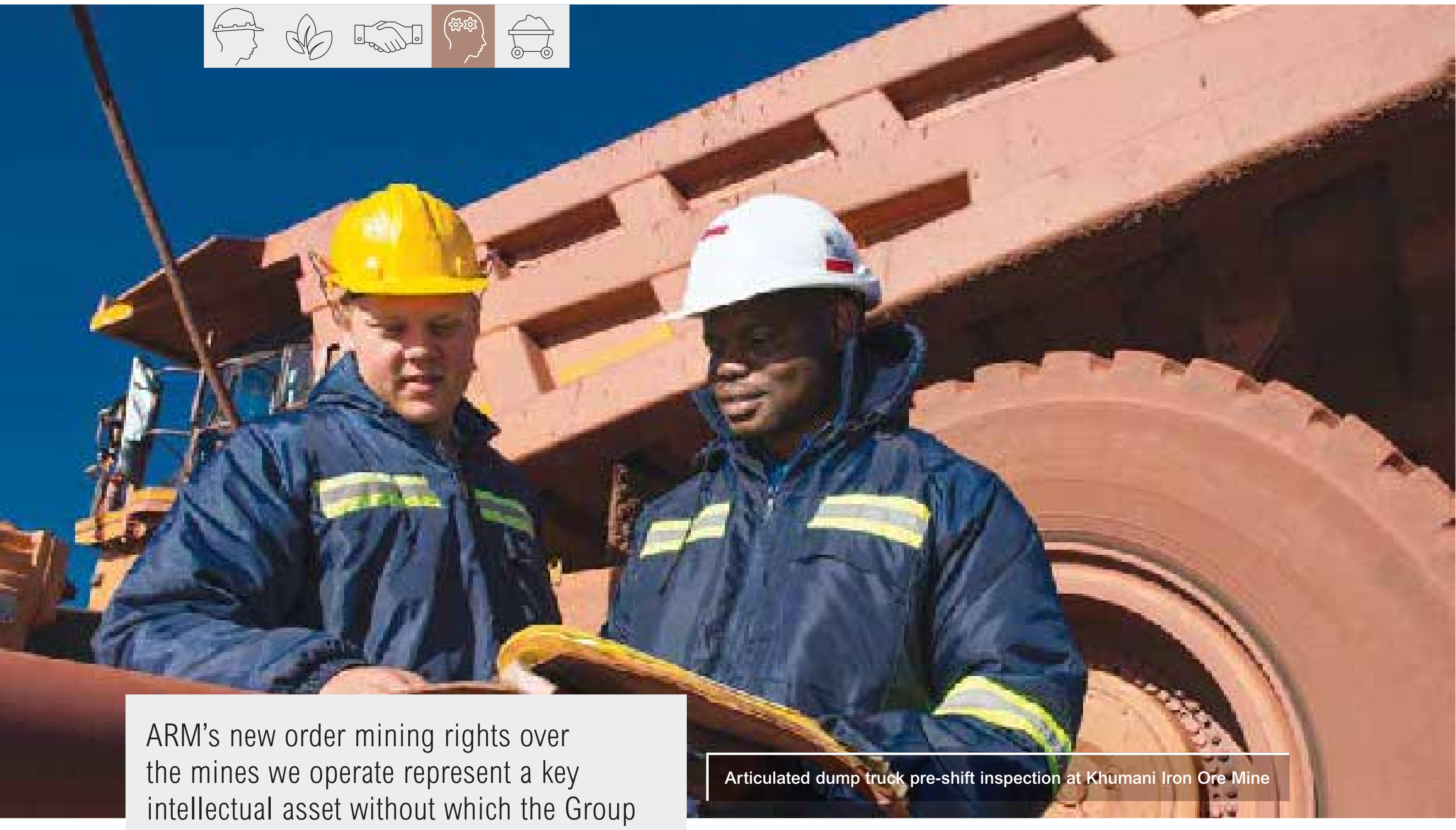
1 593 jobs were created through ARM's CSR initiatives in F2015 (F2014: 1 080). 1 315 jobs were created through LED projects (F2014: 741) and 278 through CSI projects (F2014: 339).

CORPORATE SOCIAL RESPONSIBILITY **focus for F2016**

- Education, with a particular focus on technical subjects and bursaries for engineers.
- Supplier development and aligning with ARM's sustainable development targets.
- Improvement projects.

Sustainability review: Social & relationship capital continued

INTELLECTUAL CAPITAL



Articulated dump truck pre-shift inspection at Khumani Iron Ore Mine

ARM's new order mining rights over the mines we operate represent a key intellectual asset without which the Group cannot operate. Other forms of intellectual capital invested in the Group include the skills and experience built up in management and the workforce, the expertise in the Strategic Services & Exploration Division, and the increased efficiencies arising from our Information Management initiatives.

Intellectual capital in the form of experience and expertise is developed through training initiatives and the collective learning of employees through successful execution of projects, sharing best practices and developing innovative solutions across our businesses.

At a corporate level, the Strategic Services & Exploration Division applies its intellectual capital, experience and insight across our operations to identify new mineral opportunities, partner with operations to support the successful execution of major capital projects and provide technical support.

ARM's Information Management initiatives provide user-specific information to support ARM's strategic objectives, improve efficiencies, and enhance its safe mining strategy.

MINING RIGHT STATUS

ARM Platinum

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

Two Rivers was granted Mining Right LP 178 MRC on 20 March 2013 over the area and for the minerals, as previously held under its Old Order Mining Licence. The areas (portions of the farms Kalkfontein, Tweefontein and Buffelshoek) and associated minerals under the prospecting right purchased from Impala Platinum have been incorporated into the mining right of Two Rivers.

Modikwa was granted Mining Right LP 129 MRC on 13 November 2013 over the area and for the minerals, as previously held under its Old Order Mining Licence.

ARM acquired Tamboti Platinum (Pty) Ltd, the holder of a mining right over a property adjacent to Two Rivers Mine during F2015.

The mining right was executed on 14 July 2014 and is in the process of being lodged for registration.

In September 2006, ARM Platinum was granted a prospecting right (PR 492 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 not conducive for the company to exploit the area. In April 2007, a new order prospecting right (no. 1056) (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.

ARM Ferrous

The Beeshoek Mine converted mining rights were executed on 16 March 2012 and registered on 29 May 2013. Another company has been granted a prospecting right over an area that overlaps with parts of the Beeshoek mining area. Assmang has instituted review proceedings against the DMR and the other company, requesting the court to review and set aside the DMR's decision to grant the prospecting right over an area that overlaps with the Beeshoek mining area. The review hearing was postponed from the first quarter of 2015 and will now be heard in December 2015.

The Black Rock Mine converted mining rights (for manganese ore) was executed on 13 July 2011 and now awaits registration. Assmang filed an appeal against the granting of a mining right to Main Street to mine manganese and iron ore in an area that overlaps with Assmang's Black Rock Manganese Mine mining right area. Main Street lodged an application in terms of Section 102 of the Mineral and Petroleum Resources Development Act No 28 of 2002 to amend its mining right to exclude the overlapping portion, which consent was given by the DMR on 1 July 2015. Registration of Assmang's mining right, which was executed on 11 July 2013, was deferred pending resolution of this matter. Such resolution having been achieved, Assmang re-applied for registration of its mining right, and was verbally informed on 22 September 2015 that the right has now been registered. Written confirmation of such registration is awaited.

The Khumani Mine mining right was executed on 25 January 2007 and registered on 5 March 2007.

The Dwarsrivier Mine Mining Rights (for chrome ore) were executed on 15 May 2013 and has been lodged for registration. Abandonment documents have been submitted for the abandonment of the seam sold to Samancor.

ARM Coal

ARM Coal's mining rights are held under the Glencore Operations South Africa. As at 30 June 2014 all conversions from old mining rights to new mining rights have been granted and registered by the mining titles office. With the exception of five new order mining rights that were applied during F2015, all new order mining rights have been granted, executed and registered in the mining titles office.

MANUFACTURED CAPITAL

ARM does not manufacture products for resale, but we rely on manufactured capital in the form of the machinery we use to extract and process the metals we mine, the furnaces we use to process ore, the facilities from which we run our business and the vehicles used to transport our output.

We aim to use our assets and infrastructure as efficiently as possible to realise the benefits of mineral resources as cost effectively as possible. Continued investment in our manufactured capital through capital expenditure is critical to ensure the Group's continued growth. ARM's attributable capital expenditure for F2015 was R3.3 billion.

ARM acknowledges its responsibility for the future impacts our products may have on the environment and the people who use them. We encourage responsible use, re-use, recycling and disposal of our products. The necessary policies, procedures and controls are in place to ensure the quality of our products, to ensure downstream users have the necessary health and safety and environmental information.

Sustainability review: continued

OUR SUSTAINABILITY PERFORMANCE YEAR-ON-YEAR

Performance indicator	F2015**	F2014**	F2013**	F2012	F2011
ECONOMIC AND RELATED CORE BASELINE INDICATORS					
Revenue (Rm)	**20 479**	24 497	20 475	18 142	15 357
Sales (Rm)	**19 824**	23 785	19 800	17 530	14 893
Taxes (Rm)	**860**	1 893	1 145	1 633	1 693
Headline earnings (Rm)	**1 744**	4 108	3 737	3 451	3 374
EBITDA (Rm)	**4 994**	8 459	7 227	6 531	6 517
Purchased materials and services (Rm)	**10 808**	11 093	9 100	8 329	6 357
Wealth created (Rm)	**7 217**	11 797	8 318	9 421	8 606
Number of environmental administrative penalties/fines	**0**	3	1	None	None
EMPLOYEE INDICATORS (100% BASIS) – AS AT 30 JUNE 2015*					
Total number of ARM employees and contractors	**25 456**	24 711	24 716	26 587	28 704
– Employees (permanent)	**13 727**	14 066	13 731	12 373	11 496
– Contractors (mainly used in capital projects)	**11 729**	10 645	10 985	12 214	17 208
New jobs created (direct employment only)	**0**	335	1 358	877	1 215
Employee turnover (excluding contractors) (%)	**8.7**	1.6	1.7	1.9	4.8
Investment in employee training and development					
– Total expenditure (Rm)	**232**	196	180	137	96
– % of payroll	**8.3**	8.7	10.1	9.2	6.4
Employment equity† (% representation of previously disadvantaged groups among permanent employees)					
– Top management	**38**	38	50	50	38
– Senior management	**44**	40	42	48	40
– Professionally qualified	**54**	51	49	44	50
– Technically qualified	**67**	65	64	66	69
Lost Time Injury Frequency Rate (LTIFR)• (200 000 man hours)	**0.35**	0.37	0.48	0.40	0.43
Reportable/serious accidents	**78**	66	79	75	74
Number of lost man days due to industrial action	**0**	172 221	0	102 600	14 816
ENVIRONMENTAL INDICATORS (100% BASIS)					
Total water withdrawn (m^3) (municipal, surface and groundwater)	**18 334 106**	19 408 464	20 551 374	17 991 948	15 091 358
Energy usage					
– Electricity (MWh)	**2 102 451**	2 144 894	2 045 499	2 866 033	2 549 783
– Diesel (000 litres)	**99 812**	92 013	108 788	96 360	73 559
EMISSIONS (ATTRIBUTABLE^)#					
Carbon emissions (equivalent tonnes CO_2)					
– Scope 1 and 2	**1 246 131**	1 228 656	1 244 181	1 810 205	1 587 049
– Scope 1	**322 034**	307 332	327 757	480 420	386 232
– Scope 2	**924 097**	921 325	916 424	1 329 785	1 200 816
Direct emissions: (Cato Ridge and Machadodorp Works only)					
– CO_2e emissions – direct (tonnes)	**431 708**	476 327	237 392	276 117	280 530
– NOx (tonnes)	**601**	838	637	715	560
– SOx (tonnes)	**386**	605	506	658	408
Particulate matter (tonnes)	**237**	182	122	192	230
CORPORATE SOCIAL RESPONSIBILITY (100% BASIS)					
Total community upliftment and Corporate Social Responsibility (Rm)	**169.3**	282.5	168.5	126.3	124.5
– CSI (Rm)	**54.0**	134.6	62.0	36.3	18
– LED (Rm)	**103.6**	141.9	99.6	84.9	100.4
– ARM BBEE Trust (Rm) (Projects)	**11.7**	5.9	6.8	5.1	6.0

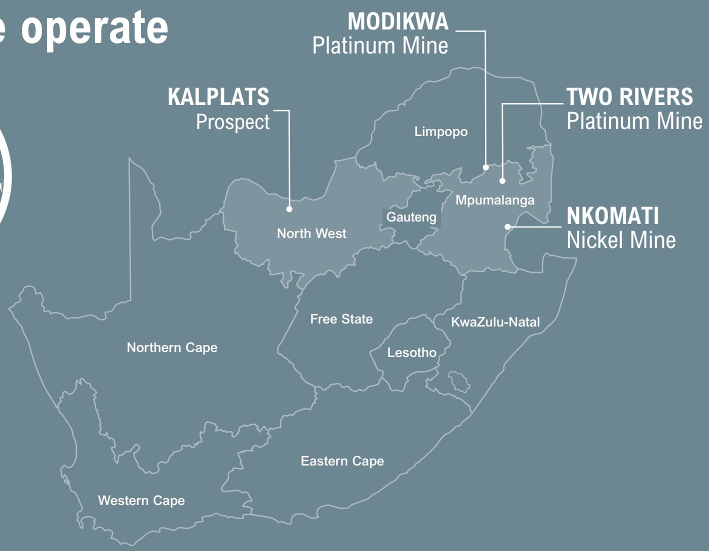
** Total number of ARM employees and contractors as at 30 June 2015.*
*** Financial data is based on segmental reporting.*

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 emissions published in the F2014 Sustainability Report had been provisionally calculated at the time. These have subsequently been verified as part of the CDP submission in May 2015 and resulted in minor adjustments and review of figures published in F2015. For CDP purposes, ARM submits data for the preceding financial year, i.e. the March 2015 CDP submission will contain results for 1 July 2013 to 30 June 2014.

ARM PLATINUM

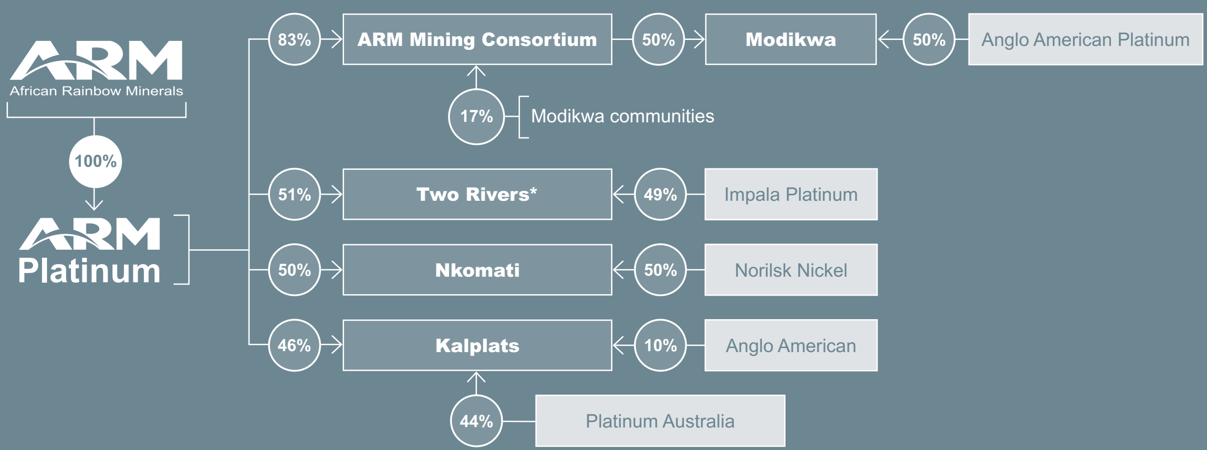
Where we operate

SOUTH AFRICA



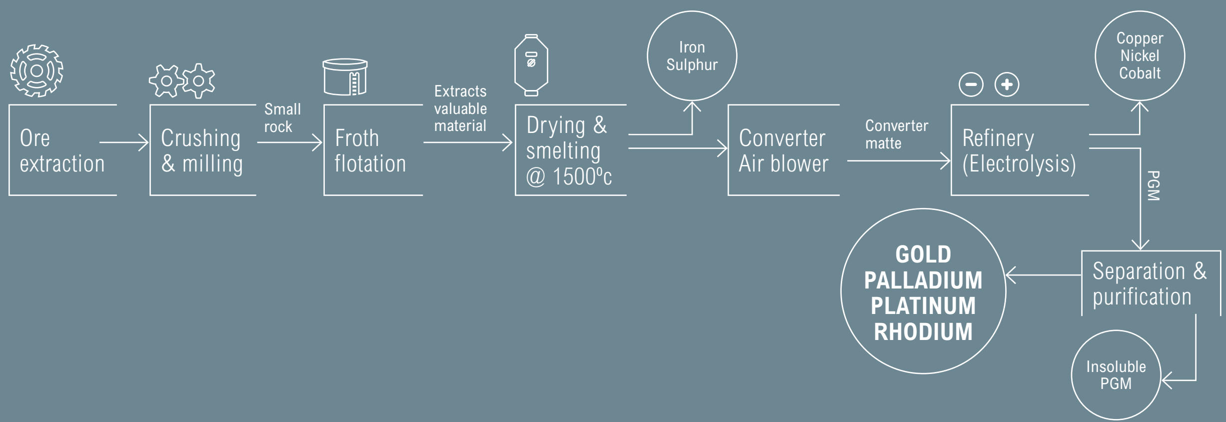
Francois Uys
Chief Executive:
ARM Platinum

DIVISIONAL STRUCTURE



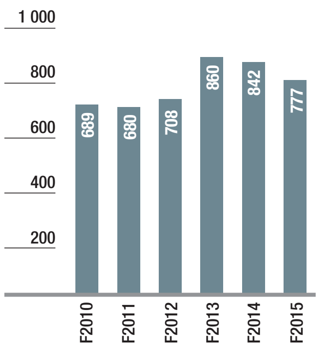
* *ARM's shareholding in Two Rivers Mine reduced from 55% to 51% effective from 6 February 2015 when the transfer of Kalkfontein portions 4, 5 and 6 and Tweefontein prospecting rights was completed.*

THE PLATINUM GROUP METALS (PGM) PRODUCTION PROCESS

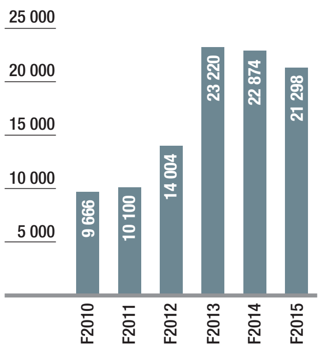


SALIENT FEATURES

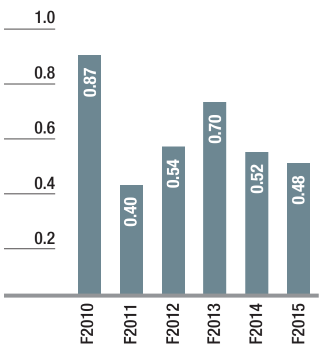
PGM PRODUCTION VOLUMES
100% basis (000 ounces)



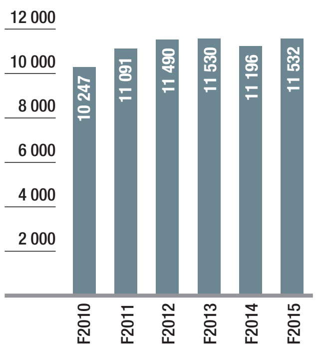
NICKEL PRODUCTION VOLUMES
100% basis (tonnes)



LOST TIME INJURY FREQUENCY RATE
(per 200 000 man hours)



TOTAL LABOUR (average number of employees including contractors)



Headline earnings
R405 million
(F2014: R883 million)

Cash inflow from operating activities
R1 479 million
(F2014: R1 386 million)

Capital expenditure
R933 million
(F2014: R731 million)

Corporate Social Responsibility expenditure (100% basis)
R35 million
(F2014: R40 million)

Operational review: ARM Platinum continued

SCORECARD

Modikwa

F2015 OBJECTIVES	F2015 PERFORMANCE	F2016 OBJECTIVES
Achieve 320 000 6E PGM ounces while retaining Modikwa's cost curve position.	Modikwa achieved only 260 037 6E PGM ounces mainly as a result of safety stoppages, labour inefficiencies and a lack of mining flexibility.	Through the implementation of a recovery plan and management interventions, achieve 260 000 6E PGM ounces while improving Modikwa's position on the global PGM cost curve.
Continue development of South 2 Shaft in line with the feasibility study.	Development on South 2 Shaft is progressing well within time limits and below budget. Ramp-up has commenced during F2015.	Continue ramp-up towards 60 thousand tonnes per month (ktpm) at South 2 Shaft, which will be achieved early in F2018.

Two Rivers

F2015 OBJECTIVES	F2015 PERFORMANCE	F2016 OBJECTIVES
Maintain steady state production.	Two Rivers achieved 372 592 6E PGM ounces while keeping unit costs well under control.	Produce 370 000 6E PGM ounces while maintaining Two Rivers' position on the cost curve.
Achieve sales volumes of 200 000 tonnes of chrome concentrate.	Two Rivers sold 240 411 tonnes of chrome concentrate.	Achieve sales volumes of 240 000 tonnes of chrome concentrate.
Maintain good performance on unit costs.	Two Rivers is positioned well below its peers on the cost curve.	Maintain the current excellent position on the cost curve.

Nkomati

F2015 OBJECTIVES	F2015 PERFORMANCE	F2016 OBJECTIVES
Maintain recoveries at approximately 75% and sustain milling rate at 300 ktpm at the PCMZ plant.	The PCMZ plant achieved an average recovery of 74.5% and an average milling rate of 282 ktpm.	Maintain recoveries and improve average milling rate to 300 ktpm at the PCMZ plant.
Maintain milling rate of 377 ktpm and recoveries of approximately 77% at the MMZ plant.	The MMZ plant achieved a recovery of 75.5% and an average milling rate of 387 ktpm.	Maintain milling rate and recoveries at the MMZ plant.
Continue with spot sales of chrome concentrate subject to market conditions. Achieve sales of 370 000 tonnes of chrome concentrate.	Chrome concentrate continues to be sold on the spot market. Chrome concentrate sales increased 10% to 376 832 tonnes.	Continue with spot sales of chrome concentrate subject to market conditions. Achieve sales of 400 000 tonnes of chrome concentrate.

Drilling operation at Nkomati Nickel Mine

OVERVIEW

OPERATIONAL OVERVIEW (ATTRIBUTABLE BASIS)			F2015	F2014	% change	Operational target F2016
Modikwa	– PGM production	ounces 6E	**130 018**	140 853	(8)	→
Two Rivers	– PGM production	ounces 6E	**198 785***	206 075	(4)	→
	– Chrome concentrate sold	000t	**128***	89	100	↑
Nkomati						
	– Nickel production	tonnes	**10 649**	11 436	(7)	→
	– PGM production	ounces	**72 184**	92 597	(22)	→
	– Copper production	tonnes	**4 833**	5 058	(4)	→
	– Chrome concentrate sold	000t	**188**	171	10	↑

* *As from 6 February 2015, ARM's shareholding in Two Rivers changed to 51% as the transfer of prospecting rights from Implats to the Two Rivers Mining Right in respect of portions of the farms Kalkfontein, Tweefontein and Buffelshoek was completed.*

FINANCIAL OVERVIEW (ATTRIBUTABLE BASIS)		F2015	F2014	% change
EBITDA	R million	**1 622**	2 373	(32)
Headline earnings	R million	**405**	883	(54)
Cash inflow from operating activities	R million	**1 479**	1 386	7
Capital expenditure	R million	**933**	731	28

SUSTAINABILITY OVERVIEW (100% BASIS)		F2015	F2014	% change
LTIFR*		**0.48**	0.52	(8)
CSR expenditure**	R million	**35**	40	(13)
Electricity consumption	000MWh	**824**	810	2
Water consumption	million m^3	**6.3**	6.6	(5)
Total Scope 1 and 2 emissions (attributable)	tCO_2e	**424 622**	396 868#	7

* *LTIFR: Lost Time Injury Frequency Rate per 200 000 man hours.*
** *CSR: Corporate Social Responsibility.*
\# *Please note that the F2014 emissions changed slightly during the CDP external data verification process and have been re-stated accordingly.*
All figures are stated on 100% basis except tCO_2e, which is attributable (as per the CDP submission).

For further discussion on the ARM Platinum sustainability performance refer to the Sustainability review included on pages 38 to 71. IAR

OPERATIONAL AND FINANCIAL REVIEW

ARM Platinum headline earnings decreased by 54% to R405 million (F2014: R883 million) mainly as a result of negative mark-to-market adjustments (based on closing spot prices as at 30 June 2015) and lower production at Modikwa and Nkomati mines, coupled with higher than inflation unit cost increases at Modikwa Mine. Two Rivers Mine once again delivered an excellent operational performance maintaining production, keeping unit cash costs well under control and delivering increased chrome concentrate sales.

Total PGM production (on 100% basis, including Nkomati Mine) decreased by 8% to 776 996 6E ounces (F2014: 841 581 6E ounces) while Nkomati's nickel production was 7% lower at 21 298 tonnes (F2014: 22 874 tonnes) due to planned lower-grade areas being mined.

Average US Dollar platinum, nickel and copper prices were lower than the corresponding period but an 11% weakening of the Rand against the US Dollar compensated for this. This resulted in the average basket prices for Modikwa and Two Rivers mines increasing by 4% and 3% to R336 699/kg (F2014: R322 789/kg) and R341 200/kg (F2014: R330 214/kg) respectively.

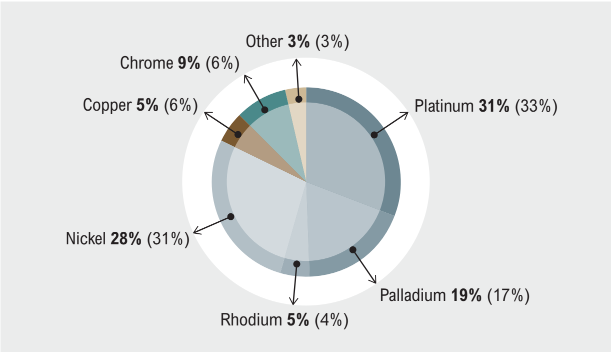
With the exception of platinum and copper prices, ARM Platinum's average realised Rand metal prices for the year were higher than the previous reporting period. In the latter part of F2015, spot metal prices declined sharply resulting in significant mark-to-market adjustments. In Rand terms, spot prices declined as follows over the 12 months to June 2015: platinum 17%, palladium 13%, rhodium 23% and nickel 27%.

Two Rivers Mine's unit cash costs increased by 2% to R5 365/6E PGM ounce (F2014: R5 266/6E PGM ounce), while Modikwa Mine's unit cash costs increased by 12% to R8 481/6E PGM ounce (F2014: R7 545/6E PGM ounce) due to an 8% decrease in production.

Nkomati Mine's unit costs decreased by 4% to R296 per tonne (F2014: R308 per tonne) while the C1 unit cash cost net of by-products, increased by 1% to US$4.85/lb of nickel produced (F2014: US$4.81/lb) due to lower grade areas being mined, which is consistent with the mine plan.

Operational review: ARM Platinum continued

ARM PLATINUM REVENUE BY COMMODITY
(100% basis) F2014 comparatives in brackets



Modikwa Mine

Modikwa's attributable headline earnings decreased by R128 million, to a headline loss of R64 million.

Production decreased mainly due to various Section 54 safety stoppages, and a lack of mining flexibility resulting in labour inefficiencies.

A 12% reduction in milled tonnes resulted in PGM production declining by 8% to 260 037 6E ounces (F2014: 281 706 6E ounces). Consequently, unit costs increased by 18% to R1 187 per tonne milled (F2014: R1 010 per tonne milled) and by 12% to R8 481 per 6E PGM ounce (F2014: R7 545 per 6E PGM ounce). Due to current market conditions and the resultant curtailment of capital projects, Modikwa's production profile will remain flat over the next year. As South 2 Shaft is starting to build up its production, South 1 Shaft will deliver reduced production over the next period.

A recovery plan was implemented which focusses on operational and labour efficiencies, enforcing discipline, and increasing availability of face length, all of which will enhance mining flexibility.

Two Rivers Mine

Headline earnings at Two Rivers decreased by 15%, while tonnes milled increased by 3%, PGM ounces decreased by 1% as a result of a lower head grade. A decrease in spot metal prices during the latter part of the financial year resulted in negative mark-to-market adjustments. There was a 122 361 tonnes increase in the UG2 run of mine stockpile to a total of 560 321 tonnes of ore.

Two Rivers Mine increased chrome concentrate sales by 49% to 240 411 tonnes, contributing R148 million (F2014: R62 million) to cash operating profit (on 100% basis).

With effect from 6 February 2015, ARM's shareholding in Two Rivers changed to 51% as the transfer of prospecting rights from Implats to the Two Rivers Mining Right in respect of portions of the farms Kalkfontein, Tweefontein and Buffelshoek was completed.

ARM acquired Tamboti Platinum (Pty) Ltd, the holder of a mining right over a property adjacent to Two Rivers Mine. ARM is in discussions with Implats to incorporate this property into Two Rivers.

Nkomati Mine

Nkomati's total tonnes milled increased by 1%, however a 8% decrease in the average head grade resulted in produced nickel units declining by 7% to 21 298 tonnes. The lower head grade is due to the mining of lower-grade areas in the open pit, consistent with the mining plan. In addition to the above, negative mark-to-market adjustments resulted in attributable headline earnings decreasing by 66% to R150 million (F2014: R444 million). Chrome concentrate sales increased by 10% to 376 832 tonnes (F2014: 341 809 tonnes).

Nkomati Mine's C1 unit cash costs net of by-products increased by 1% to US$4.85/lb (F2013: US$4.81/lb), a direct result of the lower nickel output. Unit cost per tonne milled decreased 4% to R296 per tonne (F2014: R308 per tonne). The concentrator plants are performing well and Nkomati Mine has produced at an on-mine cash cost per tonne of approximately R300/t milled consistently for four years.

CAPITAL EXPENDITURE

Capital expenditure at ARM Platinum operations (on 100% basis) was R1.59 billion; R933 million attributable (F2014: R1.1 billion; R731 million attributable). Modikwa Mine's major capital items were the deepening of North 1 Shaft, the sinking of South 2 Shaft, and mining fleet refurbishments.

The current market conditions necessitated that the capital projects at Modikwa Mine be reviewed with the view to reduce capital expenditure without adversely affecting the mine's future ability to ramp up production. The decision was taken to implement the following actions:

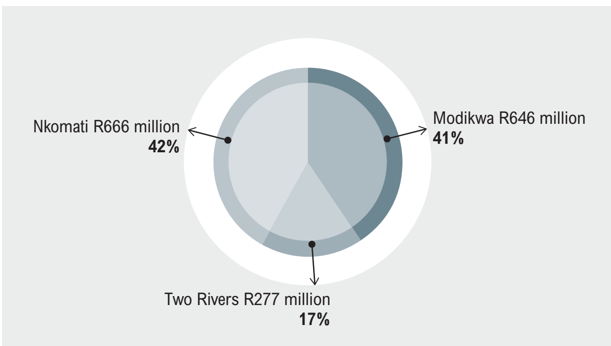
- Defer capital expenditure at North Shaft, resulting in a saving of R207 million over the next two years.
- Restructure the South 1 and South 2 operations to enable operational cost savings.
- Continue the capital project at South 2 Shaft, with this project nearing completion, mining flexibility will be greatly improved.

For more details on the capital projects at Modikwa Mine, please refer to the Projects section on the next page.

Of the capital spent at Two Rivers Mine, 20% is associated with fleet replacement and refurbishment. The deepening of the Main and North declines, together with its electrical and mechanical installations, contributed 41% to the total capital expenditure. The balance was for additional housing facilities and to sustain operations.

The majority of Nkomati Mine's capital expenditure relates to capitalised waste stripping costs (R410 million or 61%) and the balance was for a new integrated ERP system, fleet replacements and to sustain operations.

F2015 ARM PLATINUM CAPITAL EXPENDITURE BY OPERATION
(100% basis)



PROJECTS

Modikwa Mine

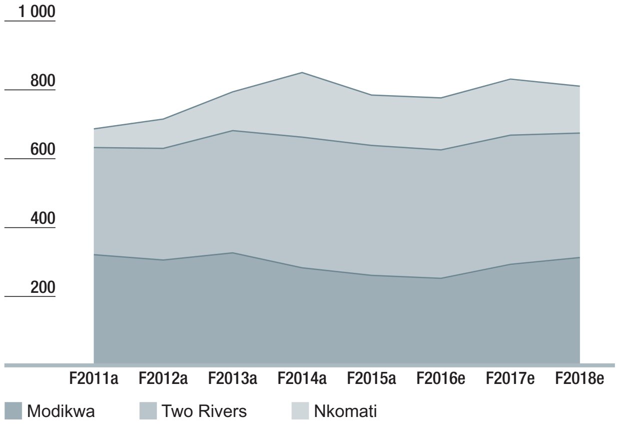
Due to a lack of mining flexibility, originating from not spending capital during F2010, a decision was taken to incur capital expenditure on the deepening of the North Shaft and the sinking of South 2 Shaft. The current status of these projects are detailed below:

- **Deepening of North Shaft** – This project entails the deepening of North Shaft from Level 6 to Level 9. To curtail capital expenditure, this project was deferred during August 2015, resulting in current development stopping at Level 9. This will result in a reduction in capital expenditure of R207 million over the next two years. Level 7 and 8 are both fully equipped with all the required mining infrastructure, and the chairlift installations will be completed by December 2015. The development of Level 7 and 8 resulted in increased face length, which enhances mining flexibility. This shaft will build up to 100 000 tonnes per month by June 2016.
- **Sinking of South 2 Shaft** – This project entails the establishment of an additional new decline shaft system. By August 2015, the mine had fully established three levels, and was in the process of developing the fourth level. Reef has been exposed on all three equipped levels and 2 raise lines are completed. Stoping at South 2 Shaft commenced during June 2015. With a project completion date of May 2016, this shaft will enhance mining flexibility while contributing to the overall production build up of the mine.

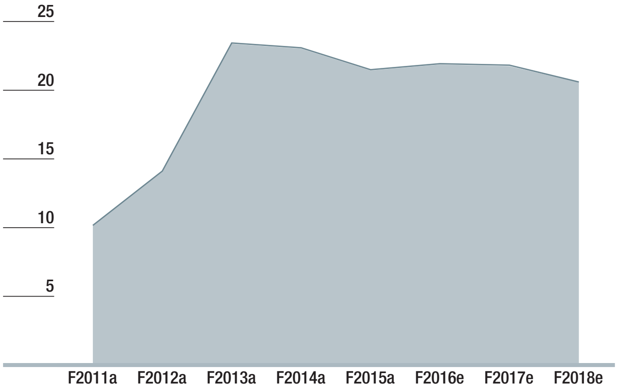
Workforce exiting the decline to surface at Modikwa Platinum Mine

Production and sales volumes from F2011 to F2018

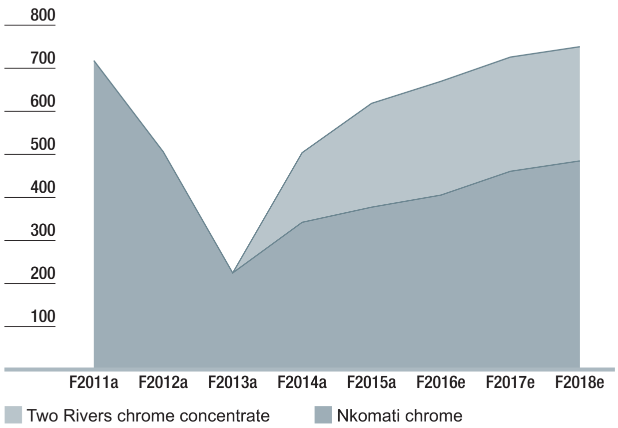
PGM PRODUCTION
(100% basis) (000oz)



NKOMATI NICKEL PRODUCTION
(100% basis) (000t)



CHROME SALES
(100% basis) (000t)



Operational review: ARM Platinum continued

MARKET REVIEW

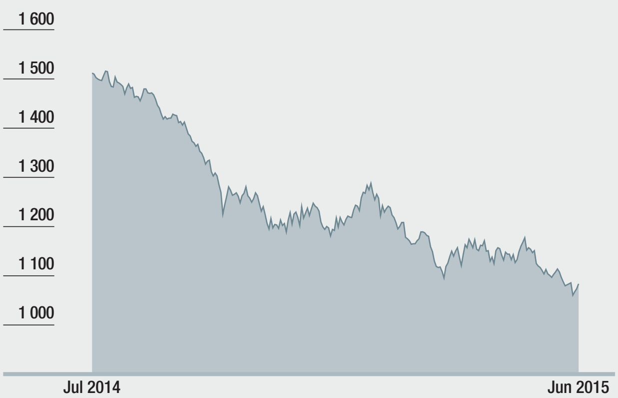
A recent downturn in global markets, for all commodities, has put significant pressure on South African producers. ARM continues to believe in the long-term fundamentals of PGMs and that the markets will recover, albeit not as soon as previously thought. At current market conditions, numerous South African PGM producers are producing at a loss, creating an even larger oversupply of metals. The difficulty to restructure or sell assets necessitates some producers to continue at their current production levels; however, this is not sustainable in the medium term. Excessive above-ground PGM stocks are also putting significant pressure on PGM prices.

Platinum

In Rand terms, the platinum price declined 17% over the 12 months under review. US Dollar strengthening and increasing bond yields have increased the opportunity cost of holding metals and has pushed platinum prices lower. Vehicle sales in Western Europe has increased during the past year and stricter Euro 6 emission limits has resulted in a higher consumption of platinum. Jewellery demand has decreased due to a softening in the Chinese market. Excessive above-ground stocks will probably result in a balanced market in the short-term. We expect the platinum price to remain under pressure in the short to medium term.

ARM Platinum achieved an average platinum price of US$1 246/oz for F2015 (F2014: US$1 431/oz).

F2015 SPOT PLATINUM PRICES
(US$/oz)



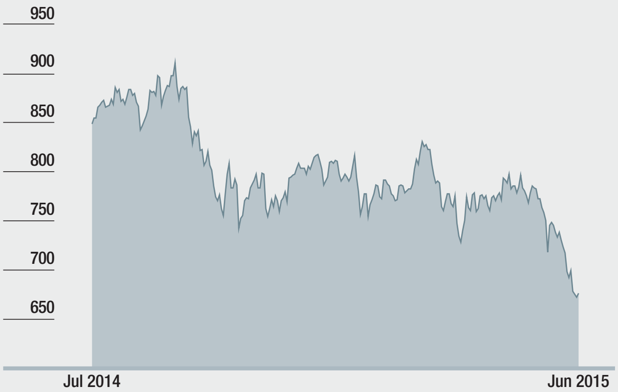
Source: INet Bridge

Palladium

Palladium demand remains primarily in autocatalyst consumption, which was adversely impacted by the recent slowdown in auto sales growth in China and gasoline-based emerging markets. Palladium outperformed platinum during F2015, but still showed a 13% decline in Rand terms over the 12 months to June 2015. As with platinum, we expect the palladium price to be under pressure in the short-term, with notable recovery in the medium to long-term.

The average price achieved in F2015 by ARM Platinum for palladium was US$799/oz (F2014: US$752/oz).

F2015 SPOT PALLADIUM PRICES
(US$/oz)



Source: INet Bridge

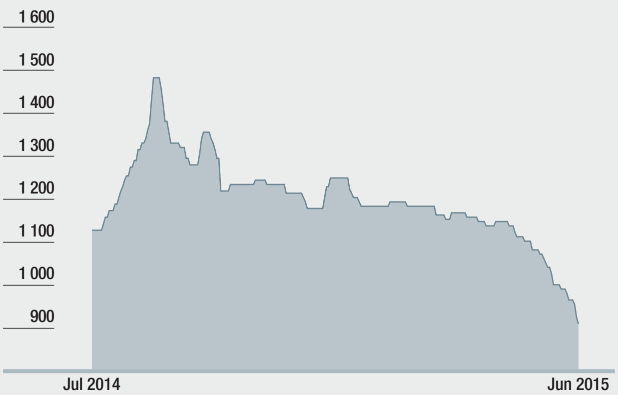
South African PGM production will be affected in the medium-term by global markets, power shortages, wage increases, capital constraints and restructuring in the industry. PGM market fundamentals remain strong and demand will be driven by increased pressures on emission control, global air quality and alternative green energy solutions. Our view is therefore that PGM prices are expected to remain under pressure in the short to medium term after which a recovery will be evident.

Rhodium

The rhodium market is expected to remain in balance and might even move into a small surplus in the short-term. The rhodium price declined 23% in Rand terms during F2015. Our medium- to long-term view suggests that rhodium will move into a deficit, triggered by the re-introduction of rhodium into the autocatalyst loading mix.

ARM Platinum achieved an average rhodium price of US$1 136/oz (F2014: US$986/oz).

F2015 SPOT RHODIUM PRICES
(US$/oz)



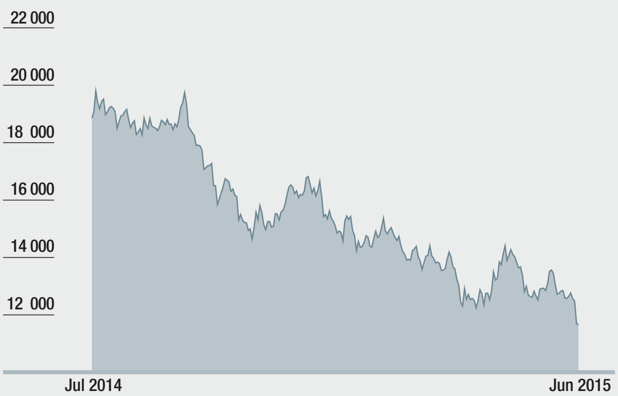
Source: INet Bridge

Nickel

The Rand nickel price declined 27% during F2015. LME nickel stocks increased from approximately 100 thousand tonnes in 2011 to levels of around 455 thousand tonnes in 2015. The nickel price has been well below the global marginal cost of production for most of the last 12 months, but little to no production has been taken out of the market. Current data indicates that conventional Chinese imports are significantly higher than in 2014, which will start consuming above-ground stocks, the biggest risk to a price recovery. The nickel price is expected to recover sooner than other commodities and will show significant improvement in the medium-term.

ARM Platinum achieved an average nickel price of US$15 102/t (F2014: US$15 488/t).

F2015 SPOT NICKEL PRICES
(US$/t)



Source: INet Bridge

Operational review: ARM Platinum continued

OPERATIONAL STATISTICS

Modikwa Mine

Management: The mine is jointly managed by Anglo American Platinum and ARM.

		MEASURED & INDICATED RESOURCES*		PROVED & PROBABLE RESERVES		
		Mt	**g/t 4E**	**Mt**	**g/t 4E**	**M oz**
Resources and Reserves (100% basis)	UG2	136.70	5.91	48.13	4.66	7.21
	Merensky	72.00	2.78	–	–	–
	4E = Platinum + Palladium + Rhodium + Gold					
Refining	All metal in concentrate produced is sold to Anglo American Platinum.					
Total labour	4 978 (including 1 030 contractors)					

* *The Measured and Indicated Mineral Resources are exclusive of those modified to produce Mineral Reserves.*

100% basis		F2012	F2013	F2014	F2015	% change
Metal production						
Platinum	ounces	121 239	128 142	111 310	**100 593**	(10)
Palladium	ounces	113 373	122 213	106 654	**99 082**	(7)
Rhodium	ounces	23 931	25 598	21 933	**20 802**	(5)
Gold	ounces	3 162	3 444	3 382	**2 694**	(20)
Ruthenium	ounces	34 019	36 544	31 065	**29 762**	(4)
Iridium	ounces	8 319	8 685	7 361	**7 104**	(3)
PGMs	ounces 6E	304 044	324 626	281 706	**260 037**	(8)
Nickel	tonnes	591	648	667	**531**	(20)
Copper	tonnes	370	400	409	**321**	(22)
Operational statistics						
Tonnes milled	Mt	2.18	2.33	2.10	**1.86**	(12)
Head grade	g/t 6E	5.39	5.35	5.06	**5.17**	2
Average number of permanent employees	employees	3 746	3 787	4 087	**3 948**	(3)
Average number of contractors	employees	1 272	1 076	1 198	**1 030**	(14)
Financial indicators						
Cash cost	R/tonne	819	876	1 010	**1 187**	18
Cash cost	R/Pt oz	14 706	15 897	19 095	**21 924**	15
Cash cost	R/PGM oz 6E	5 864	6 275	7 545	**8 481**	12
Cash cost	R/kg 6E	188 538	201 752	242 577	**272 676**	12
Basket price	R/kg 6E	267 998	287 424	322 789	**336 699**	4
Net sales revenue	R million	2 050	2 465	2 457	**2 164**	(12)
Cash operating cost	R million	1 759	2 037	2 125	**2 205**	4
Cash operating profit/loss	R million	291	428	332	**(41)**	
Cash operating margin	%	13	17	14	**(2)**	
Capital expenditure	R million	438	286	570	**646**	13

Refer to pages 242 to 243 for the Modikwa Mine segmental information. IAR

Two Rivers Mine

Management: Managed by ARM.

		MEASURED & INDICATED RESOURCES*		PROVED & PROBABLE RESERVES		
		Mt	**g/t 6E**	**Mt**	**g/t 6E**	**M oz**
Resources and Reserves (100% basis)	UG2	74.94	5.16	41.86	3.65	4.92
	Merensky	60.57	3.11	–	–	–
	6E = Platinum + Palladium + Rhodium + Ruthenium + Iridium + Gold					
Refining	All metal in concentrate produced is sold to an Implats subsidiary, Impala Refining Services Limited (IRS).					
Total labour	3 287 (including 889 contractors)					

* *The Measured and Indicated Mineral Resources are inclusive of those modified to produce Mineral Reserves.*

Tamboti

Management: 100% ARM interest.

		MEASURED & INDICATED RESOURCES	
		Mt	**g/t 6E**
Resources (100% basis)	UG2	15.20	6.19
	Merensky	14.39	4.31
	6E = Platinum + Palladium + Rhodium + Ruthenium + Iridium + Gold		

100% basis		F2012	F2013	F2014	F2015	% change
Metal production						
Platinum	ounces	149 909	162 182	175 065	**173 544**	(1)
Palladium	ounces	89 484	98 635	102 686	**101 967**	(1)
Rhodium	ounces	25 478	28 664	30 993	**30 645**	(1)
Gold	ounces	2 486	2 249	2 473	**2 506**	1
Ruthenium	ounces	42 910	47 696	51 432	**51 815**	1
Iridium	ounces	9 845	11 019	12 033	**12 116**	1
PGMs	ounces 6E	320 113	350 443	374 681	**372 592**	(1)
Nickel	tonnes	595	555	566	**584**	3
Copper	tonnes	297	242	249	**267**	7
Chrome concentrate sold	tonnes	–	–	160 951	**240 411**	49
Operational statistics						
Tonnes milled	Mt	3.10	3.17	3.28	**3.36**	3
Head grade	g/t 6E	3.86	4.02	4.01	**3.98**	(1)
Average number of permanent employees	number	779	2 410	2 329	**2 398**	3
Average number of contractors	number	2 710	1 296	1 087	**889**	(18)
Financial indicators						
Cash cost	R/tonne	493	579	602	**595**	(1)
Cash cost	R/Pt oz	10 205	11 331	11 271	**11 519**	2
Cash cost	R/PGM oz 6E	4 779	5 244	5 266	**5 365**	2
Cash cost	R/kg 6E	153 642	168 594	169 314	**172 503**	2
Basket price	R/kg 6E	279 804	298 384	330 214	**341 200**	3
Net sales revenue	R million	2 336	2 868	3 671	**3 676**	–
Cash operating cost	R million	1 530	1 838	1 973	**1 999**	1
Cash operating profit – Total	R million	788	1 011	1 486	**1 418**	(5)
Cash operating profit – PGMs	R million	788	1 011	1 424	**1 270**	(11)
Cash operating margin – Chrome	R million	–	–	62	**148**	140
Cash operating margin	%	34	35	40	**39**	
Capital expenditure	R million	467	498	317	**277**	(13)

Refer to pages 242 to 243 for the Two Rivers Mine segmental information. IAR

Operational review: ARM Platinum continued

Nkomati Mine

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

		MEASURED & INDICATED RESOURCES*		PROVED & PROBABLE RESERVES		
		Mt	**Ni%**	**Mt**	**Ni%**	
Resources and Reserves (100% basis)	Nickel (MMZ+PCMZ)	226.59	0.35	103.79	0.32	
	Nickel (PCMZ Stockpile)	–	–	3.63	0.21	
	Nickel (MMZ Stockpile)	–	–	0.17	0.29	
		Mt	**Cr_2O_3%**	**Mt**	**Cr_2O_3%**	
	Chromite (Oxidized)	0.62	28.23	0.57	25.30	
	Chromite (Un-oxidized)	5.48	29.27	1.21	20.57	
	Chromite (PCMZ)	102.93	11.83	50.51	13.61	
	Chromite (Stockpiles)	–	–	2.62	20.53	
		Mt	**g/t 4E**	**Mt**	**g/t 4E**	**M oz**
	PGMs (MMZ+PCMZ)	226.59	0.96	103.79	0.92	3.07
	PGMs (PCMZ stockpile)			3.63	0.52	0.06
	PGMs (MMZ stockpile)			0.17	0.65	0.003
	4E = Platinum + Palladium + Rhodium + Gold					
Refining	All metals in concentrate produced (excluding chrome), is sold to Metal Trade Overseas AG. Chrome concentrates are sold on the spot market, through marketing agents, to various end users.					
Total labour	3 267 (including 2 363 contractors)					

* *The Measured and Indicated Mineral Resources are inclusive of those modified to produce Mineral Reserves.*

Nkomati Mine continued

100% basis		F2012	F2013	F2014	F2015	% change
Metal production						
Nickel	tonnes	14 004	23 220	22 874	**21 298**	(7)
Copper	tonnes	7 371	9 877	10 116	**9 666**	(4)
Cobalt	tonnes	744	1 101	1 133	**1 116**	(2)
PGMs	ounces	84 044	111 185	185 194	**144 368**	(22)
Chrome ore sold	000t	64	–	–	**–**	–
Chrome concentrate sold	000t	441	225	342	**377**	10
Operational statistics						
Tonnes milled	thousand	6 388	7 588	7 930	**8 028**	1
Head grade	% nickel	0.34	0.41	0.39	**0.36**	(9)
Average number of permanent employees	number	776	794	805	**904**	12
Average number of contractors	number	2 207	2 167	1 690	**2 363**	40
Financial indicators						
Nickel on-mine cash cost per tonne treated	R/tonne	272	292	308	**296**	(4)
Cash cost net of by-products	US$/lb	8.58	4.98	4.81	**4.85**	1
Net sales revenue	R million	3 107	4 488	6 063	**5 372**	(11)
Cash operating cost	R million	1 737	2 218	2 444	**2 380**	(3)
Cash operating profit – Total	R million	130	1 178	1 813	**815**	(55)
Cash operating profit – Nickel Mine	R million	115	1 054	1 656	**537**	(68)
Cash operating profit – Chrome Mine	R million	15	124	157	**278**	77
Cash operating margin	%	4	26	30	**15**	
Average nickel price	US$/t	18 815	16 245	15 488	**15 102**	(2)
Capital expenditure	R million	484	189	258	**666**	158

Refer to pages 242 to 243 for the Nkomati Mine segmental information. IAR

Kalplats PGM Prospect

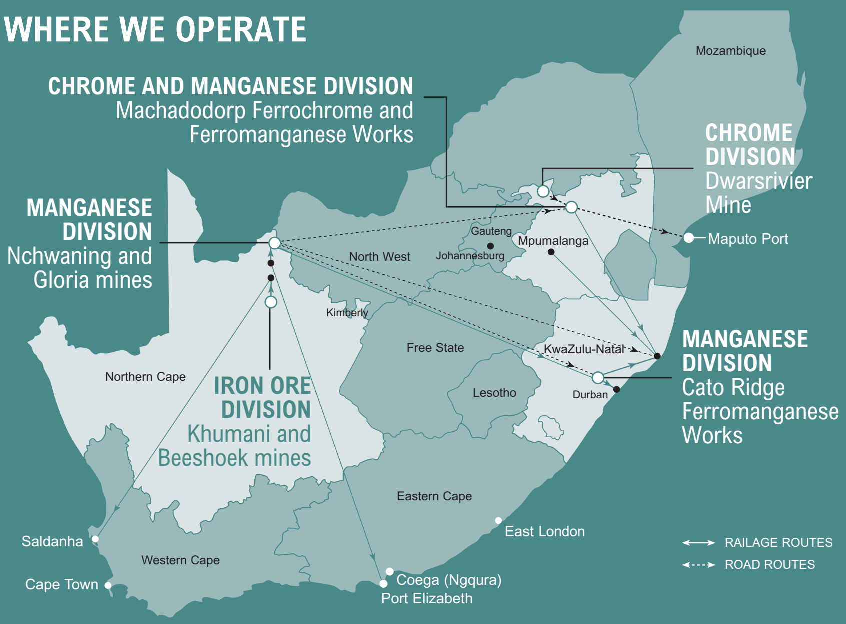
ARM Platinum completed its review of the revised Definitive Feasibility Study (DFS) submitted by Platinum Australia (PLA). The viability of a possible mining operation is adversely affected by the lack of Eskom power and the uncertainty regarding the timing of its delivery.

Management: Managed by PLA.

	MEASURED & INDICATED RESOURCES	
	Mt	**g/t 3E**
Resource (100% basis)	69.91	1.48
	3E = Platinum + Palladium + Gold	

ARM FERROUS

WHERE WE OPERATE



DIVISIONAL STRUCTURE

ARM African Rainbow Minerals
100%
ARM Ferrous
50% → Assmang ← 50% Assore

Assmang:
- 100% → Iron ore → Khumani Mine, Beeshoek Mine
- 100% → Manganese → Nchwaning Mine, Gloria Mine, Machadodorp Works, Cato Ridge Works
  - Cato Ridge Works → 50% → Cato Ridge Alloys (Pty) Limited ← 10% Sumitomo Corporation; ← 40% Mizushima Ferroalloy Company Limited
  - 54% → Sakura Ferroalloys Sdn Bhd ← 27% Sumitomo Corporation; ← 19% China Steel Corporation
- 100% → Chrome → Dwarsrivier Mine*, Machadodorp Works

* *ARM concluded an agreement to dispose of its 50% effective interest in Dwarsrivier Chrome Mine to Assore. The transaction is subject to transfer of the Dwarsrivier Mining Right to Assore.*

THE IRON ORE PRODUCTION PROCESS

- Ore extraction, Primary and Secondary crushing
  - On-grade ore → Washing & Screening and Tertiary Crushing → Fines, Lumpy → PRODUCTS; → WHIMS
  - Off-Grade ore → Washing & Screening and Tertiary Crushing → WHIMS → Super Fines → PRODUCTS; → Fines & Lumpy jigging → Lumpy → PRODUCTS

THE MANGANESE ORE PRODUCTION PROCESS

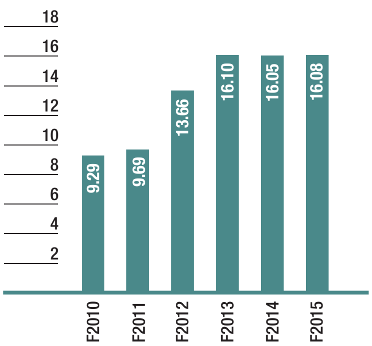
Underground Mining (Primary Crushing) → Ore storage according to Manganese Ore grade (High, Medium, Low) → Processing Plant (Secondary Crushing, Washing & Screening) → PRODUCTS Lumpy Fractions Fines Fractions

Processing Plant ⇢ Slimes Fractions (-1mm)

André Joubert
Chief Executive: ARM Ferrous

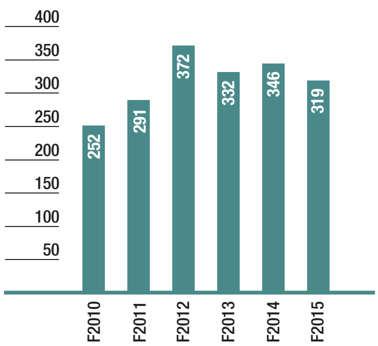
SALIENT FEATURES

IRON ORE PRODUCTION VOLUMES
100% basis (Mt)



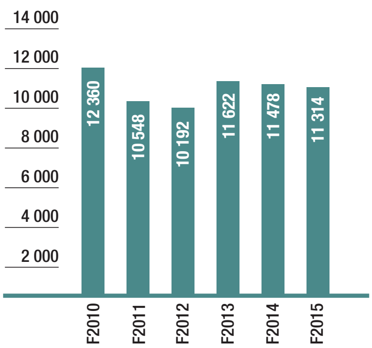
MANGANESE ORE PRODUCTION VOLUMES
100% basis (Mt)

FERROMANGANESE PRODUCTION VOLUMES
100% basis (000t)



LOST TIME INJURY FREQUENCY RATE
(per 200 000 man hours)

TOTAL LABOUR (average number of employees including contractors)



Headline earnings
R1 588 million
(F2014: R3 736 million)

Cash inflow from operating activities
R2 967 million
(F2014: R4 485 million)

Capital expenditure
R1 830 million
(F2014: R1 753 million)

Corporate Social Responsibility expenditure (100% basis)
R107 million
(F2014: R136 million)

Operational review: ARM Ferrous continued

SCORECARD

Iron ore

F2015 OBJECTIVES	F2015 PERFORMANCE	F2016 OBJECTIVES
Expand the Khumani Operational Excellence Programme to cover the whole value chain. The main aim being to de-bottleneck all processes and systems in the value chain to maximise production output within resource and design constraints. This will include the enhancement of resource management, maintenance and support services practices and the implementation of an improved business performance management system to ensure operating margins can be maintained.	The Operational Excellence Programme at Khumani yielded the following benefits: • Increased run of mine throughput capacity for the jig plant of 20% from 10.7 million tonnes to 12.8 million tonnes per annum. • Increased WHIMS plant output by 100% i.e. saleable output increased from 80 000 tonnes to 160 000 tonnes per annum. • Reduced on:off grade mining ratio from 40:60 to 30:70, thus matching the naturally occurring on:off grade ratio, of theore body.	Continue the improvement drive at Khumani to yield the following benefits: • Reduce operating expenses by R350 million per annum. • Increase jig plant throughput from 12.8 million tonnes per annum to 13.5 million tonnes per annum. • Increase WHIMS saleable output from 160 000 tonnes per annum to 400 000 tonnes per annum. • Enhance the mineral resource management process to yield more accurate predictions of on:off grade ratio, yield profiles and particle size distribution. • Improve operating efficiencies and productivity within the mining operations to sustain critical stockpile levels through the value chain. • Reduce the on-mine unit production costs by 15% on a nominal basis.
Export a total of 13.5 million tonnes of iron ore for the financial year. Commission the third party load-out facility to improve the operational flexibility between Beeshoek and Khumani.	Record iron ore sales volumes of 16.19 million tonnes were achieved, of which 13.69 million tonnes was exported. Successful commissioning of the third-party load-out facility. Throughput capacity of 2.5 million tonnes per annum created.	Increase total iron ore sales volumes to 16.2 million tonnes. Target iron ore sales volumes for the export market of 13.5 million tonnes. Target iron ore sales volumes for the local market of 2.7 million tonnes. Optimal utilisation of third-party load-out station.
Complete the relocation process of employees to Postmasburg and initiate the waste stripping process to enable iron ore extraction from the Village Pit, 14 months from November 2014.	All employees have been successfully relocated from the Beeshoek Village to Postmasburg and have been assisted through the Company's home ownership scheme. The waste stripping process at Village Pit has commenced as planned and the progress made was better than planned volumes and cost.	Review the Beeshoek Village Pit development schedule in-line with current business challenges. Align all resources with the revised schedule for Beeshoek Village Pit. Ramp-up production from 3.2 million tonnes to 3.7 million tonnes per annum at Beeshoek Mine. Critically review all iron ore resources within the Beeshoek mining lease area.
Identify and initiate actions to secure and sustain water supply to support the potential increase in off-grade run of mine processing capacity at Khumani Mine.	Dedicated resources have been identified and appointed to investigate and implement suitable and sustainable water supply solutions for Khumani Mine. Various options have been identified and evaluated and an action plan has been formulated. Initial work has been actioned and short-term water needs have improved markedly, mainly from improving the pumping capacity at the Postmasburg pump station.	Upgrade/re-instate the design pump capacity at the Postmasburg pump station for all four pumps. Conduct borehole pump tests on Khumani Mine to determine the underground water potential that could be sustainably abstracted. Complete a water balance over the underground water resources available within the Khumani lease area and surrounding properties. Install a permanent borehole/pump system solution on Khumani Mine to supplement the water supply from Sedibeng Water Board. Ensure that the water licence for Khumani is amended to reflect the changes in processes and extraction volumes required.

SCORECARD continued

Manganese ore

F2015 OBJECTIVES	F2015 PERFORMANCE	F2016 OBJECTIVES
Monitor the Transnet re-allocation process for future export capacity and agree on capacity allocations.	Clarity on Transnet's re-allocation process, associated with the MECA 2 and MECA 3, allocation initiatives had not been received by the end of the financial year. All the requisite information for the allocation process has been submitted and engagement with Transnet with regards the MECA 2 and MECA 3 allocations is ongoing. Transnet has received approval from the Department of Public Enterprise to expand the manganese ore export channel through the new terminal at the Port of Ngqura to 16 million tonnes per annum.	Receive the MECA 2 allocation – expected to be applicable from 1 August 2015 until 31 March 2020. Ensure that the detail route allocation volumes and tariffs for MECA 2 are clarified with Transnet. MECA 2 contract to be formalised and signed. Further engage Transnet to conclude the MECA 3 allocation process, applicable from 1 April 2020, onwards.
Manage the Operation Readiness initiatives and Black Rock Project Programme to ensure the achievement of the key milestones, within time and budget. Successfully insource underground mining development originally included as part of the EPCM contractor scope.	• The Black Rock Project is on time and within budget. • The project has been reviewed several times to ensure continuous alignment of the project objectives and capital schedule with challenges being faced by the industry. • The sinking of the vent shaft is on schedule and sinking through the Kalahari clay formation was completed without any complications. • All main contractors have been appointed and successfully mobilised to site. • The Nchwaning II surface silo was successfully constructed on time and within budget. • New rail loop earthworks were completed on time and within budget. • The new Nchwaning II winder house was completed and the new second-hand winder refurbished successfully. • All long-lead items have successfully been procured. • Black Rock Mine successfully completed the insourced Project underground development.	Maintain the good safety performance achieved to date. Complete the following: • The Gloria vent shaft. • Nchwaning II winder installation. • First phase of the Nchwaning II Shaft upgrade. • Nchwaning II underground mining development at shaft bottom. • Nchwaning I key underground infrastructure. • Rail balloon. • Earthworks of new stacker area and commencement with construction of load-out station and product reclaimer. • All potable and process water dams and integrate with existing systems. • Continue with insourced mining development as planned.

Manganese alloys

F2015 OBJECTIVES	F2015 PERFORMANCE	F2016 OBJECTIVES
Re-engineering and restructuring of both smelter operations to align with the short to medium term strategy.	• The Machadodorp Works smelter completed the restructuring processes and the remaining furnace was stopped. • A decision was taken to close additional furnaces at Cato Ridge Works, only three furnaces are now operating.	Complete the restructuring processes at Cato Ridge Works and operate only Furnaces 5 and 6 to convert the smelter to a refined alloy business only.
Evaluation of alternative options identified in the strategy to further improve the sustainability of the manganese smelters.	The alternative smelting technology project was initiated and progressed from concept to prefeasibility and pilot testing phases.	The selected technologies to progress to feasibility, batch and pilot testing phases if found to be feasible.

Operational review: ARM Ferrous continued

SCORECARD continued

Chrome ore

F2015 OBJECTIVES	F2015 PERFORMANCE	F2016 OBJECTIVES
Increasing the underground production volumes with the implementation of the operational initiatives while maintaining the production cost profile. Increase final product production volumes through the development of the new North Shaft and improvement of the plant yield.	• Dwarsrivier exceeded all production volumes and cost targets. • North Shaft development progressed to plan and all major milestones were achieved. • Development of the foundry grade product was completed during the year. • Plant yield remained below budget due to worse than planned geological conditions in some areas of South Shaft. • Agreement was reached between ARM and Assore for ARM to sell its effective 50% share in Dwarsrivier to Assore.	• Complete the Section 11 transfer of the Dwarsrivier Mineral Rights from Assmang to Assore. • Actively support the newly formed Dwarsrivier Executive Committee and assist Assore in the management of the mine.

OVERVIEW

OPERATIONAL OVERVIEW (ATTRIBUTABLE BASIS)		F2015	F2014	% change	Operational target F2016
Iron ore sales	000t	**8 092**	7 820	3	↑
– Khumani	000t	**6 374**	6 709	(5)	→
– Beeshoek	000t	**1 718**	1 111	55	↑
Manganese ore sales	000t	**1 368**	1 354	1	↑
– Nchwaning*	000t	**1 090**	1 023	7	↑
– Gloria*	000t	**278**	331	(16)	↓
Ferromanganese sales	000t	**111**	139	(20)	↓
– Cato Ridge	000t	**88**	104	(15)	↓
– Machadodorp	000t	**23**	35	(34)	↓
Chrome sales					
– Dwarsrivier chrome ore*	000t	**534**	494	8	→
– Machadodorp charge chrome	000t	**9**	16	(44)	→

* *Excludes intra-company sales.*

FINANCIAL OVERVIEW (ATTRIBUTABLE BASIS)		F2015	F2014	% change
EBITDA	R million	**2 964**	5 888	(50)
Headline earnings	R million	**1 588**	3 736	(57)
Cash generated from operations	R million	**2 967**	4 485	(34)
Capital expenditure	R million	**1 830**	1 753	4

SUSTAINABILITY OVERVIEW (100% BASIS)		F2015	F2014	% change
LTIFR*		**0.26**	0.25	4
CSR spend**	R million	**107**	136	(21)
Electricity consumption	000 MWh	**1 164**	1 216	(4)
Water consumption	million m^3	**10.8**	11.7	(8)
Total: Scope 1 and 2 emissions (attributable)#	tCO_2	**813 689**	824 948	(1)

* *LTIFR: Lost Time Injury Frequency Rate (per 200 000 man hours).*
** *CSR: Corporate Social Responsibility.*
# *Please note that the F2014 emissions changed marginally during the CDP external data verification process and have been re-stated accordingly.*
All figures are stated on 100% basis except tCO_2e, which is attributable (as per the CDP submission).

For further discussion on the ARM Ferrous sustainability performance refer to the Sustainability review on pages 38 to 71.

OPERATIONAL AND FINANCIAL REVIEW

Despite iron ore, chrome ore and manganese ore sales volumes increasing by 3%, 8% and 1% respectively, the ARM Ferrous attributable headline earnings for F2015 reduced by 57% to R1 588 million (F2014: R3 736 million).

The main drivers for the reduction in headline earnings were a 43% decline in realised US Dollar iron ore prices and a 21% decline in realised US Dollar manganese ore prices, which were partially offset by the 11% weakening of the Rand versus the US Dollar.

Record iron ore sales volumes of 16.19 million tonnes were achieved in F2015. Iron ore volumes exported were 13.69 million tonnes while local ore sales were 2.53 million tonnes.

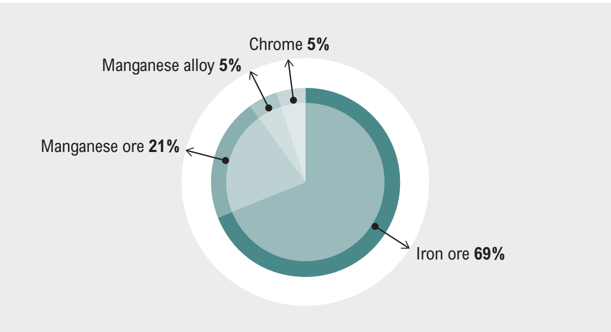
Manganese ore production volumes were marginally lower; however, manganese ore sales volumes at 2.74 million tonnes were 1% higher than F2014. Manganese ore volumes exported were 2.68 million tonnes and 0.06 million tonnes were sold locally.

The poor outlook for manganese alloy prices together with the high cost of production resulted in a decision to stop the last operating furnace at Machadodorp Works in April 2015 and another furnace at Cato Ridge Works was stopped in June 2015. At Machadodorp Works, all four furnaces are now under care and maintenance. The only activity at Machadodorp Works is the recovery of ferrochrome from the historical slag dump through the metal recovery plant. At Cato Ridge Works, only three of the six furnaces are currently operating, producing high carbon and medium carbon ferromanganese. The furnace closures and impact of load shedding resulted in production volumes being 8% lower than F2014. Sales volumes were 20% lower than F2014 due to adverse market conditions.

Chrome ore produced at Dwarsrivier Mine was 9% higher as a result of productivity improvements achieved through the deployment of mechanised equipment together with additional volumes being mined from North Shaft. Chrome ore sales increased by 8% to 1.07 million tonnes.

ARM Ferrous continues to critically review all operational plans and has introduced various initiatives aimed at reducing unit cost of production. This includes right-sizing the labour complement, improving equipment utilisation, enhancing productivity and mining and processing efficiencies.

ARM FERROUS REVENUE BY COMMODITY
(%)



Assmang unit cost and EBITDA margin performance

COMMODITY GROUP	Unit cost of sales change %	On-mine unit production cost change %	EBITDA margin %
Iron ore	4	(3)	37
Manganese ore	(2)	17	27
Manganese alloys	(2)	1	(9)
Chrome ore	(12)	5	16

Iron ore

Iron ore contributed a significant R1 248 million to the Assmang headline earnings.

Despite the higher than inflation cost increases experienced in labour cost and electricity cost, Khumani Mine achieved lower than inflation unit production cost increases due to the initiatives launched to curtail costs and improve production efficiencies and volume throughput in the beneficiation plant.

A further R350 million cost savings are expected to be realised by reducing procurement spend and consumables over the next two years. Khumani Mine is targeting a 15% reduction in on-mine unit production costs in F2016 (on a nominal basis).

Khumani Mine successfully completed an intervention that enables it to mine and recover iron ore from the various ore bodies in relationship to the naturally occurring on-grade and off-grade ratio. A successful initiative was launched at Khumani Mine through which the operating performance of the beneficiation plant increased by 20% from 10.7 million tonnes to 12.8 million tonnes and the on:off grade feed ratio rectified from 40:60 to the ore body ratio of 30:70.

Beeshoek Mine production increased from 3.1 million tonnes to 3.4 million tonnes. External sales from Beeshoek Mine increased by 55% from 2.2 million tonnes to 3.4 million tonnes (of which 2.5 million tonnes were sold locally). Beeshoek Mine reduced production unit cost by 4%. This was achieved through various initiatives launched to curtail costs and improve production efficiencies, together with a 10% increase in production volumes.

Manganese Division

The Manganese Division's contribution to headline earnings was R289 million and was 46% lower than the previous corresponding year.

Manganese ore unit production costs increased by 17% mainly due to lower tonnes produced, compounded by above-inflation increases in labour costs, increased hauling distances and ageing underground infrastructure. Costs were incurred for an intervention to curtail costs and improve production volumes and efficiencies. The benefits of this intervention are expected to materialise in the next financial year.

Black Rock Mine has embarked on a process to right-size its labour complement in line with the lower pricing environment and to align the mine with the operational and efficiency improvements required to remain profitable. The manganese ore operations are

Operational review: ARM Ferrous continued

targeting a 15% reduction in on-mine unit production costs in F2016 (in nominal terms).

Manganese alloy sales volumes were 20% lower at 223 000 tonnes.

Manganese alloy unit costs increased by 10% at Cato Ridge Works mainly due to lower production volumes due to load shedding. A decision was taken to reduce production volumes by switching-out a high-cost production unit. Cato Ridge Works has embarked on a process to right-size the labour complement in line with the revised operational requirements.

Unit production costs at Machadodorp Works decreased by 25% due to the remaining furnace being shut-down and only the Metal Recovery Plant operating. Machadodorp Works completed a Section 189 process to reduce its labour complement.

Chrome Division

Chrome ore sales from Dwarsrivier Mine increased 8% to 1.07 million tonnes.

Dwarsrivier Mine produced 10% more due to additional production volumes mined from North Shaft and realising productivity improvements through the deployment of mechanised equipment.

The unit cost increase for chrome ore was well-contained at an increase of 5% year-on-year.

CAPITAL EXPENDITURE

ARM Ferrous' total capital expenditure (at 100%) was R3.84 billion (F2014: R3.64 billion). Of this, R1.31 billion was spent on the Black Rock Project.

Beeshoek Mine's capital expenditure for F2015 mainly comprised the East Pit and Village Pit waste stripping, new load and haul equipment and the relocation of the Village infrastructure. Saleable production at Beeshoek Mine is expected to increase by 500 000 tonnes for the next financial year.

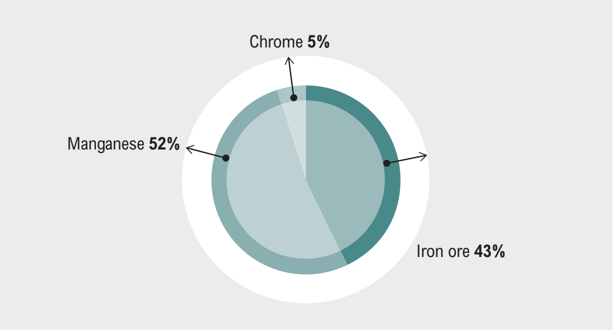
Khumani Mine's capital expenditure for F2015 mainly comprised waste stripping, infill drilling, purchase of mining equipment, the railway line diversion around the King Pit and construction of the third-party load-out facility.

The Black Rock Project currently in progress represented the majority of the division's capital expenditure for F2015. Other capital items at Black Rock included underground mining equipment, waste development, installation of the ore sorter plant, construction of new water storage dams and buildings, implementation of collision warning systems and various risk mitigating projects.

Dwarsrivier Mine's capital expenditure for F2015 mainly comprised of equipping the North Shaft underground development and the installation of new equipment in the beneficiation plant.

ARM Ferrous' management team continues to critically review the capital expenditure programmes in response to the current economic challenges facing the global mining industry.

ARM FERROUS CAPITAL EXPENDITURE BY DIVISION
(100% basis)



LOGISTICS

ARM Ferrous continues to engage with Transnet regarding the manganese ore export capacity as per the interim manganese export capacity allocation (MECA2) process and the longer-term (MECA3) process.

Transnet has received approval from the Department of Public Enterprises for the 16 million tonnes per annum expansion of the manganese export channel through a new terminal at the Port of Ngqura. Planning at this stage indicates that the export channel will be operational by the first quarter of 2019.

ARM Ferrous continues to experience good service levels on its iron ore export and iron ore domestic supply routes from Transnet.

PROJECTS

Beeshoek Village Pit

The Beeshoek employees have been successfully relocated from the Beeshoek Mine Village to Postmasburg, through the Company's home ownership scheme. The site clearance and preparation work to initiate waste stripping at Village Pit have been completed on time and within budget. The waste stripping process has commenced at Village Pit.

The project plan is reviewed continuously to ensure that the project objectives and activities are continuously calibrated with the changes and challenges being experienced in the iron ore market.

Manganese Ore Project

The objectives and capital schedule of the Black Rock Project have been reviewed taking into account the current manganese ore price environment.

The project is approximately 50% complete, with good progress being made with the construction of additional surface infrastructure. The underground and infrastructure development and sinking of a new ventilation shaft is proceeding on schedule.

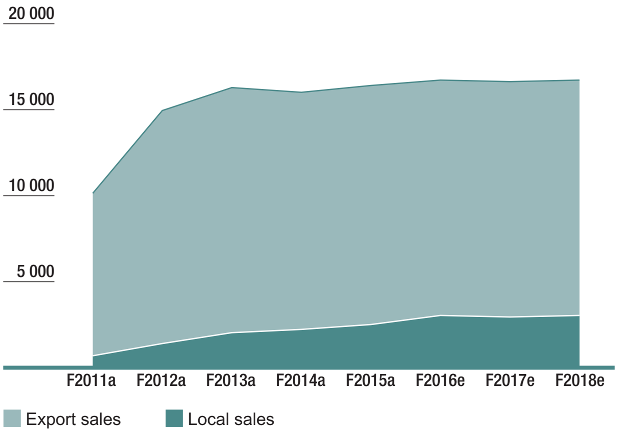
The primary focus of the project is to modernise the mine and improve Black Rock Mine's unit cost of production and its ability to exploit the high-grade ore resource within the Nchwaning mining areas.

Sakura Ferroalloys Project

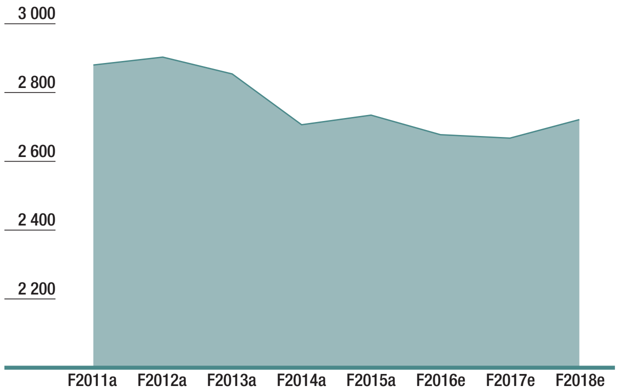
Construction of the Sakura furnace complex in Eastern Malaysia is progressing well. Operational readiness activities are well underway with hot commissioning of the first furnace expected to take place in the third quarter of F2016 and the second furnace in the fourth quarter of the F2016. The project remains within budget.

ARM FERROUS SALES VOLUMES FROM F2011 TO F2018 (100% BASIS)

IRON ORE SALES VOLUMES
100% basis (000 tonnes)

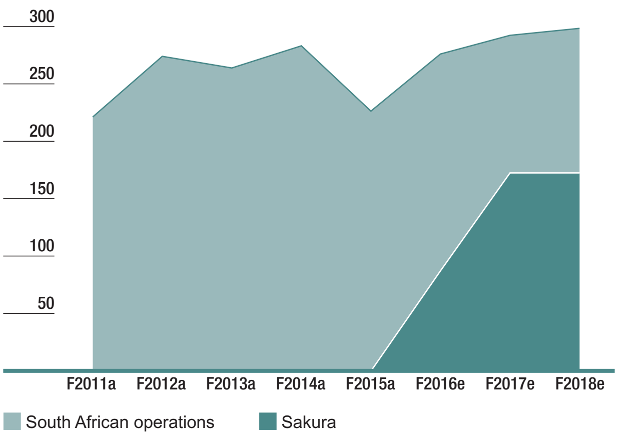


MANGANESE ORE SALES VOLUMES*
100% basis (000 tonnes)

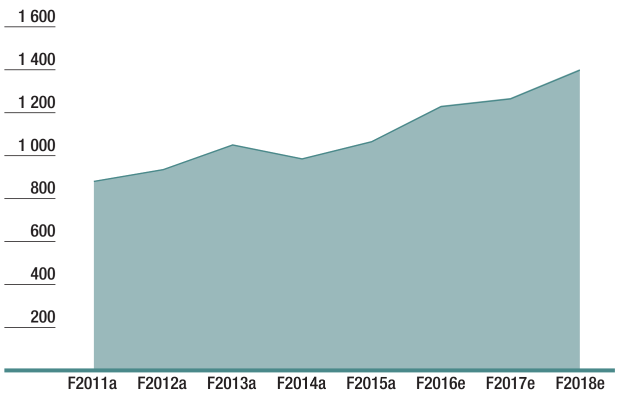


** External sales only*

MANGANESE ALLOY SALES VOLUMES
100% basis (000 tonnes)



CHROME ORE SALES VOLUMES
100% basis (000 tonnes)



Operational review: ARM Ferrous continued

MARKET REVIEW

Steel

After the financial crisis, world steel consumption and production has increased every year since 2009. However, as a result of the "Sino-slowdown", 2015 looks as if there will be a production decrease from 1 665 million tonnes in 2014 to as little as 1 640 million tonnes. Furthermore, it has become apparent that previous forecasts for steel consumption and production, particularly in China, were overestimated. To this extent it is possible that 2014 was "peak steel" for China. World growth in steel production over the next five years may be below 0.5% per annum and with ever-increasing scrap availability, production of pig iron may actually fall.

The Chinese economy is going through an evolution from the main driver being Fixed Domestic Investment to a more consumer driven economy but there have been significant challenges, including the bubbles in both the property and stock markets. Despite various stimulatory measures, including devaluation of the Renminbi, it is very uncertain whether China can sustain growth rates.

Iron ore

The decline in steel production and the paradigm shift in expectations for future steel growth have coincided with increased availability of iron ore. The mining industry had long planned to bring into production sufficient capacity to supply a much larger steel industry and most of this production has either been commissioned or will be in the short-term. In addition, much of this new capacity has been built by the major producers in Australia and Brazil and will have a very low cost of production. The result of this has been a significant fall in iron ore prices. The average 62% fines index on which most of Assmang's pricing is based fell for each quarter of the past financial year. The index had 2 low points; in April and early July 2015 it fell well below US$50/t CIF China but on both occasions recovered.

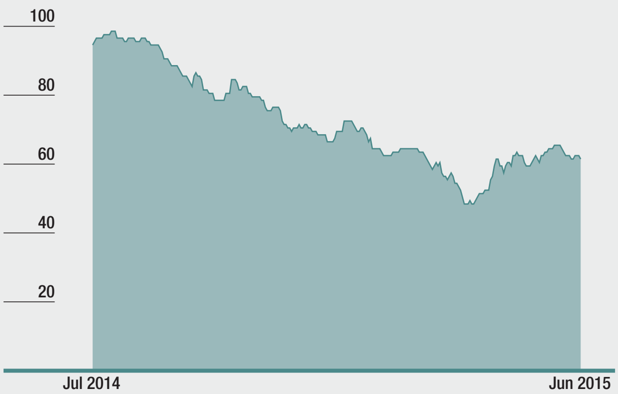
There is little consensus where the short to medium term price will settle. What is clear, is that the days of high prices are gone for the foreseeable future and that despite closures of higher cost iron ore mines in China, Australia, West Africa and other areas, further closures of mid-cost curve producers are required to balance supply and demand. It is most likely that for the period until the oversupply diminishes the 62% index fines price is expected to trade between US$40/t and US$60/t CIF China.

The lump premium and freight rates have provided some relief during the last year. Premiums for lumpy iron ore have been very volatile between a low of US$2.44/t and a high of US$20.15/t. A fair Value in Use for Assmang lumpy ore is in the range of US$7 – US$10/t, particularly since there is now a strong environmental push in China. Until December 2014, freight rates from Saldanha to China were volatile but at historical levels between US$12 – US$20/t. However, since then they have been at very low levels around US$7 – US$8/t with a slight uptick towards the end of the year. With less growth in seaborne iron ore trade, an abundance of vessels and low oil prices, freight rates are expected to remain low.

Assmang's strategy remains the same; to increase sales to customers with the highest value in use for Assmang's ore and to reduce the dependence on China. There was a positive result in diversifying away from China as the percentage of export sales to China decreased from 66% to 62%. Some success was achieved in India which made up 11% of the export sales.

Despite Assmang increasing its share in the local market, there is concern regarding the future of the local steel industry with one significant producer in business rescue and two other producers taking drastic cost cutting measures. Without government assistance, it seems unlikely that the local industry can survive in its current form with the depressed local market, unrelenting rises in key administered input costs and the flood of cheap Chinese imports.

F2015 SPOT 62% IRON ORE FINES PRICES – CIF
(US$/t)



Source: Bloomberg

While steel consumption is expected to reduce in China by up to 4% in 2015, production has not reduced to the same extent. This has resulted in exports from China annualising at more than 100 million tonnes per annum which is disrupting the rest of the steel industry worldwide, but particularly in Asia. Many countries have acted rapidly to enact anti-dumping legislation to defend their domestic steel industries but ostensibly because of its membership of the BRICS, South Africa has not yet done so.

Outside of China, the only country where steel consumption is anticipated to rise substantially is India. There is an expectation in the other major steel producing areas of Japan, South Korea, North America and Europe that at best there may be anaemic growth but more likely a gradual decline.

The financial situation of many steel mills, particularly in China is also cause for concern due to the very low steel prices. We anticipate that there will be closures of steel mills in China for economic and environmental reasons and further consolidation would be beneficial.

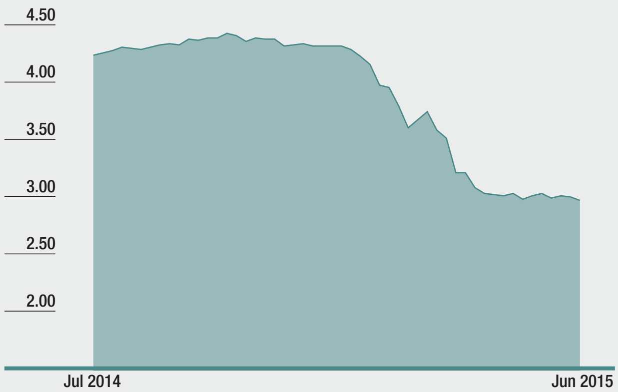
Manganese ore

Like almost all commodities, manganese ore is also in oversupply. The situation is, however, different to iron ore in that there are no low cost, major supply expansions in the pipeline. Prices fell dramatically in the middle of the financial year but eventually attained a level of stability. The price for the South African medium-grade semi-carbonate ore reached a level where it was no longer profitable to utilise road transport to the export ports and recently there has been some reduction in the volumes of imports into China. However, lower oil prices and the devaluation of the Rand will lower this breakeven point for these low-grade producers.

The higher-grade ores are generally not in oversupply although the prices have fallen in tandem with the medium-grade ores, but their value in use is generally higher for most smelters, particularly as the differential between the high-grade and medium-grade ores is insufficient inducement for smelters to use the latter.

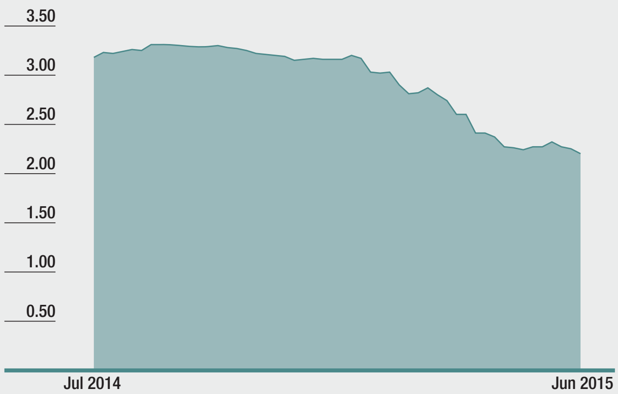
It is anticipated that the 44% Mn Metal Bulletin index will remain around its current level of $3.00/mtu CIF China until supply has adjusted further and the substantial port stocks in China have reduced. There is a belief that at these low prices Chinese mines may be forced to cut back further but there are no signs of other international manganese ore majors trimming production as they have done in previous downturns. It is still possible that the 37% Mn index could fall further, particularly as the new Kgalagadi Mine is commissioned and more of the other producers in the Kalahari take up their MECA 2 allocations.

F2015 44% MANGANESE ORE SPOT PRICES
(CIF Tiajin) (US$/mtu)



Source: INet Bridge

F2015 38% MANGANESE ORE SPOT PRICES
(FOB Port Elizabeth) (US$/mtu)



Source: INet Bridge

Operational review: ARM Ferrous continued

Manganese alloys

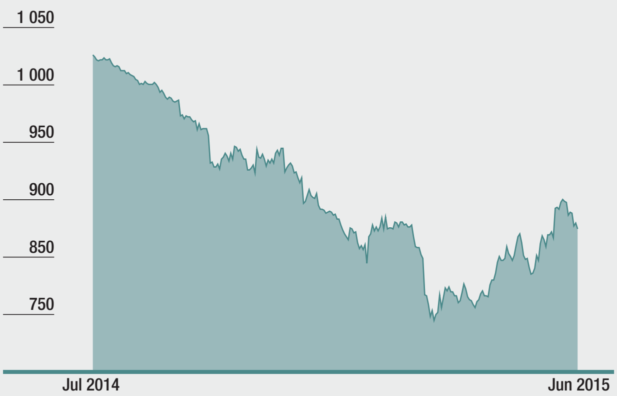
The manganese alloy market is little changed over the last 12 months. Alloy plant margins continue to be under pressure but supply adjustments so far are insufficient to influence pricing. In South Africa, Assmang has ceased all smelting at Machadodorp Works and has stopped production on another furnace at Cato Ridge. South 32 suspended production on three furnaces at Meyerton for the winter period but some or all of these may be restarted. Production in Brazil by Vale was temporarily interrupted during the year because of a shortage of hydro-power and the expiration of power contracts but the government utility has entered into long-term supply contracts at favourable rates to allow them to continue.

While the supply-demand balance on High Carbon Ferromanganese (HCFeMn) has not yet come into equilibrium, for most of last year the Medium Carbon Ferromanganese (MCFeMn) market was relatively in balance and prices declined less than for HCFeMn. The margin between HCFeMn and MCFeMn however remains very high and recently there has been a large increase in MCFeMn exports from South Korea which will negatively affect pricing.

The main seaborne markets for manganese alloys are Europe and North America and without a major pick up in steel production in these areas and/or the shutdown of significant alloy smelting capacity it is impossible to see alloy prices increasing markedly.

The devaluation of currencies in Ukraine, Brazil, Australia and South Korea plus the support from utilities in most of these countries enables producers there to remain profitable. The commissioning of the new smelting facilities in Malaysia will add to the potential oversupply and there is also the possibility of China resuming alloy exports if the 20% export duty is rescinded.

F2015 78% FERROMANGANESE SPOT PRICES
(US$/t)



Source: INet Bridge

Chrome

In 2014, although the rest of the world only increased production of stainless steel marginally, it was China that was the main driver accounting for almost 52% of the total. Although there are some doubts regarding future growth in short-term stainless demand in China, it is anticipated that as the Chinese economy transitions into a consumer-led economy that stainless demand will continue to increase.

Demand for ferrochrome is also expected to increase. In 2014, China produced 4.15 million tonnes compared to South Africa's 3.61 million tonnes. In the first part of 2015, South Africa's production also increased, primarily as a result of the depreciating Rand. However, despite strong demand, the ferrochrome prices deteriorated further during the year driven by the margin compression experienced by the stainless mills.

This strong ferrochrome production in China has resulted in chrome ore being in good demand. South Africa's chrome ore exports to China fell from the record in 2013 by almost 1 million tonnes due to the prolonged platinum strike and the cessation of the Eskom buybacks. Stock levels reduced in China from 2.5 million tonnes in July 2014 to as low as 1.6 million tonnes and even though South African exports have picked up substantially in 2015 and are again running at the same record level as 2013, there has been minimal recovery in these low ore stock levels.

Pricing for Assmang's premium LG6 concentrate started the 2015 financial year at around US$200/t CIF China and reduced gradually through the year to the $175 – US$180/t range. However, in Rand terms due to the Rand devaluation, netbacks at the mine actually increased, assisted by lower inland logistical costs and low sea freight rates. It is possible that in the short term, US Dollar chrome ore prices may reduce further, particularly if the Rand continues to devalue.

Although overall sales were a record, local sales declined. There is concern regarding the future viability of the South African ferrochrome smelting industry due in particular to the Eskom power increases. One of Assmang's local customers is currently in "business rescue" and another was forced to curtail production substantially.

ARM FERROUS OPERATIONAL STATISTICS

Iron Ore Division

KHUMANI AND BEESHOEK IRON ORE MINES

Management: Jointly managed by ARM and Assore, through Assmang. ARM provides administration and technical services, while Assore performs the sales and marketing function as well as technical consulting services.

Resources* – Measured and Indicated (100% basis)	Beeshoek Khumani	113.73 million tonnes 600.25 million tonnes	64.05% iron 64.29% iron
Reserves – Proved and Probable (100% basis)	Beeshoek – Dumps Khumani – Dumps	51.50 million tonnes 7.42 million tonnes 447.95 million tonnes 4.76 million tonnes	64.58% iron 55.38% iron 64.34% iron 55.79% iron
Total labour	4 696 employees including 2 285 contractors		

* *The Measured and Indicated Resources are inclusive of those modified to produce Mineral Reserves.*

		F2012	F2013	F2014	F2015	% change
Attributable headline earnings	R million	2 968	2 766	3 178	**1 247**	(61)
Operating margin	%	55	47	46	**25**	
Khumani iron ore						
Iron ore produced	000t	11 555	13 167	12 930	**12 649**	(2)
Iron ore sold	000t	13 364	14 057	13 418	**12 749**	(5)
Sales revenue	R million	14 572	14 454	15 999	**9 884**	(38)
Total costs	R million	6 558	7 567	8 608	**7 491**	(13)
Operating profit	R million	8 013	6 887	7 391	**2 393**	(68)
Capital expenditure	R million	3 033	2 159	1 127	**1 001**	(11)
Beeshoek iron ore						
Iron ore produced	000t	2 104	2 936	3 124	**3 427**	10
Iron ore sold	000t	1 389	2 013	2 223	**3 436**	55
Sales revenue	R million	724	1 236	1 668	**2 313**	39
Total costs	R million	367	656	726	**1 615**	122
Operating profit	R million	357	580	942	**698**	(26)
Capital expenditure	R million	306	550	931	**645**	(31)

Refer to pages 244 to 245 for the Iron Ore Division segmental information. IAR

Black Rock Manganese Mine

Operational review: ARM Ferrous continued

Manganese Division

NCHWANING AND GLORIA MANGANESE ORE MINES

MACHADODORP AND CATO RIDGE WORKS

Management: Jointly managed by ARM and Assore, through Assmang. ARM provides administration and technical services, while Assore performs the sales and marketing function as well as technical consulting services.

		Tonnes ('million)	Mn%	Fe%		Tonnes ('million)	Mn%	Fe%
	Nchwaning				**Gloria**			
Resources* – Measured and Indicated (100% basis)	Seam 1	133.02	43.0	9.2	Seam 1	126.45	36.9	5.1
	Seam 2	184.16	40.8	17.0	Seam 2	30.73	28.0	9.7
Reserves – Proved and Probable (100% basis)	Seam 1	104.21	42.7	9.6	Seam 1	92.62	36.8	5.3
	Seam 2	118.53	40.9	16.8	Seam 2	–	–	–
	Black Rock							
Resources* – Measured and Indicated (100% basis)	Seam 1	43.60	40.6	18.1				
	Seam 2	26.81	38.6	19.8				
Reserves – Proved and Probable (100% basis)	Seam 1	–	–	–				
	Seam 2	–	–	–				
Total labour	4 886 employees including 2 312 contractors							

* *The Measured and Indicated Resources are inclusive of those modified to produce Mineral Reserves.*

MANGANESE DIVISION – OPERATIONAL STATISTICS

		F2012	F2013	F2014	F2015	% change
Attributable headline earnings	R million	611	470	529	**289**	(45)
Operating margin	%	19	21	18	**10**	
Manganese ore						
Manganese ore produced	000t	3 296	3 199	3 358	**3 087**	(8)
Manganese ore sales*	000t	2 905	2 856	2 708	**2 736**	1
Sales revenue*	R million	3 985	4 950	5 556	**4 909**	(12)
Total costs	R million	3 136	3 545	3 962	**3 843**	(3)
Operating profit	R million	849	1 405	1 594	**1 066**	(33)
Capital expenditure	R million	470	777	1 269	**1 889**	49
Manganese alloys						
Manganese alloys produced	000t	372	332	342	**319**	(7)
Manganese alloys sold	000t	270	260	279	**223**	(20)
Sales revenue	R million	2 367	2 486	2 730	**2 219**	(19)
Total costs	R million	1 936	2 337	2 849	**2 588**	(9)
Operating profit	R million	431	149	(119)	**(369)**	(210)
Capital expenditure	R million	415	446	73	**95**	30

* *Excluding intra-group sales.*

Refer to pages 244 to 245 for the Manganese Division segmental information. IAR

Chrome Division

DWARSRIVIER CHROME ORE MINE AND MACHADODORP WORKS

Management: Jointly managed by ARM and Assore, through Assmang. ARM provides administration and technical services, while Assore performs the sales and marketing function as well as technical consulting services.

Resources* – Measured and Indicated (100% basis)	53.07 million tonnes at 37.89% Cr_2O_3
Reserves – Proved and Probable (100% basis)	37.60 million tonnes at 34.28% Cr_2O_3
Total labour	1 732 employees including 566 contractors

* *The Measured and Indicated Resources are inclusive of those modified to produce Mineral Reserves.*

CHROME DIVISION – OPERATIONAL STATISTICS

		F2012	F2013	F2014	F2015	% change
Attributable headline earnings	R million	(86)	1	64	**92**	44
Operating margin	%	(13)	(10)	–	**15**	
Dwarsrivier chrome ore						
Chrome ore produced	000t	1 004	1 033	1 014	**1 110**	9
Chrome ore sold*	000t	521	1 054	988	**1 068**	8
Sales revenue*	R million	596	1 191	1 291	**1 609**	25
Total costs	R million	544	1 193	1 190	**1 432**	20
Operating profit	R million	52	(2)	101	**177**	75
Capital expenditure	R million	211	132	243	**207**	(15)
Machadodorp charge chrome						
Charge chrome produced	000t	186	23	22	**21**	(5)
Charge chrome sold	000t	174	77	32	**18**	(44)
Sales revenue	R million	1 444	685	317	**189**	(40)
Total costs	R million	1 754	862	234	**103**	(56)
Operating profit	R million	(310)	(177)	83	**86**	3
Capital expenditure	R million	81	–	–	**–**	–

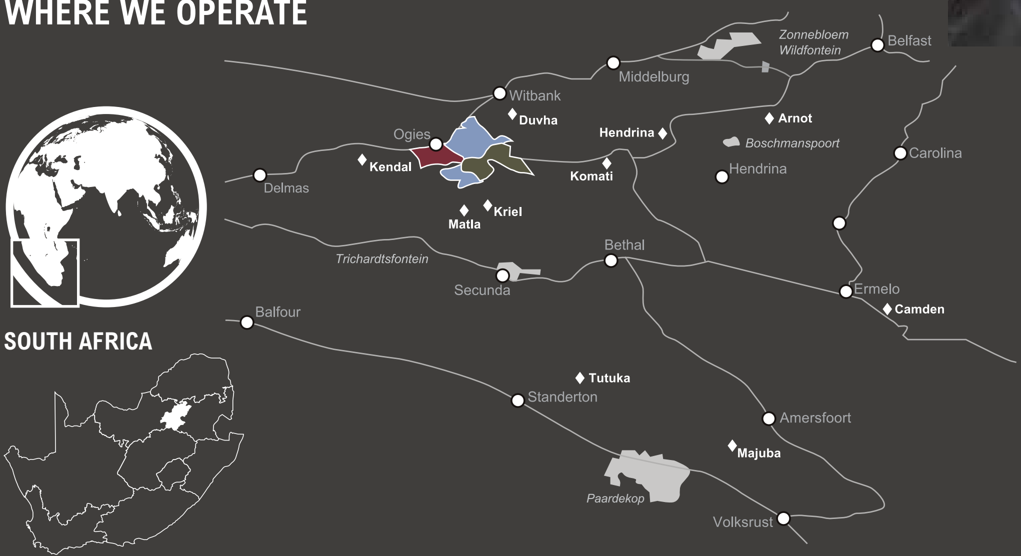
* *Excluding intra-group sales.*

Refer to pages 244 to 245 for the Chrome Division segmental information. IAR

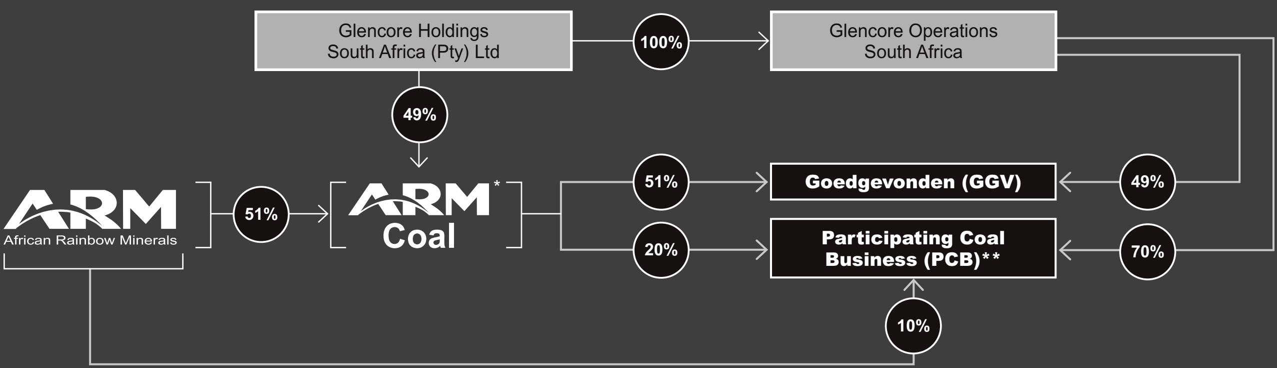
ARM COAL

Thando Mkatshana
Chief Executive:
ARM Copper and ARM Coal

WHERE WE OPERATE

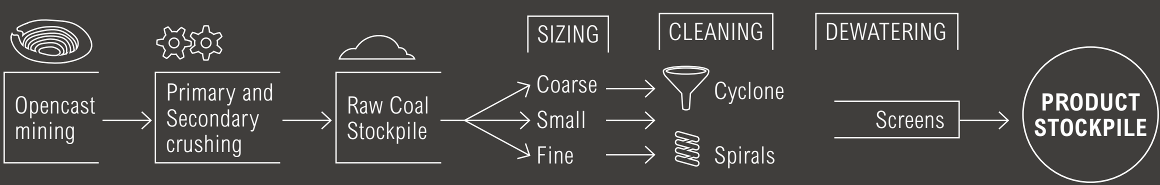


DIVISIONAL STRUCTURE



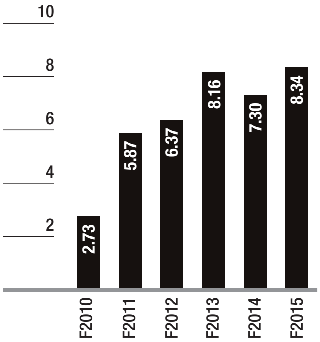
* ARM Coal holds the following:
– Access to Glencore Operations South Africa's interest and entitlement in the Richards Bay Coal Terminal (RBCT); and
– An export entitlement of 3.2 Mtpa in the Phase V expansion at the RBCT.
** Participating Coal Business (PCB) refers to the Impunzi and Tweefontein operations.

THE THERMAL COAL PRODUCTION PROCESS

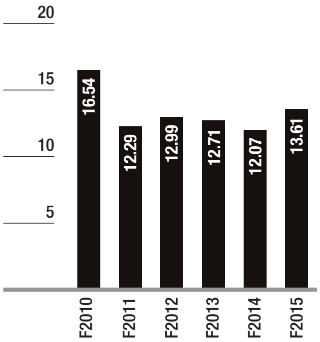


SALIENT FEATURES

GGV MINE SALEABLE PRODUCTION
100% basis (Mt)



PCB SALEABLE PRODUCTION
100% basis (Mt)



Attributable headline loss
R93 million
(F2014: R120 million)

Attributable cash inflow from operating activities (GGV only)
R372 million
(F2014: R407 million)

Attributable capital expenditure (GGV only)
R259 million
(F2014: R129 million)

Operational review: ARM Coal continued

SCORECARD

Goedgevonden (GGV) Coal Mine

F2015 OBJECTIVES	F2015 PERFORMANCE	F2016 OBJECTIVES
Complete the feasibility study to expand GGV Mine output.	The pre-feasibility study was completed and a bankable feasibility study has commenced.	Progress bankable feasibility study.

Participating Coal Business (PCB)

F2015 OBJECTIVES	F2015 PERFORMANCE	F2016 OBJECTIVES
Finalise construction and commission the Tweefontein Optimisation Project (TOP) in accordance with the project schedule.	Commissioning is progressing on schedule. Most of the performance criteria have been tested successfully.	Complete outstanding infrastructure and monitor performance of the project.
Addcar to stay in care and maintenance until global coal prices recovery.	Production ceased during F2015.	Monitor the export market conditions and review the operation.
Rail more coal to RBCT given the increased Transnet rail volumes performance and forecast.	New record volume levels were achieved in F2015.	Increase volumes railed in line with Transnet's capacity allocation and performance.

OVERVIEW

OPERATIONAL OVERVIEW (ATTRIBUTABLE BASIS)		F2015	F2014	% change	Operational target F2016
GGV sales	Mt	**2.15**	1.84	17	→
– Export thermal coal sales	Mt	**1.34**	1.02	31	↓
– Eskom thermal coal sales	Mt	**0.81**	0.82	(1)	↑
PCB sales	Mt	**2.73**	2.32	18	↑
– Export thermal coal sales	Mt	**2.17**	1.80	21	↑
– Eskom thermal coal sales	Mt	**0.35**	0.38	(8)	→
– Other local thermal coal sales	Mt	**0.21**	0.14	50	↓
ARM total sales	Mt	**4.88**	4.16	17	↑
– Export thermal coal sales	Mt	**3.51**	2.82	24	↑
– Eskom thermal coal sales	Mt	**1.16**	1.20	(3)	→
– Other local thermal coal sales	Mt	**0.21**	0.14	50	↓

FINANCIAL OVERVIEW (ATTRIBUTABLE BASIS)		F2015	F2014	% change
Cash operating profit	R million	**747**	505	48
– GGV	R million	**418**	373	12
– PCB	R million	**329**	132	149
Headline earnings attributable to ARM	R million	**(93)**	(120)	23
– GGV	R million	**93**	122	(24)
– PCB	R million	**(186)**	(242)	23

OPERATIONAL AND FINANCIAL REVIEW

ARM Coal's headline loss reduced by 23% to R93 million despite lower realised US Dollar export coal prices.

Attributable revenue was R230 million higher mainly due to a 24% increase in export sales volumes and a 10% weakening of the Rand. Realised US Dollar export prices declined 21%. Attributable cash operating profit increased by 48% to R747 million (F2014: R505 million).

ARM Coal delivered solid operational results achieving a decrease in unit costs per saleable product at both the Goedgevonden and the PCB operations. Total cost of sales, however, were 9% higher mainly as a result of higher export distribution costs and an increase in the amortisation charge.

Interest paid increased by R137 million to R413 million as the ARM Coal loan facility increased for the completion of the TOP Project and the interest facilitation for the GGV project loan terminated on 30 September 2014.

The conversion from predominantly underground mining to open cast mining is now completed. ARM Coal now produces approximately 90% of its coal from three large open cast mines with modern Coal Handling processing plants.

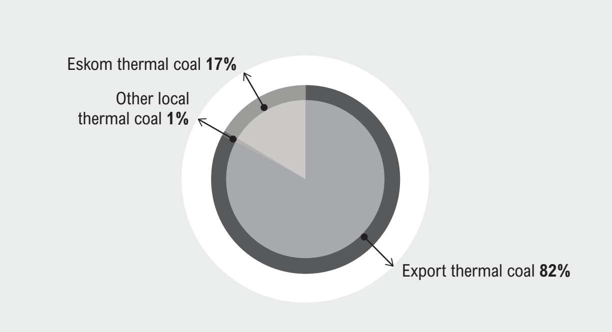
GGV Mine

GGV Mine delivered excellent production results for the year with run on mine and saleable production increasing by 10% and 14% respectively. Despite the higher production volumes, total on mine costs only increased by 4%. On-mine unit costs at R189 per saleable tonne were 9% lower than the R208 per saleable tonne recorded in F2014. Cost of sales were R108 million higher than F2014 mainly due to higher export distribution costs and higher depreciation.

A 31% increase in export sales volumes and the weaker Rand versus the US Dollar resulted in attributable export revenue being R350 million higher than in F2014, but a 26% decrease in export prices reduced revenue by R290 million.

Attributable cash operating profit increased 12% to R418 million (F2014: R373 million) while attributable headline earnings decreased by 24% to R93 million (F2014: R122 million). The decrease in earnings is mainly due to a R63 million increase in finance costs.

GGV REVENUE SPLIT
(%)



PCB

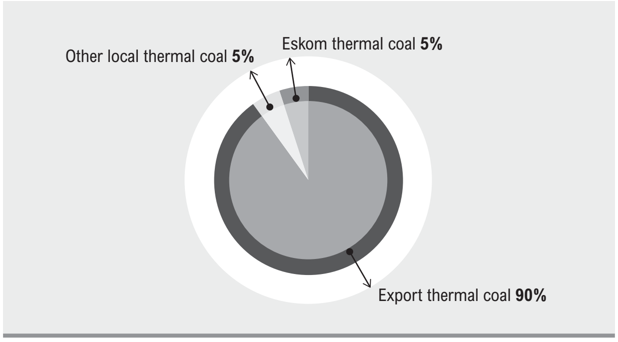
The commissioning of the Tweefontein Optimisation Project (TOP) during F2015 was the final step in the long-term strategy to migrate from high-cost underground operations to high-volume low-cost open cast operations. The mines comprising the PCB operations increased run of mine and saleable production by 11% and 12% respectively. On-mine unit costs decreased by 16% from R396 per saleable tonne to R333 per saleable tonne.

Total attributable cost of sales increased by R79 million mainly due to higher distribution costs and increased depreciation.

A 21% increase in export sales volumes and the weaker Rand resulted in attributable export revenue being R405 million higher than in F2014 while a 16% decrease in export prices reduced revenue by R265 million.

Attributable cash operating profit increased by 149% to R329 million (F2014: R132 million). The attributable headline loss improved by 23% to a loss of R186 million (F2014: loss of R242 million). The annual depreciation charge increased by 17% while finance costs were R74 million higher than in F2014, a direct result of increased borrowings for the funding of TOP.

PCB REVENUE SPLIT
(%)



CAPITAL EXPENDITURE

Capital expenditure at GGV comprised mainly of major equipment refurbishment and replacement costs and the capitalisation of a new North Pit box cut.

At PCB, capital expenditure mainly related to the TOP Project where 90% of the project value has been spent or committed.

LOGISTICS

The total volume of coal railed to RBCT by Transnet Freight Rail (TFR) increased from 70.8 million tonnes in the 2013 calendar year to a new record level of 72.44 million tonnes during the 2014 calendar year. These volumes were achieved despite a 10-day power outage at RBCT. TFR remains confident that the target of 81 million tonnes will be achieved in the foreseeable future. Volumes railed by GGV and PCB increased by 17% and 8% respectively during the current financial year.

Operational review: ARM Coal continued

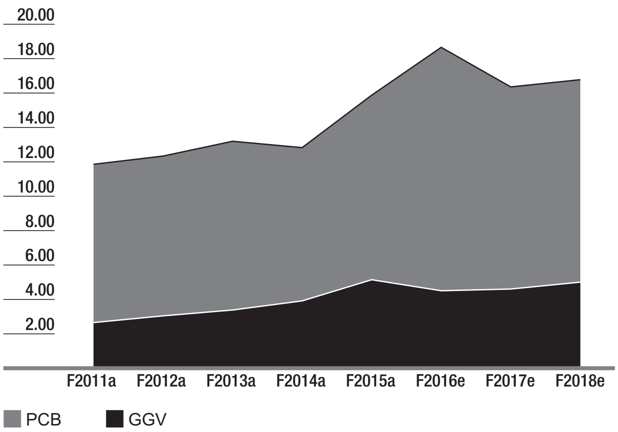
PROJECTS

Tweefontein Optimisation Project

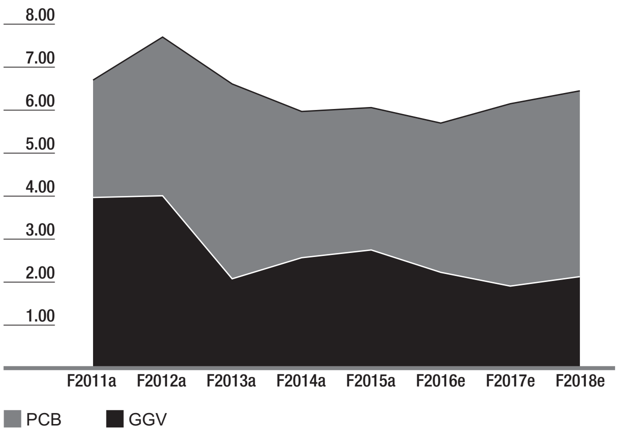
The project is progressing according to schedule. The mining operation is performing very well and commissioning of the plant has commenced. At the end of June 2015, 90% of capital expenditure was committed or spent. It is estimated that the project will be completed at a cost of R7.6 billion, which is approximately R600 million lower than the approved project capital.

Thermal coal sales volumes from F2011 to F2018

EXPORT THERMAL COAL SALES VOLUMES
100% basis (Mt)



LOCAL THERMAL COAL SALES VOLUMES
100% basis (Mt)



MARKET REVIEW

Export thermal coal

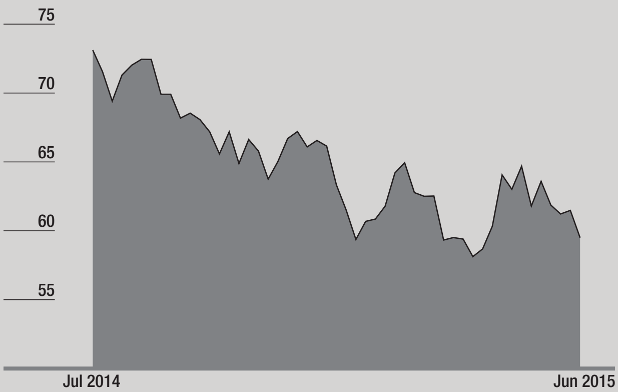
International coal demand remains strong but prices are being depressed by a substantial oversupply in the international thermal coal market. Some high cost producers are now exiting the market both locally and globally but to date this has not had an effect on prices. South African coal remains a swing supplier between Pacific and Atlantic markets and a noticeable change in the quality of coal being demanded by customers has also been observed.

Domestic thermal coal

Eskom is burning significantly less coal than previously planned (120 million tonnes per annum versus a planned 130 million tonnes per annum) and this reduced the amount of coal supplied by ARM Coal by 5% during the current financial year.

From 2018 onwards there is a substantial gap between Eskom's demand and the amount of coal which they have procured by way of long-term supply agreements with coal producers. ARM Coal is well-positioned to supply coal to fill this gap.

F2015 RICHARDS BAY API4 THERMAL COAL PRICES
(FOB)(US$/t)



Source: INet Bridge

Operational review: ARM Coal continued

Goedgevonden (GGV) Coal Mine

Management: Governed by a management committee, controlled by ARM Coal, with four ARM representatives and three Glencore representatives.

Resources* – Measured and Indicated (100% basis)	555 Mt
Reserves – (saleable) Proved and Probable (100% basis)	206 Mt
ARM's economic interest	26.01%
Total labour	1 314 (including 252 contractors)

* *The Measured and Indicated Coal Resources are inclusive of those modified to produce Coal Reserves. Coal qualities are reported in the "Resources and Reserves" section of the report on page •• to ••.*

(100% basis)		F2015	F2014	% change
Total saleable production	Mt	**8.34**	7.29	14
Total sales	Mt	**8.26**	7.10	16
Export sales	Mt	**5.16**	3.93	31
Domestic sales	Mt	**3.10**	3.17	(2)
Average price realised				
Export (FOB)	US$/t	**54.97**	73.83	(26)
Eskom (FOR)	R/t	**208.36**	198.92	5
On-mine saleable cost per tonne	R/t	**188.90**	208.10	(9)
Cash operating profit	R million	**1 606**	1 435	12
Operating margin	%	**41**	39	
Capital expenditure	R million	**1 011**	496	104

ATTRIBUTABLE PROFIT ANALYSIS		F2015	F2014	% change
Cash operating profit attributable to ARM	R million	**418**	373	12
Less: Interest paid	R million	**(150)**	(87)	(72)
Amortisation	R million	**(120)**	(103)	(17)
Fair value adjustments	R million	**(19)**	(14)	(36)
Profit before tax	R million	**129**	169	(24)
Tax	R million	**(36)**	(47)	23
Headline earnings attributable to ARM	R million	**93**	122	(24)

Refer to pages 240 to 241 for the ARM Coal segmental information. IAR

Participating Coal Business (PCB)

Management: Governed by a supervisory committee with five Glencore representatives and three ARM representatives.

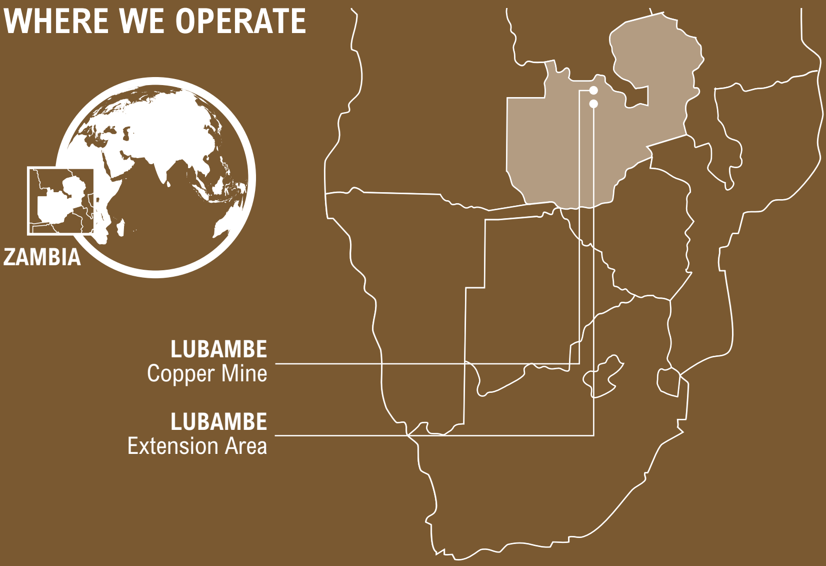
ARM's economic interest	20.2%

(100% basis)		F2015	F2014	% change
Total saleable production	Mt	**13.61**	12.10	12
Impunzi	Mt	**6.3**	5.3	19
South Stock	Mt	**1.9**	1.9	–
Tweefontein	Mt	**5.4**	4.9	10
Total sales	Mt	**13.50**	11.49	17
Export sales	Mt	**10.73**	8.90	21
Eskom sales	Mt	**1.74**	1.90	(8)
Other local sales	Mt	**1.03**	0.69	49
Average price received				
Export (FOB)	US$/t	**55.12**	65.71	(16)
Eskom (FOR)	R/t	**214.64**	202.81	6
Domestic (FOR)	R/t	**361.99**	330.93	9
On-mine saleable cost per tonne	R/t	**333.39**	395.64	(16)
Cash operating profit	R million	**1 629**	654	149
Operating margin	%	**22**	10	
Capital expenditure	R million	**2 759**	3 790	(27)

ATTRIBUTABLE PROFIT ANALYSIS	F2015	F2014	% change
Cash operating profit attributable to ARM	**329**	132	149
Less: Interest paid	**(263)**	(189)	(39)
Amortisation	**(300)**	(265)	(13)
Fair value adjustments	**(25)**	(13)	(92)
Loss before tax	**(259)**	(335)	23
Tax	**73**	93	22
Headline loss attributable to ARM	**(186)**	(242)	23

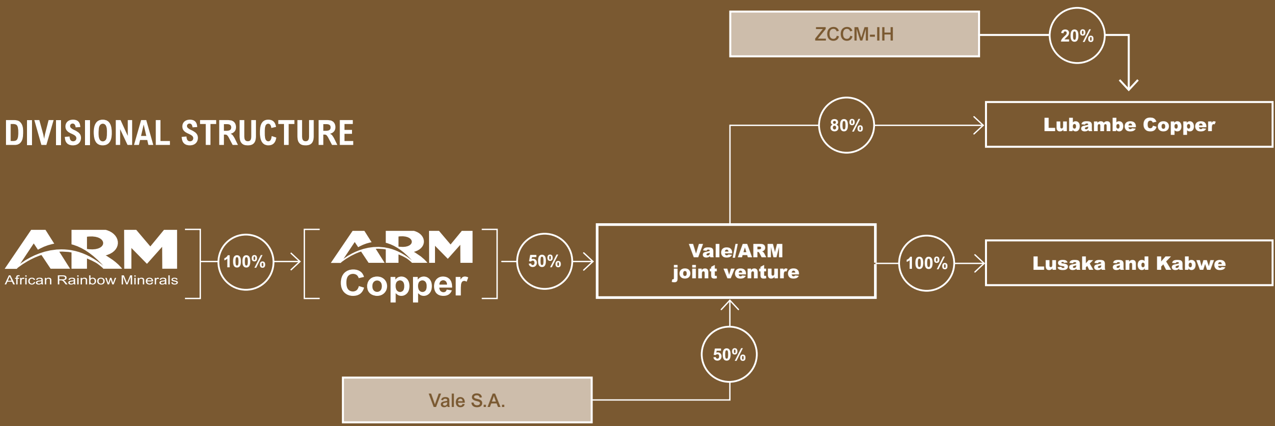
ARM COPPER

WHERE WE OPERATE

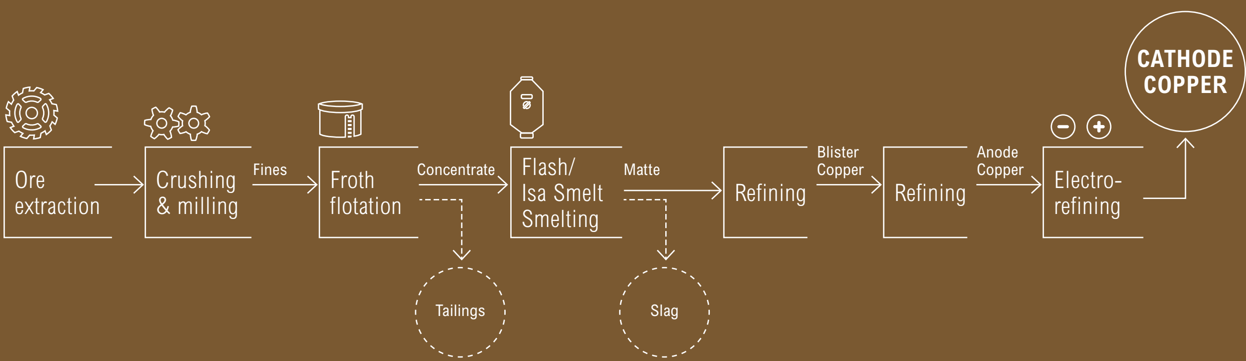


Thando Mkatshana
Chief Executive: ARM Copper and ARM Coal

DIVISIONAL STRUCTURE



THE COPPER PRODUCTION PROCESS



SCORECARD

Lubambe Copper Mine

F2015 OBJECTIVES	F2015 PERFORMANCE	F2016 OBJECTIVES
Continue the ramp up to full production by producing 36 000 tonnes of copper in F2015.	Access development at the mine has been slower than planned due to poor ground conditions. Lubambe Mine has implemented a revised mine plan to improve grade and unit production costs.	Continue to mine the East Limb at full production and evaluate mine design alternatives to access the South Limb ore and prepare the mine for ramp up to full production in F2019.
Improve the understanding of the complex ore body and ramp up to full production on a monthly basis towards the end of F2015.	Major improvements have been made in dilution control and extraction improvements. Continuous improvement in mining methodology is delivering good results.	Continue with the implementation of lessons learnt and operational improvements.

Lubambe Extension Area

F2015 OBJECTIVES	F2015 PERFORMANCE	F2016 OBJECTIVES
Continue with the drilling of the large hole in the vicinity of the anticipated new vertical shaft complex to conduct a hydrogeological study	Due to a decline in the short-term copper price outlook, drilling in the extension area has been temporarily suspended. The extension area remains an integral part of Lubambe's future development.	Continue to hold off further drilling until conditions in the copper market improve.

Operational review: ARM Copper continued

OVERVIEW

OPERATIONAL OVERVIEW (100% BASIS)		F2015	F2014	% change	Operational target F2016
Tonnes milled	000t	**1 650**	1 558	6	↓
Mill head grade	% copper	**1.93**	1.95	–	↑
Concentrator recovery	%	**81.1**	77.6	5	→
Copper concentrate produced	tonnes	**61 902**	57 009	9	↑
Copper concentrate sold	tonnes	**62 182**	82 458	(25)	↑
Contained metal					
Copper produced	tonnes	**25 839**	23 791	9	↑
Copper sold	tonnes	**25 974**	33 323	(22)	↑

Refer to pages 240 to 241 for the ARM Copper segmental information. IAR

FINANCIAL OVERVIEW (ATTRIBUTABLE BASIS)		F2015	F2014	% change
EBITDA	R million	**(125)**	(70)	(79)
Headline earnings/(loss)	R million	**(430)**	(309)	(39)
Cash (outflow) from operating activities	R million	**(95)**	(158)	40
Capital expenditure	R million	**302**	299	1

SUSTAINABILITY OVERVIEW (100% BASIS)		F2015	F2014	% change
LTIFR*		**0.21**	0.19	11
CSR spend**	R million	**2**	95	(98)
Electricity consumption	000 MWh	**114**	118	(3)
Water consumption	million m^3	**1.2**	1.1	9
Total: Scope 1 and 2 emissions (attributable)#	tCO_2e	**7 409**	6 625	12

** LTIFR: Lost Time Injury Frequency Rate (per 200 000 man hours).*
*** CSR: Corporate Social Responsibility.*
 # Please note that the F2014 emissions changed slightly during the CDP external data verification process and have been restated accordingly.
All figures are stated on 100% basis except tCO_2e, which is attributable (as per the CDP submission).

For discussion on the ARM Copper sustainability performance refer to the Sustainability review on pages 38 to 71. IAR

OPERATIONAL AND FINANCIAL REVIEW

The ARM Copper attributable headline loss increased by R121 million to R430 million in F2015 primarily due to a decline in the copper price and lower sales volumes. The average realised copper price in F2015 of US$6 355 per tonne was US$679 per tonne lower than the F2014 average realised price. The lower copper price had a negative impact of R119 million on attributable headline earnings.

Copper sales volumes in F2014 included 25 448 tonnes of untreated concentrate which were carried over from the 2013 financial year.

The Government of the Republic of Zambia increased the mineral royalty tax from 6% to 8% during the latter half of F2015 and treatment and refining charges escalated by 16% during the same period.

Tonnes mined, tonnes milled, head grade delivered to the concentrator plant and concentrator recoveries were all better than the F2014 period. These improvements, especially the head grade and plant recoveries, were more pronounced in the second half of the financial year.

C1 unit cash costs declined by 14% to US2.80/lb of copper produced. In the last quarter of F2015, the C1 unit cash costs were US$2.48/lb of copper produced.

Access development at the mine has been slower than planned due to poor ground conditions associated with the traversing of the sand zone on the South Limb and earlier than expected water intersection in the East Limb. This inflow is related to a flooded mine in the Democratic Republic of the Congo. Further to the changes announced at the interim results for the six months ending 31 December 2015, Lubambe Copper Mine has implemented revised plans to improve head grade delivered to the concentrator plant and counter the effects of the slower development progress and the decline in the copper price. The changes include:

- The South Limb mining area (vertical shaft area) has been placed on temporary care and maintenance to re-evaluate the development and optimise layout and extraction.
- All capital expenditure relating to the optimisation of the vertical shaft has been put on hold.
- Ore drive development was repositioned to reduce waste dilution.
- Change from contractor to owner development crews which in the last quarter of the financial year resulted in an improvement in efficiencies and a reduction in cost. The workforce complement has been reduced to align with the revised mining plan.

The revised mine plan together with a decline in the short-term copper price outlook resulted in an attributable impairment of R784 million.

During the last quarter of the 2015 financial year, the mine reduced the C1 unit cash cost by 27% compared to the full financial year of 2014. This unit cash costs for the last quarter were US$2.48/lb of copper produced and management is confident that further operational and mine design improvements will improve unit cost performance further.

The Lubambe Mine continues to target full production of 45 000 tonnes per annum and a steady state unit cost of US$2.00/lb is envisaged when this target is reached in F2019.

The Lubambe Copper Mine

Lubambe Copper Mine is still ramping up production albeit at a slower rate than initially planned. The slow-down of the ramp up was mainly due to poor ground conditions associated with the sand zone.

Mining through the sand zone in the South Limb required additional specialised support resulting in higher costs and slower advance rates. This, together with the sharp decline in the copper price, resulted in a decision to stop production from the South Limb area in the short-term. The slow-down in ramp up will also enable the mine to review and re-plan the approach to the sand zone with emphasis of reducing the frequency of traversing through this structure. The decision to return to production at the South Limb will be based on the revised layout and copper prices.

Further enhancements to stope methodology, mine design and extraction optimisation is underway and will be fully implemented by the end of the 2016 financial year.

The East Limb has been producing at its planned rate of 130 000 tonnes of ore per month since the last quarter of F2015. The results of the last quarter indicate that it is possible to mine at a head grade of more than 2.10% from underground. The mine has successfully completed transition from contractor to owner operator and costs have reduced accordingly.

In F2017 a decision will be made on the South Limb mining layout and ramp up programme. The mine expects to achieve 45 000 tonnes contained copper per annum from F2019.

PROJECTS

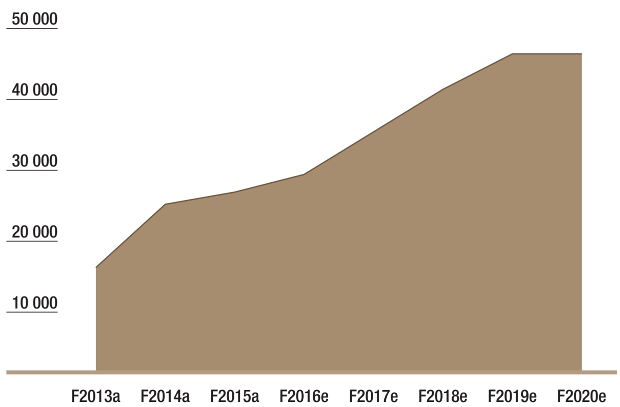
Lubambe Extension Area

During the year under review, a new hydrogeological hole was drilled to better understand the hydrogeology of the target area. This hole reached a depth of 756 metres after the planned casing was installed and the hole prepared for the next phase of drilling to its final depth of 1 050 metres.

Due to the rapid decline in the copper price, a decision was taken to delay further drilling and planned test work. The hole has been secured and future drilling and testing will be re-commissioned at an opportune time.

The high-grade Lubambe Extension Area remains an integral part of the future development of the Lubambe ore body.

ARM COPPER PRODUCTION VOLUMES FROM F2013 TO F2020
(100% basis)



Operational review: ARM Copper continued

MARKET REVIEW

The general downward trend in copper prices has continued with prices at 30 June 43% lower since reaching a peak of over US$10 100/t in February 2011. During the 2015 financial year copper prices fell by approximately 23% from approximately US$7 000/t to approximately US$5 400/t. Over 10% of copper producers are operating at a loss at current copper prices, according to GFMS data.

Falling oil prices have provided some assistance to copper producers by reducing the average production costs by approximately 5% over the last year.

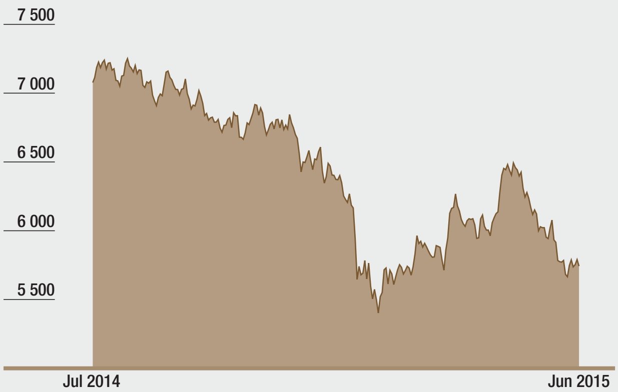
The recent devaluation of the Chinese Yuan and concerns about Chinese economic growth rates have caused negative sentiment amongst investors which led to a commodities sell-off on Chinese and worldwide stock markets. This negative sentiment has impacted on the commodity futures market with speculators taking short positions on copper. Consequently, there has been a significant drop in copper prices from over US$6 400/tonne in May 2015.

Commodities prices have fallen due to fears of a growth slowdown in China and expectations of a US interest rate hike later this year. The recent drop in copper prices, however is viewed by most analyst as a reaction to the current negative investment sentiment and concerns about China's growth rate rather than the fundamentals of the copper market. According to Citi Group copper is currently tarnished with the same brush as other commodities and is not reflective of the underlying fundamentals which are more supportive of a higher price.

During calendar year 2015 to date supply disruptions have been higher than expected and are expected to reduce the forecasted market surplus arising from new supply coming on line in 2015 and 2016. Year to date supply disruptions has reached an annualised rate of 6.6%, the highest since 2008. Reasons for the supply disruptions include Chile desert floods, price-led closures, slow project ramp-up and Zambia electricity power shortages.

On the demand side China's forecasted refined demand for 2015 has been reduced from 5.3% to 4.6%. This reduction is in acknowledgement of the poor demand from China during the first quarter of 2015. These demand and supply changes translate into a market that was originally forecast to be 500 thousand tonnes in surplus in 2015 to be more or less in balance with any further demand disruptions potentially swinging the market into deficit. The current market supply balance is forecast to persist in 2017, after which analysts predict that the market will move into deficit on the back of lower copper grades, ageing mines and lack of new mining development since 2012. Based on a panel of bank forecasts consensus copper prices are expected to return to US$8 000/tonne by 2019, as either project development or demand rationalisation must be incentivised to address the growing shortfall.

F2015 SPOT COPPER PRICES
(US$/t)



Source: INet Bridge

Lubambe Mine

Management: The mine is managed by the shareholders, via a Board of Directors.

		MEASURED & INDICATED RESOURCES*			PROVED & PROBABLE RESERVES		
		Mt	**TCu%**	**Mt contained Cu**	**Mt**	**TCu%**	**Mt contained Cu**
Resources and Reserves (100% basis)	Lubambe Mine	52.8	2.65	1.40	48.6	2.25	1.10
	Lubambe Extension Target Area	90.0	3.73	3.36	–	–	–
Refining	The concentrate produced is being smelted and refined at Konkola Copper Smelter and Chambishi Copper Smelter.						
Total labour	1 810 including 387 contractors						

* *The Measured and Indicated Mineral Resources are inclusive of those modified to produce Mineral Reserves.*

Operational review continued

ARM STRATEGIC SERVICES & EXPLORATION

Jan Steenkamp
Chief Executive: ARM Strategic Services & Exploration

DIVISIONAL STRUCTURE

ARM African Rainbow Minerals → 100% → ARM Strategic Services & Exploration → 100% →

- PGMs
- Base metals
- Manganese ore
- Coal

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

** Countries where opportunities have been investigated.*

SCORECARD

Mozambique: Rovuma Resources Limitada

F2015 OBJECTIVES	F2015 PERFORMANCE	F2016 OBJECTIVES
Continuation of diamond drilling to test priority targets.	A number of targets were tested by diamond drilling.	ARM has proposed that Rovuma secure a third-party investor to fund the next phase of work. No agreement has been reached and no further work is presently funded by ARM.
Resource definition drilling to continue.	Discovery of a on average 25 metres thick massive sulphide body with a strike extend of 2.5 kilometres.	
Ongoing assessment of targets through mapping and integration of data.	Logging, mineralogical and geochemical analyses defined copper and zinc mineralisation with gold and silver credits, comprising about 65 million tonnes.	
Evaluation of additional targets to be completed.	A gabbro-norite body with nickel sulphide drill intersection was further evaluauted through drilling.	

New Business & Exploration

F2015 OBJECTIVES	F2015 PERFORMANCE	F2016 OBJECTIVES
Continuation of business intelligence gathering and evaluation of projects that may provide ARM with the best opportunities.	Numerous opportunities evaluated, some to due diligence level.	Continuation of business intelligence gathering on the commodities that may provide ARM with the best opportunities.

Operational review: ARM Strategic Services & Exploration continued

REVIEW OF THE YEAR

The Strategic Services & Exploration Division focusses on the following:

- Information Technology.
- Technical Support.
- Projects.
- Exploration & New Business.

Cost for the Strategic Services & Exploration Division reduced by 38% to R50 million (F2014: R81 million).

INFORMATION TECHNOLOGY

Information technology manages, provides and develops business intelligence systems, provides hardware and software applications, and assures continuous improvement, compliance and IT security.

TECHNICAL SUPPORT

Technical Support comprises an experienced, multi-disciplinary team that provides technical services to all existing operations and new business opportunities.

PROJECTS

The Projects team partners with the divisions to project manage major capital investments. The team manages the design, construction and commissioning of major projects to the required specifications, timing and budgets, and assures that the new operation is provided with the required skills and services. The current major projects in progress are the Black Rock Project and the Sakura Ferroalloys Project.

EXPLORATION & NEW BUSINESS

Exploration & New Business includes Mineral Resources Management and Hyperion Strategic Finance.

Mineral Resources Management undertakes resource database management, advanced modelling of resources pertaining to the operations and undertakes resources estimation and classification. Mineral Resources Management is also the competent person for the resources and reserves declaration in the Integrated Annual Report.

Hyperion Strategic Finance undertakes 'Life of Mine' evaluations of the existing ARM operations culminating in an ARM Enterprise valuation. The unit undertakes financial modelling and economic evaluations of expansions and/or organic growth projects, potential divestments and new investment opportunities.

ARM pursues new minerals investment opportunities in the commodities of ARM's current portfolio, focussing on PGM's, base metals especially copper and nickel sulphides and related by-products, as well as good quality manganese and coal opportunities.

The Exploration & New Business team continued with exploration work in Mozambique to the end of March 2015 when the agreement with Rovuma Resources Limited expired.

ARM had previously announced that Assmang had entered into a conditional share subscription agreement with IronRidge Resources Limited (IronRidge). IronRidge and Assmang were to evaluate potential high-grade iron ore deposits in Gabon, in close proximity to the coast. A condition precedent to the agreement was that IronRidge undertake a capital raising of GBP 25 million and list on the Alternative Investment Market of the London Stock Exchange. Due to adverse market conditions, the capital raising was not successful and ARM decided to not participate further in this venture.

GOLD: HARMONY

OVERVIEW

		F2015	F2014
Gold produced	kg	**33 513**	36 453
	000oz	**1 077**	1 172
Cash operating costs	R/kg	**369 203**	328 931
	US$/oz	**1 003**	988
Financial performance			
Revenue	R million	**15 435**	15 682
Cost of sales	R million	**(19 053)**	(16 088)
Gross loss	R million	**(3 618)**	(406)
Net loss for the year	R million	**(4 536)**	(1 270)
Total headline/(loss) earnings per share	cents per share	**(189)**	26
Total capital expenditure	R million	**2 593**	2 528
Market performance			
Average gold price received	R/kg	**449 570**	432 165
	US$/oz	**1 222**	1 299
	R billion	**6.8**	13.6

ARM owns

14.6%

of Harmony's issued share capital.

HARMONY GOLD MINING COMPANY LIMITED (HARMONY)

Harmony operates and develops world-class gold assets in South Africa and Papua New Guinea (PNG). It has nine 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 Limited, which includes the Hidden Valley open pit mine, the Golpu Exploration Project as well as other exploration properties. Harmony also has additional, 100%-owned, PNG exploration areas. Harmony currently employs approximately 31 114 people (including contractors).

Harmony reported a headline loss of 189 cents per share for the year ended 30 June 2015 (F2014: earnings of 26 cents per share).

Revenue for F2015 was 2% lower at R15 435 million as a result of a 5% decrease in gold sold, which was offset by a 4% increase in Harmony's realised Rand gold price to R449 570/kg in F2015 due to a weakening of the Rand against the US Dollar from R10.35/US$ to R11.45/US$.

Harmony has restructured a number of its operations to ensure that the Company is profitable in a challenging gold price environment. This has resulted in the closure of Target 3 Shaft and the restructuring of Kusasalethu, Masimong, Hidden Valley and Doornkop for profitability.

Harmony's all-in sustaining costs increased by 11% from R413 433/kg to R458 626/kg.

A net loss of R4 536 million was recorded in F2015 mainly due to a total impairment of R3.5 billion, following an annual life-of-mine reassessment of all the Harmony operations. The impairment of R3 471 million in the June 2015 quarter consists of an impairment of R2 114 million in respect of Hidden Valley, R1 036 million on Doornkop, R278 million on Phakisa and R43 million on Freddies 9. The impairments recognised on Hidden Valley and Doornkop are due to the restructuring of these operations for profitability in response to low commodity prices and high operating costs. The impairments recorded in respect of Phakisa is due to high costs and its impact on profitability. The impairment in respect of the Freddies 9 Project was due to Harmony's decision not to continue with the project.

The ARM Statement of Financial Position as at 30 June 2015 reflects a mark-to-market investment in Harmony of R992 million at a share price of R15.59 per share (F2014: R31.15 per share). Changes in the value of the investment in Harmony, to the extent that they represent a significant or prolonged decline below the cost of the investment, are adjusted through the Income Statement, net of tax. Gains above the cost are accounted for, net of deferred capital gains tax, through the Statement of Comprehensive Income. Dividends are recognised in the ARM Income Statement on the last day of registration following dividend declaration. No dividends were declared by Harmony during F2015.

Harmony's results for the 12 months ended 30 June 2015 can be viewed on 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 available on **www.arm.co.za** under the Mineral Resources and Mineral Reserves section.

Salient features for F2015

ARM FERROUS

Beeshoek Mine

Measured and Indicated Mineral Resources for Village ore body increased to 51.53 million tonnes at a grade of 64.42% Fe compared to 44.09 million tonnes at 64.36% Fe reported in 2014. The increase was as a result of recent drilling and update of the resource model.

Khumani Mine

The total Mineral Reserves for Khumani decreased from 550.10 million tonnes at 64.41% Fe to 447.95 million tonnes at 64.34% Fe mainly due to re-optimisation of the King Pit at lower iron ore prices and mining depletion.

ARM PLATINUM

Two Rivers Mine

The incorporation of portions 1 to 6 of Kalkfontein Farm, Buffelshoek Farm and Tweefontein Farm into Two Rivers Mine resulted in the UG2 Reef Measured and Indicated Resources tonnage increasing by 48% to 74.94 million tonnes at 5.16 g/t (6E) while Merensky Reef Measured and Indicated Resources tonnage increased by 41% to 60.57 million tonnes at 3.11 g/t (6E). Inferred Mineral Resources also increased to 117.83 million tonnes at 5.75 g/t (6E) for UG2 Reef and 99.19 million tonnes at 3.92 g/t (6E) for Merensky Reef.

Tamboti Platinum

Measured and Indicated Mineral Resources of 15.20 million tonnes at 6.19 g/t (6E) for UG2 Reef and 14.39 million tonnes at 4.31 g/t (6E) for Merensky Reef have been declared for the Kalkfontein Remaining Extent Area adjacent to Two Rivers Mine which was purchased from Tamboti Platinum (Pty) Limited.

Nkomati Mine

Measured and Indicated Resources tonnage decreased by 6% to 226.59 million tonnes at 0.35% Ni grade due to remodelling and mining depletion.

ARM COAL

Goedgevonden Coal Mine

Coal 'Run of Mine' (ROM) Reserves decreased to 331 million tonnes as compared to 371 million tonnes reported in 2014 mainly due to depletion by mining and change in the Eskom yield cut-off.

ARM COPPER

Lubambe Mine

Mineral Reserves increased by 14% to 48.6 million tonnes at a grade of 2.25% total copper (TCu) due to an increase in mining extraction factors in some areas.

F2015 Mineral Resources and Mineral Reserves summary

PLATINUM GROUP ELEMENTS	Mineral Resources (Measured and Indicated)		Mineral Reserves (Proved and Probable)		
	Mt	Grade (g/t)	Mt	Grade (g/t)	Moz
Two Rivers Mine					
UG2	74.94	5.16 (6E)	41.86	3.65 (6E)	4.92 (6E)
Merensky	60.57	3.11 (6E)			
Tamboti Platinum (Kalkfontein Remaining Extent)					
UG2	15.20	6.19 (6E)			
Merensky	14.39	4.31 (6E)			
Modikwa Mine*					
UG2	136.70	5.91 (4E)	48.13	4.66 (4E)	7.21 (4E)
Merensky	72.00	2.78 (4E)			
Nkomati Mine					
MMZ+PCMZ	226.59	0.96 (4E)	103.79	0.92 (4E)	3.07 (4E)
MMZ Stockpiles			0.17	0.65 (4E)	0.003 (4E)
PCMZ Stockpiles			3.63	0.52 (4E)	0.06 (4E)
Kalplats PGM Prospect	69.91	1.48 (3E)			

***6E** = platinum+palladium+rhodium+iridium+ruthenium+gold*
***4E** = platinum+palladium+rhodium+gold*
***3E** = platinum+palladium+gold*
* *The Measured and Indicated Mineral Resources are inclusive of those modified to produce Mineral Reserves, except for Modikwa Mine.*

NICKEL	Mineral Resources* (Measured and Indicated)		Mineral Reserves (Proved and Probable)	
	Mt	Ni%	Mt	Ni%
Nkomati Mine				
MMZ+PCMZ	226.59	0.35	103.79	0.32
MMZ Stockpiles			0.17	0.29
PCMZ Stockpiles			3.63	0.21

* *The Measured and Indicated Mineral Resources are inclusive of those modified to produce Mineral Reserves.*

MANGANESE	Mineral Resources* (Measured and Indicated)			Mineral Reserves (Proved and Probable)		
	Mt	Mn%	Fe%	Mt	Mn%	Fe%
Nchwaning Mine						
Seam 1	133.02	43.0	9.2	104.21	42.7	9.6
Seam 2	184.16	40.8	17.0	118.53	40.9	16.8
Black Rock (Koppie area)						
Seam 1	43.60	40.6	18.1			
Seam 2	26.81	38.6	19.8			
Gloria Mine						
Seam 1	126.45	36.9	5.1	92.62	36.8	5.3
Seam 2	30.73	28.0	9.7			

* *The Measured and Indicated Mineral Resources are inclusive of those modified to produce Mineral Reserves.*

F2015 Mineral Resources and Mineral Reserves summary continued

IRON ORE	Mineral Resources* (Measured and Indicated) Mt	Fe%	Mineral Reserves (Proved and Probable) Mt	Fe%
Beeshoek Mine				
All pits	113.73	64.05	51.50	64.58
Dumps			7.42	55.38
Khumani Mine				
Bruce	202.97	64.46	163.83	64.37
King – Mokaning	397.28	64.21	284.12	64.33
Dumps			4.76	55.79

* *The Measured and Indicated Mineral Resources are inclusive of those modified to produce Mineral Reserves.*

CHROMITE	Mineral Resources* (Measured and Indicated) Mt	Cr_2O_3%	Mineral Reserves (Proved and Probable) Mt	Cr_2O_3%
Dwarsrivier Mine				
LG6 Chromitite Seam	53.07	37.89	37.60	34.28
Nkomati Mine				
PCMZ	102.93	11.83	50.51	13.61
Oxidized Massive Chromitite	0.62	28.23	0.57	25.30
Un-oxidized Massive Chromitite	5.48	29.27	1.21	20.57
Chromite Stockpiles			2.62	20.53

* *The Measured and Indicated Mineral Resources are inclusive of those modified to produce Mineral Reserves.*

	COAL RESOURCES*		COAL RESERVES		
	(Measured and Indicated)		Proved and Probable (ROM)		Proved and Probable (Saleable)
COAL	Mt	CV(MJ/kg)	Mt	CV (MJ/kg)	Mt
Goedgevonden Coal Mine	555	19.76	331	19.90	206

* *The Measured and Indicated Coal Resources are inclusive of those modified to produce Coal Reserves.*

COPPER	Mineral Resources* (Measured and Indicated) Mt	TCu%	ASCu%	Mineral Reserves (Proved and Probable) Mt	TCu%	ASCu%
Lubambe Mine	52.8	2.65	0.43	48.6	2.25	0.34
Lubambe Extension Target Area	90.0	3.73	0.56			

* *The Measured and Indicated Mineral Resources are inclusive of those modified to produce Mineral Reserves.*

General statement

ARM's method of reporting Mineral Resources and Mineral Reserves complies with the South African Code for Reporting Exploration Results, Mineral Resources and Mineral Reserves (SAMREC Code), of 2007 as amended in 2009.

The Code sets out minimum standards, recommendations and guidelines for Public Reporting of Exploration Results, Mineral Resources and Mineral Reserves in South Africa.

The convention adopted in this report is that the Measured and Indicated Mineral Resources are reported inclusive of that portion of those converted to a Mineral Reserve, except for Modikwa Platinum Mine where the Measured and Indicated Mineral Resources are reported exclusive of the Mineral Reserves. Resources and Reserves are quoted as at 30 June 2015.

External consulting firms audit the Resources and Reserves of the ARM operations on a three-to-four-year cycle basis or when substantial geological borehole data has been added to the database. Underground Resources are *in-situ* tonnages at the postulated mining width, after deductions for geological losses. Underground Mineral Reserves reflect tonnages that will be mined and processed while surface Mineral Reserves consists of dumps/stockpiles already mined and ready for processing. Both are quoted at the grade fed to the plant. Open-pit Mineral Resources are quoted as *in-situ* tonnages and Mineral Reserves are tonnages falling within an economic pit-shell.

The evaluation method is generally Ordinary Kriging with mining block sizes ranging from 10 x 10 metres to 100 x 100 metres to 250 x 250 metres in the plan view. The blocks vary in thickness from 2.5 to 10 metres. The evaluation process is fully computerised, generally using Datamine Studio 3 and Strat3D software packages.

The classification into Measured, Indicated and Inferred Mineral Resources is done by consideration of geostatistical parameters, spacing of boreholes, geological structures and continuity of the mineralisation.

The Mineral Resources and Mineral Reserves are reported on a total basis, not 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.

ARM operations have already had their conversions from Old Order Mining Licences to New Order Mining Rights approved, with only a few in the process of registration.

Rounding of figures may result in computational discrepancies on the Mineral Resources and Reserves tabulations.

Ore transportation at Nkomati Nickel Mine.

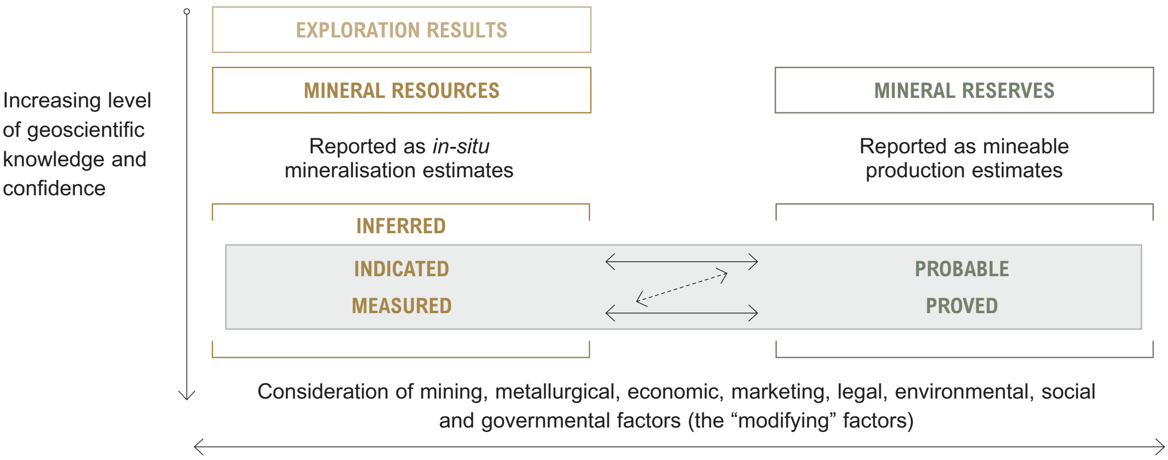
Mineral Resources and Mineral Reserves continued

Definitions

The definitions of Mineral Resources and Reserves, quoted from the SAMREC Code (2007, as amended in July 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.

RELATIONSHIP BETWEEN EXPLORATION RESULTS, MINERAL RESOURCES AND MINERAL RESERVES



Competence

The Competent Person with overall responsibility for the compilation of the 2015 Mineral Resources and Reserves Report is Shepherd Kadzviti, Pr.Sci.Nat, an ARM employee. He confirms that the information in this report complies with the SAMREC Code and that it may be published in the form and context in which it was intended.

Shepherd Kadzviti graduated with a BSc (Geology and Mathematics) and MSc in Exploration 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 at Union Mine as an Evaluation Geologist with responsibilities for geological database management and mineral resource estimation. After two years at the 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 Resources 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 (SACNASP) as a Professional Natural Scientist (Pri. Sci.Nat) in the field of practice of geological science, registration number 400164/05, and as such is considered to be a Competent Person. SACNASP is based in the Council for Geosciences Buildings, 3rd Floor, 280 Pretoria Road, Silverton, 0127, South Africa.

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 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 A Burger	Pr.Sci.Nat	**Iron**
S v Niekerk	Pr.Sci.Nat	**Iron**
B Ruzive	Pr.Sci.Nat	**Manganese**
A Pretorius*	Pr.Sci.Nat	**Chrome**
M A J Burger	Pr.Sci.Nat	**Iron**
M Hlangwane	Pr.Sci.Nat	**Iron**
M Davidson	Pr.Sci.Nat	**Nickel**
J de Kock	SAIMM	**PGM#**
M Cowell	Pr.Sci.Nat	**PGM**
M Smith^	Pr.Sci.Nat	**Coal**
AMEC*		**Copper**
C Rose	Pr.Sci.Nat	**Copper**

* *External consultants.*
^ *Glencore Operations South Africa.*
# *PGM – Platinum Group Metals.*

Anglo American Platinum and Glencore provide Mineral Resources and Reserves for Modikwa and Goedgevonden Mines respectively.

Shepherd Kadzviti Pri.Sci.Nat
Group Mineral Resources Manager
African Rainbow Minerals
24 Impala Road, Chislehurston, Sandton, South Africa.

14 October 2015

Mineral Resources and Mineral Reserves continued

ARM Ferrous

ASSMANG PROPRIETARY LIMITED (ASSMANG) OPERATIONS

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

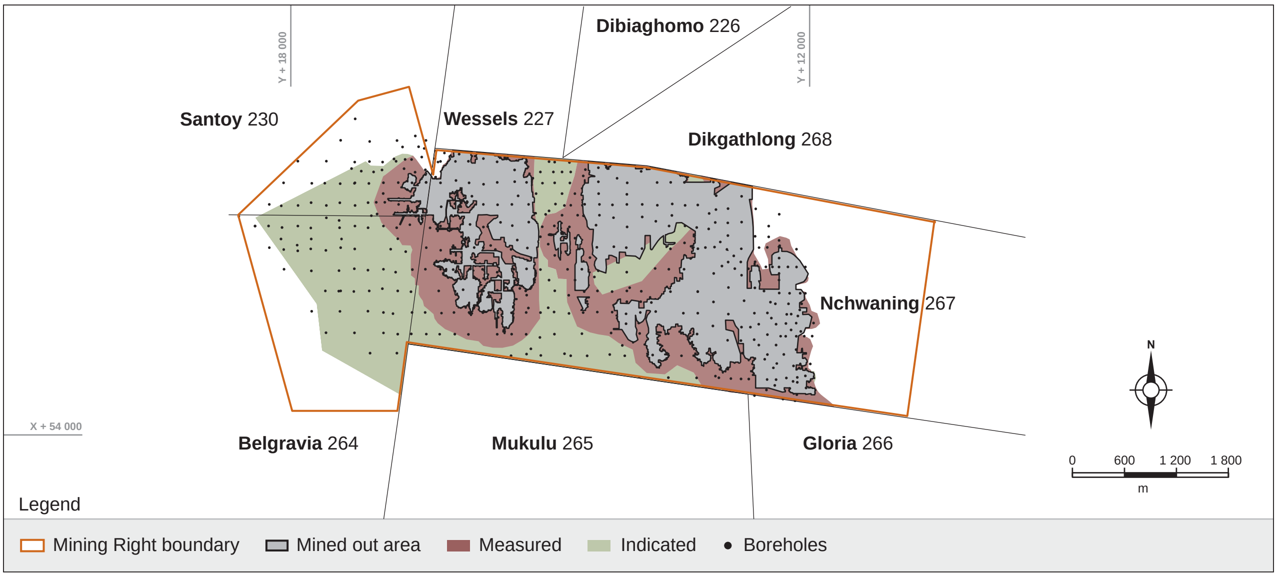
Manganese Mines

NCHWANING MINE: SEAM 1 MANGANESE MINERAL RESOURCES AND RESERVES

	Mineral Resources				Mineral Reserves		
	Mt	Mn%	Fe%		Mt	Mn%	Fe%
Measured	57.13	44.5	9.8	Proved	45.02	43.9	10.2
Indicated	75.89	41.9	8.8	Probable	59.19	41.8	9.1
Total Resources (Seam 1) 2015	**133.02**	**43.0**	**9.2**	**Total Reserves (Seam 1) 2015**	**104.21**	**42.7**	**9.6**
Total Resources (Seam 1) 2014	136.58	43.1	9.4	Total Reserves (Seam 1) 2014	102.76	43.2	9.3

The Measured and Indicated Mineral Resources are inclusive of those modified to produce Mineral Reserves.
Totals are rounded off.
Modifying factors for the conversion of Mineral Resources to Reserves include: pillar losses, mining losses.
Mineral Resources and Reserves based on 4.5 metres optimum evaluation cut for Seam 1 of Nchwaning 3 and 3.5 metres cut for the rest of Nchwaning.

NCHWANING MANGANESE SEAM 1 MINERAL RESOURCES CLASSIFICATION

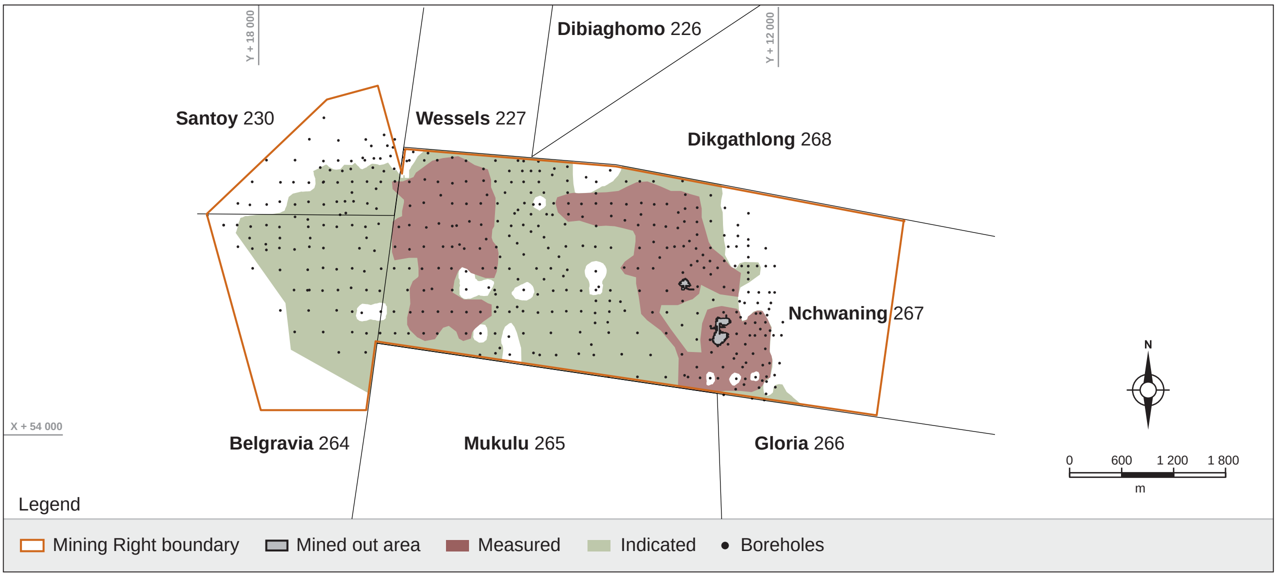


NCHWANING MINE: SEAM 2 MANGANESE MINERAL RESOURCES AND RESERVES

	Mineral Resources				Mineral Reserves		
	Mt	Mn%	Fe%		Mt	Mn%	Fe%
Measured	66.31	41.2	17.1	Proved	43.08	41.5	16.9
Indicated	117.85	40.5	16.9	Probable	75.45	40.6	16.7
Total Resources (Seam 2) 2015	**184.16**	**40.8**	**17.0**	**Total Reserves (Seam 2) 2015**	**118.53**	**40.9**	**16.8**
Total Resources (Seam 2) 2014	182.96	40.7	17.0	Total Reserves (Seam 2) 2014	118.98	40.9	16.7

The Measured and Indicated Mineral Resources are inclusive of those modified to produce Mineral Reserves.
Totals are rounded off.
Modifying factors for the conversion of Mineral Resources to Reserves include: pillar losses, mining losses.
Mineral Resources and Reserves based on 3.5 metres optimum evaluation cut.

NCHWANING MANGANESE SEAM 2 MINERAL RESOURCES CLASSIFICATION



Nchwaning year-on-year change

The Mineral Resources for Seam 1 reduced by 3% to 133.02 million tonnes at 43% Mn. Nchwaning Seam 2 Mineral Resources increased from 182.96 to 184.16 million tonnes at 40.8% Mn due to remodelling of the seam.

Mineral Reserves tonnage for Nchwaning Seam 1 increased by 1% to 104.21 million tonnes at 42.7% Mn. Mineral Reserves for Nchwaning Seam 2 remained almost the same as in 2014 at 118.53 million tonnes at 40.9% Mn. A total of 3.05 million tonnes ROM were mined from the two Seams.

BLACK ROCK (KOPPIE AREA): SEAM 1 MANGANESE MINERAL RESOURCES

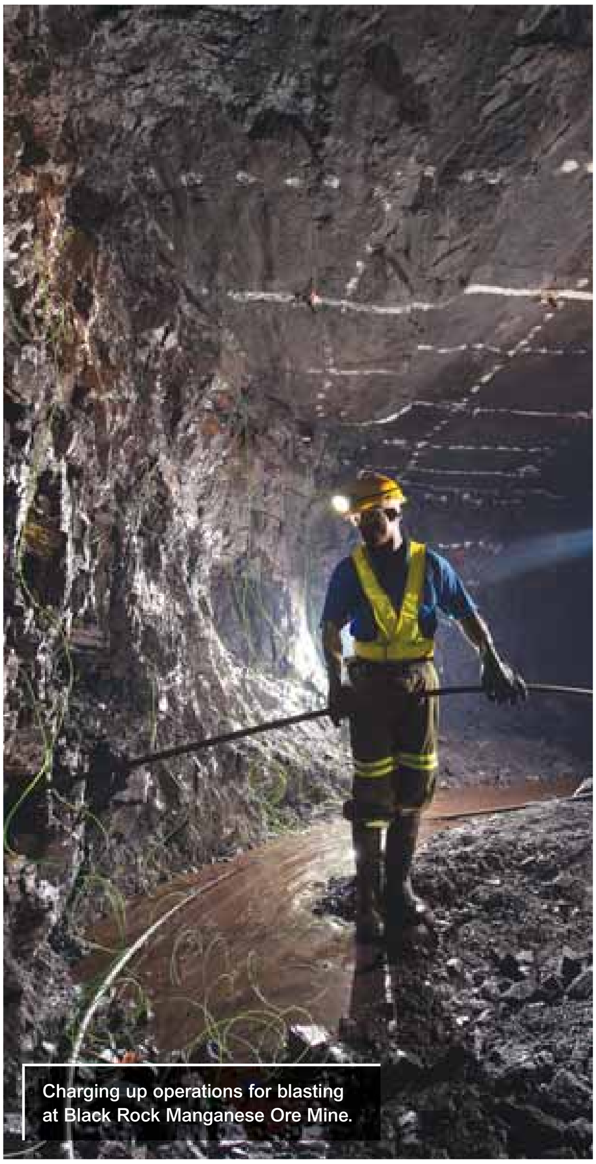
	Mineral Resources		
	Mt	Mn%	Fe%
Measured	9.03	40.3	18.1
Indicated	34.57	40.7	18.1
Total Resources (Seam 1) 2015	**43.60**	**40.6**	**18.1**
Total Resources (Seam 1) 2014	43.60	40.6	18.1

Totals are rounded off.
Resource defined on a 38% Mn cut-off.

BLACK ROCK (KOPPIE AREA): 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) 2015	**26.81**	**38.6**	**19.8**
Total Resources (Seam 2) 2014	26.81	38.6	19.8

Totals are rounded off.
Resource defined on a 38% Mn cut-off.



Charging up operations for blasting at Black Rock Manganese Ore Mine.

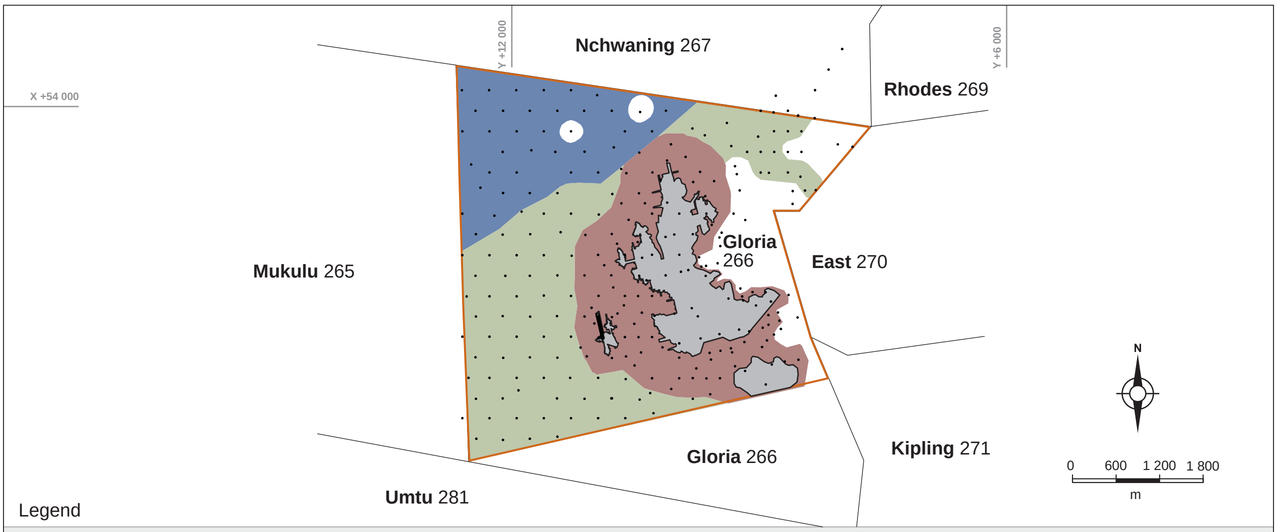
Mineral Resources and Mineral Reserves: ARM Ferrous continued

GLORIA MINE: SEAM 1 MANGANESE MINERAL RESOURCES AND RESERVES

	Mineral Resources				Mineral Reserves		
	Mt	Mn%	Fe%		Mt	Mn%	Fe%
Measured	49.01	37.3	4.9	Proved	35.69	37.3	5.2
Indicated	77.44	36.7	5.2	Probable	56.93	36.5	5.3
Total Measured and Indicated (Seam 1) 2015	**126.45**	**36.9**	**5.1**	**Total Reserves (Seam 1) 2015**	**92.62**	**36.8**	**5.3**
Total Measured and Indicated (Seam 1) 2014	125.68	37.4	4.7	Total Reserves (Seam 1) 2014	100.52	37.5	4.7
Inferred (Seam 1) 2015	**42.81**	**35.7**	**5.3**				
Inferred (Seam 1) 2014	41.36	35.9	5.1				

The Measured and Indicated Mineral Resources are inclusive of those modified to produce Mineral Reserves.
Totals are rounded off.
Modifying factors for the conversion of Mineral Resources to Reserves include: pillar losses, mining losses.
Mineral Resources and Reserves based on 3.5 metres optimum evaluation cut.

GLORIA MANGANESE SEAM 1 MINERAL RESOURCES CLASSIFICATION



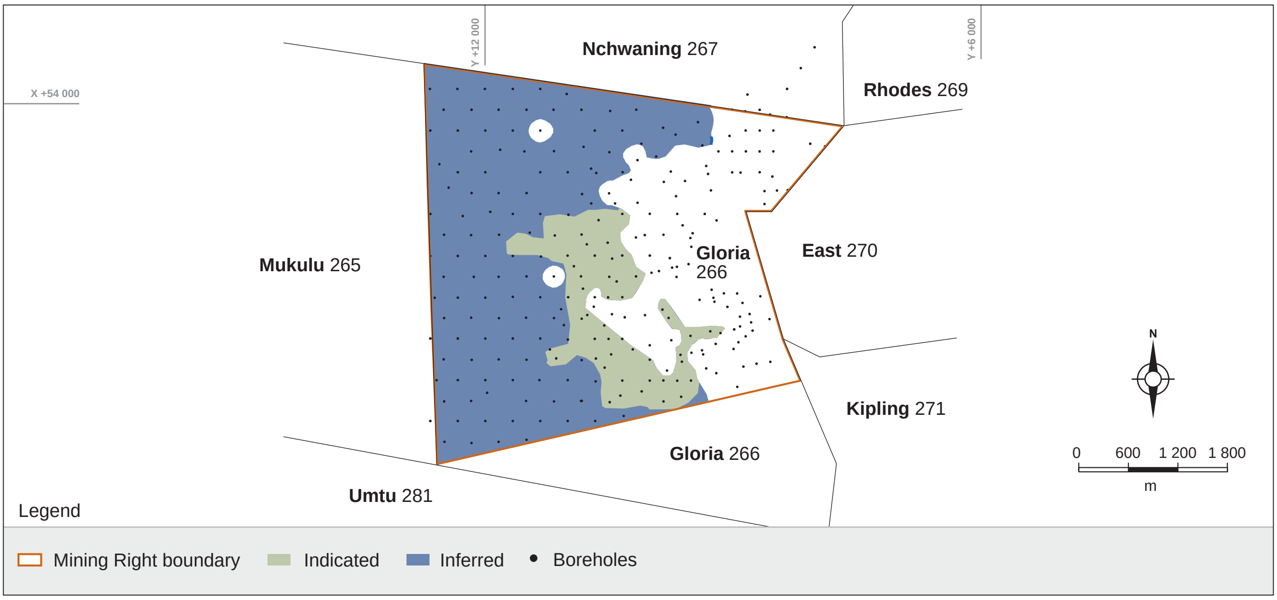
Legend
Mining Right boundary | Mined out area | Measured | Indicated | Inferred | Boreholes

GLORIA MINE: SEAM 2 MANGANESE MINERAL RESOURCES

	Mineral Resources		
	Mt	Mn%	Fe%
Measured			
Indicated	30.73	28.0	9.7
Total Measured and Indicated (Seam 2) 2015	**30.73**	**28.0**	**9.7**
Total Measured and Indicated (Seam 2) 2014	31.55	28.3	9.8
Inferred (Seam 2) 2015	**130.08**	**28.2**	**11.3**
Inferred (Seam 2) 2014	123.86	29.2	10.6

Totals are rounded off.
Mineral Resources based on 3.5 metres optimum evaluation cut.

GLORIA MANGANESE SEAM 2 MINERAL RESOURCES CLASSIFICATION



Gloria year-on-year change

Gloria Seam 1 Reserves were 8% lower than in 2014 at 92.62 million tonnes and a grade of 36.8% Mn. The decrease is mainly due to mining depletion and reduction in mining extraction factor as a consequence of pillar size increase.

HISTORICAL MANGANESE PRODUCTION AT NCHWANING AND GLORIA MINES (SALEABLE PRODUCT)

	Nchwaning	Gloria
Financial year	Mt	Mt
2010/2011	2.35	0.70
2011/2012	2.46	0.84
2012/2013	2.40	0.75
2013/2014	2.69	0.67
2014/2015	2.48	0.61

HISTORICAL MANGANESE PRODUCTION AT NCHWANING AND GLORIA MINES (ROM)

	Nchwaning	Gloria
Financial year	Mt	Mt
2013/2014	3.15	0.79
2014/2015	3.05	0.74

Stock Pile at Black Rock Manganese Mine

Mineral Resources and Mineral Reserves: ARM Ferrous continued

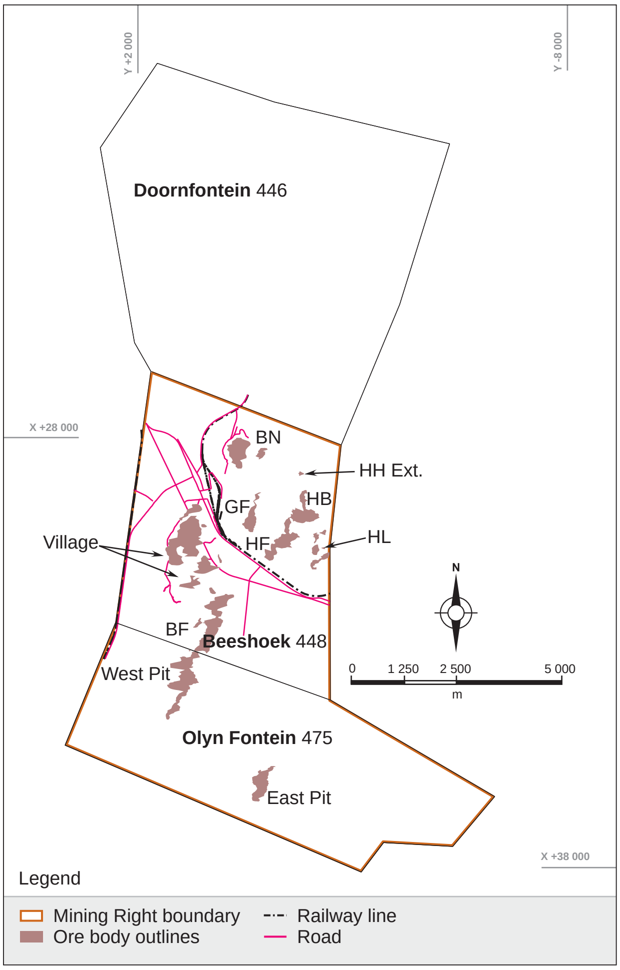
Iron Ore Mines

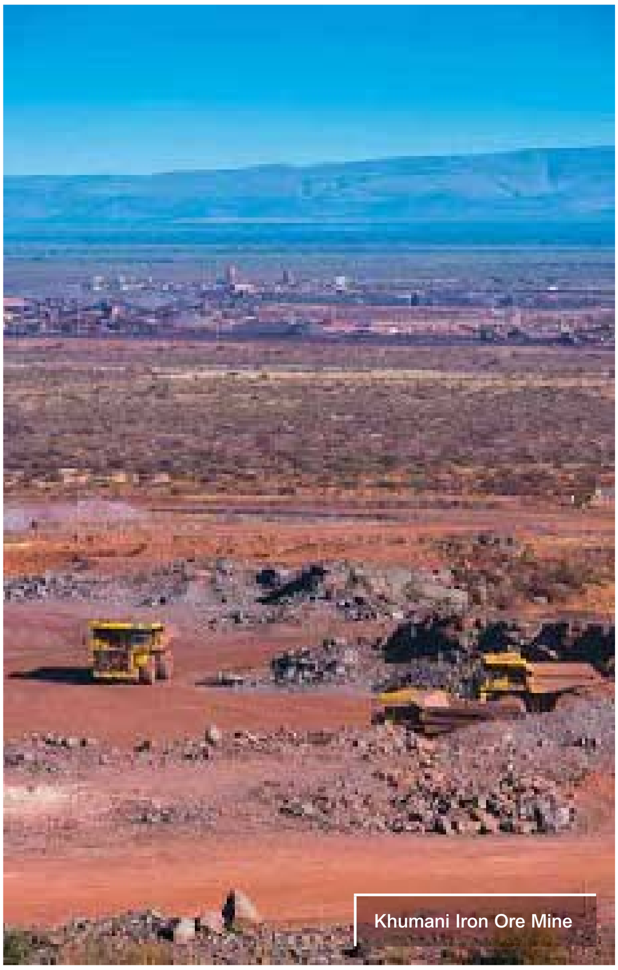
BEESHOEK IRON ORE MINE: MINERAL RESOURCES AND RESERVES

	Measured Resources		Indicated Resources		Total Measured and Indicated Resources		Inferred Resources		Proved Reserves		Probable Reserves		Total Reserves	
Pit/Area	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%
BN Pit	16.09	63.17			16.09	63.17			9.92	63.36			9.92	63.36
HF/HB Pit	16.00	64.10			16.00	64.10			6.87	64.27			6.87	64.27
BF Pit	7.57	63.51	0.23	63.54	7.80	63.51	0.001	65.24	0.67	61.59			0.67	61.59
East Pit	7.33	64.86	0.03	64.31	7.36	64.86			4.50	64.83	0.01	63.68	4.51	64.83
Village Pit	42.27	64.55	9.26	63.83	51.53	64.42			25.68	65.26	3.85	63.95	29.53	65.09
GF Pit	3.13	63.81	0.09	61.80	3.22	63.75								
HH Ext Pit	0.28	62.63			0.28	62.63								
HL Pit	1.98	64.82	0.02	65.21	2.00	64.82								
West Pit	9.45	63.19			9.45	63.19	0.050	61.88						
Detrital*							2.500	60.00						
Total 2015	**104.10**	**64.07**	**9.63**	**63.81**	**113.73**	**64.05**	**2.551**	**60.04**	**47.64**	**64.63**	**3.86**	**63.95**	**51.50**	**64.58**
Total 2014	96.87	63.99	13.46	64.25	110.33	64.02	3.251	61.01	37.18	64.29	8.95	64.37	46.13	64.31

The Measured and Indicated Mineral Resources are inclusive of those modified to produce Mineral Reserves.
Totals are rounded off.
Modifying factors for the conversion of Mineral Resources to Reserves include: economic pit design, customer product specifications, mining dilution.
Cut-off grade 60% Fe.
** Detrital is loose fragmented material occurring in various areas at Beeshoek.*

BEESHOEK ORE BODY LOCALITY MAP





Khumani Iron Ore Mine

BEESHOEK DUMPS

	Proved Reserves		Probable Reserves		Total Reserves	
Area	Mt	Fe%	Mt	Fe%	Mt	Fe%
North Mine (ROM On-Grade)			0.13	64.00	0.13	64.00
North Mine (B Dump Off-Grade)			0.05	55.00	0.05	55.00
North Mine (C Dump)			1.69	55.00	1.69	55.00
South Mine (ROM On-Grade)			0.18	64.00	0.18	64.00
South Mine (B Dump Off-Grade)			0.04	55.00	0.04	55.00
South Mine (C Dump)			5.33	55.00	5.33	55.00
Total 2015 Dumps*			**7.42**	**55.38**	**7.42**	**55.38**
Total 2014 Dumps*			7.50	55.17	7.50	55.17

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

Beeshoek year-on-year change

Measured and Indicated Resources for Beeshoek Mine increased by 3% to 113.73 million tonnes. The increase in the Mineral Resources can be attributed to Village Pit. Geological remodelling of the Village ore body resulted in the Measured and Indicated Resources increasing from 44.09 million tonnes at a grade of 64.36% Fe to 51.53 million tonnes at 64.42% Fe.

Measured and Indicated Mineral Resources for BN reduced by 14% to 16.09 million tonnes and Reserves by 4% to 9.92 million tonnes due to remodelling of the ore body and mining depletion. All the other pits decreased as a result of mining depletion. Village Pit is the largest contributor to the increase in Mineral Reserves, having increased by 32% from 22.44 million tonnes at 64.65% Fe to 29.53 million tonnes at 65.09% Fe. Mining of the Village Pit has commenced.

Loading facility at Khumani Iron Ore Mine

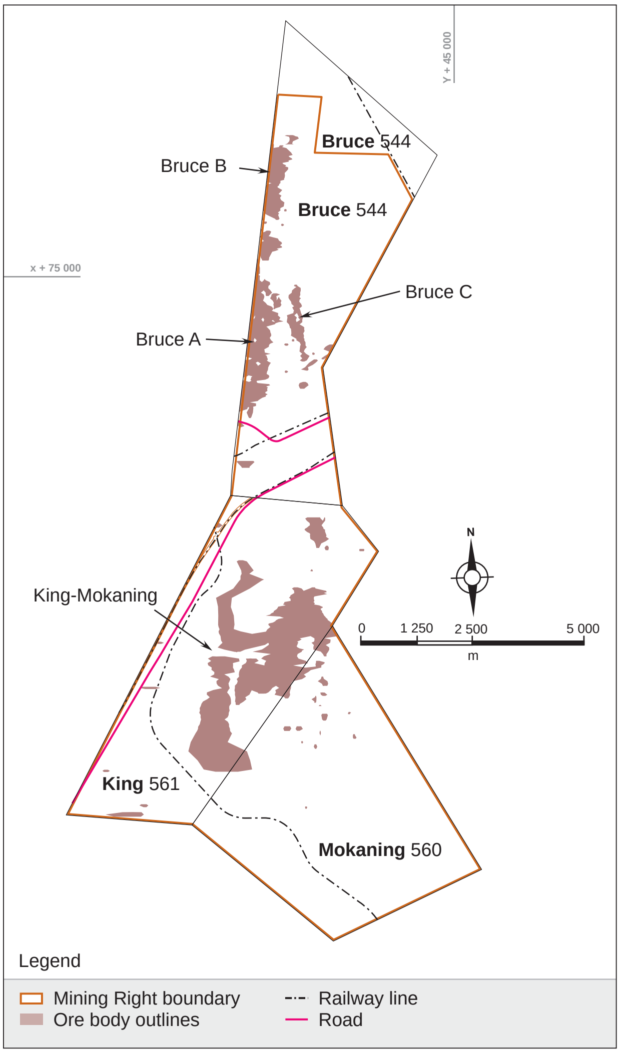
KHUMANI IRON ORE MINE: MINERAL RESOURCES AND RESERVES

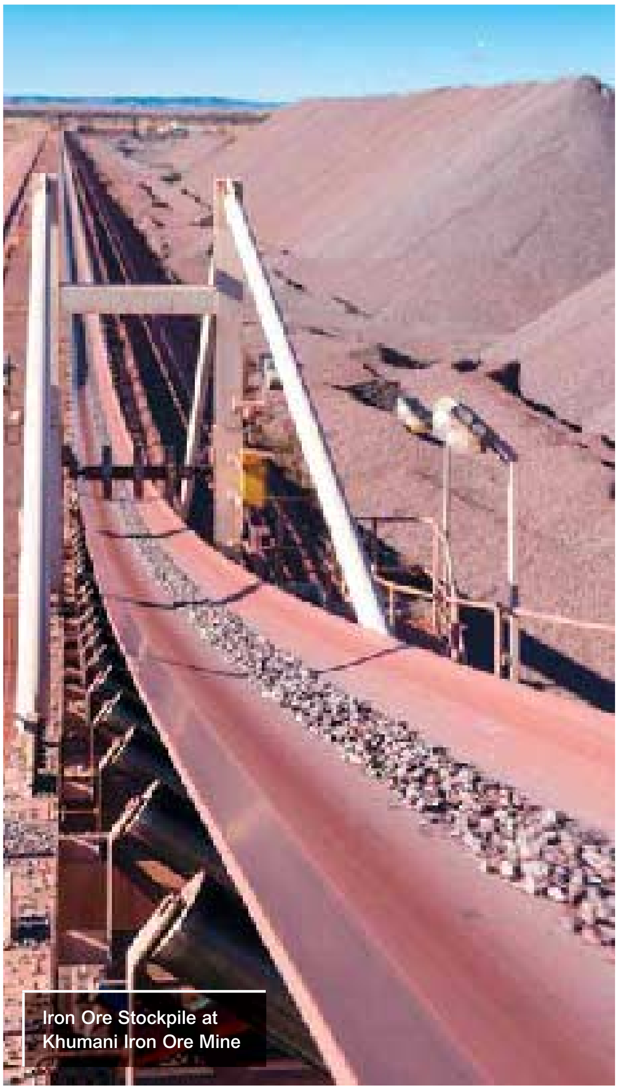
	Measured Resources		Indicated Resources		Total Measured and Indicated Resources		Inferred Resources		Proved Reserves		Probable Reserves		Total Reserves	
Pit/Area	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%
Bruce A	39.33	64.41	64.32	64.66	103.65	64.57			32.30	64.36	56.77	64.72	89.07	64.59
Bruce B	67.81	64.53	19.07	63.59	86.88	64.32	1.75	61.21	53.37	64.33	16.71	63.17	70.08	64.05
Bruce C	12.44	64.47			12.44	64.47			4.68	65.07			4.68	65.07
Total for Bruce Pits	**119.58**	**64.48**	**83.39**	**64.42**	**202.97**	**64.46**	**1.75**	**61.21**	**90.35**	**64.38**	**73.48**	**64.37**	**163.83**	**64.37**
King-Mokaning	301.04	64.23	96.24	64.13	397.28	64.21	12.64	62.95	274.72	64.30	9.40	65.11	284.12	64.33
Total 2015	**420.62**	**64.30**	**179.63**	**64.26**	**600.25**	**64.29**	**14.39**	**62.74**	**365.07**	**64.32**	**82.88**	**64.45**	**447.95**	**64.34**
Total 2014	363.29	64.51	283.11	63.93	646.40	64.25	32.02	62.95	319.27	64.56	230.83	64.20	550.10	64.41

The Measured and Indicated Mineral Resources are inclusive of those modified to produce Mineral Reserves.
Totals are rounded off.
Modifying factors for the conversion of Mineral Resources to Reserves: economic pit design, customer product specifications, mining dilution.
Cut-off grade 60% Fe.

Mineral Resources and Mineral Reserves: ARM Ferrous continued

KHUMANI ORE BODY LOCALITY MAP





Iron Ore Stockpile at Khumani Iron Ore Mine

KHUMANI DUMPS

	Proved Reserves		Probable Reserves		Total Reserves	
Area	Mt	Fe%	Mt	Fe%	Mt	Fe%
Bruce (ROM On-Grade)			0.11	64.00	0.11	64.00
Bruce (B Dump Off-grade)			2.68	55.00	2.68	55.00
King (ROM On-Grade)			0.20	64.00	0.20	64.00
King (B Dump Off-grade)			1.58	55.00	1.58	55.00
King (Detrital)			0.19	60.00	0.19	60.00
Total 2015 Dumps*			**4.76**	**55.79**	**4.76**	**55.79**
Total 2014 Dumps			5.59	56.70	5.59	56.70

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

Khumani year-on-year change

Measured and Indicated Resources decreased by 7% to 600.25 million tonnes mainly due to geological remodelling of all the ore bodies (Bruce A, B, C and King-Mokaning) as well as mining depletion. There was insignificant change in grade. Total Mineral Reserves also decreased from 550.10 to 447.95 million tonnes mainly due to re-optimisation of the King Pit at lower iron ore prices and mining depletion.

HISTORICAL PRODUCTION AT BEESHOEK AND KHUMANI MINES (SALEABLE PRODUCT)

	Beeshoek	Khumani
Financial year	Mt	Mt
2010/2011	0.96	8.73
2011/2012	2.10	11.60
2012/2013	2.94	13.17
2013/2014	3.12	12.93
2014/2015	3.43	12.65

HISTORICAL PRODUCTION AT BEESHOEK AND KHUMANI MINES (ROM)

	Beeshoek	Khumani
Financial year	Mt	Mt
2013/2014	2.06	19.12
2014/2015	3.35	19.06

Drilling and loading at Khumani Iron Ore Mine

Mineral Resources and Mineral Reserves: ARM Ferrous continued

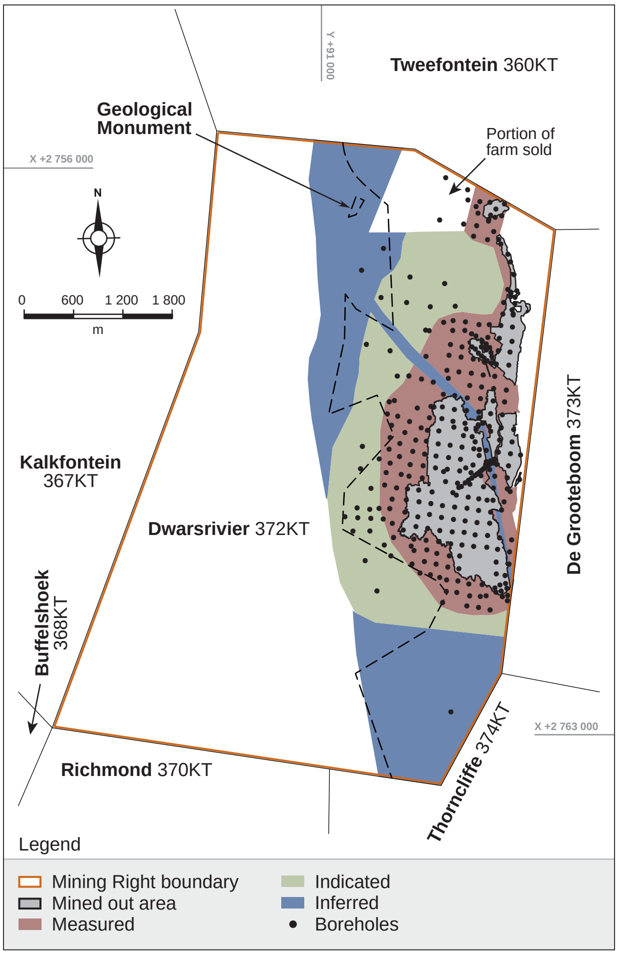
Dwarsrivier Chromite Mine

DWARSRIVIER CHROMITE MINE: LG6 CHROMITITE MINERAL RESOURCES AND RESERVES

	Mineral Resources				Mineral Reserves		
	Mt	Cr_2O_3%	FeO%		Mt	Cr_2O_3%	FeO%
Measured	22.34	37.92	22.75	Proved	14.32	33.88	21.47
Indicated	30.73	37.87	22.87	Probable	23.28	34.53	21.79
Total Measured and Indicated 2015	**53.07**	**37.89**	**22.82**	**Total Reserves 2015**	**37.60**	**34.28**	**21.67**
Total Measured and Indicated 2014	51.00	38.14	22.55	Total Reserves 2014	35.02	34.12	21.30
Inferred 2015	**43.21**	**38.33**	**22.60**				
Inferred 2014	48.01	38.35	22.96				

The Measured and Indicated Mineral Resources are inclusive of those modified to produce Mineral Reserves.
Totals are rounded off.
Modifying factors for the conversion of Mineral Resources to Reserves include: pillar losses, mining losses, mining dilution.

DWARSRIVIER MINE LG6 CHROMITITE MINERAL RESOURCES CLASSIFICATION



HISTORICAL PRODUCTION AT DWARSRIVIER CHROMITE MINE (ROM)

Financial year	Mt
2010/2011	1.25
2011/2012	1.50
2012/2013	1.60
2013/2014	1.61
2014/2015	1.77

Year-on-year change

Measured and Indicated Mineral Resources increased to 53.07 million tonnes at 37.89% Cr_2O_3 from 51.00 million tonnes at a grade of 38.14% Cr_2O_3 due to the remodelling of the LG6 chromitite layer after drilling a total of 46 new boreholes. Mineral Reserves also increased by 7% to 37.60 million tonnes at 34.28% Cr_2O_3.

Khumani Iron Ore Mine

ARM Platinum

Nkomati Nickel-Copper-Cobalt-PGM-Chromite Mine

ARM's attributable beneficial interest in Nkomati operation is 50%. The other 50% is held by Norilsk Nickel Africa (Pty) Limited.

NKOMATI MINE: MINERAL RESOURCES (NI, PGEs, CU, CO, CR_2O_3)

	Measured Resources						Indicated Resources						Total Resources (Measured and Indicated)						Inferred Resources					
	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)	16.19	0.53	0.19	0.02	0.99		36.17	0.48	0.22	0.02	1.12		52.36	0.50	0.21	0.02	1.08		0.96	0.36	0.16	0.01	0.66	
PCMZ (Cut-off 0.30% Ni)	3.84	0.37	0.12	0.01	0.84	13.29	28.84	0.37	0.13	0.01	0.78	10.09	32.68	0.37	0.13	0.01	0.79	10.47	26.59	0.42	0.13	0.01	0.98	11.61
Open Pit																								
MMZ Pit 3 (Cut-off 0.16% Ni)	50.83	0.36	0.16	0.02	0.93		20.47	0.37	0.16	0.02	0.90		71.30	0.36	0.16	0.02	0.92							
PCMZ Pit 3 (Cut-off 0.16% Ni)	42.79	0.23	0.07	0.01	0.74	12.79	27.46	0.21	0.06	0.01	1.34	11.95	70.25	0.22	0.07	0.01	0.97	12.46						
Total 2015 Mineral Resources	**113.65**	**0.34**	**0.13**	**0.02**	**0.86**		**112.94**	**0.37**	**0.15**	**0.02**	**1.05**		**226.59**	**0.35**	**0.14**	**0.02**	**0.96**		**27.55**	**0.42**	**0.13**	**0.01**	**0.97**	
Total 2014 Mineral Resources	79.32	0.34	0.13	0.02	0.87		162.54	0.34	0.13	0.01	0.99		241.86	0.34	0.13	0.02	0.95		37.28	0.40	0.10	0.01	0.94	

***4E** = platinum+palladium+rhodium+gold.*
The Measured and Indicated Mineral Resources are inclusive of those modified to produce Mineral Reserves.
Totals are rounded off.

NKOMATI MINE: CHROMITE MINERAL RESOURCES

	Measured Resources		Indicated Resources		Total Resources (Measured and Indicated)		Inferred Resources	
	Mt	Cr_2O_3%	Mt	Cr_2O_3%	Mt	Cr_2O_3%	Mt	Cr_2O_3%
Total 2015 Oxidized Massive Chromitite Pit 3 (Cut-off 20% Cr_2O_3)	**0.62**	**28.23**			**0.62**	**28.23**		
Total 2015 Un-oxidized (fresh) Massive Chromitite Pit 3 (Cut-off 20% Cr_2O_3)	**5.48**	**29.27**			**5.48**	**29.27**		
Total 2014 Oxidized Massive Chromitite (PCR) Pit 3 (Cut-off 20% Cr_2O_3)	1.25	30.64			1.25	30.64		
Total 2014 Un-oxidized Massive Chromitite (PCR) Pit 3 (Cut-off 20% Cr_2O_3)	3.90	29.79			3.90	29.79		

The Measured and Indicated Mineral Resources are inclusive of those modified to produce Mineral Reserves.
Totals are rounded off.

Mineral Resources and Mineral Reserves: ARM Platinum continued

NKOMATI MINE: MINERAL RESERVES (NI, PGEs, CU, CO, CR_2O_3)

	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 (Cut-off 0.35% Ni)	0.66	0.57	0.22	0.02	1.14		9.15	0.56	0.22	0.02	1.15		9.81	0.56	0.22	0.02	1.15	
Open Pit																		
MMZ Pit 3 (Cut-off 0.16% Ni)	36.62	0.38	0.15	0.02	0.97		6.85	0.37	0.14	0.02	0.89		43.47	0.37	0.15	0.02	0.95	
PCMZ Pit 3 (Cut-off 0.16% Ni)	36.38	0.23	0.07	0.01	0.70	14.04	14.13	0.22	0.07	0.01	1.24	12.50	50.51	0.22	0.07	0.01	0.85	13.61
Total 2015 Mineral Reserves	**73.66**	**0.30**	**0.11**	**0.02**	**0.84**		**30.13**	**0.36**	**0.13**	**0.02**	**1.13**		**103.79**	**0.32**	**0.12**	**0.02**	**0.92**	
Total 2014 Mineral Reserves	59.69	0.31	0.11	0.02	0.85		54.79	0.32	0.12	0.02	0.99		114.48	0.31	0.12	0.02	0.92	

***4E** = platinum+palladium+rhodium+gold.*
Totals are rounded off.
Modifying factors for the conversion of Mineral Resources to Reserves include: economic pit design, mining losses, mining dilution, metallurgical, geotechnical.

NKOMATI MINE: MMZ 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 %
Total 2015 MMZ Stockpiles (Cut-off 0.16% Ni)	**0.17**	**0.29**	**0.10**	**0.01**	**0.65**								**0.17**	**0.29**	**0.10**	**0.01**	**0.65**	

***4E** = platinum+palladium+rhodium+gold.*
Totals are rounded off.
2014 MMZ Stockpiles were not separately reported, hence no comparison to previous year in the table above.

NKOMATI MINE: 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 %
Total 2015 PCMZ Stockpiles (Cut-off 0.16% Ni)	**3.63**	**0.21**	**0.05**	**0.01**	**0.52**	**13.98**							**3.63**	**0.21**	**0.05**	**0.01**	**0.52**	**13.98**

***4E** = platinum+palladium+rhodium+gold.*
Totals are rounded off.
2014 PCMZ stockpiles were not separately reported hence no comparison to previous year in the table above.

NKOMATI MINE: CHROMITE MINERAL RESERVES

	Proved Reserves		Probable Reserves		Total Reserves	
	Mt	Cr_2O_3%	Mt	Cr_2O_3%	Mt	Cr_2O_3%
Total 2015 Oxidized Massive Chromitite Pit 3 (Cut-off 20% Cr_2O_3)	**0.18**	**25.42**	**0.39**	**25.25**	**0.57**	**25.30**
***Total 2015 Un-oxidized (Fresh) Massive Chromitite Pit 3 (Cut-off 20% Cr_2O_3)**	**0.81**	**19.56**	**0.40**	**22.62**	**1.21**	**20.57**
Total 2014 Oxidized Massive Chromitite Pit 3 (Cut-off 20% Cr_2O_3)	0.59	24.81	0.51	25.97	1.10	25.35

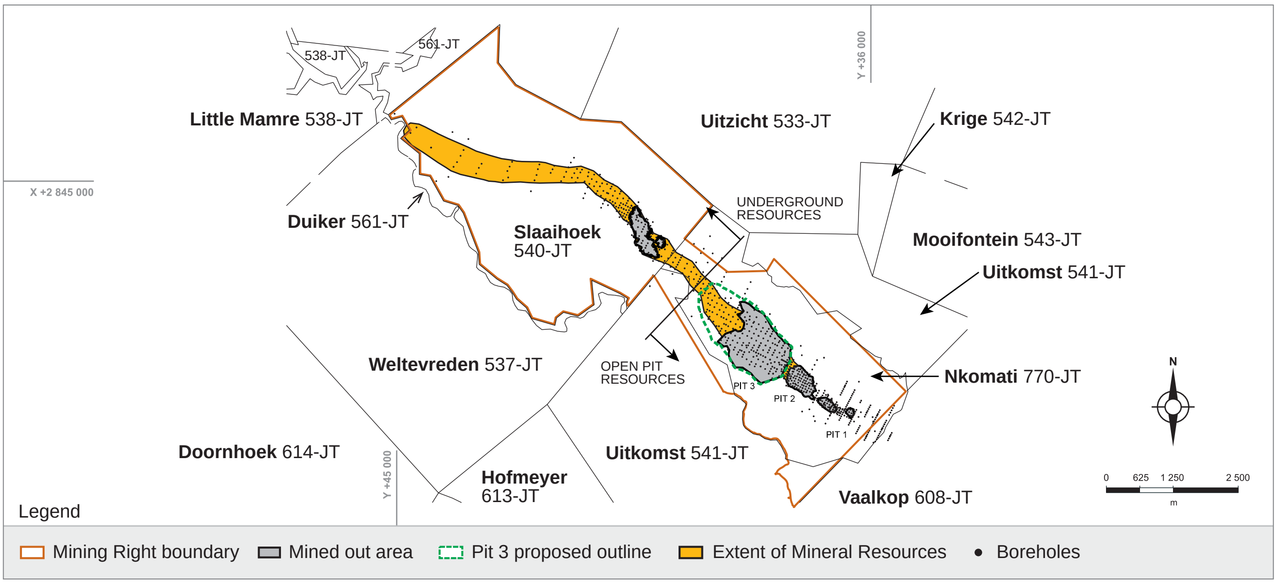
** Un-oxidized Massive Chromitite not reported in 2014.*
Totals are rounded off.
Modifying factors for the conversion of Mineral Resources to Reserves include: economic pit design, mining losses, mining dilution, metallurgical, geotechnical.

NKOMATI MINE: CHROMITE STOCKPILE MINERAL RESERVES

	Proved Reserves		Probable Reserves		Total Reserves	
	Mt	Cr_2O_3%	Mt	Cr_2O_3%	Mt	Cr_2O_3%
PCR Stockpile	2.30	19.20			2.30	19.20
Uncrushed ROM Stockpile	0.30	30.21			0.30	30.21
Other Chrome stock (Lump-Old Fines Dump)	0.02	28.85			0.02	28.85
2015 Total Stockpile Reserves	**2.62**	**20.53**			**2.62**	**20.53**
2014 Total Stockpile Reserves	2.51	20.44			2.51	20.44

Totals are rounded off.

NKOMATI MINE MINERAL RESOURCES LOCALITY MAP



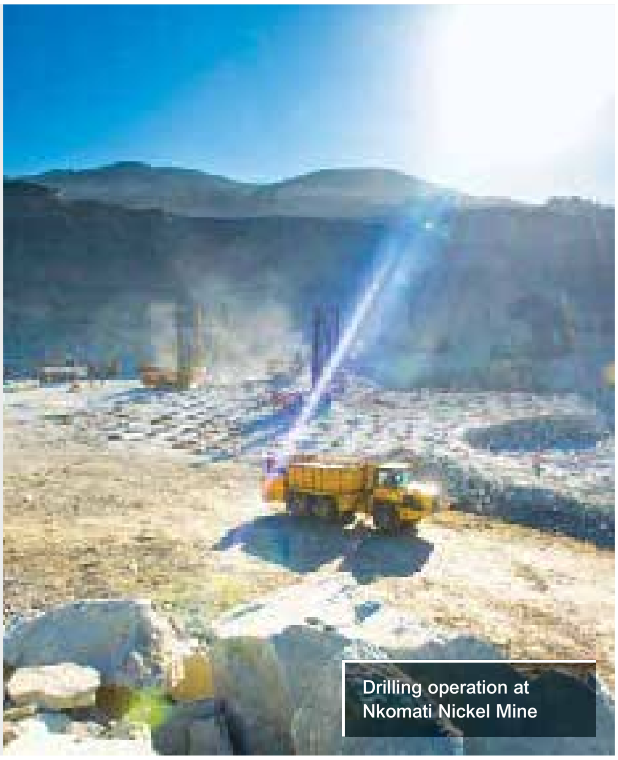
HISTORICAL PRODUCTION AT NKOMATI MINE (MILLED MMZ AND PCMZ)

Financial year	Mt
2010/2011	5.3
2011/2012	6.4
2012/2013	7.6
2013/2014	7.9
2014/2015	8.0

Year-on-year change

Measured and Indicated Mineral Resources (MMZ and PCMZ) reduced by 6% to 226.59 million tonnes at 0.35% Ni grade. There was a significant upgrade on Indicated Mineral Resources due to additional boreholes data that resulted in 113.65 million tonnes at 0.34% Ni Measured Resources being declared, compared to 79.32 million tonnes at 0.34% Ni reported in 2014.

Mineral Reserves (MMZ and PCMZ) reduced to 103.79 million tonnes at 0.32% Ni, compared to 114.48 million tonnes reported in 2014. There is additional material on stockpile as follows: 0.17 million tonnes at 0.29% Ni (MMZ) and 3.63 million tonnes at 0.21% Ni (PCMZ).



Drilling operation at Nkomati Nickel Mine

Mineral Resources and Mineral Reserves: ARM Platinum continued

Two Rivers Platinum Mine

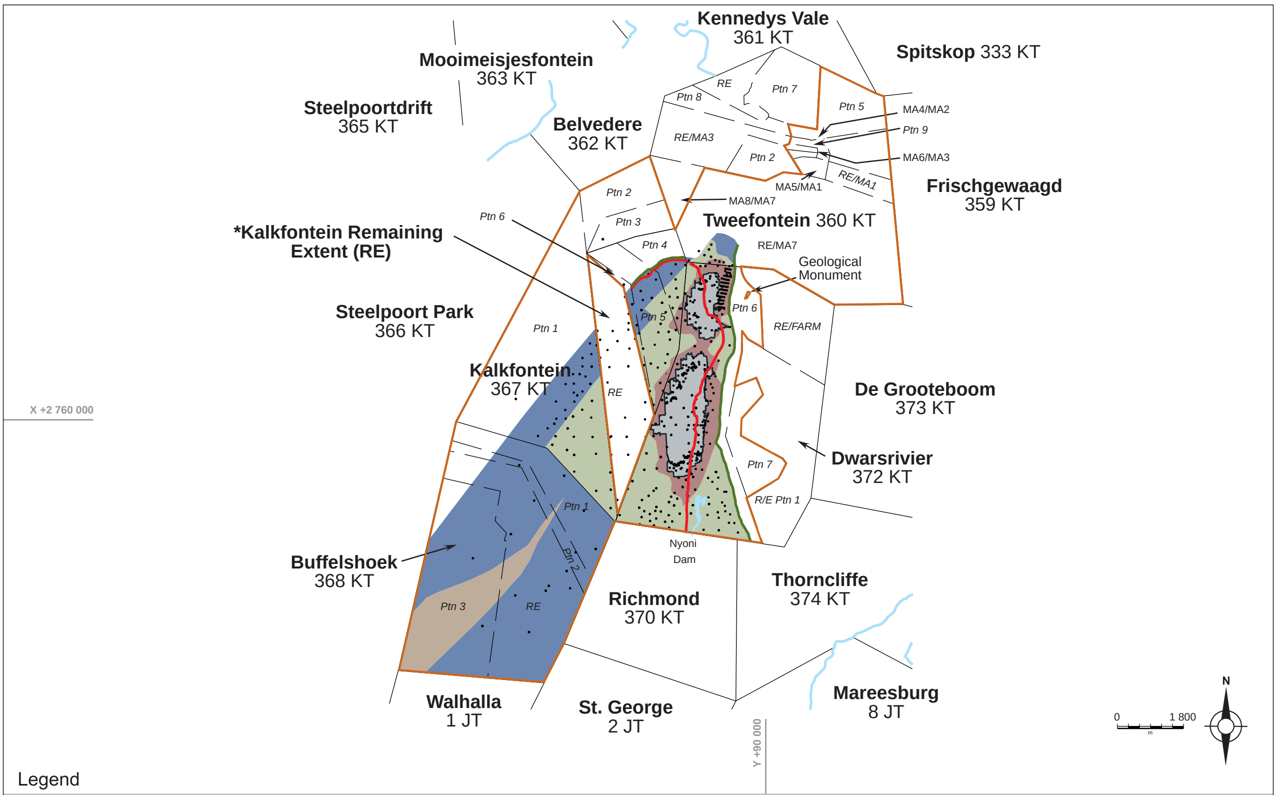
ARM's attributable beneficial interest in Two Rivers Platinum Mine (TRP) operations is 51%. The other 49% is held by Impala Platinum.

TWO RIVERS PLATINUM MINE: UG2 REEF MINERAL RESOURCES

	Mineral Resources								
	Mt	Pt g/t	Pd g/t	Rh g/t	Au g/t	4E g/t	6E g/t	Pt Moz	6E Moz
Two Rivers (Dwarsrivier Farm)									
Measured	13.72	2.63	1.40	0.49	0.04	4.56	5.52	1.16	2.43
Indicated	34.69	2.01	1.19	0.37	0.04	3.61	4.32	2.24	4.82
Measured and Indicated	**48.41**	**2.19**	**1.25**	**0.40**	**0.04**	**3.88**	**4.66**	**3.40**	**7.25**
Inferred	0.02	3.28	2.17	0.57	0.05	6.07	7.27	0.002	0.005
Kalkfontein Ptn 4-6									
Measured	1.65	2.90	1.53	0.52	0.05	5.00	6.19	0.15	0.33
Indicated	7.90	2.72	1.53	0.48	0.05	4.78	5.90	0.69	1.50
Measured and Indicated	**9.55**	**2.75**	**1.53**	**0.49**	**0.05**	**4.82**	**5.95**	**0.84**	**1.83**
Inferred	7.76	2.59	1.69	0.49	0.04	4.81	5.78	0.65	1.44
Tweefontein									
Measured	0.22	3.26	1.85	0.60	0.06	5.77	6.99	0.02	0.05
Indicated	1.67	2.76	1.61	0.50	0.05	4.92	5.93	0.15	0.32
Measured and Indicated	**1.89**	**2.82**	**1.64**	**0.51**	**0.05**	**5.02**	**6.05**	**0.17**	**0.37**
Inferred	1.46	3.01	1.38	0.53	0.04	4.96	6.07	0.14	0.28
Kalkfontein Ptn 1-3									
Indicated	**15.09**	**2.76**	**1.77**	**0.53**	**0.05**	**5.11**	**6.13**	**1.34**	**2.97**
Inferred	10.47	3.22	2.22	0.59	0.06	6.09	7.23	1.08	2.43
Buffelshoek									
Inferred	98.12	2.43	1.79	0.45	0.06	4.73	5.58	7.67	17.60
UG2 2015 Total Mineral Resources for Two Rivers Mine									
Total Measured	15.59	2.67	1.42	0.49	0.04	4.62	5.61	1.34	2.81
Total Indicated	59.35	2.32	1.39	0.43	0.04	4.18	5.04	4.42	9.61
Total Measured and Indicated 2015	**74.94**	**2.39**	**1.40**	**0.44**	**0.04**	**4.28**	**5.16**	**5.76**	**12.42**
Total Measured and Indicated 2014	50.63	2.24	1.28	0.43	0.04	4.00	4.80	3.65	7.82
Total Inferred 2015	**117.83**	**2.52**	**1.82**	**0.47**	**0.06**	**4.86**	**5.75**	**9.54**	**21.77**
Total Inferred 2014	0.66	2.24	1.36	0.39	0.05	4.04	4.91	0.05	0.10

__4E__ = platinum+palladium+rhodium+gold; __6E__ = platinum+palladium+rhodium+iridium+ruthenium+gold.
The Measured and Indicated Mineral Resources are inclusive of those modified to produce Mineral Reserves.
Totals are rounded off.

TWO RIVERS PLATINUM MINE UG2 REEF MINERAL RESOURCES CLASSIFICATION



Legend

Mining Right boundary | Merensky Outcrop | Measured | Inferred | Boreholes
Mined out area | UG2 Outcrop | Indicated | Granite

* *Kalkfontein Remaining Extent, currently 100% owned by ARM, was acquired as part of the Tamboti Platinum (Pty) Ltd transaction. The Mineral Resources for this portion are reported under Tamboti Platinum on pages 138 to 139 of this report.*

TWO RIVERS MINE: UG2 REEF MINERAL RESERVES

	Mineral Reserves								
	Mt	Pt g/t	Pd g/t	Rh g/t	Au g/t	4E g/t	6E g/t	Pt Moz	6E Moz
Two Rivers (Dwarsrivier Farm)									
Proved Reserves (Stockpile)	0.53	1.86	1.06	0.32	0.03	3.27	3.95	0.02	0.07
Proved	9.28	1.80	0.99	0.34	0.03	3.16	3.83	0.54	1.14
Probable	18.08	1.60	0.96	0.30	0.02	2.89	3.47	0.93	2.02
Total Reserves	**27.89**	**1.67**	**0.98**	**0.31**	**0.02**	**2.99**	**3.60**	**1.49**	**3.23**
Kalkfontein Ptn 4-6									
Proved	1.83	1.88	0.98	0.34	0.03	3.23	4.02	0.11	0.24
Probable	9.85	1.67	0.92	0.30	0.03	2.93	3.63	0.53	1.15
Total Reserves	**11.68***	**1.70**	**0.93**	**0.31**	**0.03**	**2.98**	**3.69**	**0.64**	**1.38**
Tweefontein									
Proved	0.34	1.88	1.03	0.35	0.03	3.29	3.99	0.02	0.04
Probable	1.94	1.92	1.10	0.35	0.04	3.40	4.11	0.12	0.26
Total Reserves	**2.29***	**1.91**	**1.09**	**0.35**	**0.04**	**3.38**	**4.09**	**0.14**	**0.30**
UG2 Reef Total Mineral Reserves for Two Rivers Mine									
Total Proved 2015	11.98	1.82	1.00	0.34	0.03	3.18	3.87	0.69	1.49
Total Probable 2015	29.88	1.65	0.96	0.30	0.03	2.94	3.57	1.58	3.43
Total Reserves 2015	**41.86**	**1.70**	**0.97**	**0.31**	**0.03**	**3.00**	**3.65**	**2.27**	**4.92**
Total Reserves 2014	30.44	1.72	0.99	0.33	0.03	3.06	3.69	1.68	3.61

***4E** = platinum+palladium+rhodium+gold; **6E** = platinum+palladium+rhodium+iridium+ruthenium+gold.*
Totals are rounded off.
Modifying factors for the conversion of Mineral Resources to Reserves include: mining losses, mining dilution, metallurgical and geotechnical.
* *Mineral Reserves tonnage increased compared to the Measured and Indicated Resources that were converted due to mining dilution.*

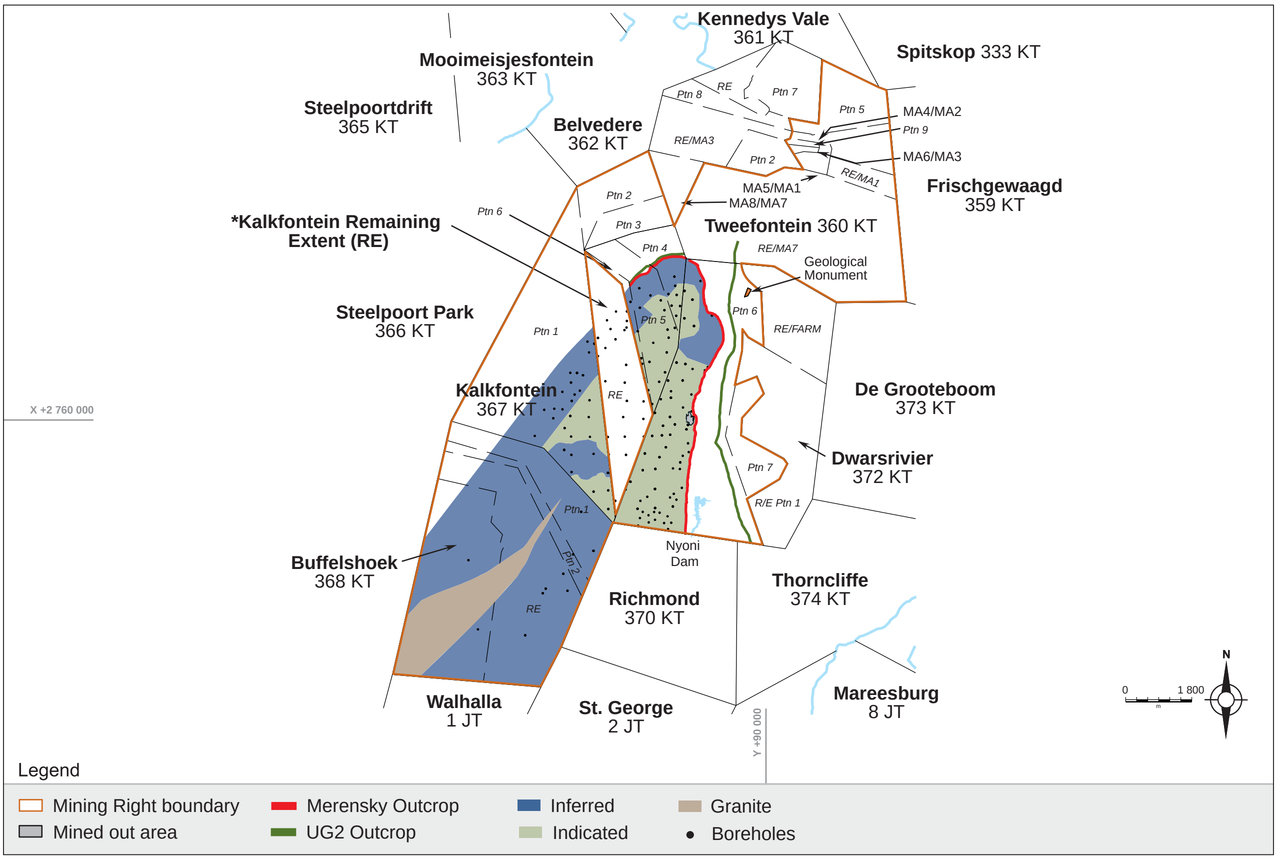
Mineral Resources and Mineral Reserves: ARM Platinum continued

TWO RIVERS PLATINUM MINE: MERENSKY REEF MINERAL RESOURCES

	Mineral Resources								
	Mt	Pt g/t	Pd g/t	Rh g/t	Au g/t	4E g/t	6E g/t	Pt Moz	6E Moz
Two Rivers (Dwarsrivier Farm)									
Indicated	42.78	1.58	0.86	0.09	0.18	2.71	2.96	2.17	4.07
Inferred	8.63	1.49	0.81	0.10	0.16	2.56	2.80	0.41	0.78
Kalkfontein Ptn 4-6									
Indicated	11.19	1.67	0.82	0.09	0.19	2.77	3.00	0.60	1.08
Inferred	6.87	1.81	0.90	0.11	0.20	3.02	3.31	0.40	0.73
Kalkfontein Ptn 1-3									
Indicated	6.60	2.35	1.11	0.15	0.26	3.87	4.24	0.50	0.90
Inferred	14.52	1.49	0.74	0.09	0.20	2.52	2.76	0.70	1.29
Buffelshoek									
Inferred	69.17	2.32	1.30	0.14	0.27	4.03	4.37	5.16	9.72
Merensky 2015 Total Mineral Resources for Two Rivers Mine									
Total Indicated 2015	**60.57**	**1.68**	**0.88**	**0.10**	**0.19**	**2.85**	**3.11**	**3.27**	**6.05**
Total Indicated 2014	43.10	1.63	0.89	0.09	0.18	2.79	3.04	2.26	4.21
Total Inferred 2015	**99.19**	**2.09**	**1.15**	**0.13**	**0.25**	**3.61**	**3.92**	**6.67**	**12.51**
Total Inferred 2014	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 PLATINUM MINE MERENSKY REEF MINERAL RESOURCES CLASSIFICATION



* *Kalkfontein Remaining Extent, currently 100% owned by ARM was acquired as part of the Tamboti Platinum (Pty) Ltd transaction. The Mineral Resources for this portion are reported under Tamboti Platinum on pages 138 to 139 of this report.*

HISTORICAL PRODUCTION AT TWO RIVERS MINE (MILLED)

Financial year	Mt
2010/2011	2.95
2011/2012	3.10
2012/2013	3.17
2013/2014	3.28
2014/2015	3.36

Year-on-year change

Mineral Resources at Two Rivers Platinum Mine increased after completion of the acquisition of the Prospecting Right from Implats in respect of portions of the farms Kalkfontein, Tweefontein and Buffelshoek and the incorporation of these areas into the Mining Right of the Operation. UG2 Reef Measured and Indicated Mineral Resources increased by 48% to 74.94 million tonnes at a grade of 5.16 g/t (6E) while the Inferred UG2 Reef Mineral Resources increased from 0.66 to 117.83 million tonnes at a grade of 5.75 g/t (6E). Merensky Reef Indicated Mineral Resources increased to 60.57 million tonnes at a grade of 3.11 g/t (6E) compared to 43.10 million tonnes reported in 2014. Merensky Reef Inferred Mineral Resources increased to 99.19 million tonnes at a grade of 3.92 g/t (6E) from 11.01 million tonnes at 2.65 g/t (6E).

Mineral Reserves for the UG2 Reef increased by 38% to 41.86 million tonnes at 3.65 g/t (6E) as a result of the incorporation of portions of Kalkfontein Farm and Tweefontein Farm into the Two Rivers Mining Right.

Loading of stockpile ore at Two Rivers Platinum Mine

Mineral Resources and Mineral Reserves: ARM Platinum continued

Tamboti Platinum

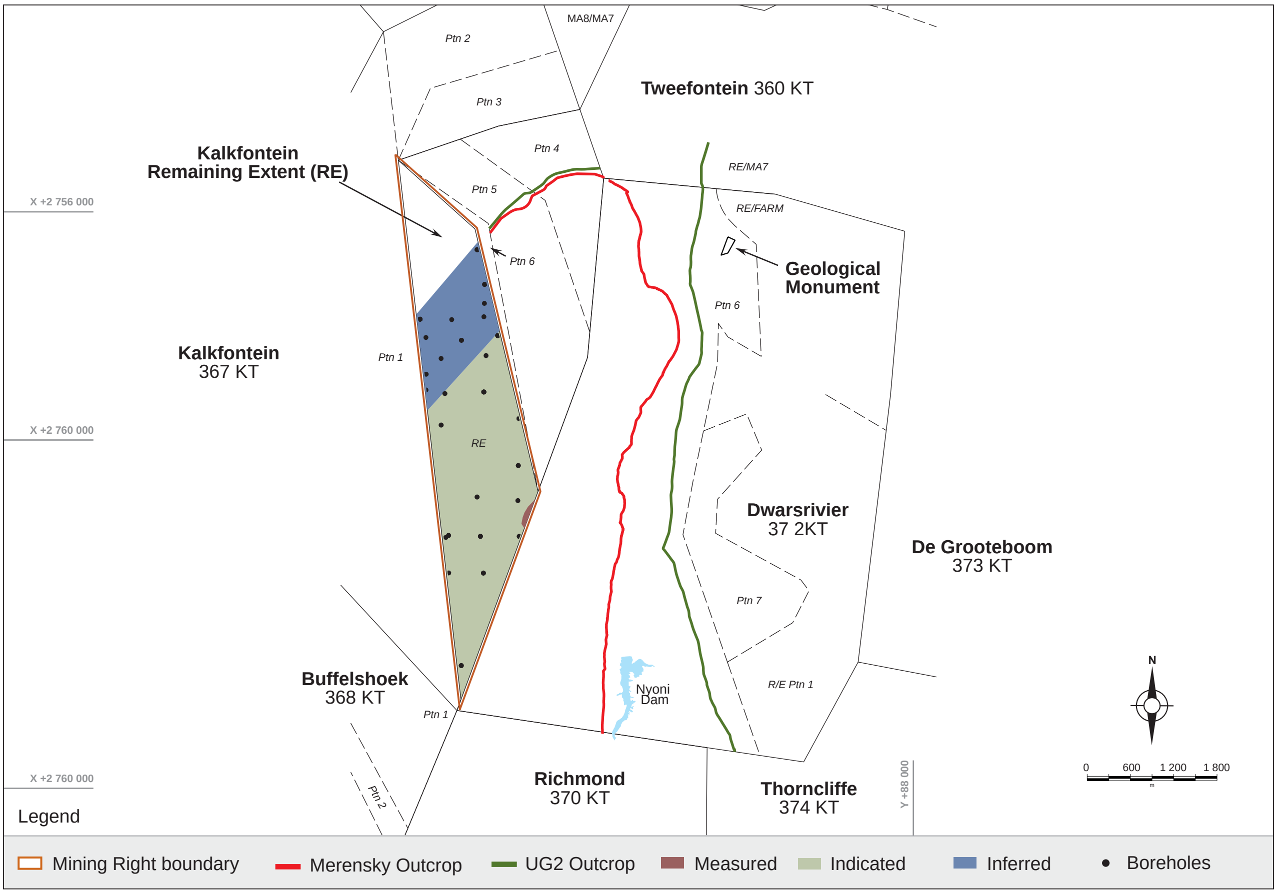
ARM's interest in Tamboti Platinum is 100% following the acquisition of Tamboti Platinum (Pty) Ltd, holder of a Mining Right over the Kalkfontein Remaining Extent (RE) adjacent to Two Rivers Mine. ARM is in discussion with Implats to transfer this property into Two Rivers Mine.

TAMBOTI PLATINUM (KALKFONTEIN RE): UG2 REEF MINERAL RESOURCES

	Mineral Resources								
	Mt	Pt g/t	Pd g/t	Rh g/t	Au g/t	4E g/t	6E g/t	Pt Moz	6E Moz
Measured	0.09	2.87	1.42	0.51	0.04	4.84	5.89	0.01	0.02
Indicated	15.11	2.84	1.74	0.51	0.05	5.14	6.19	1.38	3.01
Total Measured and Indicated 2015	**15.20**	**2.84**	**1.74**	**0.51**	**0.05**	**5.14**	**6.19**	**1.39**	**3.02**
Inferred 2015	5.18	3.05	1.83	0.56	0.06	5.50	6.69	0.51	1.11

***4E** = platinum+palladium+rhodium+gold; **6E** = platinum+palladium+rhodium+iridium+ruthenium+gold.*
Totals are rounded off.

TAMBOTI PLATINUM (KALKFONTEIN RE) UG2 REEF MINERAL RESOURCES CLASSIFICATION

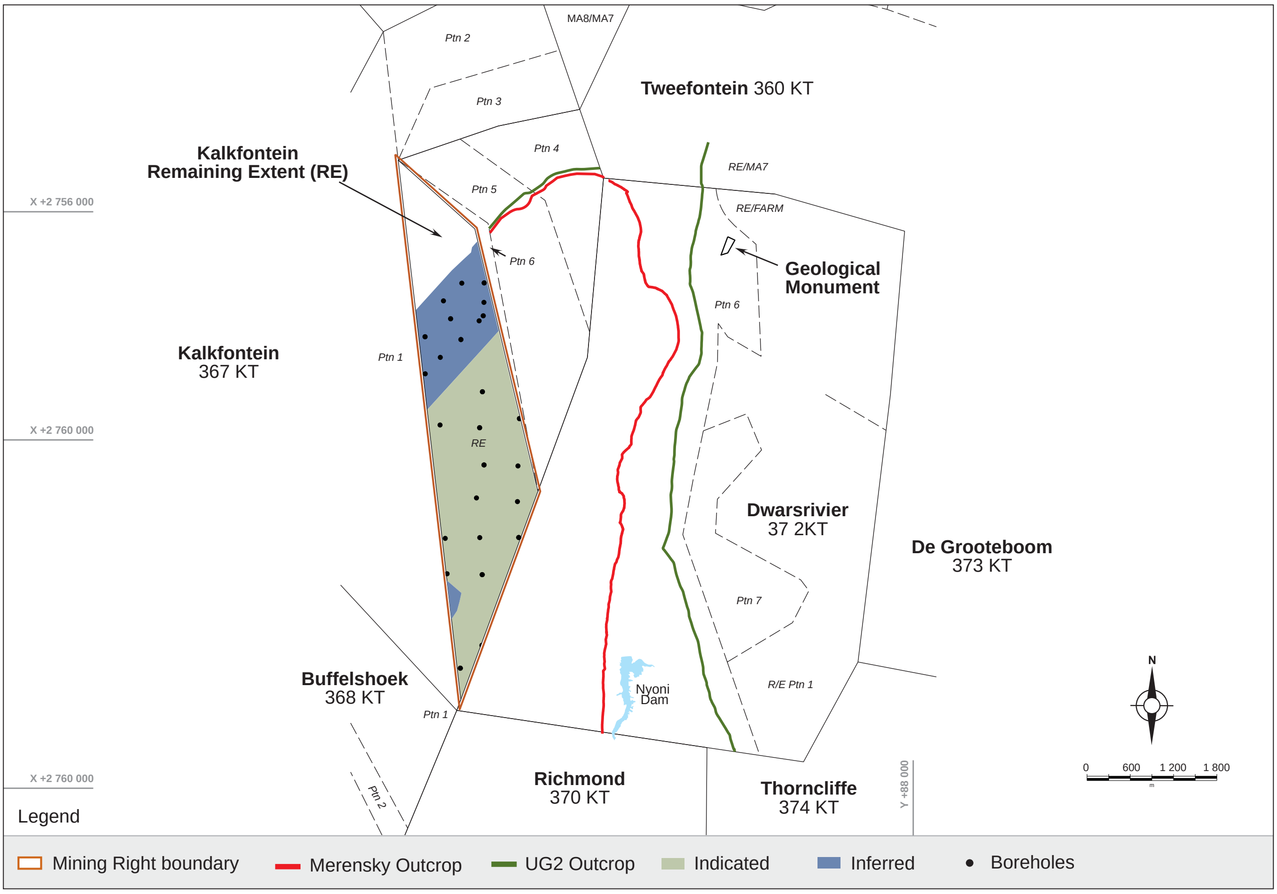


TAMBOTI PLATINUM (KALKFONTEIN RE): MERENSKY REEF MINERAL RESOURCES

	Mineral Resources								
	Mt	Pt g/t	Pd g/t	Rh g/t	Au g/t	4E g/t	6E g/t	Pt Moz	6E Moz
Total Indicated 2015	14.39	2.37	1.20	0.13	0.28	3.98	4.31	1.10	1.99
Total Inferred 2015	5.50	1.94	0.91	0.11	0.22	3.18	3.44	0.34	0.61

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

TAMBOTI PLATINUM (KALKFONTEIN RE) MERENSKY REEF MINERAL RESOURCES CLASSIFICATION



Year-on-year change

The Mineral Resources for Tamboti Platinum are being reported for the first time after ARM's acquisition of Tamboti Platinum (Pty) Ltd.

Mineral Resources and Mineral Reserves: ARM Platinum continued

Modikwa Platinum Mine

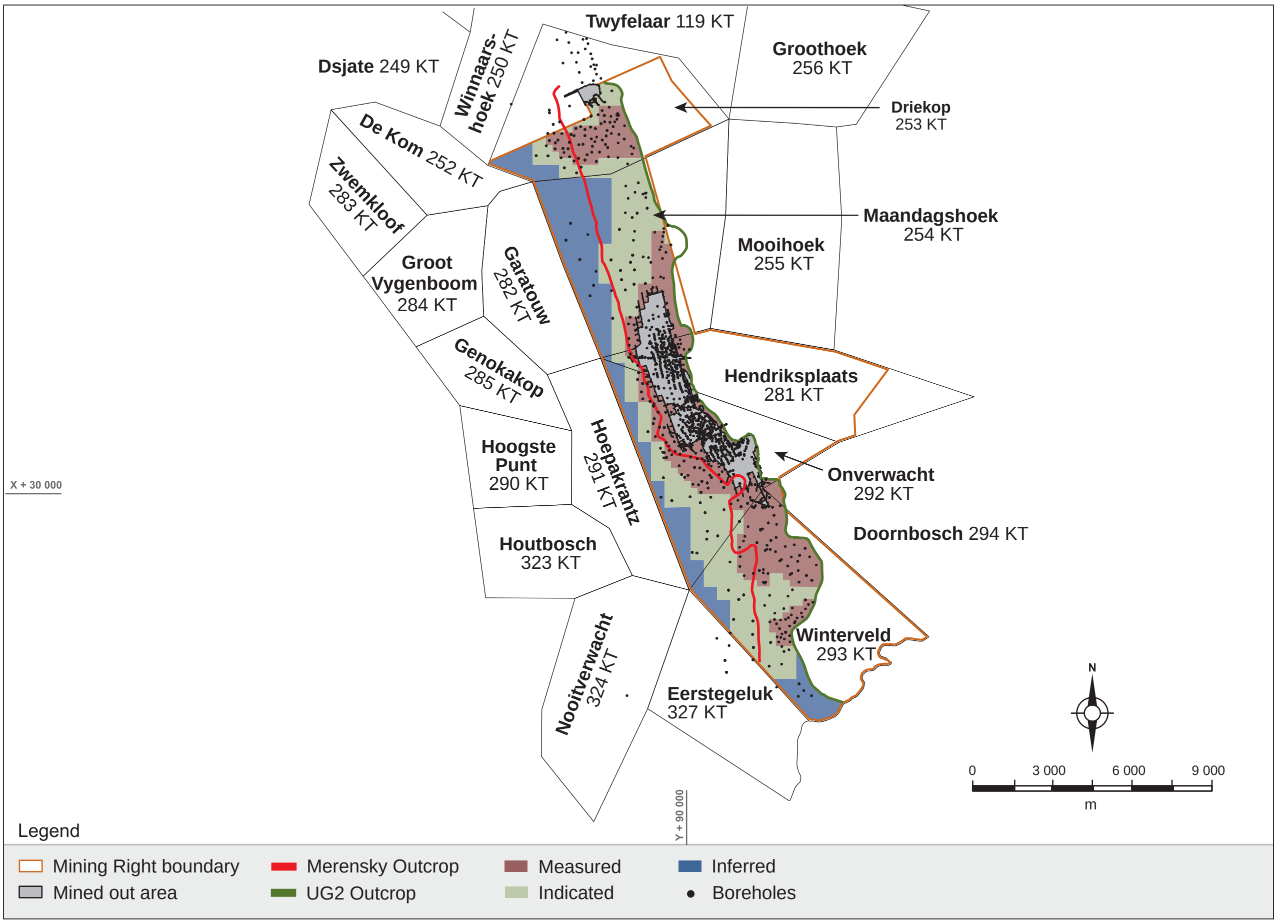
ARM's attributable beneficial interest in Modikwa's operations is 41.5%, 8.5% is held by the Modikwa Communities, and 50% is held by Anglo American Platinum.

*MODIKWA PLATINUM MINE: UG2 REEF MINERAL RESOURCES AND RESERVES

	Mineral Resources				Mineral Reserves		
	Mt	4E g/t	4E Moz		Mt	4E g/t	4E Moz
Measured	49.50	5.90	9.39	Proved	14.13	4.69	2.13
Indicated	87.20	5.92	16.60	Probable	34.00	4.65	5.08
*** Total Measured and Indicated 2015**	**136.70**	**5.91**	**25.99**	**Total Reserves 2015**	**48.13**	**4.66**	**7.21**
* Total Measured and Indicated 2014	139.00	5.89	26.33	Total Reserves 2014	58.60	4.63	8.72
Inferred 2015	**75.90**	**6.21**	**15.15**				
Inferred 2014	77.30	6.19	15.38				

__4E__ = platinum+palladium+rhodium+gold.
**The Measured and Indicated Mineral Resources are exclusive of those modified to produce Mineral Reserves.*
Modifying factors for the conversion of Mineral Resources to Reserves include: mining losses, mining dilution, metallurgical and geotechnical.
Totals are rounded off.

MODIKWA MINE UG2 REEF MINERAL RESOURCES CLASSIFICATION

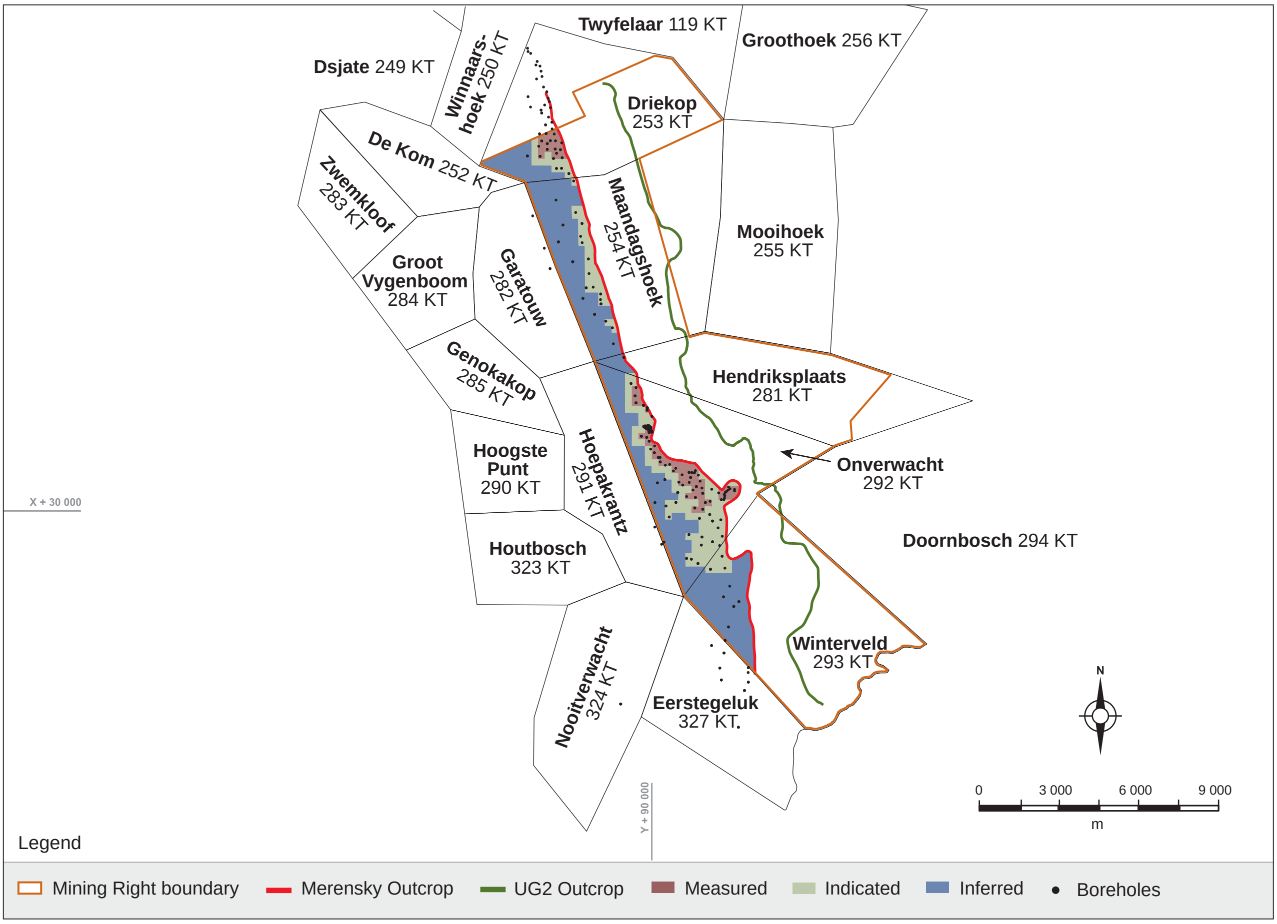


MODIKWA MINE: MERENSKY REEF MINERAL RESOURCES

	Mineral Resources		
	Mt	4E g/t	4E Moz
Measured	17.95	2.94	1.70
Indicated	54.05	2.73	4.74
Total Measured and Indicated 2015	**72.00**	**2.78**	**6.44**
Total Measured and Indicated 2014	72.00	2.78	6.44
Inferred 2015	**136.84**	**2.65**	**11.66**
Inferred 2014	136.84	2.65	11.66

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

MODIKWA MINE MERENSKY REEF MINERAL RESOURCES CLASSIFICATION



HISTORICAL PRODUCTION AT MODIKWA MINE (MILLED)

Financial year	Mt
2010/2011	2.30
2011/2012	2.18
2012/2013	2.33
2013/2014	2.11
2014/2015	1.86

Year-on-year change

The Measured and Indicated UG2 Reef Mineral Resources marginally reduced by 2% to 136.70 million tonnes at 5.91 g/t (4E). Mineral Reserves decreased from 58.60 at 4.63 g/t (4E) to 48.13 million tonnes at 4.66 g/t (4E) due to the revision of the 2014 survey figures, Marula Reserves depletion and structural model changes.

Mineral Resources and Mineral Reserves: ARM Platinum continued

Kalplats PGM Prospect

Kalplats PGM Prospect – ARM Platinum's attributable beneficial interest is 46%. Platinum Australia Limited (PLA) holds 44% and Anglo American Prospecting Services 10%.

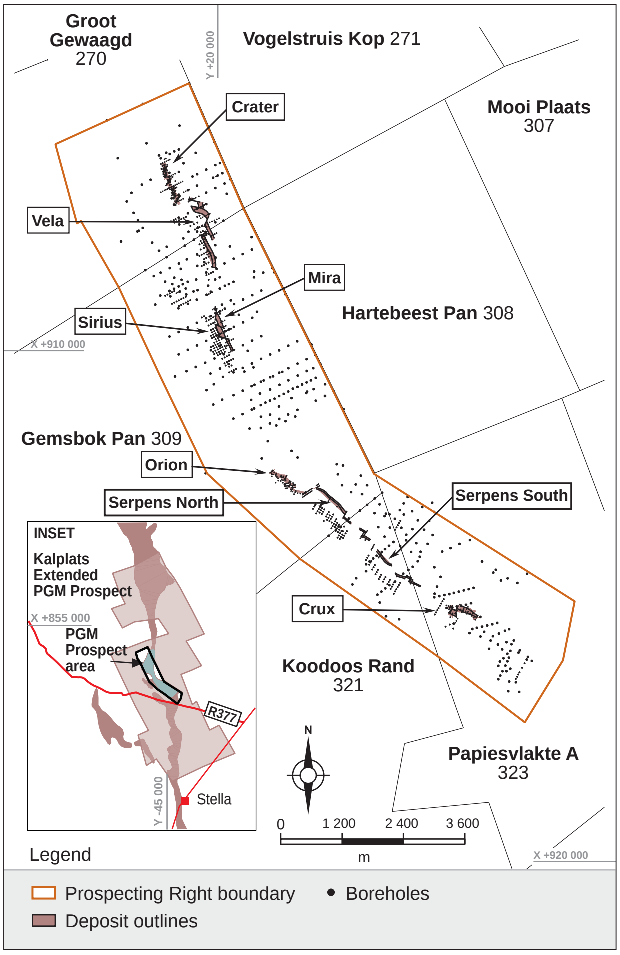
Kalplats Extended Prospect – ARM Platinum's attributable beneficial interest is 50%. The other 50% is held by PLA.

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 2015	**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 2014	14.04	1.59	55.88	1.46	69.91	1.48	3.33	67.44	1.57	137.36	1.53	6.74

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

KALPLATS PGM PROSPECT ORE BODY LOCALITY MAP



Year-on-year change

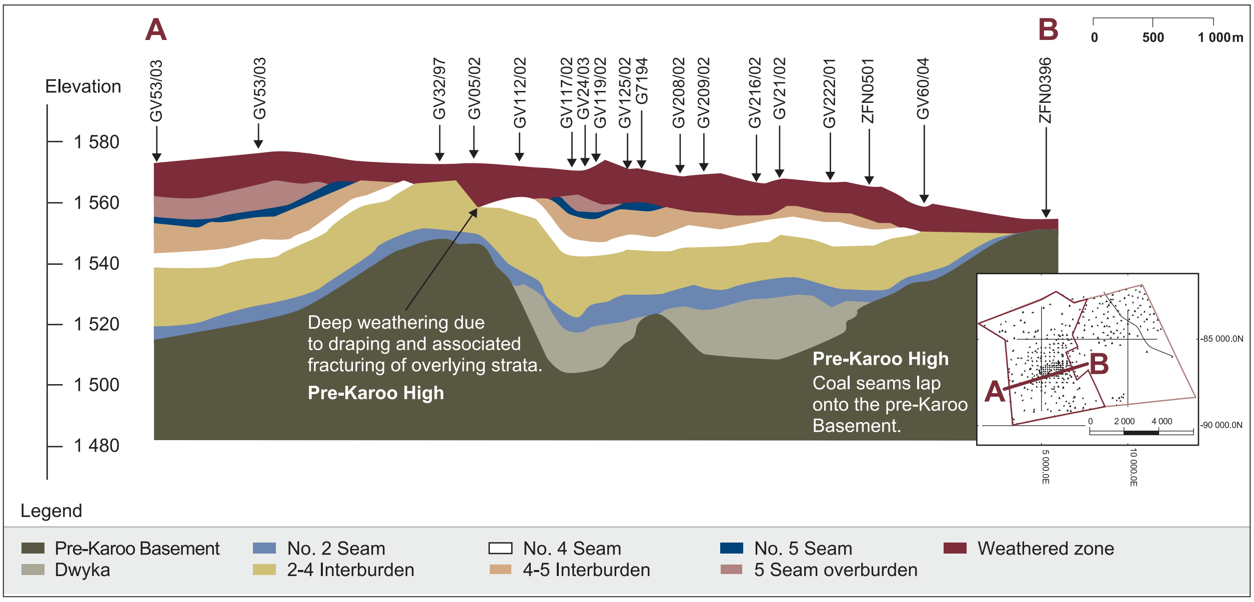
There were no changes to the Measured, Indicated and Inferred Resources in comparison to 2014.

ARM Coal

Goedgevonden Coal Mine

ARM's attributable beneficial interest in Goedgevonden's operations is 26%. The other 74% is held by Glencore Operations South Africa. The joint venture with Glencore also includes other coal operations in South Africa, Participating Coal Business (PCB) in which ARM has an economic interest of 20.2%.

SECTION SHOWING GOEDGEVONDEN COAL SEAMS



GOEDGEVONDEN MINE: COAL RESOURCES

	Coal Type and Qualities	Coal Resources Measured	Indicated	Measured and Indicated	Inferred
Total 2015	**Thermal Coal (Mt)**	**530**	**25**	**555**	**1**
	CV (MJ/kg)	**19.76**	**19.73**	**19.76**	**13.86**
	Ash (%)	**32.56**	**31.74**	**32.52**	**48.49**
	VM (%)	**21.77**	**20.96**	**21.73**	**18.09**
	S (%)	**1.15**	**0.82**	**1.14**	**0.80**
Total 2014	Thermal Coal (Mt)	540	25	565	1
	CV (MJ/kg)	19.80	19.81	19.80	15.25
	Ash (%)	32.42	31.08	32.36	45.22
	VM (%)	21.83	20.87	21.79	17.52
	S (%)	1.19	0.86	1.18	0.46

Totals are rounded off.
Coal Resources are inclusive of those modified to produce Coal Reserves.
Mining method is open-cut.
CV – Calorific Value.
VM – Volatile Matter.
S – Sulphur.

Mineral Resources and Mineral Reserves: ARM Coal continued

GOEDGEVONDEN MINE: COAL RESERVES

		Coal Reserves (ROM)				Coal Reserves (Saleable)		
	Coal Type and Qualities	Proved	Probable	Total Reserves	Coal Type and Qualities	Proved	Probable	Total Reserves
Total 2015	**Thermal Coal (Mt)**	**320**	**11**	**331**	**Thermal Coal (Mt)**	**200**	**6**	**206**
	CV (MJ/kg)			**19.90**				
	Ash (%)			**32.33**	**Export (Mt)**			**89**
	VM (%)			**21.80**	***Export CV (Kcal/kg)**			**5 900***
	S (%)			**1.10**	**Domestic (Mt)**			**117**
					Domestic CV (MJ/kg)			**21.50**
Total 2014	Thermal Coal (Mt)	360	11	371	Thermal Coal (Mt)	217	6	223
	CV (MJ/kg)			19.83				
	Ash (%)			32.37	Export (Mt)			96
	VM (%)			21.83	Export CV (MJ/kg)			26.82
	S (%)			1.19	Domestic (Mt)			127
					Domestic CV (MJ/kg)			21.50

Totals are rounded off.
Modifying factors for the conversion of Coal Resources to Reserves: mining losses, economic pit design.
Mining method is open-cut.
** Export coal CV reported as 5 900 kCal/kg which is equivalent to 26.82 MJ/kg.*
CV – Calorific Value.
VM – Volatile Matter.
S – Sulphur.

HISTORICAL PRODUCTION AT GOEDGEVONDEN MINE (SALEABLE)

Financial year	Mt
2010/2011	5.9
2011/2012	6.4
2012/2013	8.2
2013/2014	7.3
2014/2015	8.3

Year-on-year change

The Coal Measured and Indicated Resources for Goedgevonden reduced to 555 million tonnes mainly due to resource depletion of 12.2 million tonnes by mining. Coal ROM Reserves decreased from 371 to 331 million tonnes largely due to:

- Mining depletion of 11.4 million tonnes;
- Selective mining of the upper seams which reduced the Coal ROM Reserve by 1.5 million tonnes;
- New drilling and remodelling which accounted for a decrease of 4.2 million tonnes; and
- The change in Eskom yield cut-off which reduced the Coal ROM Reserve by 19.4 million tonnes.

However, selective mining of the upper seams and the Eskom yield cut-off change have resulted in higher quality plant feed.

Stockpiling at Goedgevonden Coal Mine

ARM Copper

The Lubambe Copper Mine

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

LUBAMBE COPPER MINE: MINERAL RESOURCES

	Mineral Resources			
	Mt	TCu%	*ASCu%	Mt Contained Cu
South Limb				
Measured	3.7	2.42	0.40	0.09
Indicated	19.9	2.37	0.46	0.47
Measured and Indicated	**23.6**	**2.38**	**0.45**	**0.56**
Inferred	**18.9**	**2.11**	**0.40**	**0.40**
East Limb				
Measured	2.1	2.86	0.27	0.06
Indicated	27.1	2.88	0.42	0.78
Measured and Indicated	**29.2**	**2.88**	**0.41**	**0.84**
Inferred	**3.0**	**2.67**	**0.21**	**0.08**
Lubambe Mine Total Resources				
Total Measured	5.8	2.58	0.35	0.15
Total Indicated	47.0	2.66	0.44	1.25
Total Measured and Indicated 2015	**52.8**	**2.65**	**0.43**	**1.40**
Total Measured and Indicated 2014	52.1	2.54	**	1.32
Total Inferred 2015	**21.9**	**2.19**	**0.37**	**0.48**
Total Inferred 2014	24.2	2.33	**	0.56

Cut-off grade 1.5% total copper (TCu) and minimum true thickness of 2 metres.
The Measured and Indicated Mineral Resources are inclusive of those modified to produce Mineral Reserves.
Totals are rounded off.
** ASCu – Acid soluble copper.*
*** Not reported in 2014.*

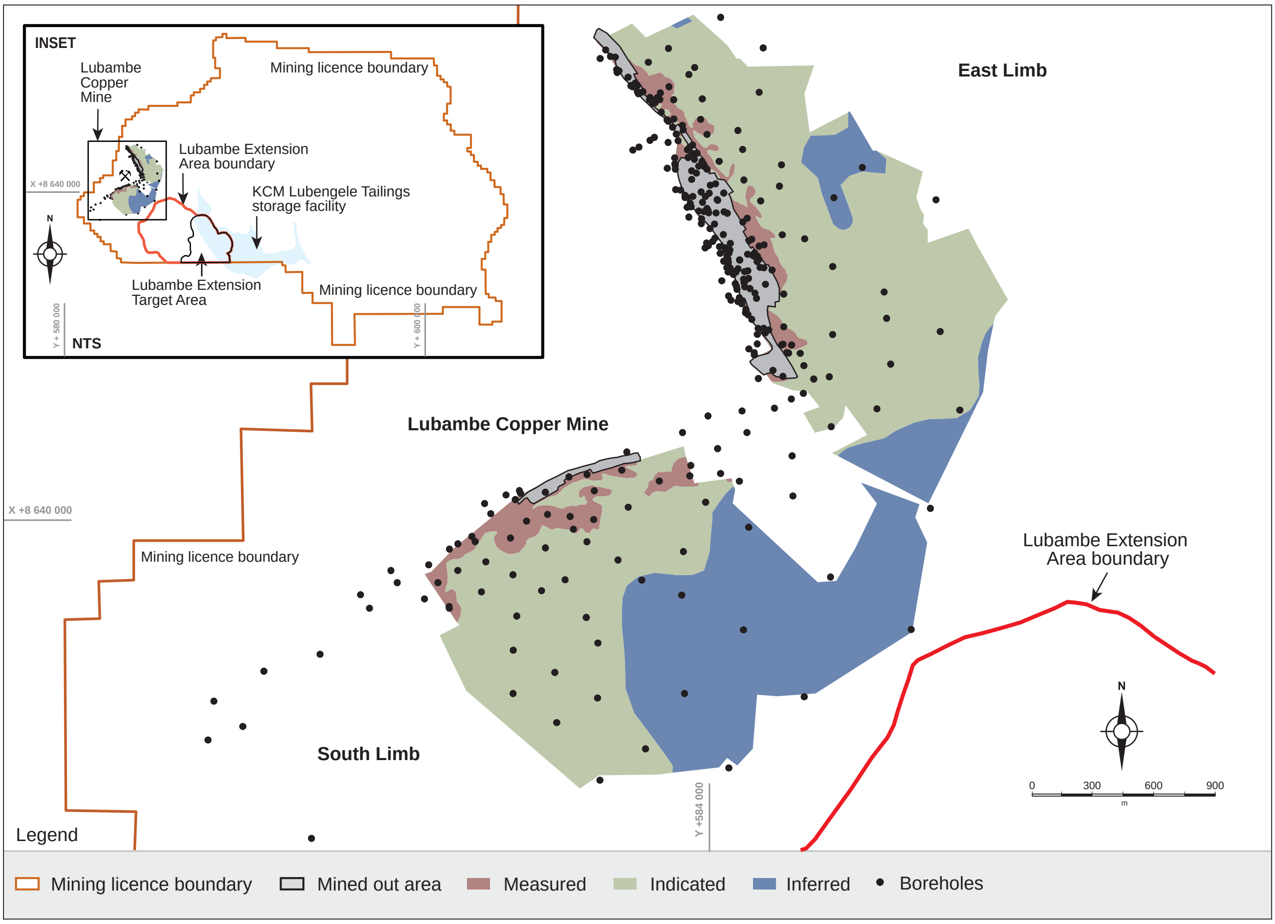
LUBAMBE COPPER MINE: MINERAL RESERVES

	Mineral Reserves			
	Mt	TCu%	*ASCu%	Mt Contained Cu
South Limb				
Proved	3.2	2.12	0.36	0.07
Probable	18.9	1.99	0.32	0.38
Proved and Probable 2015	**22.1**	**2.01**	**0.33**	**0.45**
East Limb				
Proved	1.9	2.52	0.15	0.05
Probable	24.6	2.45	0.36	0.60
Proved and Probable 2015	**26.5**	**2.46**	**0.34**	**0.65**
Lubambe Mine Total Resources				
Total Proved 2015	5.1	2.27	0.28	0.12
Total Probable 2015	43.5	2.25	0.34	0.98
Total Reserves 2015	**48.6**	**2.25**	**0.34**	**1.10**
Total Reserves 2014	42.8	2.24	**	0.96

Cut-off grade 1.5% total copper (TCu) and minimum true thickness of 2 metres.
Modifying factors for the conversion of Mineral Resources to Reserves include: mining losses, mining dilution and pillar losses.
Totals are rounded off.
** ASCu – Acid soluble copper.*
*** Not reported in 2014.*

Mineral Resources and Mineral Reserves: ARM Copper continued

LUBAMBE COPPER MINE MINERAL RESOURCES CLASSIFICATION



LUBAMBE EXTENSION AREA: MINERAL RESOURCES

	Mineral Resources			
	Mt	TCu%	*ASCu%	Mt Contained Cu
***Lubambe Extension Target Area**				
Indicated 2015	**90.0**	**3.73**	**0.56**	**3.36**
Indicated 2014	90.0	3.73	0.56	3.36
Inferred 2015	**44.0**	**4.78**	**0.29**	**2.10**
Inferred 2014	44.0	4.78	0.29	2.10
Lubambe Extension (Outside Target Area)				
Inferred 2015	**79.0**	**2.8**	**1.44**	**2.21**
Inferred 2014	79.0	2.8	1.44	2.21

Cut-off grade 1.5% total copper (TCu) and minimum true thickness of 4 metres.
** Lubambe Extension Target Area is the area currently under feasibility studies and is a portion of the Lubambe Extension Area.*
Totals are rounded off.
** ASCu – Acid soluble copper.*

HISTORICAL PRODUCTION AT LUBAMBE MINE (ROM)

Financial year	Mt
2011/2012	0.14
2012/2013	0.96
2013/2014	1.56
2014/2015	1.60

Year-on-year change

The Measured and Indicated Resources for Lubambe Copper Mine slightly increased from 52.1 to 52.8 million tonnes. The Mineral Reserves increased to 48.6 million tonnes at a grade of 2.25% TCu compared to 42.8 million tonnes at 2.24% TCu in 2014 due to an increase in mining extraction factors in some areas. Lubambe Extension Mineral Resources remained unchanged as no additional drilling was undertaken in the area.

Stockpile at Lubambe Copper Mine

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.

CORPORATE GOVERNANCE

"Our strategy is supported by our high standards of corporate governance, which we continue to review to ensure robust controls and alignment of our businesses with global best practice." **Patrice Motsepe** – Executive Chairman's report

Adhering to the highest standards of corporate governance is fundamental to the sustainability of ARM's business. 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 fiduciary duties. We continue to review our governance structures to ensure that they support effective decision-making, provide robust controls and are aligned to evolving local and global best practice.

APPLICABLE GOVERNING FRAMEWORKS

The Company complies with the JSE Listings Requirements, applicable statutes, regulatory requirements and other authoritative directives regulating its conduct. The principal applicable frameworks include:

JSE Listings Requirements

ARM is a public company listed on the JSE Limited (JSE) and is subject to the JSE Listings Requirements.

www.jse.co.za

King III

The King Report on Corporate Governance for South Africa 2009 and the King Code of Governance Principles (collectively, King III).

www.iodsa.co.za

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.

www.acts.co.za

International <IR> Framework

The International Integrated Reporting Framework came into effect in December 2013.

www.theiirc.org

Mining Charter

ARM is committed to the Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry (the Mining Charter), revised in September 2010.

www.dmr.gov.za

Additional external sustainability and management systems, standards and principles

See the Sustainability review commencing on page 38 and the 2015 Sustainability Report available on ARM's corporate website: **www.arm.co.za**

Additional external financial standards, policies, reporting guidelines and principles

See the accounting policies in the notes to the financial statements on pages 223 to 238.

IAR

ARM supports the implementation of integrated reporting to enhance the assessment and understanding of value creation and the sustainability of global markets through integrated thinking, greater connectivity between risks and outcomes, the promotion of accountability and increased transparency. ARM has been on a journey of integrated reporting since it published its first integrated report in 2010 and continues to embed integrated thinking into its business practice. ARM continues to strive for excellence in reporting and the further integration of the International <IR> Framework principles remains a priority.

KING III COMPLIANCE

ARM supports the principles and practices set out in King III. ARM has taken steps to ensure that it applies the principles set out in King III. 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.

Corporate Governance continued

GOVERNANCE FRAMEWORK

Shareholders and other stakeholders

STRATEGIC

BOARD OF DIRECTORS

Determines the Company's purpose and values, developing strategies in relation thereto, and provides strategic direction and leadership aligned to the Company's value system to ensure the sustainability of the business

Company Secretary

Audit and Risk Committee
Provides oversight of the Integrated Annual Report and financial reporting, internal controls and risk management and monitors the maintenance and safeguarding of assets as well as the financial sustainability of the Company.

Investment Committee
Examines proposed investments, potential acquisitions and disposals and capital projects above executive management's authority levels prior to recommendation to the Board.

Nomination Committee
Ensures that the Board is appropriately structured to enable it to execute its functions effectively.

Non-executive Directors' Committee
Considers sensitive issues which may not expediently be discussed at Board meetings and affords Non-executive Directors with the opportunity to debate issues at length and to formulate their views before taking them to Board meetings.

Remuneration Committee
Monitors the Company's remuneration policies and ensures that the Company has the optimal remuneration strategy to attract, retain and motivate employees and Non-executive Directors.

Social and Ethics Committee
Monitors and reviews the Company's safety, health and environmental activities, social and economic development, efforts to combat fraud and corruption, labour practices and the Company's approach to transformation.

TACTICAL

EXECUTIVE MANAGEMENT

Executive Committee
Assists the Executive Chairman to implement the strategy and objectives for and vision of ARM

Steering Committee
Assists the Chief Executive Officer with the implementation of approved corporate strategy and other operational matters

Growth & Strategic Development Committee
Evaluates investment opportunities aligned with the ARM Board strategy.
Refer to the ARM strategy diagram on pages 10 to 11.

Management Risk Committee
Assists the Audit and Risk Committee and the Social and Ethics Committee with monitoring the implementation of the enterprise risk management policy and annual plan, and with identifying the principal risks, opportunities and challenges facing the Company.
Refer to the Risk Report on pages 166 to 176.

Information Technology Steering Committee
Ensures the effective management of information technology and the integrity of financial and other information by supporting the Company to cost effectively achieve its objectives.
Refer to the IT Steering Committee summary on pages 160 to 163.

Treasury Committee
Ensures the effective management of the Company's financial capital.
Refer to the Financial Director's report on pages 20 to 31.
Refer to the financial statements pages 198 to 298.

Employment Equity and Skills Development Committee
Ensures the attraction and development of human capital to enable and support the Company's long-term strategy.
Refer to the Sustainability review on pages 38 to 71.

OPERATIONAL

DIVISIONAL/OPERATIONAL

Various departmental, regional, specialist, operational and project committees and forums

Comment from Gilden Assurance "As part of our Independent Third Party Assurance processes, Gilden Assurance 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 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."

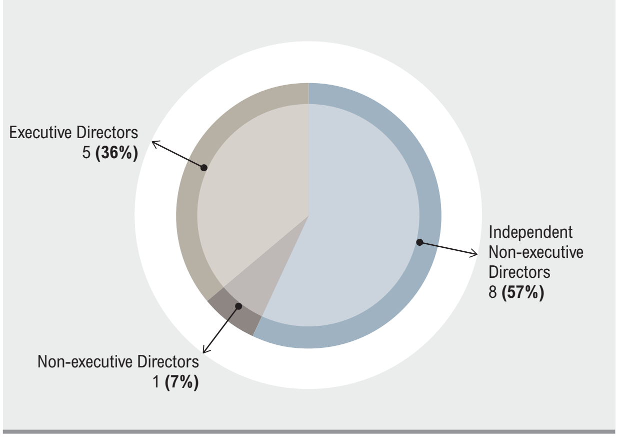
See the complete King III checklist on ARM's corporate website: **www.arm.co.za**.
Gilden Assurance's comprehensive assurance statement may be found in ARM's 2015 Sustainability Report available on ARM's corporate website: **www.arm.co.za**

SR

BOARD COMPOSITION

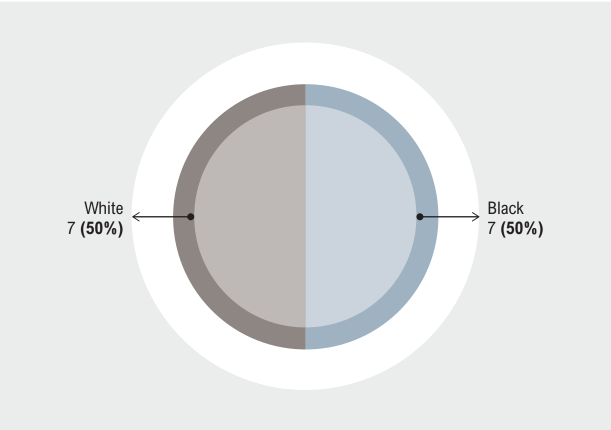
ARM has a unitary Board comprising 14 Directors, the majority of whom are Independent Non-executive Directors.

MIX OF DIRECTORS

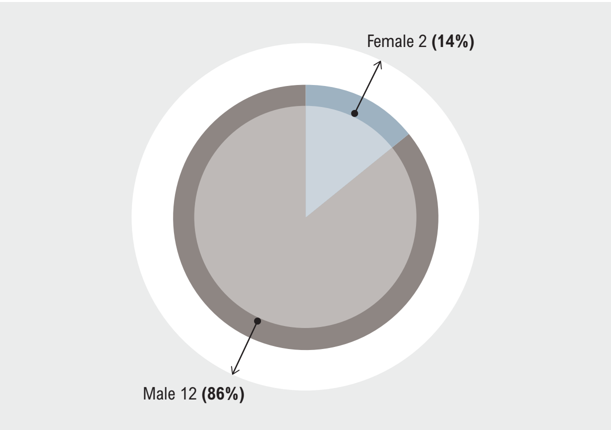


Curricula vitae of the Board members are provided on pages 192 to 195. IAR

DIVERSITY



GENDER OF DIRECTORS



INDEPENDENCE

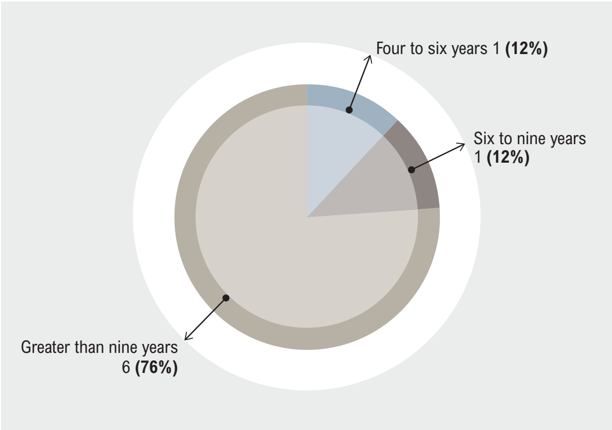
The Board believes that the Independent Non-executive Directors of the Company are of the appropriate calibre, diversity and number for their views to carry significant weight in the Board's deliberations and decisions.

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 rigorous review by the Board. The independence assessment considered relationships or circumstances likely to affect, or appearing to affect, the relevant Independent Director's character and judgment. The Board concluded that in each circumstance the Independent Non-executive Director's independence of character and judgment was not impaired by the length of service.

LENGTH OF TENURE: INDEPENDENT NON-EXECUTIVE DIRECTORS



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 various 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 of the JSE Listings Requirements, none of the Independent Non-executive Directors participate in any share incentive scheme of the Company.

Corporate Governance

Corporate Governance continued

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 P T 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). As at 30 June 2015, Mr Motsepe, ARMI and BBCE hold 40.86% of the Company's issued share capital. The shares of ARMI and BBCE are all held indirectly by trusts, all of which, with the exception of The Motsepe Foundation, hold those shares for the benefit of Mr 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 the Lead Independent Non-executive Director, Mr A K Maditsi, 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 a period of one year commencing on 1 January 2015. The Chief Executive Officer is appointed by the Board.

BOARD CHARTER

The Board Charter, which was most recently amended by the Board in August 2014 to ensure compliance with King III and the Companies Act. No amendments were made in 2015. The Board Charter provides guidelines to Directors in respect of, *inter alia*, the Board's responsibilities, authority, composition, meetings and the need for performance evaluations.

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

- determining the Company's purpose, values and identifying its stakeholders and developing strategies in relation thereto;
- being the focal point for and custodian of good corporate governance by managing the Board's relationship with management, the shareholders of the Company and other stakeholders;
- providing strategic direction and leadership which is aligned to the Company's value system by reviewing and approving budgets, plans and strategies for ARM and monitoring the implementation of such strategic plans and approving the capital funding for such plans;
- ensuring that ARM's business is conducted ethically and monitoring the ethics performance of ARM;
- approving business plans, budgets and strategies which are aimed at achieving ARM's long-term strategy and vision;
- annually reviewing the Board's work plan;
- monitoring the operational performance of ARM, including financial and non-financial aspects relating to such performance;
- ensuring the sustainability of ARM's business;
- reporting in ARM's Integrated Annual Report on the going concern status of ARM and whether ARM will continue to be a going concern in the next financial year;
- determining, implementing and monitoring policies, procedures, practices and systems to ensure the integrity of risk management and internal controls in order to protect ARM's assets and reputation;
- identifying and monitoring key performance indicators of ARM's business and evaluating the integrity of the systems used to determine and monitor such performance;
- monitoring and ensuring compliance with the Company's policies, codes of best business practice, the recommendations of King III and all applicable laws and regulations;
- adopting and annually reviewing the Information Technology Governance Framework and receiving independent assurance on such framework;
- considering, through the Audit and Risk Committee, specific limits for the levels of risk tolerance;
- defining levels of materiality, thereby reserving certain powers for itself and delegating other matters to the management of the Company;
- ensuring that the Company's annual financial statements are prepared and are presented 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 an appropriate 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 Non-executive Directors may seek re-election should they so wish.

Dr M M M Bakane-Tuoane and Messrs A D Botha and A K Maditsi are required to retire by rotation. They have made themselves available for re-election at the Annual General Meeting to be held on Friday, 4 December 2015.

Directors appointed by the Board between annual general meetings, either to fill a casual vacancy or as an addition to the existing Board, hold office only until the next annual general meeting and are eligible for election (but are not included in determining the number of Directors who are to retire by rotation). When appointing Directors upon the recommendation of the Nomination Committee, the Board considers, *inter alia*, whether the candidates have the necessary skills and experience. Mr D V Simelane resigned as an Executive Director of the Company and Chief Executive of ARM Copper with effect from 6 February 2015. With effect from 7 February 2015, Mr H L Mkatshana was appointed as an Executive Director to fill the vacancy and assumed the additional responsibility of Chief Executive of ARM Copper. Therefore, Mr Mkatshana is required to stand for re-election at the Annual General Meeting to be held on Friday, 4 December 2015.

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* are available on pages 192 to 195. IAR

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 strategy Bosberaad with senior management and the Board to, *inter alia*, inform Directors about the Company's business. Given the dynamics of the current market, two education sessions on the current market were held in F2015. Regular education sessions are held with Directors.

Site visits for Non-executive Directors are typically conducted. As all of the Non-executive Directors have previously visited all the operations, no site visits for Non-executive Directors were held in F2015 due to operational considerations.

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 the management of human capital, including 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 evaluation 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

Corporate Governance continued

- Balance of power and authority
- Ethics

Performance assessments of all of the Executive Directors, including the Executive Chairman and the Chief Executive Officer are undertaken annually and form the basis of their remuneration as discussed in the Remuneration Report starting on page 181. IAR

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

The findings of the F2014 and F2015 assessments were considered by the Board in 2015 and copies of the findings were provided to the external auditors in terms of King III.

One of the outcomes of the F2014 assessment was that the Board held a longer and more in-depth strategy session at the 2015 Bosberaad.

Between F2014 and F2015 the number of areas requiring improvement decreased from 16 to 5. The areas were as follows:

- Board composition – the Nomination Committee continues to evaluate the current Board composition to ensure that the Board is appropriately structured to execute its functions.
- Site visits – no site visits by Non-executive Directors were held in F2015 consistent with cost-containment measures. All Non-executive Directors have previously had an opportunity to visit each operation. The number of site visits in F2016 will be reviewed.
- Succession planning – the Nomination Committee had reviewed the succession plan on a number of occasions, including in F2015. Following the review in August 2015, amendments would be made and communicated to the Board.
- Risk appetite – in the current economic climate, the Company's risk appetite in certain areas had changed. In terms of the annual Risk Management Workplan the proposed amendments to the Corporate Risk Register were considered by the Audit and Risk Committee in September 2015.
- Sustainability (non-financial measures) – the Company supports the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines (CORE).

The Company's performance in terms of GRI G4 may be found in the 2015 Sustainability Report available on ARM's corporate website: **www.arm.co.za** SR

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 2015, four Board meetings were held. The quorum for Board meetings is the majority of the Directors.

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. The Company's annual budget workshop was held in July 2015 as part of the seventh annual Bosberaad (strategy meeting) for Directors and senior management.

Agendas for Board meetings are prepared by the Company Secretary in consultation with the Executive Chairman, the Chief Executive Officer, the Financial Director and the Executive Director: Growth and Strategic Development. 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.

Meeting attendance

An F2015 meeting attendance summary is shown below:

	BOARD	AUDIT AND RISK COMMITTEE	INVESTMENT COMMITTEE	NOMINATION COMMITTEE	NON-EXECUTIVE DIRECTORS' COMMITTEE	SOCIAL AND ETHICS COMMITTEE	REMUNERATION COMMITTEE
Number of meetings per year	4	7	2	4	4	4	4
P T Motsepe (Executive Chairman)	4	–	–	4^	–	–	–
M P Schmidt (Chief Executive Officer)	4	7^	2^	4^	–	4	4
F Abbott	3+	–	1	–	3	–	4
M Arnold	4	7^	2^	4^	–	–	4^
M M M Bakane-Tuoane, Dr	4	7	2^	4	4	4	4
T A Boardman	4	7	1^	–	4	–	4
A D Botha	4	7	2	–	4	–	4
J A Chissano	3+	–	–	1	3	–	–
W M Gule	4	–	2^	–	4	–	–
A K Maditsi	4	7	2	4	4	4	4
H L Mkatshana*	2	3^	1^	–	–	2^	–
D V Simelane**	2	4^	–	–	–	2^	–
R V Simelane, Dr	4	7	2^	4	4	4	–
Z B Swanepoel	4	–	2	–	4	–	–
A J Wilkens	4	7^	2^	3^	–	–	4^

** Appointed as an Executive Director on 7 February 2015 in the stead of Mr D V Simelane. Attended two Board meetings.*
*** Resigned as an Executive Director on 6 February 2015. Attended two Board meetings.*
^ Attendee as an invitee.
+ Absent with leave of the Board.

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 August 2015, 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	• Ten years' experience as a Barrister and Solicitor • Three years' experience as a General Counsel at a listed company • Ten 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 delegation of authority to its Committees does not detract from the Board's responsibility to discharge its fiduciary duties to the Company.

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

Corporate Governance continued

to the Board at each Board meeting and make recommendations in accordance with their Terms of Reference.

In F2015, the Terms of Reference were reviewed by the Committees and, in some instances, minor housekeeping amendments to the Terms of Reference were approved by the Board.

The membership of the Board Committees currently consists solely of Independent Non-executive Directors. Each Committee is chaired by an Independent Non-executive Director.

Attendance schedules for Committee meetings held in F2015 are included in the meeting attendance summary on page 155 of this report. IAR

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:

T A Boardman (Chairman)
Dr M M M Bakane-Tuoane
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 Report of the Audit and Risk Committee is available on pages 200 to 202. IAR

The Audit and Risk Committee comprises five 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. At the forthcoming Annual General Meeting, the Board will recommend the appointment of Mr F Abbott, an Independent Non-executive Director.

The Audit and Risk Committee Terms of Reference were reviewed by the Board in 2015. No amendments were made.

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 of ARM's 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 ARM's assets; the operation of adequate systems, internal controls and control processes; and the preparation of accurate financial reports and statements in compliance with all applicable legal requirements, corporate governance and accounting standards, as well as enhancing the reliability, integrity, objectivity and fair presentation of the affairs of the Company. It also oversees financial and other risks in conjunction with the Social and Ethics Committee. 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 of the Company.

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) and the requirements of the Companies Act, 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. The June 2015 year-end was the final year that Mr E A L Botha would be permitted to sign off an audit opinion on ARM's financial statements. Mr L I N Tomlinson was identified through the partner rotation and succession process. He is an experienced assurance partner with significant experience in auditing listed mining companies. The Audit and Risk Committee will also recommend that Mr Tomlinson be appointed as the designated individual auditor for the 2016 financial year. EY and Mr Tomlinson 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 for the use of external auditors for non-audit services are set out in the formal policy on non-audit services. 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, following the 2015 review, is satisfied that the Financial Director has experienced finance executives reporting to him, that the finance function is 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 159 and pages 166 to 176 of this Corporate Governance Report. IAR

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 F2015.

See the meeting attendance summary on page 155 of this Corporate Governance Report. IAR

INVESTMENT COMMITTEE

Members:
Z B Swanepoel (Chairman)
F Abbott
A D Botha
A K Maditsi

The Investment Committee comprises four 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.

The Terms of Reference of the Investment Committee were reviewed without amendment in F2015.

The Investment Committee is required to meet at least once a year. Two meetings were held during F2015.

See the meeting attendance summary on page 155 of this Corporate Governance Report. IAR

NOMINATION COMMITTEE

Members:
Dr M M M Bakane-Tuoane (Chairman until 2 March 2015)
A K Maditsi (Chairman from 2 March 2015)
J A Chissano
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 pages 155 and 156 of this Corporate Governance Report. IAR

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.

For additional information regarding the succession process, please refer to page 153. IAR

The Terms of Reference of the Nomination Committee were reviewed in F2015 and most recently amended by the Board in F2013.

Corporate Governance continued

In line with JSE Listings Requirements, the Nomination Committee is chaired by the Lead Independent Non-executive Director, Mr A K Maditsi who was appointed with effect from 2 March 2015. Dr Bakane-Tuoane was the Lead Independent Non-executive Director and Chairman of the Nomination Committee until 2 March 2015. Mr Motsepe, the Executive Chairman attends Nomination 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 F2015, four meetings were held.

See the meeting attendance summary on page 155 of this Corporate Governance Report. IAR

NON-EXECUTIVE DIRECTORS' COMMITTEE

Members:

Dr M M M Bakane-Tuoane (Chairman until 2 March 2015)
A K Maditsi (Chairman from 2 March 2015)
F Abbott
T A Boardman
A D Botha
J A Chissano
W M Gule
Dr R V Simelane
Z B Swanepoel

The Non-executive Directors' 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 who was, Dr M M M Bakane-Tuoane until 2 March 2015, and is currently Mr A K Maditsi, with effect from 2 March 2015.

Terms of Reference of the Non-executive Directors' Committee were approved by the Board in F2011 and reviewed without amendment in F2015. 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 F2015.

See the meeting attendance summary on page 155 of this Corporate Governance Report. IAR

REMUNERATION COMMITTEE

The Remuneration Report is available on pages 177 to 188. Additional information is available in the Directors' Report on pages 207 to 214. IAR

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 Responsibility.

Additional information is available in the Report of the Social and Ethics Committee on pages 190 to 191 of this report, in the Sustainability review on pages 38 to 71 of this report and in the 2015 Sustainability Report available on ARM's corporate website: **www.arm.co.za** IAR

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 while meeting the requirements of mineral rights conversions and other requirements detailed in the Mineral and Petroleum Resources Development Act 28 of 2002, as amended, and other applicable 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 reviewed without amendment in 2015.

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;
- Environmental management, occupational health and wellness and employee 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 comprises 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 Group Executive: Human Resources, the Group Executive: Compliance and Stakeholder Relations and the Group Risk Manager.

Four meetings were held during F2015.

See the meeting attendance summary on page 155 of this Corporate Governance Report. IAR

AD HOC BOARD COMMITTEES

The Board has the right to appoint and authorise special *ad hoc* Board 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 who are considered essential to the functioning of the Company and ensuring the appropriate control and provision of information to the Board.

See page 150 for a summary of how these Committees support the business. IAR

Executive Committee

The Executive Committee was formed in January 2012 and its members met eight times in F2015. The Executive Committee is chaired by the Executive Chairman. Standard items on the agenda include strategic matters, reports from the Chief Executive Officer, the Financial Director, the divisional chief executives and other senior executives.

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
K S Mashalane
B R Mashiane
H L Mkatshana (Executive Director)
J M Pistorius
J C Steenkamp
P S Thwala
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, coordinating 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 reviewed without amendment in F2015.

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 Group Risk Manager, 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 Group Risk Manager 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 Group Risk Manager 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 had four meetings during F2015 as well as the annual Corporate Risk Workshop.

Additional information regarding the risk management programme is available in the Risk Report on pages 166 to 176. IAR

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 196 to 197. IAR

Growth and Strategic Development Committee

The Growth and Strategic Development Committee evaluates growth opportunities. The Committee, which is chaired by the Executive Director: Growth and Strategic Development, meets fortnightly, or as required. Its members include the Chief Executive Officer, the Financial Director, the Executive Director and Chief Executive: ARM Copper and ARM Coal, 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. The other divisional chief executives attend meetings by invitation.

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 Committee and the Skills Development Management Committee eight years ago as the committees had common goals and addressed

Corporate Governance continued

issues which are interrelated. The committee is chaired by Mr H L Mkatshana, an Executive Director and the Chief Executive of ARM Copper and ARM Coal. Its members include the Chief Executive Officer, the Financial Director, the Chief Human Resources Officer, the Group Executive: Human Resources, the divisional chief executives, the Executive: Corporate Affairs for ARM Platinum, the Group Executive: Compliance and Stakeholder Relations, the Leader: Transformation and other senior executives. The Committee meets quarterly, or more often as required. The Committee Chairman and the Group 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.

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, 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 the 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 is one of the cornerstones of ARM's intellectual capital. IM 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.

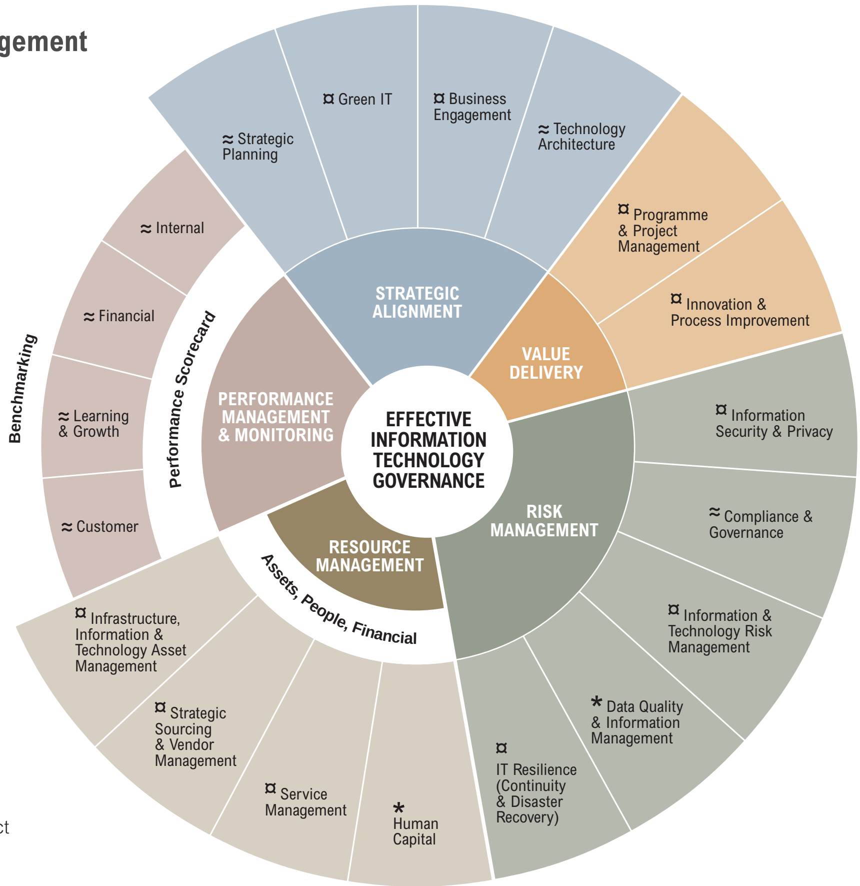
To this end, the Group has continued with its roll-out of an integrated Enterprise Resource Planning (ERP) system, incorporating finance, procurement, inventory, safety and people management, to one system in line with ARM's drive to enhance efficiency. In addition, the Group has commenced with the roll-out 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 and has adopted an internationally acknowledged IT Governance Framework. 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.

GOVERNANCE OF INFORMATION MANAGEMENT

Summarised in the diagram below are the key elements of the ARM IM Governance Framework, and the aspects explained below 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 applicable King III principles are being applied.

Information management



¤ In hand timeline/impact
≈ Needs ongoing focus
* Important area of focus

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.

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.

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.

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.

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. 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.

Corporate Governance continued

The key strategic IM projects for F2015 were set out in a plan for the year. Due to the economic climate and the pressure on commodity pricing, a decision was taken during the course of the year to limit the capital expenditure on projects and focus on stabilising, enhancing and maturing the current systems and applications, including the users of these systems. The main IM projects are as follows:

- Continuation of the Management of ARM's People Potential (MAPP) projects in the Northern Cape operations, focusing on enhancing the current systems and completing the outstanding systems as required by the business. No new projects or initiatives will commence in F2016, other than those planned for by each operation in accordance with the approved business plans.
- Supporting the operations in terms of the JD Edwards environment with internal support resources which are extremely effective in both cost and the number of issues that are resolved and the time to resolve. This is monitored and reported on a monthly basis.
- Extending and further development of Qlikview reporting for operations and ARM Executive in Sandton offices. This development is an ongoing process and will continue going forward with internal resources.
- Outsourcing a number of fixed-term contractors on system projects to a large service provider, namely EOH. This has assisted with lowering the number of resources and associated costs due to them allocating these resources to other projects within their respective divisions.

A number of the objectives in the table below commenced prior to the 2015 reporting period and were influenced in terms of planned delivery dates, due to external factors such as the current financial affordability of the business given the commodities market, availability of resources from the business, which might cause objectives to be delayed or to re-appear in future reports.

IM GOVERNANCE DIMENSION	OBJECTIVES AND PERFORMANCE F2015	OBJECTIVES F2016
Risk management	**Objective:** Enhancement of the IM Governance Framework with the development of an IM Governance Framework Measurement Model (Measurement Model). **Performance:** Enhanced the Measurement Model and completed development. Aligned all mines and operations to the Measurement Model.	Audit compliance with the Measurement Model.
Value delivery	**Objective:** Roll-out and implementation of JD Edwards' Enterprise Resource Planning (ERP) system for the Cato Ridge smelter facility. **Performance:** Rolled out the system in F2015. Matured and enhanced implementation and users.	Ongoing maintenance and support.
Risk management **Resource management** **Value delivery**	**Objective:** ARM Ferrous – implement internal audit findings. **Performance:** Continuous internal audits to ensure integrity of systems. The systems were used to audit the F2015 year-end financial process.	Continue internal audits to ensure integrity of systems.
Value delivery	**Objective:** Develop and implement Hyperion Planning for Northern Cape mines. **Performance:** Completed by March 2015.	Due to the capacity of personnel and budget constraints, this project is on hold.
Resource management **Value delivery**	**Objective:** Continuation of the MAPP Project and further module implementation. **Performance:** Further developed and implemented the following: – Time and Attendance solution; – Learning Management system; and – Performance Management solution. Designed the Oracle fusion solutions, including Recruitment, Performance Management and Workforce planning.	Further develop the following solutions scheduled for completion by 30 June 2016: – the Learning Management system; and – the Time and Attendance solution. All other MAPP-related systems are in the process of being reprioritised and a new plan will be developed in partnership with ARM Ferrous executives.

IM GOVERNANCE DIMENSION	OBJECTIVES AND PERFORMANCE F2015	OBJECTIVES F2016
Resource management	**Objective:** In terms of the Culture, Team and Individual Development (CTID) process, align outcomes into balanced scorecard measurements of employees. **Performance:** Managed the outcomes and monitored behaviour due to process. The IM Team Charter and Success Model were aligned with the ARM strategy and to that of ARM Ferrous.	Use in performance measurement contracts F2016.
Value delivery	**Objective:** Assisting Lubambe Copper Mine with system requirements. **Performance:** Implemented the Oracle Payroll system. Expanded Qlikview reporting to senior executives. Developed business intelligence models. Further assisted with other systems requirements.	Enhance business intelligence models. Develop additional reports required by Lubambe.
Value delivery	**Objective:** Planning of JD Edwards for Nkomati Mine. **Performance:** Implementation of JD Edwards at Nkomati Mine by 30 June 2015 in alignment with the template developed for the ARM Group.	Provide "hand holding" support until end of November 2015. Then provide ongoing off-site support.
Risk management	**Objective:** Ensure compliance and development of an IM legal compliance register. **Performance:** Continuous alignment to applicable legislation and compliance in this regard.	Expand the register with new legislation applicable to the IM function within ARM.
Risk management	**Objective:** Security and protection of ARM IM systems (handled externally by Internet Solutions and internally by the ARM IM Department). **Performance:** Ongoing activities to ensure that ARM IM systems are secure and protected against intrusion and possible cyber threats.	Continue efforts to ensure the security and protection of ARM IM systems, including equipment facing the public domain. Ongoing collaboration with ARM Risk Management to ensure that ARM IM systems are secure.
Value delivery	**Objective:** ARM IM infrastructure and applications. **Performance:** ARM IM scrutinises all expenditure and reduced costs below the F2015 budget.	Further opportunities to contain costs are being investigated. All systems will remain in a mode of care and maintenance. All licensing and support agreements are being reviewed for optimisation, consolidation and cost reduction.

Abbreviations:
CTID *Culture, Team and Individual Development*
IM *Information Management*
RIFA *Reliable Information For ARM*
CoBit *Control Objectives for Information Technology*
IT *Information Technology*
WAN *Wide Area Network*
ERP *Enterprise Resource Planning*
MAPP *Managing ARM's People Potential*

* *Employee leave management through electronic media.*

Corporate Governance continued

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 Companies Act, and most recently updated in 2015. A Code of Conduct online 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 of the Company's offices. Initiatives to heighten awareness of the whistleblowers' facility are implemented on an ongoing basis. Formal procedures in place result in each whistleblowing 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.

Comment from Sustainability Assurance Provider:

"As part of the scope of work to provide Independent Third Party Assurance over ARM's sustainability reporting, Gilden Assurance 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 Gilden Assurance's comprehensive assurance statement within ARM's 2015 Sustainability Report available on ARM's corporate website: **www.arm.co.za**

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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.

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.

The Report of the Audit and Risk Committee is available on pages 200 to 202. IAR

RISK MANAGEMENT PROGRAMME

The Risk Report is available on pages 166 to 176. IAR

LEGAL COMPLIANCE

The Company has a legal and regulatory compliance policy. Internal and external legal compliance and operational audits are regularly conducted at all operations and any instances of non-compliance with regulatory requirements are reported to management for corrective action.

In addition, ARM Corporate initiates external biennial audits of Safety, Health and Environmental (SHE) performance at those operations over which ARM has joint management control. The most recent external SHE audit was conducted in F2014.

During January 2014, Modikwa received a pre-directive in terms of Section 53 of the National Water Act relating to the encroachment of waste rock on the river. A rehabilitation plan approved by the Department of Water and Sanitation (DWS), was implemented and the DWS has subsequently stated that no directive will be issued.

At the end of 2014, Two Rivers Platinum received a notification of intent to issue a pre-directive in terms of Section 53 of the National Water Act from the DWS for unlawful water use pertaining to the construction of a lapa with associated ablution facilities on the wall of the Inyoni Dam. A comprehensive geohydrological investigation and risk assessment report was presented to the DWS in April 2015 and the matter is still under consideration.

In the case of the Khumani Housing Development Company Proprietary Limited, a subsidiary of Assmang Proprietary Limited, its appeal against the administrative fine in terms of section 24G of the National Environmental Management Act, which was lodged in the 2014 financial year, remains unresolved.

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 2015 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. No amendments to the policy were made in F2015.

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 donations 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. Further to the commitment to transparent stakeholder communities, the Company has an Executive: Business Development, a Senior Executive: Corporate Affairs for ARM, a Group Executive: Compliance and Stakeholder Relations and an Executive: Legal Compliance and Stakeholder Relations.

Shareholders are encouraged to attend the Annual General Meeting and to use it as an 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. 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 locally and internationally, through investor roadshows and conferences.

Additional information regarding investor relations and communication with stakeholders is available in the Investor Relations report on pages 299 to 302 and in the 2015 Sustainability Report available on ARM's corporate website: **www.arm.co.za**

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ANNUAL GENERAL MEETING

The Notice of Annual General Meeting is available on pages 306 to 311.

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SPONSOR

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

RISK REPORT

Risk management

INTERNAL CONTROL AND ENTERPRISE RISK MANAGEMENT POLICY

ARM's risk management philosophy commits to developing, embedding, cost-effectively implementing and continually reviewing systems of internal control and enterprise risk management at all levels within the Company.

ARM's overriding policy and philosophy is that management of risk is the responsibility of management at every level in ARM. It forms an integral part of the process of managing resources and opportunities within our risk appetite in order to provide reasonable assurance regarding the achievements of our objectives.

To implement this policy, ARM:

- strives to protect and improve the health, safety and well-being 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 assets and our shareholders' investment;
- implements and maintains effective internal control and risk management programmes;
- makes environmental management part of all our 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 all applicable legislation;
- retains risk to optimal capacity, in line with its conservative approach and commitment to protect shareholders' interests;
- accepts, reduces or shares risk and ensures that the residual exposure is within its risk appetite or tolerance; and
- uses secure insurance and re-insurance markets to insure against catastrophic incidents and losses beyond its risk retention capacity.

ARM's Board of Directors has committed ARM to a process of risk management and to sound and effective systems of internal control.

These are aligned with the principles of King III and comply with the Companies Act and all relevant codes and regulations. The objective of these systems and processes is the management and minimising of short-, medium- and long-term risk at all of ARM's operations.

ARM expects all subsidiaries, joint arrangements (including joint ventures and joint operations), strategic alliances, strategic and functional areas, business units, operations, projects and processes to be subject to this Internal Control and Enterprise Risk Management Policy.

THE ERM PROCESS

ARM's annual Risk Management Plan is approved by the Audit and Risk Committee, on behalf of the Board, executed by management in collaboration with ARM Risk Management and monitored by the Management Risk Committee and the Audit and Risk Committee and Social and Ethics Committee on a quarterly basis. This plan ensures the implementation within the Company of the enterprise risk management process.

ARM's Enterprise Risk Management (ERM) process uses a unitary framework of identification and quantification of risks (marginally amended to create focus on physical risks) at all levels within the Company. To meet and exceed the risk management standards, ARM measures, monitors and benchmarks the effectiveness of mitigation and control performance against its own and international best practice.

The ERM process, which is consistent with ARM's "We do it better" management style, is designed to achieve an ongoing improvement of risk preparedness and effective corporate governance.

ARM's risk profile requires that it adopts a prudent approach to corporate risk and ARM's decisions regarding risk tolerance and risk mitigation reflect this.

ARM selects its 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 its business environment and make informed decisions in uncertain times.

To ensure ARM's responses to risk remain current and dynamic ARM continues to embed ERM and internal control processes in business systems and processes.

Mike Schmidt
Chief Executive Officer

15 October 2015

Enterprise Risk Management (ERM) Process

The objective of ARM's ERM process is to ensure that ARM is proactive and appropriately prepared for potential risk, challenges and opportunities.

The ERM process (recorded in the diagram on pages 168 to 169) sets out ARM's risk management philosophy and policy; the management and reporting functions; processes, roles and responsibilities; provides standards and guidelines; and identifies risk appetite and risk tolerance levels (periodically reviewed by the Management Risk Committee and approved by the Audit and Risk Committee) for operations, divisions and the Company.

The ERM process, which incorporates elements of the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Framework, International Organisation for Standardisation (ISO) 31 000 and risk management requirements of South Africa's King III Code:

- places significant emphasis on the integration of risk and assurance;
- provides an effective and efficient management tool for continuous improvement of controls and mitigation strategies;
- provides evidence of meaningful management assurance that can be relied on by all stakeholders;
- facilitates the ongoing process of moving from exception reporting to performance of controls;
- identifies 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;
- sets ARM performance standards and grading/rating performance of control and mitigation strategies (refer ARM Dashboard Standards on page 168);
- constantly reassesses risk management initiatives to ensure that they are relevant and that they anticipate emerging risks and opportunities;
- adds value to the efficiency and effectiveness of ARM's risk preparedness; and
- continues to meet and exceed corporate governance requirements.

ARM recognises that the field of risk management is dynamic and thus ARM's ERM policy will continue to evolve to meet the challenges and changes faced by ARM, its divisions and operations.

The ERM process, guided by the Internal Control and Enterprise Risk Management Policy, executed in terms of the annual Risk Management Plan and reported in terms of the formalised reporting structure, seeks to:

Focus on the ongoing identification and recording of risks, challenges and opportunities across the spectrum from long-term strategic planning to process level risks

Ensure that efficient and effective controls and/or mitigation/elimination strategies are recognised, benchmarked, established and practised

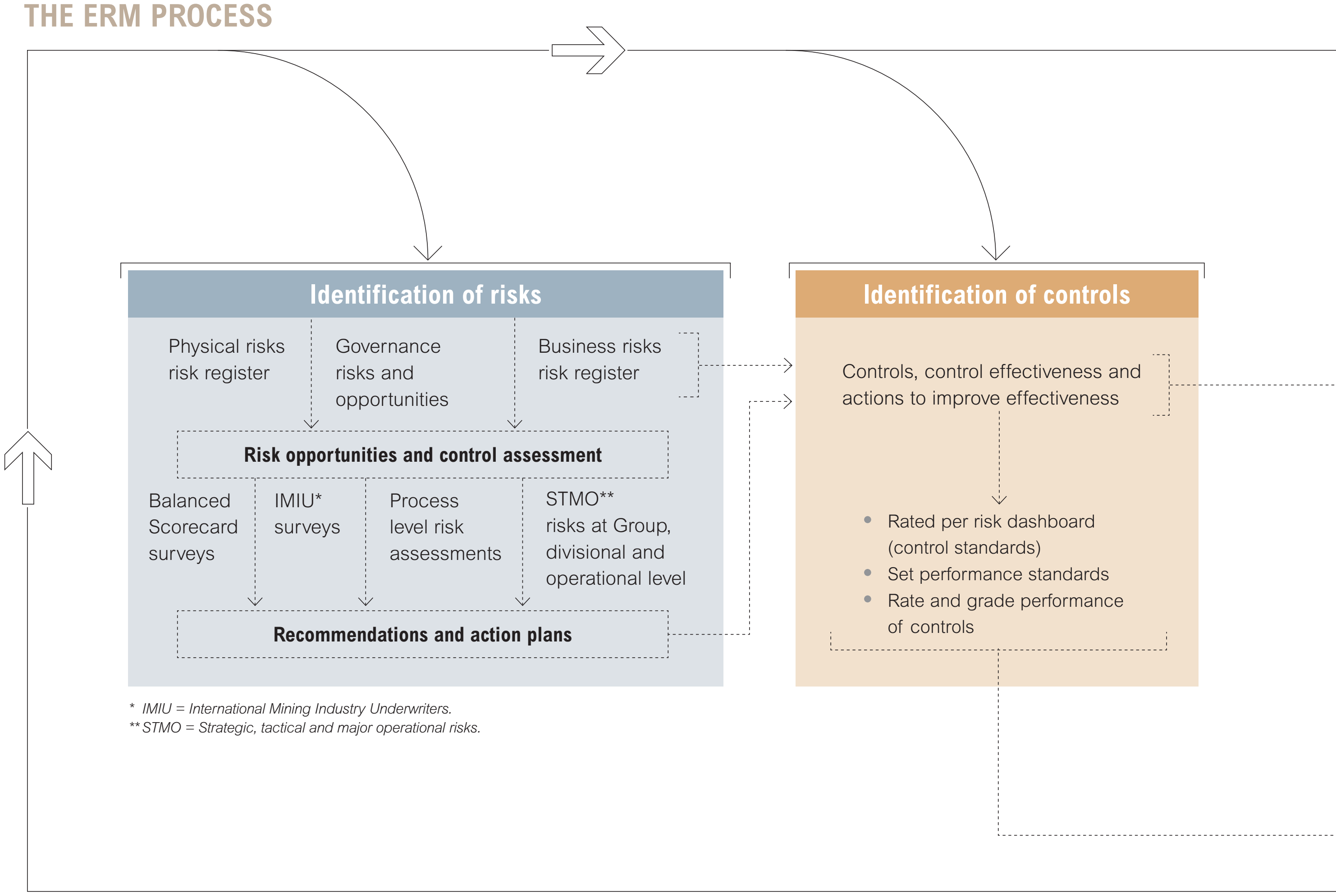
Benchmark control performance in respect of the various processes involved at all our operations

Monitor and encourage improvement in control performance/mitigation strategies consistent with ARM's "We do it better" management style, to provide all levels of management with appropriate assurance of the effectiveness of existing controls and/or improvement initiatives

Opencast drilling operations at Nkomati Nickel Mine

Corporate Governance: Risk Report continued

THE ERM PROCESS



** IMIU = International Mining Industry Underwriters.*
*** STMO = Strategic, tactical and major operational risks.*

ARM DASHBOARD STANDARDS

Use of risk and control dashboard and other metrics in the ERM process

ARM makes extensive use of risk and control dashboards and metrics with consistent rating criteria. These provide an appropriate and consistent approach to the presentation of performance of specific controls and the overall control environment.

ARM RATING %	CONTROL EFFECTIVENESS	DESCRIPTIONS
90 – 100	OPTIMAL	Adequate control framework, minor control effectiveness deficiencies, regarded as housekeeping
80 – 89	GOOD	Adequate control framework, controls regarded as effective, but improvements were identified (group standard)
70 – 79	SATISFACTORY	Adequate control framework, but improvements required in the effectiveness of certain key control areas
60 – 69	INADEQUATE	Inadequate control framework, improvements required in the effectiveness of key control areas. If not addressed, may cause an exposure
BELOW 59	POOR/WEAK	Inadequate control framework, controls ineffective. If not addressed, may cause a material exposure. Urgent executive management attention

Combined assurance

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

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 register – risks, opportunities, controls and effectiveness

Physical risk management

- Balanced Scorecard
- IMIU ratings

Risk financing/risk acceptance

REGULAR reporting to

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

Corporate Governance: Risk Report continued

MANAGEMENT OF RISK IN ARM

Accountability structure

The ARM Board tasks the Audit and Risk Committee with the oversight of risk management. In terms of the Board Charter, the Management Risk Committee (MRC) has been established as a sub-committee of the Audit and Risk Committee to assist it with the management of and reporting on risk management processes and procedures. The Audit and Risk Committee Chairman reports to the ARM Board.

The Chief Executive Officer chairs the Management Risk Committee and its members include the divisional chief executives, the Financial Director, the Executive: Sustainable Development, the Chief Information Officer, the Group Risk Manager and members of the ARM Steering Committee.

The Group Risk Manager reports quarterly to the Management Risk Committee, the Audit and Risk Committee and Social and Ethics Committee, as well as reporting quarterly to divisional and joint venture operational committees, divisional audit committees, and divisional social and ethics/sustainable development committees, with the exception of the ARM Coal audit committee.

ARM Annual Risk Management Plan

The Risk Management Plan, approved annually by the Audit and Risk Committee, provides emphasis for ARM's ERM initiatives for that financial year and ensures implementation of the Internal Control and Enterprise Risk Management Policy.

The Plan's initiatives and emphases are determined through an integrated combined assurance review. This review encompasses risk and assurance processes; discussions with internal audit, external audit and independent assurance providers; and is guided by any business imperatives and changes in governance and compliance requirements.

Approach to integrated combined assurance

ARM believes that the focused approach to the integration of risk and assurance, coupled with its ongoing enterprise risk management activities, ensures that a comprehensive integrated combined assurance base is established upon which relevant and appropriate analysis of the overall control environment can be assessed and reported.

In order to enhance the integration and alignment of management assurance, ARM developed its Combined Assurance Model providing clarity to its "three lines of defence" defining that which constitutes management assurance relative to these three lines of defence.

The "three lines of defence" model (summarised here) defines formal assurance into that provided by:

Management
Policies, procedures, systems, processes, strategies

Internal assurance
Assurance processes internal to ARM but external to the individual operation

External assurance
Assurance provided by external assurance providers including specialists and subject matter experts

This combined assurance process assists in identifying potential gaps and duplication in assurance, providing further input into establishing a control environment that is appropriately related to ARM's risk appetite. The continuing development of integrated combined assurance enables comprehensive and appropriate management assurance reporting to the divisional and operational audit committees and to the Management Risk Committee and, through the Audit and Risk Committee, to joint venture partners and Board structures.

ARM continues to refine its integrated combined management assurance approach and reporting to ensure that the approach is practical, cost-efficient and is effectively integrated with ARM's ERM and management assurance processes in order to provide a comprehensive risk-based and robust assurance process.

Reporting structure

Risk management initiatives and emphases are incorporated into the annual Risk Management Plan and reported on within the structured reporting areas of the:

Risk register process

Addresses emerging and existing business risks, controls and action plans for improvement.

Refer to page 171. IAR

Physical risk management

Addresses physical risks, controls and action plans/recommendations for improvement set against cost-effective international standards.

Refer to page 171. IAR

Risk financing/insurance

Addresses the financing and/or insurance of risks retained.

Refer to page 172. IAR

Governance and risk

Addresses risk issues arising out of corporate governance and code of practice.

Refer to page 172. IAR

THE RISK REGISTER

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

The aim of the risk register process is to ensure the identification and recording of relevant risks, challenges and opportunities and in respect of each risk/opportunity to identify and record corresponding controls and mitigation strategies. The efficacy of these controls is considered and rated against ARM's Control Standards during the process.

The inclusion and consistent use of value drivers in the identification of risks, challenges and opportunities and their corresponding controls assists in ensuring focus and alignment with the independent assurance provided by ARM's internal audit function (outsourced to KPMG).

The Enterprise Risk Management specific software captures detailed risk information in a consistent manner and provides a powerful database to enable interrogation of risks, controls and actions captured through the risk register process.

Action plans to reduce risk

Where improvement in the control environment is considered necessary, the risk register process requires that appropriate action plans or mitigation strategies be identified and implemented to reduce the risk profile and improve the control environment.

This approach to risk ties in with ARM's "We do it better" management approach, which incorporates the principle of continuous improvement.

Rating of control effectiveness

ARM's focus on rating the effectiveness of controls and ensuring the implementation of appropriate mitigating actions and strategies corresponds with the move towards reporting on the performance of controls (measured in terms of risk and control dashboards) and the move away from exception reporting.

Using the risk register and dashboard process to ensure a focused annual internal audit plan and maintain the focus on continuous improvement

The detailed information in the risk registers, assurance results in the dashboard and assurance detail available in the Combined Assurance status reports are provided to and discussed at least annually with ARM's internal auditors to:

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

Inclusion and use of value drivers in the identification of risks and their appropriate controls is intended to further integrate and align the independent assurance by KPMG (ARM's outsourced internal auditors) on like controls to the benefit of the control environment within ARM.

Using the risk register to embed ERM process

The consistent approach to the completion and updating of risk registers and the integration of appropriate management assurance and compliance reporting plays an integral part in the embedding of the ERM process. This process of embedding ERM includes:

- quarterly risk workshops and reviews;
- quarterly updates of risk registers;
- quarterly presentations of risks and controls;
- annual internal audit planning process;
- use of external consultants' reports on risk, control and control effectiveness;
- reviews by internal audit of the Enterprise Risk Management process and the Internal Control and Enterprise Risk Management Policy; and
- incorporation of combined assurance processes into the ERM process.

PHYSICAL RISK MANAGEMENT

ARM addresses and reports on physical risk, control and mitigation strategies separately from business risks to ensure specific and focused attention. These risks and controls are also captured in the risk register process.

It is through independent focused balanced scorecard and benchmarking processes implemented by ARM that the necessary emphasis is encouraged to ensure that physical risk and control initiatives are progressed, monitored and reported.

While ARM's risk management approach (recorded in the Internal Control and Enterprise Risk Management Policy) emphasises that ARM's general managers are directly accountable for the management of risk in the area under their individual control, ARM recognises that independent specialist expertise is necessary to guide and assist management in this area.

Appointed external consultants assist ARM's operations with objective independent reports which identify risks, rate and benchmark risk performance and provide appropriate risk improvement recommendations as follows:

Balanced scorecard programme

The physical risk scorecard, developed from a strategic planning and general management application, grades operations against international best practice standards for risks associated with fire and explosion, flooding, mechanical engineering, electrical engineering, planned maintenance, security and risk management organisation.

Corporate Governance: Risk Report continued

The balanced scorecard is designed to meet ARM's risk management requirements, ensures alignment and consistency with the risk dashboard rating process and makes possible consistent monitoring and reporting of management assurance to all relevant internal and external stakeholders.

Benchmarking programme

The benchmarking surveys, conducted by International Mining Industry Underwriters, measure each operation against an international benchmark of risk preparedness.

The value of balanced scorecard surveys and benchmarking surveys to ARM's continuous improvement programme includes:

- providing a reliable measurement of control performance, mitigation strategies and risk protection standards against which ARM can compare risk management performance;
- allowing ARM and its operations to focus on high-risk areas;
- helping to continually develop physical risk standards to international norms and ensures that ARM operations continue to meet and exceed international risk standards; and
- focusing 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 has remained constant over many years and continues to be aggressive in considering 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 strategies in order to limit exposure to loss-producing events. This approach is both required and expected of management at all levels 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 (and its divisions and operating entities) 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 Maximum Potential Loss (MPL) exposures and risk profiles (frequency and severity exposures);
- ensure the availability of detailed and reliable risk and loss information;
- use appropriate forecasting techniques 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;
- 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 and risk financing structures) with innovative structuring, to finance self-retained exposures and, where appropriate, to carry risks of a non-traditional nature.

RISKS, OPPORTUNITIES AND CHALLENGES

In order to make informed decisions and take appropriate action, ARM and its stakeholders identify the issues material to the sustainability of the business. ARM determines these issues at board, executive and operational levels by considering financial and non-financial information, the issues driving the Company's sustainability and their possible impact on ARM and its stakeholders.

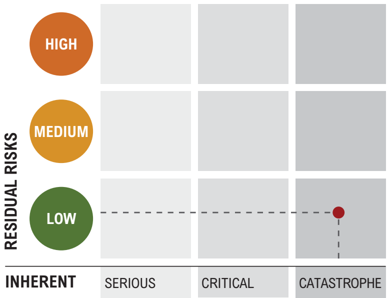
Having determined these material issues, ARM's comprehensive ERM process includes a detailed identification of risks ranging from process level risk assessments at individual operations, through to strategic, tactical and major operational risks at operational, divisional and Company level.

Quarterly reviews of strategic, tactical and major operational risks include a 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; record of any change to risk profiles; recognising new and emerging risks and any increased risk velocity (risks that require immediate management focus).

A graphical representation of risks regarded as principal risks, opportunities and challenges is presented on page 173 to 176 providing ARM's view of Inherent risk (before the application of controls), control effectiveness and the resultant Residual risk profile (after application of controls/mitigation strategies).

SAFETY AND HEALTH

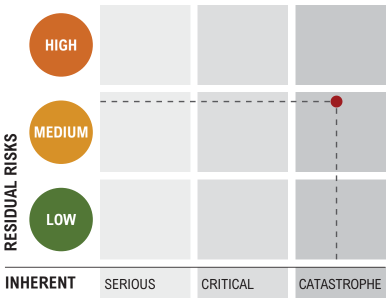
CONTROL EFFECTIVENESS: GOOD



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 well-being of all our employees, and the effectiveness of our safety and health management and reporting structures is paramount. Each divisional chief executive is tasked with ensuring the safety and health of all of our employees and our contractors are appropriately managed. Leading the effectiveness of this function is our Executive: Sustainable Development, who reports directly to our Chief Executive Officer.

LONG-TERM BUSINESS STRATEGY

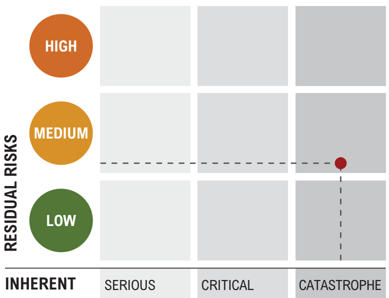
CONTROL EFFECTIVENESS: GOOD



To mitigate any risk that our 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 Strategic Development Management team which reports to the 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. The ARM Board reviews strategy at an annual Bosberaad and budget workshop and also reviews actual results against plans at each Board meeting.

REGULATORY AND LEGAL COMPLIANCE

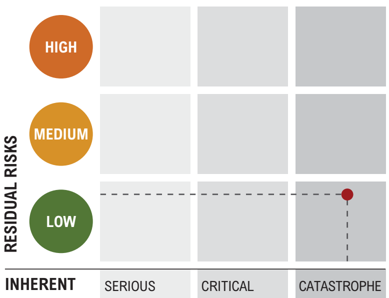
CONTROL EFFECTIVENESS: SATISFACTORY



ARM recognises that ensuring regulatory and legal compliance requires ongoing detailed attention in all areas. We give considerable attention to the measurement of and reporting on compliance and providing appropriate management assurance. While the internal control measures we have in place assist in ensuring compliance, ARM seeks to continually improve its monitoring, measurement and assurance processes through its continuous improvement management approach.

KEY SKILLS/EXPERIENCE

CONTROL EFFECTIVENESS: GOOD

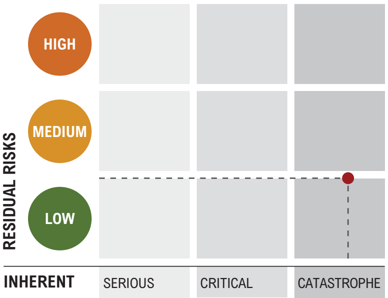


ARM recognises that its future success depends on our ability to attract, retain and develop suitably skilled and qualified employees. To achieve this, we have attractive short-term and long-term (share-based) incentive schemes which we regularly review and improve. We also have appropriate retention policies, graduate professional programmes and the focused training of artisans for the development of key technical skills we require. 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 five years. See pages 44 to 45 of the Sustainability review.

Corporate Governance: Risk Report continued

CLIMATE CHANGE

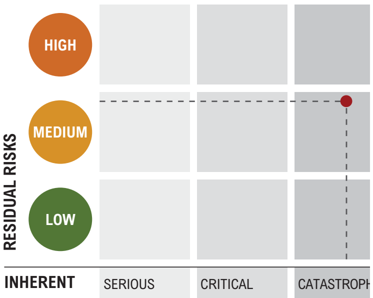
CONTROL EFFECTIVENESS: GOOD



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. We are aligning our climate change policy with International Council on Mining and Metals climate change developments. In developing our climate change policy we are 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. We also continually monitor and improve our sustainable development processes.

STAKEHOLDER RELATIONSHIPS

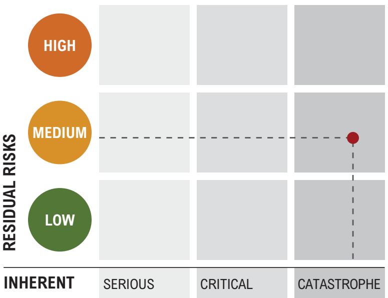
CONTROL EFFECTIVENESS: SATISFACTORY



ARM recognises the risk to its business environment of having ineffective relationships with our various stakeholders. We identify, develop and maintain multiple relationships with various stakeholders at all levels within ARM. Key individuals have responsibility for managing our key relationships at operational, divisional and Group levels, including stakeholder relationships with local communities. See Our Key Stakeholders on pages 36 to 37.

LABOUR RELATIONS

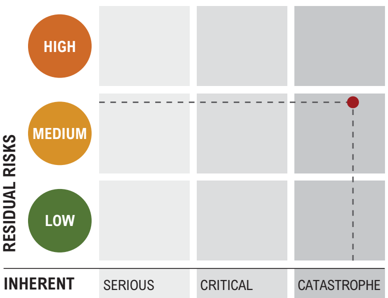
CONTROL EFFECTIVENESS: SATISFACTORY



Stakeholder engagement processes associated with labour relations enjoy focused attention and this, together with our approach of regularly engaging with trade unions at branch level, has helped us foster positive labour relations. Specific actions we have taken that have contributed to sound labour relations include ensuring resolution of grievances and concerns; having employment practices that recognise and deliver on transformation imperatives; and providing well-structured competitive remuneration packages. ARM has two or three year wage agreements in place at most operations. See additional information regarding ARM's "Top Employer" status, on pages 44 to 45.

PRESSURE ON MARGINS/CONTINUED COST ESCALATION

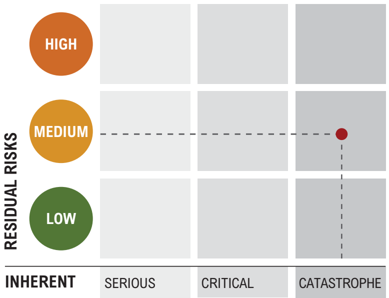
CONTROL EFFECTIVENESS: SATISFACTORY



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's objective is that all operations should be below the 50th percentile of the global cost curve (based on steady-state production) and we benchmark our operations against the global cost curve. See percentile on cost curve graph on page 13.

CAPITAL ALLOCATION

CONTROL EFFECTIVENESS: GOOD

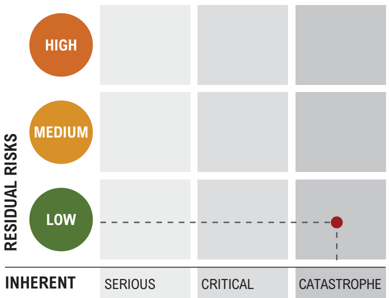


In the rigorous Business Planning process the requirement for capital is assessed, prioritised and planned based on criticality assessments to ensure appropriate capital allocation which is best suited to ARM's financial profile.

ARM's Investment Committee considers substantial investments, including mining projects, acquisitions and disposals of assets and makes recommendations to the ARM Board.

EFFECTIVE TRANSFORMATION

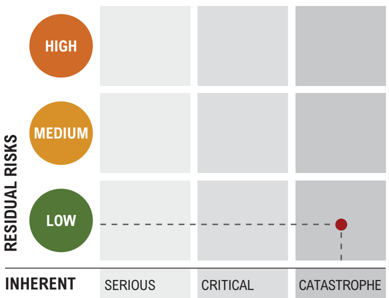
CONTROL EFFECTIVENESS: GOOD



Transformation is one of ARM's core values and we actively strive to make a meaningful contribution to transformation in the South African mining industry. We have 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. We have introduced improved compliance monitoring of our SLPs. Our smelter operations have approved transformation plans and our mining operations have defined and submitted their SLPs as part of their mining licences. See Corporate Social Responsibility on pages 65 to 66.

ETHICS AND REPUTATION

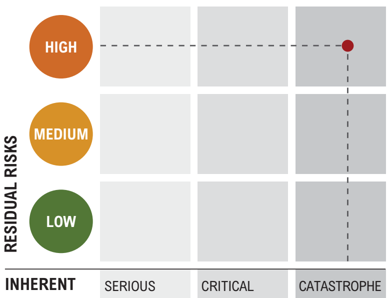
CONTROL EFFECTIVENESS: GOOD



ARM's strong commitment to ethical behaviour and the steps we take to encourage and monitor ethical behaviour throughout our operations is detailed on page 164 of this report.

COMMODITY PRICES AND GLOBAL DEMAND

CONTROL EFFECTIVENESS: LESS CONTROL

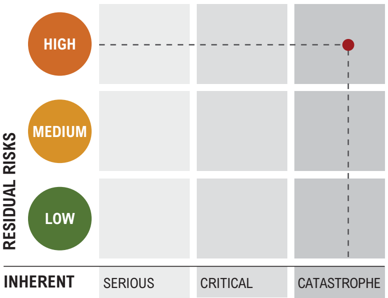


The volatility of commodity prices and inequalities in global demand/supply fundamentals continues to be a significant exposure and opportunity for ARM. We mitigate this risk/optimise the opportunity by maintaining a diversified portfolio of commodities and constantly monitoring commodity markets in close collaboration with our joint venture partners to ensure our planning and mitigation processes assist in reducing the impact of these risks.

Corporate Governance: Risk Report continued

EXCHANGE RATE FLUCTUATION

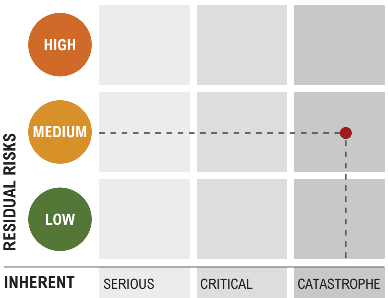
CONTROL EFFECTIVENESS: LESS CONTROL



Changes in the Rand/US$ exchange rate are a risk/opportunity affecting revenue. ARM does not engage in currency hedging other than for the purchase of long lead time capital equipment and where necessary for project funding.

RESOURCE NATIONALISM, POLITICAL AND FISCAL RISKS

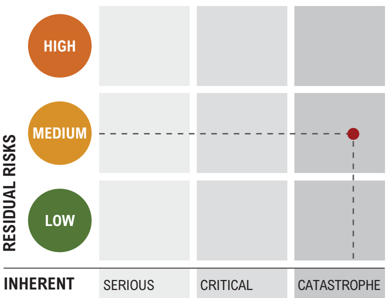
CONTROL EFFECTIVENESS: LESS CONTROL



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. We maintain relationships with key stakeholders, and are involved in initiatives and represented by the Chamber of Mines on issues associated with the mining industry. We also have regular communication with investors and analysts on major changes affecting the mining industry generally and ARM in particular. Our approach to our relationship with stakeholders associated with these risks is explained under Our Key Stakeholders on pages 36 and 37.

INFRASTRUCTURE ACCESS AND CAPACITY: RAIL AND PORT LOGISTICS

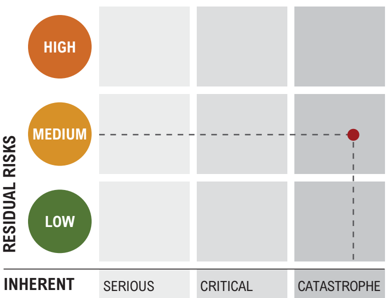
CONTROL EFFECTIVENESS: LESS CONTROL



Logistics constraints and access to rail and port capacity are challenges/opportunities which can affect our ability to meet demand for our commodities and may have a material impact on the timing of strategic export growth initiatives planned for our 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

CONTROL EFFECTIVENESS: LESS CONTROL



The security of supply of electricity (both in respect of cost and current and future capacity) presents a significant challenge particularly in relation to our ferromanganese smelters which are intensive users of electricity albeit that many smelters have been placed on care and maintenance. Our 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. We have put plans in place to manage and mitigate the risk to and impact on our production of load shedding in the short term and the possibility of reduced baseline allocations in the longer term.

REMUNERATION REPORT

The Remuneration Committee acknowledges its responsibility to apply remuneration strategy to ensure a balance in attracting and retaining human capital through competitive remuneration practices, while creating shareholder value. The Remuneration Committee does so by formulating a remuneration policy designed to give effect to the remuneration strategy, support the business objectives within the larger operating environment and offer a balanced remuneration mix within the Company's financial constraints. In so doing, the Remuneration Committee actively engages with best practice corporate governance principles, with specific reference to the principles contained in the King III Report on Corporate Governance for South Africa and the King Code of Governance Principles (collectively, King III). Supporting a progressive Remuneration policy are ARM's talent management, succession planning, human resources development and work-force planning processes, which aim to ensure the appointment of competent and experienced individuals to realise the Company's expectations and strategy. This forms a critical component of the total Employee Value Proposition and ARM's objective to be an employer of choice. ARM endeavours to achieve commitment and engagement with all employees. Remuneration and benefits significantly contribute towards this proposition.

The elements are discussed in more detail in the 2015 Sustainability Report available on ARM's corporate website: **www.arm.co.za**

OBJECTIVES

ARM recognises that its strategic objectives can only be delivered with the foresight, dedication and hard work of management and employees. It also recognises that the Company competes in a small talent pool and for a limited set of competencies within the global and South African mining industries.

ARM's goal to retain and attract the best employees 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.

During F2015, ARM was again certified as a "Top Employer South Africa 2015/2016" by the CRF Institute in the Netherlands. One of the elements that is measured is compensation and benefits.

This indicates that ARM's remuneration and benefits policies and practices compare well against South African and international practices.

COMPANY PERFORMANCE

The financial results are presented in detail elsewhere in the Integrated Annual Report. In summary, the ARM financial position remains robust despite a 58% decrease in headline earnings to R1 744 million (F2014: R4 108 million). Very good unit cost control was achieved at most operations. The fall in headline earnings is primarily due to the decrease in US Dollar commodity prices partially offset by the weaker Rand/US Dollar exchange rate.

With the exception of ARM Ferrous, divisional profit targets were not met. Nonetheless, the increased focus on cost reduction yielded very good results at all operations, with the exception of the Modikwa and Black Rock mines.

Despite a significant decline in US Dollar commodity prices, ARM's financial position remains robust. Cash generated by operations increased by 21% to R2 508 million.

Safety targets were met by each division, with the exception of ARM Platinum, which narrowly missed the target. The net overall result was that bonuses were payable based on the achievement of cost and safety targets.

Bonuses are discussed in greater detail on page 207. IAR

The Board acknowledges the current economic climate and has approved a below Consumer Price Index (CPI) increase of 4% for senior executives, with effect from 1 July 2015. The CPI increases for employees other than senior executives ranged from 6% in the corporate office to 8% to 10% at the operations.

STAKEHOLDER ENGAGEMENT

The Remuneration Committee recognises the importance of stakeholder engagement with regard to the Remuneration policy and implementation thereof. Therefore, the Remuneration Committee remains committed to proactively maintaining regular, transparent and informative dialogue with ARM's stakeholders. As a result, the Remuneration Committee also considered and addressed feedback received from investors during the financial year.

In response to developments in global best practice and queries raised by investors, the Remuneration Committee reviewed the use and application of performance criteria in the long-term incentive schemes. Two recommendations were made to and adopted by the Board:

(1) Upon the recommendation of PwC, the 2015 annual long-term share incentive allocation to senior executives, which was made in May 2015 instead of October 2015, consisted only of performance shares. No bonus shares were awarded.

See page 184 of the Remuneration Report for additional detail. IAR

(2) Commencing in May 2015, Total Shareholder Return (TSR) instead of Market Price Appreciation (MPA) is used as the basis for determining the performance criteria for the settlement of performance shares.

See page 184 of the Remuneration Report for additional detail. IAR

Corporate Governance: Remuneration Report continued

Shareholders also requested additional transparency in reporting and this Remuneration Report has been restructured upon the advice of PwC to provide greater clarity.

OTHER DECISIONS

Other decisions and changes to Remuneration Policy to increase the alignment of the actions of senior executives with the interests of shareholders included the following:

- At the 2014 Annual General Meeting, shareholders of the Company approved amendments to The African Rainbow Minerals Limited 2008 Share Plan to alter the treatment of retiring participants to provide that retirement does not accelerate the vesting period in respect of new grants or awards.
- The Board has agreed in principle that Executive Directors and Prescribed Officers who waived their bonus in respect of the F2015 Company performance will be granted 100% bonus shares of equivalent value and the matching number of performance shares.

See page 185 of the Remuneration Report for additional detail. IAR

- Minimum shareholding by Executive Directors and Prescribed Officers and other senior executives will be introduced in the 2015 calendar year and the targets must be reached by October 2018 and October 2021.

See page 187 of the Remuneration Report for additional detail. IAR

ABOUT THE REMUNERATION REPORT

The Remuneration Committee report includes two parts: Part I, which is set out on pages 179 to 188, explains the Remuneration Policy; and Part II explains the implementation of the Remuneration Policy in F2015. Part II is reviewed by the external auditors and is included in the Directors' Report on pages 207 to 214. This approach has been adopted in line with emerging best remuneration disclosure practices.

NON-BINDING ADVISORY VOTE

Chapter 2 of King III, which deals with "Boards and directors", requires that a company tables at its annual general meetings its remuneration policy for discussion by shareholders of the company, who voice their confidence in it through 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 7 which pertains to Part I of this Remuneration Report and the Company's Remuneration Policy, 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. At the 2014 Annual General Meeting of the Company, the non-binding advisory vote on the Company's Remuneration policy was passed by the Company's shareholders.

COMMITMENT

The Remuneration Committee and ARM remain committed to continuously monitoring the effectiveness and implementation of the Remuneration policy, strategy and practices, and are confident that the Remuneration policy will generate real long-term value for ARM's shareholders.

On behalf of the Remuneration Committee

Dr M M M Bakane-Tuoane
Chairman of the Remuneration Committee

15 October 2015

Remuneration Report: Part I – Remuneration Policy

REMUNERATION GOVERNANCE FRAMEWORK

Composition of the Remuneration Committee

Members:

Dr M M M Bakane-Tuoane (Chairman with effect from 2 March 2015)
F Abbott
A K Maditsi (Chairman until 2 March 2015)
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 Remuneration Committee to be an appropriate blend of knowledge, skills and experience, and is confident that the Remuneration Committee's members have a strong blend of expertise and experience in the financial, business and human capital fields.

FUNCTIONS OF THE REMUNERATION COMMITTEE AND TERMS OF REFERENCE

Purpose

The purpose of the Remuneration 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 Remuneration Committee also assists the Board in promoting a culture that supports enterprise and innovation with appropriate short-term and long-term performance-related rewards that are fair and achievable. The Remuneration Committee considers and recommends remuneration policies for senior executives.

Functions and responsibilities

The Remuneration Committee performs the functions and responsibilities necessary to fulfil its purpose as stated in the previous paragraph. Amendments to its Terms of Reference were approved by the Board in 2015. The Remuneration Committee's mandate includes the following:

- ensuring that policies for the remuneration payable to senior executives 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 promotes 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 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 in order to conduct benchmarking of the remuneration of Executive Directors and other senior executives;
- reviewing the results of benchmarking surveys of the remuneration packages of Executive Directors and other senior executives;
- recommending base salaries for Executive Directors to the Board for approval;
- reviewing and recommending specific remuneration packages for senior management to the Board for approval including, but not limited to, base salaries;
- ensuring that remuneration levels accurately reflect the contribution of Executive Directors and other senior executives;
- 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 other senior executives;
- ensuring that annual bonuses clearly relate to performance against annual objectives which are consistent with long-term value creation 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 executives 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 long-term (share-based) incentive schemes to ensure the continued contribution of Executive Directors and other senior executives 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 relating to the Executive Directors and senior executives;
- recommending to the Board awards to be made to Executive Directors, other senior executives and the Company Secretary 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;

Corporate Governance: Remuneration Report continued

- 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 consulting agreement with any Non-executive Director, making recommendations, if required, to senior executives 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. After reviewing the remuneration strategy and policy as well as the implementation thereof, the Remuneration Committee is satisfied that the Company is indeed so aligned.

REMUNERATION COMMITTEE ACTIVITIES

The Remuneration Committee met four times during F2015.

See the meeting attendance summary on page 155 of the Corporate Governance Report. IAR

Overview of activities and decisions:

The scheduled work plan was followed with the normal cycle of activities that included, but was not limited to, the following:

In F2015:

- the recommendation to the Board of the annual increases in the base salaries of Executive Directors and other senior executives;
- the recommendation to the Board of the short-term incentives (*i.e.* cash bonuses) payable to Executive Directors, Prescribed Officers and other senior executives;
- in May 2015, the recommendation to the Board of the annual offers to Executive Directors and other senior executives of long-term (share-based) incentives in terms of The African Rainbow Minerals Limited 2008 Share Plan (the Share Plan);
- a total remuneration benchmarking review for the Executive Directors and senior management;
- the recommendation to the Board of the Board retainer and Board and Committee meeting attendance fees for Non-executive Directors, for submission to shareholders;
- the review of the deferred bonus/co-investment awards in terms of the Share Plan;
- the review of the Remuneration Policy; and
- preparation of the Remuneration Report.

In F2016 to date:

- the recommendation to the Board of the annual increases in the base salaries of Executive Directors and other senior executives;
- a total remuneration benchmarking review for the Executive Directors and senior management;
- the recommendation to the Board of the Board retainer and Board and Committee meeting attendance fees for Non-executive Directors, for submission to shareholders;
- the review of the deferred bonus/co-investment awards in terms of the Share Plan;
- the review of the Remuneration Policy;
- preparation of the Remuneration Report.

The Chief Executive Officer, Financial Director, Executive Director: Growth and Strategy and the Chief Human Resources Officer attend Remuneration Committee meetings by invitation and assist the Remuneration Committee in its deliberations, except when issues relating to their own remuneration are discussed. No invitees vote at the meetings.

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 regarding ARM's Remuneration Policy and the implementation thereof.

Advisors to the Remuneration Committee

In F2015, the Remuneration Committee was advised by PwC and Deloitte, which provided, *inter alia*, advice on and assistance with the design, implementation and verification of calculations pertaining to offers and awards pursuant to the short-term and long-term incentive schemes. The comparator group for the benchmarking was selected through a rigorous selection process, in order to ensure the overall competitiveness of ARM's remuneration. All short-term 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.

REMUNERATION PHILOSOPHY AND POLICY: EXECUTIVE REMUNERATION

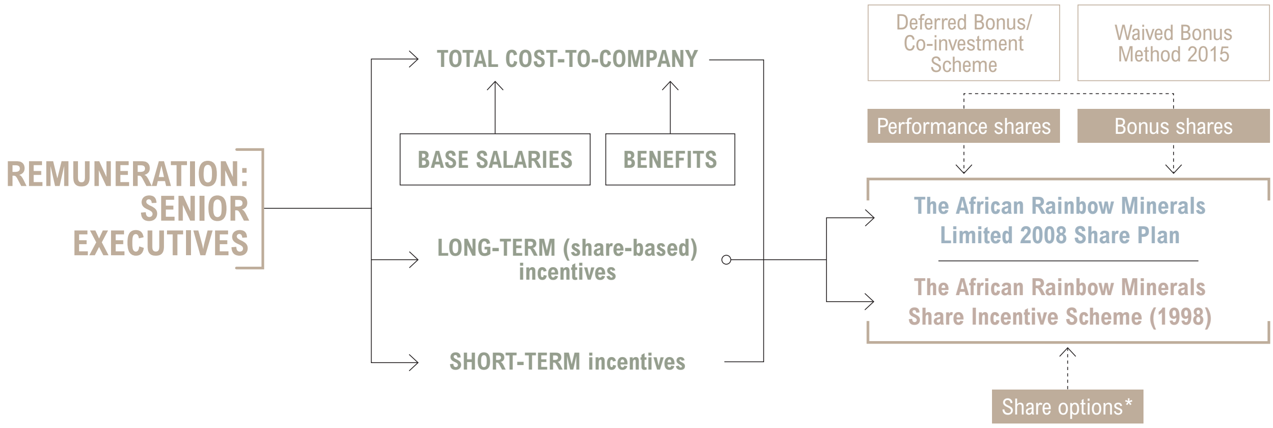
Principles of executive remuneration

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

- **total rewards** are competitive with those offered by other employers in the mining and mineral resources sector;
- **incentive-based rewards** are earned through the achievement of performance targets consistent with shareholder expectations over the short term and long term;
  - **short-term incentives**, *i.e.*, cash bonuses, 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; and
- **total cost-to-company** which is base salary plus benefits.

ELEMENTS OF TOTAL EXECUTIVE REMUNERATION



* *No share options have been allocated since the end of F2014.*

Corporate Governance: Remuneration Report continued

The policies relating to the four elements of total executive remuneration are summarised in the table below:

Policies relating to the four components of senior executive remuneration

TOTAL COST-TO-COMPANY		
BASE SALARY	POLICY	• Benchmarked against market practices of other South African mining companies that are comparable in size, business complexity and international scope. • Generally, reflects market median levels based on the role and individual skills and experience. • For key individuals, aligned with the upper quartile of the resources market. • The 2015 PwC benching study revealed that the base salary for the Executive Chairman and the Chief Executive Officer are below the market median, however, long-term incentives awarded are above median levels and in aggregate the total remuneration for these senior executives is at market.
	IMPLEMENTATION	• Paid monthly in cash. • Reviewed annually, with changes taking effect on 1 July. • Increases are also determined by market conditions, Company performance, individual performance and changes in responsibilities. • Forms part of and is the key component of a total cost-to-company (TCTC) package, which also includes benefits. The Company participates in industry-wide surveys from time-to-time. Participation in short-term and long-term incentive schemes is determined on the basis of and in addition to the TCTC package.
PENSION FUND	POLICY	• Membership of the ARM Pension Fund is compulsory. Senior executives, if already members of a recognised industrial pension/retirement fund, such as Sentinel, may remain members, if they so elect.
	IMPLEMENTATION	• Contributions are made by senior executives from the 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	POLICY	• It is compulsory to belong to a medical scheme.
	IMPLEMENTATION	• Executives may participate in any managed medical aid plan of their choice. • Contributions are made by senior executives from their base salary.
OTHER BENEFITS AND CONDITIONS OF EMPLOYMENT		• All other conditions of employment are comparable to those of companies in the mining and mineral resources sector. No special or extraordinary conditions are applicable to senior executives. • Adjustments are made to the TCTC depending on the benefits selected by senior executives, *e.g.* car allowances.

SHORT-TERM INCENTIVES	
POLICY	Short-term incentives (*i.e.* cash bonuses) are determined in terms of an out-performance bonus scheme, which rewards senior executives for sustained out-performance based upon on-target bonus percentages set annually for the Company's business and safety performance. Senior executives are provided the opportunity to defer part of their bonus or may elect to waive all of their bonus, and to be allocated the equivalent value in bonus shares matched with the same number of performance shares (see the Deferred Bonus/Co-investment Scheme and the Waived Bonus Method 2015 below).
INSTRUMENT	Cash in terms of the Out-performance Bonus Scheme.

SHORT-TERM INCENTIVES continued

BONUS PERCENTAGES

The short-term incentive on-target cash bonus percentages and the related maximum cap on cash bonuses are shown below:

Position	PATERSON GRADE	% ON-TARGET BONUS OF TCTC	MAXIMUM BONUS AS % OF TCTC
Executive Chairman	FU	62%	186%
Chief Executive Officer	FU	50%	150%
Senior executives	FL	45%	135%
Operational Senior Executives in ARM Ferrous, ARM Coal, ARM Copper and ARM Platinum	FL	45%	135%

PERFORMANCE MEASURES

For the Executive Chairman, the Chief Executive Officer and other senior executives (excluding those from ARM Ferrous, ARM Platinum, ARM Copper and ARM Coal) financial performance indicators are calculated as follows:

- 50% – Profit from Operations; and
- 50% – Unit Cost of Sales (a weighted scorecard).

For operational senior executives, financial performance indicators are calculated as follows, in respect of each division:

- 25% – ARM overall Profit from Operations against Target;
- 25% – ARM overall Unit Cost of Sales against Target (a weighted scorecard);
- 25% – Divisional Profit from Operations against Target; and
- 25% – Divisional Unit Cost of Sales against Target (a weighted scorecard).

The combined percentage (achieved by each senior executive) is applied to the senior executives' TCTC to determine the potential cash bonus.

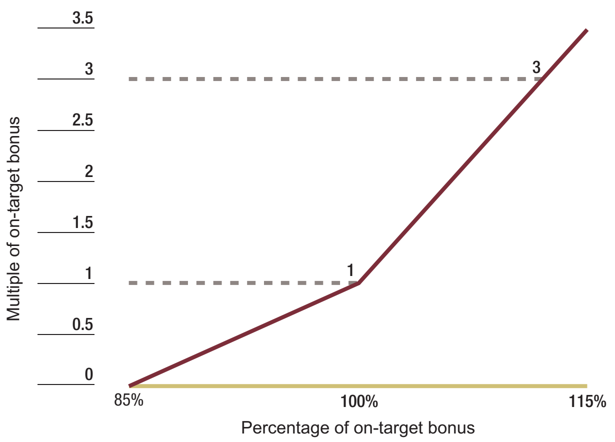
SAFETY MODIFIER

To encourage sustainability, a safety modifier was introduced in F2015, which can impact the potential cash bonus. After a cash bonus has been calculated for each senior executive, a safety modifier is applied, which is the Lost Time Injury Frequency Rate (LTIFR) for each division or operation, as the case may be. If this target has been met or exceeded, participants will receive an additional 10% of their cash bonus. If the target has not been met, participants will forfeit 10% of their cash bonus.

TARGETS

The targets for each metric are in accordance with the Board-approved one-year business plan, and the measures are reviewed annually to ensure that they are appropriate, given the economic climate and the performance expectations for the Company.

PERFORMANCE THRESHOLDS



Corporate Governance: Remuneration Report continued

LONG-TERM INCENTIVES	
PERFORMANCE SHARES	
POLICY	To closely align the interests of shareholders and senior executives by rewarding superior performance and by encouraging senior executives to build up a shareholding in the Company. The performance criteria incentivise the creation of shareholder value.
INSTRUMENT	Performance shares in terms of The African Rainbow Minerals Limited 2008 Share Plan (the Share Plan).
AWARD POLICY AND VESTING PERIOD	Performance shares are conditional rights to shares which are typically awarded on an annual basis in order to reduce the risk of unanticipated outcomes arising out of share price volatility and cyclical factors. Performance shares vest and are settled between three and four years, subject to the achievement of predetermined performance criteria.
PERFORMANCE CRITERIA	Prior to May 2015, the performance criteria used to determine the number of performance shares which had vested was Market Price Appreciation (MPA) in terms of the RESI 10. With effect from May 2015, Total Shareholder Return (TSR) in terms of the RESI 10 will be used to determine the number of performance shares which vest. If a senior executive leaves due to a fault termination (*e.g.* resignation or dismissal), all unvested awards are forfeited. If a senior executive leaves due to a no-fault termination (*e.g.* retirement), all performance shares awarded prior to December 2014 are settled pro rata. From 2015, retirement does not accelerate the vesting period in respect of new performance share awards.
PERFORMANCE MEASUREMENT	Vesting is based on a sliding scale of the achievement of the performance criteria. The performance measurement is calculated and determined by an independent third party.
VESTING PERIOD	Refer to page 213 of the Directors' Report.
AMENDMENTS	The amendments made to the performance criteria and vesting period in F2015 are in line with current practice within the South African context.
COMPANY AND INDIVIDUAL LIMITS	The aggregate limits are indicated on page 187 of the Remuneration Report.
BONUS SHARES	
POLICY	To closely align the interests of shareholders and senior executives by rewarding superior performance and by encouraging senior executives to build up a shareholding in the Company. The performance criteria incentivise the creation of shareholder value.
INSTRUMENT	Bonus shares in terms of the Share Plan.
AWARD POLICY AND VESTING PERIOD	Bonus shares are conditional rights to shares which are allocated annually and are determined according to a specified ratio of the annual cash incentive accruing to senior executives. Bonus shares vest and are settled between three and four years, subject to continued employment.
PERFORMANCE CRITERIA	If a senior executive leaves due to a fault termination (*e.g.* resignation or dismissal), all unvested awards are forfeited. If a senior executive leaves due to a no-fault termination (*e.g.* retirement), all bonus shares awarded prior to December 2014 are settled in full. From 2015, retirement does not accelerate the vesting period in respect of new bonus share awards.
VESTING PERIOD	Refer to page 213 of the Directors' Report.
AMENDMENTS	There have been no annual allocations of bonus shares to senior executives since the October 2014 annual grant in respect of the F2014 accrued bonus.
COMPANY AND INDIVIDUAL LIMITS	The aggregate limits are indicated on page 187 of the Remuneration Report.

LONG-TERM INCENTIVES continued	
DEFERRED BONUS/CO-INVESTMENT SCHEME	
POLICY	To closely align the interests of shareholders and senior executives by rewarding superior performance and by encouraging senior executives to build up a shareholding in the Company and to enhance the retention characteristics of the current reward of senior executives. 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 key employees and enhances the performance and shareholder alignment characteristics of the Share Plan.
INSTRUMENT	Bonus shares (for the deferred bonus) and performance shares (for matching shares) in terms of the Share Plan.
OPERATION	Commencing in February 2011, senior 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.
AWARD POLICY	Senior executives 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, be deferred and converted into an equivalent value of bonus shares. To encourage senior executives to take up the deferral(s), the deferred bonus shares are matched with the equivalent number of performance shares. The remainder of the deferred cash bonus, after any deferral, will accrue to senior executives and be paid out in cash.
PERFORMANCE CRITERIA	See Performance Shares and Bonus Shares above.
PERFORMANCE MEASUREMENT	See Performance Shares and Bonus Shares above.
VESTING PERIOD	The vesting periods of the deferred bonus shares and the matching performance shares are three years.
COMPANY AND INDIVIDUAL LIMITS	The aggregate limits are indicated on page 187 of the Remuneration Report.
WAIVED BONUS METHOD 2015	
POLICY	To closely align the interests of shareholders and senior executives by rewarding superior performance and by encouraging senior executives to build up a shareholding in the Company and to enhance the retention characteristics of the current reward of senior executives.
INSTRUMENT	Bonus shares (for 100% of the value of the waived F2015 bonus) and performance shares (for matching shares) in terms of the Share Plan.
AWARD POLICY	In advance of the F2015 bonus being quantified or declared, and before any such bonus accrued, the Executive Directors and Prescribed Officers elected to waive and receive delivery of 100% of the value of any cash bonus which might accrue to them in respect of F2015 performance year, on a pre-tax basis, in the form of 100% of the value of the waived F2015 bonus in bonus shares and the matching number performance shares.
PERFORMANCE CRITERIA	See Performance Shares and Bonus Shares above.
PERFORMANCE MEASUREMENT	See Performance Shares and Bonus Shares above.
VESTING PERIOD	The vesting periods of the waived bonus shares and the matching performance shares are three years.
COMPANY AND INDIVIDUAL LIMITS	The aggregate limits are indicated on page 187 of the Remuneration Report.

Corporate Governance: Remuneration Report continued

LONG-TERM INCENTIVES continued	
SHARE OPTIONS	
POLICY	To align the interests of shareholders and senior executives by encouraging senior executives to build up a shareholding in the Company.
INSTRUMENT	Share options in terms of The African Rainbow Minerals Share Incentive Scheme (the Scheme).
AWARD POLICY	Between F2008 and F2014, annual allocations of share options were made on a much reduced scale due to the adoption of the Share Plan. No share options have been allocated since the end of F2014.
NET SETTLEMENT	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.
VESTING PERIOD	Share options vest in total on the third or fourth anniversary of their allocation. Senior executives may elect to defer exercising any share option until the eighth anniversary of its allocation after which it lapses.
COMPANY AND INDIVIDUAL LIMITS	The aggregate limits are indicated on page 187 of the Remuneration Report.

For additional information regarding the implementation of the above policies, please refer to Part II of this report in the Directors' Report on pages 207 to 214. IAR

Total remuneration design

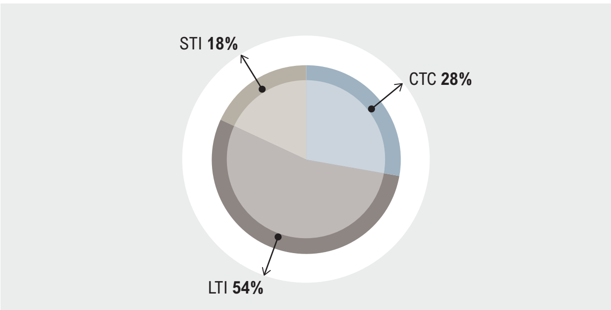
The Remuneration Committee seeks to ensure an appropriate balance between the fixed and performance-related elements of executive remuneration and between those aspects of the package linked to short-term financial performance and those linked to long-term shareholder value creation. The Remuneration Committee considers each element of the total 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 F2015, please refer to Part II of the Remuneration Report included in the Directors' Report on pages 207 to 214. IAR

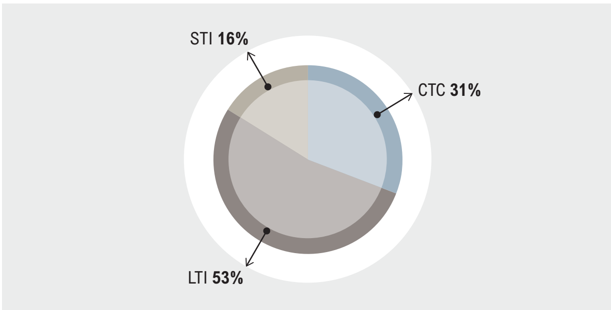
Pay mix

The graphs below represent the on-target total remuneration packages of the senior executives, wherein the total cost-to-company, short-term incentives and long-term incentives are expressed as a percentage of total remuneration. The pay mix for senior executives is reviewed regularly by the Remuneration Committee to ensure it supports the Company's Remuneration policy and the Company's strategic objectives.

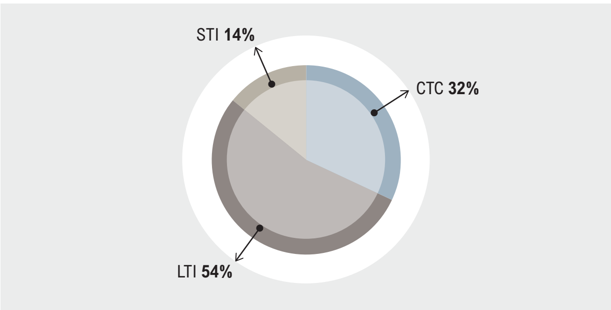
EXECUTIVE CHAIRMAN



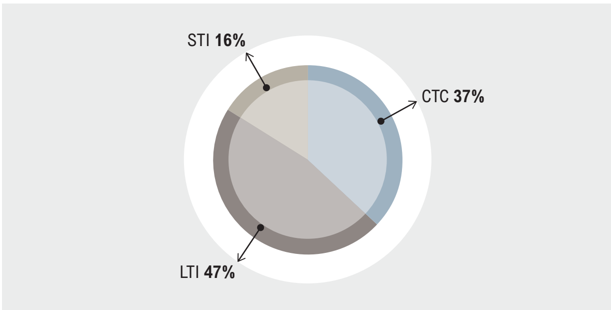
CHIEF EXECUTIVE OFFICER



FINANCIAL DIRECTOR



DIVISIONAL CHIEF EXECUTIVES (AVERAGE)



CTC = Cost-to-company STI = Short-term incentives LTI = Long-term incentives

Shareholding targets for Executive Directors and Prescribed Officers

In order to further align management's interests directly with those of shareholders and to encourage long-term commitment to the Company, Executive Directors and Prescribed Officers will be expected to accumulate a holding of shares in the Company. Therefore, senior executives will be required to build a minimum shareholding in ARM shares over three years to October 2018, equivalent to one time his or her pensionable salary determined at the date of allocation. This will be followed immediately by another period of three years to October 2021 to build a further shareholding of one time pensionable salary. Senior executives will be required to maintain the number of shares during employment.

Company and individual limits

At the 2014 Annual General Meeting, shareholders of the Company approved an increase to the aggregate number of shares that may be acquired by all eligible participants through the Scheme together with the Share Plan for the period up to 31 December 2019 from 10 581 294 to 15 581 294, and to increase the aggregate number of shares that may be acquired by each eligible participant for the period up to 31 December 2019 from 1 058 129 shares to 1 558 129 shares.

Employment contracts

Employment agreements have been entered into between the Company and Executive Directors, namely Messrs P T Motsepe (Executive Chairman), M P Schmidt (Chief Executive Officer), M Arnold (Financial Director), H L Mkatshana (Chief Executive: ARM Copper and ARM Coal) and A J Wilkens (Executive Director: Growth and Strategic Development). The Company had an employment contract with Mr D V Simelane, who resigned as an Executive Director and Chief Executive: ARM Copper with effect from 6 February 2015. Employment agreements have also been entered into between the Company and the Prescribed Officers, namely Messrs A Joubert, J C Steenkamp and F A Uys. These contracts are subject to a one calendar month's termination notice period by either party. None of these 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 and Prescribed Officers is set out in detail in Part II of this Remuneration Report on page 207 of the Directors' Report.

IAR

Executive Directors and Prescribed Officers only receive remuneration in terms of their employment relationship with the Company and do not earn fees for services.

As recommended in King III, the Company has not concluded any agreements with its Executive Directors and Prescribed Officers to pay a fixed sum of money on termination of employment, or to make "balloon payments" in recognition of service to the Company without any performance conditions attached. There is also no automatic entitlement to short-term or long-term incentives in the event of resignation or termination because of a disciplinary procedure for terminations due to other reasons. Executive Directors and prescribed officers are subject to the same rules that apply to all participants in the Share Plan and the Scheme.

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

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 Non-executive Directors' fees against those paid by comparable companies, the Board considers and makes recommendations to shareholders regarding Non-executive 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 throughout the year 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. The remuneration for Independent Non-executive Directors does not include remuneration from the short-term or long-term (share-based) incentive schemes.

Full details regarding the fees paid to Non-executive Directors in F2015 are provided in Part II of this Remuneration Report included in the Directors' Report on page 208.

IAR

Increase in Non-executive Directors' fees

Board retainers and per meeting attendance fees

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

Board attendance fees are paid for *ad hoc* Board meetings, site visits and seminars, and other *ad hoc* meetings in respect of Board matters. 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.

The Board recommends a proposed 4% per annum increase (rounded to the nearest R50) in retainer fees and Board meeting attendance fees to be paid to Non-executive Directors. The proposed increase would be effective 1 July 2015.

Corporate Governance: Remuneration Report continued

Annual Board retainers and meeting attendance fees

	PROPOSED 2015/2016 FEES (RAND)*		2014/2015 FEES (RAND)^	
	ANNUAL	PER MEETING	ANNUAL	PER MEETING
Lead Independent Non-executive Director	**488 750**	**18 700**	469 950	18 000
Independent Non-executive Director	**389 900**	**18 700**	374 900	18 000
Non-executive Director	**312 000**	**18 700**	300 000	18 000

* *Effective 1 July 2015, should the increase be approved by shareholders at the Annual General Meeting.*
^ *Effective 1 July 2014.*

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 4% per annum (rounded to the nearest R50) for all Committees, as set out in the table below. The proposed increases would be effective 1 July 2015. The fees provide remuneration for preparation for and attendance at Committee meetings as well as *ad hoc* Committee and Committee planning meetings.

	PROPOSED 2015/2016 PER MEETING FEES (RAND)*	2014/2015 PER MEETING FEES (RAND)^
Audit and Risk Committee		
Chairman	**97 450**	93 700
Member	**39 000**	37 500
Investment Committee, Nomination Committee, Remuneration Committee and Social and Ethics Committee		
Chairman	**38 250**	36 800
Member	**25 500**	24 500

* *Effective 1 July 2015, should the increase be approved by shareholders at the Annual General Meeting.*
^ *Effective 1 July 2014.*

The proposed increases in Non-executive Directors' fees will be put to a vote by shareholders in special resolutions at the Annual General Meeting scheduled to be held on Friday, 4 December 2015. Only once these shareholders' resolutions have been passed, will the proposed fees be paid. The below CPI increase will ensure that ARM retains the skills and experience of its Non-executive Directors.

Please refer to the Notice of Annual General Meeting on pages 307 to 308 for the shareholders' resolutions in respect of the remuneration of Non-executive Directors. IAR

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 contracts may be renewed annually, 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 F2015 in terms of service contracts with Non-executive Directors are provided in Part II of this Remuneration Report included in the Directors' Report on page 208. IAR

REPORT OF THE SOCIAL AND ETHICS COMMITTEE

This report is provided by the Social and Ethics Committee (the 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 2015 annual review, no amendments were made to the Committee's Terms of Reference. The Committee adds value by monitoring and overseeing those functions set out in the Companies Act, as well as assuming responsibility for those matters 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 page 158 of the 2015 Integrated Annual Report, of which this report forms a part.

IAR

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 ongoing Competition Act compliance training programme and annual compliance certification;
- participated in training provided by independent parties in respect of the amendments to the B-BBEE Codes of Good Practice;
- received reports regarding compliance with the National Environmental Management Act, the National Water Act and other safety, health and environmental legislation; 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 and 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 online 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 164 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.

Human Capital

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, and all other applicable legislation and the industry charter that governs employment relationships taking cognisance of the Universal Declaration on Human Rights, United Nations Global Compact, the Fundamental Human Rights Conventions of the International Labour Organisation and the International Labour Organisation Protocol on decent work and working conditions. 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; and
- 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 and HIV & Aids.

The most significant environmental issues confronting ARM are climate change and the management of natural resources. The Committee monitored and reviewed the management of, among others:

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

Additional information is available in the Sustainability review on pages 38 to 71 of this report and in the 2015 Sustainability Report available on ARM's corporate website: **www.arm.co.za**

IAR

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

15 October 2015

BOARD OF DIRECTORS

PATRICE MOTSEPE

(53) 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 in 2003 and subsequently merged with 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 Limited. He is also President of Mamelodi Sundowns Football Club.

MIKE SCHMIDT

(57) 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

(58) 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 and he was appointed as the Chief Financial Officer of ARM in 2008.

THANDO MKATSHANA

(46) Executive Director and Chief Executive: ARM Copper and ARM Coal

NHD (Coal Mining), BSc Eng (Mining), MDP and MBA

Appointed to the Board in 2015. Thando Mkatshana has more than 25 years of experience in the mining industry. His career started with Anglo American Coal in 1988, where he gained extensive experience working in production at various Anglo American Collieries. He joined Xstrata Coal South Africa (Pty) Ltd in 2003, where he was responsible for the development from feasibility to implementation of the Goedgevonden Colliery (a flagship greenfield project which is a joint venture between ARM Coal (Pty) Ltd and what is now Glencore Operations South Africa (Pty) Ltd). Thando worked for Kalagadi Manganese (Pty) Ltd and ArcèlorMittal South Africa Limited before joining ARM in 2011 as Executive: Coal Operations. He was appointed Chief Executive: ARM Coal in 2012 and assumed the additional responsibilities of Chief Executive: ARM Copper in 2015. Thando also sits on mining industry-related boards.

ANDRÉ WILKENS

(66) Executive Director: Growth and Strategic Development

Mine Managers Certificate of Competency, MDPA (Unisa), RMIIA, Mini-MBA (Oil and Gas Executives)

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.

FRANK ABBOTT

(60) Independent Non-executive Director and a Member of the Investment Committee, the Non-executive Directors' Committee and the Remuneration Committee

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 the Harmony Gold Mining Company in 1997. Frank was appointed Financial Director of ARM in 2004 and retired in 2009. 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.

DR MANANA BAKANE-TUOANE

(67) Independent Non-executive Director, Chairman of the Remuneration Committee and a Member of the Audit and Risk Committee, the Nomination Committee, the Non-executive Directors' Committee and the Social and Ethics Committee

BA (Economics and Statistics), MA (Econ), PhD (Econ)

Appointed to the Board in 2004. Dr Manana Bakane-Tuoane served as ARM's Lead Independent Non-executive Director from 2009 to 2015. 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 a trustee of certain Sanlam trusts. Manana was the Special Advisor to the Minister of Social Development, Minister of Water and Environmental Affairs as well as Minister of Environmental Affairs from 2009 until 31 January 2015.

Corporate Governance: Board of Directors continued

TOM BOARDMAN

(65) Independent Non-executive Director, Chairman of the Audit and Risk Committee and a Member of the Non-executive Directors' Committee and the Remuneration Committee

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

(62) Independent Non-executive Director and a Member of the Audit and Risk Committee, the Investment Committee, the Non-executive Directors' Committee and the Remuneration Committee

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 and the Imalivest Flexible Funds. 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

(75) Independent Non-executive Director and a Member of the Nomination Committee and the Non-executive Directors' Committee

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.

ALEX MADITSI

(53) Lead Independent Non-executive Director, Chairman of the Nomination Committee and of the Non-executive Directors' Committee, and a Member of the Audit and Risk Committee, the Investment Committee, Remuneration Committee and the Social and Ethics Committee

BProc, LLB, H Dip Co Law, LLM

Appointed to the Board in 2004. Alex Maditsi became the Lead Independent Non-executive Director in 2015. Alex 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 is a member of the Harvard LLM Association. Alex's directorships include Bidvest Group Limited and Sterling Debt Recoveries (Pty) Ltd.

DR REJOICE SIMELANE

(63) Independent Non-executive Director, Chairman of Social and Ethics Committee and a Member of the Audit and Risk Committee, the Nomination Committee and the Non-executive Directors' Committee

BA (Economics and Accounting), MA, PhD (Econ), LLB (UNISA)

Appointed to the Board in 2004. Dr 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 current 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 and also served on the Board of the Council for Medical Schemes from 2008 to 2011.

BERNARD SWANEPOEL

(54) Independent Non-executive Director, the Chairman of the Investment Committee and a Member of the Non-executive Directors' Committee

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 a Director of various companies, including Umbono Coal Waterberg and Impala Platinum Holdings Limited.

MANGISI GULE

(63) Non-executive Director and a Member of the Non-executive Directors' Committee

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 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.

STEERING COMMITTEE

MIKE SCHMIDT
Chief Executive Officer

MIKE ARNOLD
Financial Director

THANDO MKATSHANA
Executive Director and Chief Executive: ARM Copper and ARM Coal

ALYSON D'OYLEY
Company Secretary

ANDRÉ JOUBERT
Chief Executive: ARM Ferrous

BENNY BOSHIELO
Executive: ARM Platinum Corporate Affairs

BUSI MASHIANE
Group Executive: Human Resources

CHRIS BLAKEY-MILNER
Group Risk Manager

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 MAGAGULA
Corporate Development and Head of Investor Relations

MARK BRÄSLER
Executive: Operations Support

NERINE BOTES-SCHOEMAN
Executive: Sustainable Development

PIERRE JOUBERT
Executive: Technology – Mining

PRINCESS THWALA
Group Executive: Compliance and Stakeholder Relations

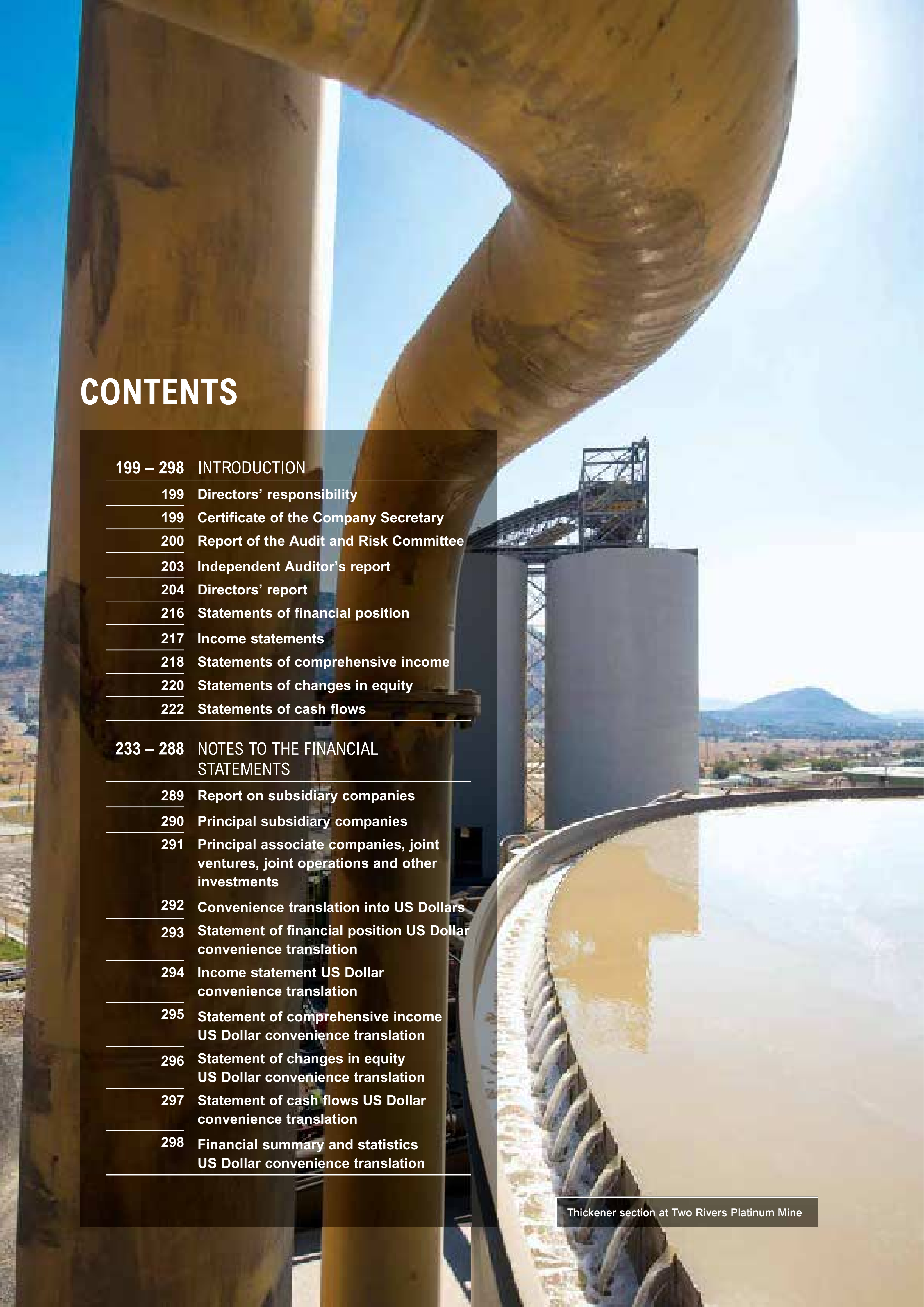
RILETTE AVENANT-BUYS
Executive: Logistics

SANDILE LANGA
Executive Legal: Compliance and Stakeholder Relations

STEVE MASHALANE
Senior Executive: ARM Corporate Affairs

STOMPIE SHIELS
Executive: Business Development

ZANDILE MOSEKE
Human Resources Manager: Corporate



Thickener section at Two Rivers Platinum Mine

CONTENTS

DIRECTORS' RESPONSIBILITY

DIRECTORS' RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

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

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

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

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

The consolidated and separate annual financial statements on pages 199 to 298, were approved by the Board and are signed on its behalf by:

Patrice Motsepe
Executive Chairman

Mike Schmidt
Chief Executive Officer

Johannesburg
15 October 2015

CERTIFICATE OF THE COMPANY SECRETARY

In my capacity as Company Secretary, I hereby confirm, to the best of my knowledge and belief, that in terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, for the year ended 30 June 2015, the Company has lodged with the Commissioner of the Companies and Intellectual Property Commission all such returns and notices which are required for 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
15 October 2015

REPORT OF THE AUDIT AND RISK COMMITTEE

This report is provided by the Audit and Risk Committee appointed in respect of the F2015 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 156 to 157 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*:

- 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 ended 30 June 2015;
- 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 confirmed 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
- identified Mr L I N Tomlinson through the partner rotation and succession process to succeed Mr E A L Botha as the designated auditor and recommended to shareholders that Mr Tomlinson through the partner rotation and succession process be appointed as the designated auditor for the financial year ending 30 June 2016.

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, in accordance with International Financial Reporting Standards and the requirements of the Companies Act;
- 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, the external auditor and the 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 2015, based on negative assurance, delivered an assessment of "Acceptable with room for improvement. We noted that generally, reasonable internal financial control frameworks are in place but improvements are needed in respect of certain key control activities". 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 30 June 2015, based on negative assurance, delivered an assessment of "Acceptable with room for improvement. We noted that generally, reasonable control frameworks are in place but improvements are needed in respect of certain key control activities". Based on their scope, the internal auditors confirmed that no material breakdown in internal controls had come to their attention.

- 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, 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 2015. 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 in support of a coordinated 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[1]

Audit and Risk Committee member[2]	Academic qualifications	Other ARM Board Committees[3]	Date first appointed to ARM Board	Date first appointed to Audit and Risk Committee
T A Boardman (Chairman)	BCom, CA(SA)	Member of the Remuneration Committee	1 February 2011	1 February 2011
Dr M M M Bakane-Tuoane	BA (Econ & Stats), MA (Econ), PhD (Econ)	Chairman of the Remuneration Committee and a member of the Nomination Committee and the Social and Ethics Committee	30 April 2004	4 July 2008
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, H Dip Co Law, LLM	Lead Independent Non-executive Director, Chairman of the Nomination and the Non-executive Directors' Committees and a member of the Investment Committee, the Remuneration Committee and the Social and Ethics 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

1 The curricula vitae of the Audit and Risk Committee members may be found on pages 193 to 195. Mr F Abbott is proposed as a new member of the Audit and Risk Committee. His curriculum vitae may be found on page 193.
2 All of the current members of the Audit and Risk Committee are Independent Non-executive Directors.
3 All of the Audit and Risk Committee members are members of the Non-executive Directors' Committee.

Report of the Audit and Risk Committee continued

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 2015, 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 2015 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

T A Boardman
Chairman of the Audit and Risk Committee

15 October 2015

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 204 to 291, which comprise the statements of financial position as at 30 June 2015, 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 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 our audit. We conducted our audit 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 2015, 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 2015, we have read the Audit and Risk Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Ernst & Young Inc.
Director – Ernest Adriaan Lodewyk Botha
Registered Auditor
Chartered Accountant (SA)

EY
102 Rivonia Road
Sandton
2146

15 October 2015

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 2015.

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 arrangements (which include joint ventures and joint operations) 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 silica manganese. ARM also 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 Proprietary Limited and Glencore Operations South Africa Proprietary Limited.

ARM's assets in the rest of Africa are held in a 50:50 incorporated joint operation with Vale SA. Zambian Consolidated Copper Mines Investment Holdings, a state-controlled company, owns 20% of the Lubambe Copper Mine and exploration area. Vale and ARM each hold 50% of the remaining 80% interest.

HOLDING COMPANY

The Company's largest shareholder is African Rainbow Minerals & Exploration Investments (Pty) Ltd (ARMI), holding 40.35% of the issued ordinary share capital of the Company as at 30 June 2015. 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 P T Motsepe and his immediate family. The Motsepe Foundation applies the benefits emanating from its indirect shareholding in ARM for philanthropic purposes.

In addition, 0.38% 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 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 R10.2 million to beneficiaries during the past year arising from ARM's Dividend No 8.

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 2015, on pages 12 to 31 and 72 to 115.

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.

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 216 to 291 of this report. The results for the year ended 30 June 2015 have been prepared in accordance 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, as amended, in the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting 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 borrowings at 30 June 2015 amounted to R3.88 billion, which is slightly higher than the F2014 amount of R3.5 billion. Cash and cash equivalents increased by R107 million to R2.26 billion as at 30 June 2015. As a result, ARM is in a net debt position of R1.62 billion (F2014: net debt position of R1.35 billion).

ARM's borrowings are fully described in notes 16, 21 and 39 to the financial statements.

There are no borrowing power provisions in ARM's Memorandum of Incorporation.

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 2016. 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 2013.

All tax submissions up to and including June 2013 have been submitted. The tax return for June 2014 will be submitted during F2016.

SUBSIDIARIES, JOINT ARRANGEMENTS, ASSOCIATES AND INVESTMENTS

The Company's direct and indirect interests in its principal subsidiaries, joint arrangements (which include joint ventures and joint operations) associates and investments are reflected in separate schedules presented on pages 289 to 291.

DIVIDEND

The ninth annual gross dividend of 350 cents per share declared on 4 September 2015 in respect of the year ended 30 June 2015 (F2014: 600 cents per share) amounted to a distribution of approximately R761 million.

The dividend was subject to 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 (Dividends Tax) rate is 15% (fifteen percent);
- the gross local dividend amount was 350 cents per ordinary share for shareholders exempt from the Dividends Tax;
- the net local dividend amount was 297.50000 cents per ordinary share for shareholders liable to pay the Dividends Tax;
- as at the date of the dividend declaration, ARM had 217 491 412 ordinary shares in issue; and
- ARM's income tax reference number is 9030/018/60/1.

A gross dividend of 350 cents per ordinary share, being the dividend for the year ended 30 June 2015 was paid to shareholders on Monday, 5 October 2015. 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 F2015 amounted to R1.50 billion (F2014: R1.16 billion). Full details are set out in the Financial Director's report on pages 20 to 31 and in the Operational reviews on pages 72 to 115.

EVENTS AFTER THE REPORTING DATE

Subsequent to the end of the reporting period, ARM entered into a new corporate revolving credit facility in an amount of R2.25 billion which will mature in August 2018. The previous facility matured in August 2015.

Since the financial year end additional guarantees amounting to R300 million have been issued.

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 15 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 2015, is set out in the Investor Relations Report on pages 299 to 302.

DIRECTORATE

The composition of the Board is set out on page 151. *Curricula vitae* of the Directors may be found on pages 192 to 195.

Mr D V Simelane resigned as the Chief Executive of ARM Copper and an Executive Director of the Company with effect from 6 February 2015 to pursue other interests. Mr H L Mkatshana, who was the Chief Executive of ARM Coal at the time, was appointed as the Chief Executive of ARM Copper and an Executive Director of the Company with effect from 7 February 2015. Mr Mkatshana also continued as the Chief Executive of ARM Coal.

Mr Mkatshana who was appointed to the Board on 7 February 2015 to fill a casual vacancy will stand for election at the forthcoming Annual General Meeting.

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 A D Botha and A K Maditsi each of whom is available for re-election at the forthcoming Annual General Meeting.

Directors' Report continued

INTERESTS OF DIRECTORS

The direct and indirect beneficial and non-beneficial interests of the Directors of the Company in the issued share capital of the Company were as follows:

	30 June 2015				30 June 2014			
	Direct		Indirect		Direct		Indirect	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial	Beneficial	Non-beneficial	Beneficial	Non-beneficial
P T Motsepe	**292 404**[1]	**–**	**88 570 345**	**–**	–	–	88 570 345	–
M Arnold	**17 964**	**–**	**–**	**–**	11 801	–	–	–
A D Botha	**–**	**–**	**22 450**	**–**	–	–	22 450	–
M P Schmidt	**–**	**–**	**18 726**	**–**	–	–	14 543	–
A J Wilkens	**–**	**–**	**331 604**	**–**	75 748	–	329 178	–
Total	**310 368**	**–**	**88 943 125**	**–**	87 549	–	88 936 516	–

1 These shares were acquired by subscription and were transferred to Botho-Botho Commercial Enterprises (Pty) Ltd (BBCE) after 30 June 2015. All the shares of BBCE are held and 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. The Motsepe Foundation applies the benefits emanating from its shareholding in BBCE for philanthropic purposes.

No other Directors acquired a direct or indirect beneficial or non-beneficial interest in the issued share capital of the Company between 30 June 2015 and the date of this report.

Remuneration Report: Part II

Part I of the Remuneration Report may be found on pages 179 to 188 of the Corporate Governance Report.

DIRECTORS' REMUNERATION: EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

The remuneration of Executive Directors consists of base salaries, benefits, short-term (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 Part I of the Remuneration Report found on pages 179 to 188.

The table below sets out the emoluments paid to Executive Directors and Prescribed Officers during the years ended 30 June 2015 and 30 June 2014.

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 F2015	Pension scheme contri-butions F2015	Allow-ances F2015	Total gross annual package F2015[5]	Accrued bonus F2015	Total F2015	Total gross annual package F2014[5]	Accrued bonus F2014	Total F2014
Executive Directors									
P T Motsepe	8 318	–	2	**8 320**	–	**8 320**	8 195	2 574	10 769
M P Schmidt	6 031	549	215	**6 795**	–	**6 795**	6 411	3 932	10 343
M Arnold	4 464	445	122	**5 031**	–	**5 031**	4 515	2 493	7 008
H L Mkatshana[1]	1 213	133	27	**1 373**	–	**1 373**	–	–	–
D V Simelane[2]	1 832	157	124	**2 113**	–	**2 113**	3 308	869	4 177
A J Wilkens	6 561	–	127	**6 688**	–	**6 688**	6 306	1 705	8 011
Total for Executive Directors	28 419	1 284	617	**30 320**	–	**30 320**	28 735	11 573	40 308
Prescribed Officers[3]									
A Joubert	3 486	389	163	**4 038**	–	**4 038**	3 781	1 432	5 213
L A Shiels[4]	–	–	–	**–**	–	**–**	3 255	1 826	5 081
J C Steenkamp	5 608	635	308	**6 551**	–	**6 551**	6 176	3 410	9 586
F A Uys	3 135	314	58	**3 507**	–	**3 507**	3 256	2 377	5 633
Total for Prescribed Officers	12 229	1 338	529	**14 096**	–	**14 096**	16 468	9 045	25 513
Total for Executive Directors and Prescribed Officers	40 648	2 622	1 146	**44 416**	–	**44 416**	45 203	20 618	65 821

1 Mr H L Mkatshana was appointed as an Executive Director with effect from 7 February 2015.
2 Mr D V Simelane resigned as an Executive Director on 6 February 2015.
3 Prescribed Officers are disclosed in terms of the Companies Act, Section 30(4)(a).
4 Mr L A Shiels ceased to be a Prescribed Officer with effect from 1 July 2014.
5 Total gross annual package before bonus.

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.

As discussed in greater detail in Part I of the Remuneration Report on page 185, prior to the Board, upon the recommendation of the Remuneration Committee, approving accrued bonuses for senior executives for F2015, the Executive Directors and Prescribed Officers waived their F2015 bonus. The Board agreed to allocate Executive Directors and Prescribed Officers bonus shares equivalent to 100% of the value of the F2015 bonus and the matching number of performance shares in accordance with the rules of the Share Plan (the Waived Bonus Method 2015), following the date of this report. The amount of shares to be allocated in terms of the Waived Bonus Method 2015 will be determined based upon the 20-day volume weighted average share price on the date of allocation.

Performance against bonus targets for F2015 were as follows:

(i) Profitability targets were not met; ARM Ferrous achieved slightly better than their operational target.

(ii) Cost targets were met and exceeded at most operations with the exception of Lubambe, Modikwa and Black Rock.

Safety targets were met by each division, with the exception of ARM Platinum, which narrowly missed the target.

More information regarding the pay mix for Executive Directors and Prescribed Officers may be found in the Remuneration Report on pages 186 of the Corporate Governance Report. IAR

Directors' Report continued

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 187 to 188.

The Board has agreed to recommend a below-inflation increase in Non-executive Directors' fees, effective from 1 July 2015, to ensure that Non-executive Directors' fees remain competitive. At the Annual General Meeting, shareholders will be requested to approve the increase in Non-executive Directors' fees as set out in the Notice of Annual General Meeting.

The table below sets out the emoluments paid to Non-executive Directors during the years ended 30 June 2015 and 30 June 2014.

EMOLUMENTS PAID TO NON-EXECUTIVE DIRECTORS

All figures in R000	Board and Committee fees	Other*	Total F2015	Total F2014
Non-executive Directors[1]				
Dr M M M Bakane-Tuoane	1 266	–	**1 266**	1 180
F Abbott	587	–	**587**	548
T A Boardman	1 254	–	**1 254**	881
A D Botha	892	–	**892**	824
J A Chissano	514	578	**1 092**	978
W M Gule	444	180	**624**	591
M W King[2]	–	–	**–**	598
A K Maditsi	1 250	–	**1 250**	1 085
Dr R V Simelane	1 100	–	**1 100**	963
Z B Swanepoel	556	–	**556**	559
Total for Non-executive Directors	7 863	758	**8 621**	8 207

** Additional information may be found under the heading "Service Contracts: Non-executive Directors" on page 188 of the Remuneration Report.*
1 Payments for the reimbursement of out-of-pocket expenses have been excluded.
2 Mr M W King resigned as an Independent Non-executive Director on 6 December 2013, due to his age.

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 three or four years, subject to the Company's achievement of prescribed performance criteria over this period.

The 2015 annual award of performance shares was made in May 2015, instead of in October/November 2015, following a benchmarking study by PwC which recommended an early allocation to assist with the retention of senior executives. In terms of the annual allocation, there will be no further awards in 2015.

The total number of performance shares awarded in November 2014, April 2015 and May 2015 was 1 518 619. During the year under review, 177 875 performance shares vested and were settled, including 22 219 performance shares, held by employees who either retired or were retrenched during the year; and 72 276 performance shares were forfeited. The total number of performance shares as at 30 June 2015 was 2 312 550.

Between 30 June 2015 and the date of this report, no performance shares were settled or 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	D V Simelane[3]
	Number of shares		
Opening balance as at 1 July 2014	148 951	49 665	25 449
Performance shares awarded			
17 November 2014[1]	58 600	23 709	16 526
21 November 2014[2]	18 908	–	–
22 May 2015[1]	165 373	78 169	–
Performance shares settled	(18 968)	(5 598)	–
Performance shares forfeited	–	–	(41 975)
Closing balance as at 30 June 2015[4]	**372 864**	**145 945**	**–**

1 Annual award of performance shares in terms of the Share Plan. Based on the annual performance criteria assessment by an independent third party, the targeted (1x) number of performance shares were settled.
2 Performance shares awarded in terms of the Company's deferred bonus/co-investment scheme.
3 Mr D V Simelane resigned as an Executive Director on 6 February 2015.
4 No performance shares were awarded or settled between 30 June 2015 and the date of this report.

	Executive Directors	
	M P Schmidt	A J Wilkens
	Number of shares	
Opening balance as at 1 July 2014	108 730	104 634
Performance shares awarded		
17 November 2014[1]	48 776	30 850
21 November 2014[2]	–	12 523
22 May 2015[1]	130 764	81 003
Performance shares settled	(3 799)	(18 099)
Closing balance as at 30 June 2015[3]	**284 471**	**210 911**

1 Annual award of performance shares in terms of the Share Plan. Based on the annual performance criteria assessment by an independent third party, the targeted (1x) number of performance shares were settled.
2 Performance shares awarded in terms of the Company's deferred bonus/co-investment scheme.
3 No performance shares were awarded or settled between 30 June 2015 and the date of this report.

	Prescribed Officers[4]		
	A Joubert	J C Steenkamp	F A Uys
	Number of shares		
Opening balance as at 1 July 2014	52 178	58 299	25 453
Performance shares awarded			
17 November 2014[1]	18 886	30 850	16 526
21 November 2014[2]	10 524	–	–
22 May 2015[1]	49 591	81 003	43 392
Performance shares settled	(7 320)	(6 821)	–
Closing balance as at 30 June 2015[3]	**123 859**	**163 331**	**85 371**

1 Annual award of performance shares in terms of the Share Plan. Based on the annual performance criteria assessment by an independent third party, the targeted (1x) number of performance shares were settled.
2 Performance shares awarded in terms of the Company's deferred bonus/co-investment scheme.
3 No performance shares were awarded or settled between 30 June 2015 and the date of this report.
4 Mr L A Shiels ceased to be a Prescribed Officer on 1 July 2014.

Directors' Report continued

BONUS SHARES

Pursuant to the Share Plan, eligible participants receive grants 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 November 2014 was 295 753. During the year under review, 159 488 bonus shares vested and were settled, including 27 060 bonus shares held by employees who either retired or were retrenched during the year, and 28 310 bonus shares were forfeited. The total number of bonus shares as at 30 June 2015 was 933 066.

Following a benchmarking study by PwC which recommended that in accordance with international best practices shares be awarded in terms of established performance criteria, the Board agreed that in terms of the 2015 annual allocation approved in May 2015, bonus shares would not be granted.

Between 30 June 2015 and the date of this report, no bonus shares were settled and none were forfeited.

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

BONUS SHARES

	Executive Directors		
	P T Motsepe	M Arnold	D V Simelane[3]
	Number of shares		
Opening balance as at 1 July 2014	139 472	32 308	19 498
Bonus shares granted			
17 November 2014[1]	27 141	9 003	3 141
21 November 2014[2]	18 908	–	–
Bonus shares forfeited	–	–	(22 639)
Bonus shares settled	(18 968)	(5 598)	–
Closing balance as at 30 June 2015[4]	**166 553**	**35 713**	**–**

1 Annual grant of bonus shares in terms of the Share Plan.
2 Bonus shares granted in terms of the Company's deferred bonus/co-investment scheme.
3 Mr D V Simelane resigned as an Executive Director on 6 February 2015.
4 No bonus shares were granted or settled between 30 June 2015 and the date of this report.

	Executive Directors	
	M P Schmidt	A J Wilkens
	Number of shares	
Opening balance as at 1 July 2014	72 202	97 972
Bonus shares granted		
17 November 2014[1]	18 461	12 312
21 November 2014[2]	–	12 523
Bonus shares settled	(3 799)	(18 099)
Closing balance as at 30 June 2015[3]	**86 864**	**104 708**

1 Annual grant of bonus shares in terms of the Share Plan.
2 Bonus shares granted in terms of the Company's deferred bonus/co-investment scheme.
3 No bonus shares were granted or settled between 30 June 2015 and the date of this report.

	Prescribed Officers[4]		
	A Joubert	J C Steenkamp	F A Uys
	Number of shares		
Opening balance as at 1 July 2014	47 416	51 993	6 954
Bonus shares granted			
17 November 2014[1]	10 347	12 312	8 585
21 November 2014[2]	10 524	–	–
Bonus shares settled	(7 320)	(6 821)	–
Closing balance as at 30 June 2015[3]	**60 967**	**57 484**	**15 539**

1 Annual grant of bonus shares in terms of the Share Plan.
2 Bonus shares granted in terms of the Company's deferred bonus/co-investment scheme.
3 No bonus shares were granted or settled between 30 June 2015 and the date of this report.
4 Mr L A Shiels ceased to be a Prescribed Officer on 1 July 2014.

SHARE OPTION SCHEME

Between 2008 and 2013 the annual allocations of share options in terms of The African Rainbow Minerals Share Incentive Scheme (the Scheme) were made to eligible participants, but at a much reduced scale following the adoption of the Share Plan. Share options have not been allocated to Executive Directors and Prescribed Officers since October 2013. Schedules of share option awards accruing to Executive Directors and Prescribed Officers and the transactions that occurred during the year to 30 June 2015 are set out below.

SCHEDULE OF SHARE OPTION AWARDS

	Executive Directors					
	P T Motsepe[1]		M Arnold		D V Simelane[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 2014	429 706	105.90	77 485	166.50	34 380	178.88
Options exercised	(254 468)[1]		–		–	
Average issue price per option		73.99				
Gross sale price per option		170.00				
Options lapsed/forfeited					34 380[3]	178.88
Options cancelled: net settlement mechanism	–		–		–	
Closing balance as at 30 June 2015	**175 238**	**152.23**	**77 485**	**166.50**	**–**	**–**
Grant date of options						
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	–	–
15 October 2009	10 707	155.20	5 316	155.20	–	–
15 October 2010	–	–	6 287	178.49	–	–
9 November 2011	19 396	182.67	9 959	182.67	–	–
15 October 2012	22 964	168.37	12 769	168.37	–	–
29 October 2013	20 223	200.75	11 245	200.75	–	–

1 Share options exercised and acquired by subscription. Mr P T Motsepe exercised 254 468 share options and the shares he acquired by subscription will be transferred to Botho-Botho Commercial Enterprises (Pty) Limited (BBCE). All the shares of BBCE are held and 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.
2 Mr D V Simelane resigned as an Executive Director on 6 February 2015.
3 Forfeited due to resignation.

Directors' Report continued

	Executive Directors				Non-executive Director	
	M P Schmidt		A J Wilkens		W M Gule[1]	
	No of options	Avg price R	No of options	Avg price R	No of options	Avg price R
Opening balance as at 1 July 2014	100 404	160.92	164 150	151.75	24 822	172.26
Options exercised	–		(874)		–	
Average issue price per option				73.99		
Gross sale price per option				137.84		
Options lapsed/forfeited	–		–		24 822[2]	172.26
Options cancelled: net settlement mechanism	–		(1 003)	73.99	–	
Closing balance as at 30 June 2015	**100 404**	**160.92**	**162 273**	**152.65**	**–**	**–**
Grant date of options						
16 October 2007	35 464	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	–	–
29 October 2013	15 963	200.75	15 378	200.75	–	–

1 Mr W M Gule retired as an Executive Director on 30 June 2013. He became a Non-executive Director of the Company with effect from 1 July 2013. In accordance with the Scheme, Mr Gule had two years in which to exercise these options, failing which they would lapse.
2 Lapsed and forfeited due to unfavourable market conditions.

	Prescribed Officers[1]					
	A Joubert		J C Steenkamp		F A Uys	
	No of options	Avg price R	No of options	Avg price R	No of options	Avg price R
Opening balance as at 1 July 2014	38 069	178.91	128 178	155.68	16 702	184.34
Options exercised	–		–		–	
Closing balance as at 30 June 2015	**38 069**	**178.91**	**128 178**	**155.68**	**16 702**	**184.34**
Grant date of options						
16 October 2007	–	–	51 020	139.73	–	–
5 December 2008	–	–	12 006	96.20	–	–
15 October 2009	5 103	155.20	8 000	155.20	–	–
15 October 2010	4 863	178.49	9 408	178.49	–	–
9 November 2011	7 997	182.67	14 903	182.67	–	–
15 October 2012	10 691	168.37	17 463	168.37	8 464	168.37
29 October 2013	9 415	200.75	15 378	200.75	8 238	200.75

1 Mr L A Shiels ceased to be a Prescribed Officer on 1 July 2014.

VESTING DATES

Performance shares

Annual allocations

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.

Performance shares conditionally awarded to senior executives after 1 November 2014: Performance shares vest and are settled after a performance period of three years, subject to the achievement of predetermined performance criteria. For performance shares awarded after 5 December 2014, retirement does not accelerate the vesting period.

Deferred bonus/co-investment scheme

Matching performance shares conditionally awarded in terms of the deferred bonus/co-investment scheme vest and are settled after a performance period of three years, subject to the achievement of predetermined performance criteria.

Waived Bonus Method

Matching performance shares conditionally awarded in terms of the waived bonus method vest and are settled after a performance period of three 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 2015	**2 312 550**
Vested on	
10 November 2014	924
11 October 2015	65 247
Vesting on	
16 October 2015	65 690
10 November 2015	145 870
4 April 2016	13 489
27 April 2016	4 380
16 October 2016	179 210
29 October 2016	87 391
30 October 2016	63 952
22 May 2017	9 900
30 October 2017	193 544
18 November 2017	523 598
22 November 2017	60 351
25 April 2018	14 489
15 October 2018	884 515

Bonus shares

Annual Allocations

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.

Bonus shares granted to senior executives after 1 November 2014: Bonus shares vest and are settled after three years, subject to continued employment. For bonus shares granted after 5 December 2014, retirement does not accelerate the vesting period.

Deferred bonus/co-investment scheme

Bonus shares granted in terms of the deferred bonus/co-investment scheme vest and are settled after three years.

Waived Bonus Method

Matching bonus shares granted in terms of the waived bonus method vest and are settled after three years.

The schedule of vesting dates may be found below.

SCHEDULE OF BONUS SHARE VESTING DATES

	Number of shares
Bonus shares outstanding at 30 June 2015	**933 066**
Vested on	
10 November 2014	777
11 October 2015	65 247
Vesting on	
16 October 2015	39 616
10 November 2015	118 163
16 October 2016	109 897
29 October 2016	87 391
30 October 2016	78 992
30 October 2017	148 948
18 November 2017	223 684
22 November 2017	60 351

Directors' Report continued

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 between 1 November 2011 and 30 June 2014: 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 2015	**1 736 232**	**R167.96**
Vested		
17 October 2008	115 233	R139.73
16 April 2009	9 024	R271.00
22 May 2009	1 304	R279.50
17 October 2009	134 677	R139.73
16 April 2010	9 024	R271.00
22 May 2010	1 304	R279.50
17 October 2010	137 803	R139.73
16 April 2011	9 027	R271.00
22 May 2011	1 306	R279.50
6 December 2011	106 710	R96.20
16 October 2012	108 857	R155.20
27 April 2013	4 808	R195.60
16 October 2013	153 354	R178.49
2 April 2014	6 857	R223.00
10 November 2014	121 856	R182.67
3 April 2015	13 360	R182.19
Vesting on		
10 November 2015	135 482	R182.67
3 April 2016	6 861	R182.19
16 October 2015	163 121	R168.37
27 April 2016	5 609	R181.00
16 October 2016	171 221	R168.37
30 October 2016	153 463	R200.75
22 May 2017[1]	12 199	R191.14
30 October 2017	153 772	R200.75

1 Share options granted to management other than senior executives.

SHARE INCENTIVE MOVEMENTS

	Options		Performance shares[1]		Bonus shares[1]	
	F2015	F2014	**F2015**	F2014	**F2015**	F2014
Opening balance as at 1 July 2014	**2 263 792**	2 933 275	**1 044 082**	808 152	**825 111**	619 345
Exercised	**(405 063)**	(862 118)	**–**	–	**–**	–
Settled	**–**	–	**(177 875)**	(125 430)	**(159 488)**	(127 830)
Granted/awarded/granted	**–**	331 497	**1 518 619**	374 198	**295 753**	334 579
Forfeited/cancelled	**(122 497)**	(138 862)	**(72 276)**	(12 838)	**(28 310)**	(983)
Closing balance as at 30 June 2015	**1 736 232**	2 263 792	**2 312 550**	1 044 082	**933 066**	825 111
Subsequent to year-end:						
Exercised/settled	**–**	(262 468)	**–**	(6 664)	**–**	(10 325)
Forfeited/cancelled	**–**	–	**–**	(2 590)	**–**	–
Balance as at the date of this report	**1 736 232**	2 001 324	**2 312 550**	1 034 828	**933 066**	814 786

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 2016 financial year. The 30 June 2015 year-end was the final year that Mr E A L Botha would be permitted to sign off an audit opinion on ARM's financial statements. In terms of the partner rotation and succession plan, Mr L I N Tomlinson was identified through the process as the succeeding partner and a recommendation will be made at the Annual General Meeting to appoint Mr Tomlinson as the individual registered auditor.

COMPANY SECRETARY

Ms Alyson D'Oyley is the Company Secretary of ARM. Her business and postal addresses appear on the inside back cover of this report. Additional information regarding the office of the Company Secretary during the year are set out on page 155.

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 292 to 298.

STATEMENTS OF FINANCIAL POSITION

AT 30 JUNE 2015

		GROUP		COMPANY		
					Restated*	
	Notes	F2015 Rm	F2014 Rm	F2015 Rm	F2014 Rm	1 July 2013 Rm
Assets						
Non-current assets						
Property, plant and equipment	3	**12 218**	11 752	**3 994**	3 732	3 760
Investment property	4	**–**	12	**–**	–	–
Intangible assets	5	**149**	166	**149**	165	177
Deferred tax assets	17	**565**	381	**564**	380	326
Loans and long-term receivables	6	**48**	73	**813**	556	385
Financial assets	7	**1**	2	**–**	–	–
Investment in associate	8	**1 363**	1 267	**841**	841	841
Investment in joint venture	9	**14 094**	14 305	**259**	259	259
Other investments	10	**1 178**	2 119	**5 078**	6 352	6 130
		29 616	30 077	**11 698**	12 285	11 878
Current assets						
Inventories	11	**852**	934	**308**	469	446
Trade and other receivables	12	**2 542**	3 291	**842**	1 513	790
Taxation	35	**3**	5	**–**	–	–
Financial assets	7	**1**	1	**–**	–	–
Cash and cash equivalents	13	**2 257**	2 150	**1 266**	1 111	950
		5 655	6 381	**2 416**	3 093	2 186
Assets held for sale	14	**12**	–	**–**	–	–
Total assets		**35 283**	36 458	**14 114**	15 378	14 064
Equity and liabilities						
Capital and reserves						
Ordinary share capital	15	**11**	11	**11**	11	11
Share premium	15	**4 183**	4 108	**4 183**	4 108	3 996
Other reserves		**1 212**	1 258	**1 027**	1 027	585
Retained earnings		**20 113**	21 311	**4 706**	6 152	5 195
Equity attributable to equity holders of ARM		**25 519**	26 688	**9 927**	11 298	9 787
Non-controlling interest		**1 386**	1 511			
Total equity		**26 905**	28 199	**9 927**	11 298	9 787
Non-current liabilities						
Long-term borrowings	16	**2 511**	2 420	**1 474**	1 209	2 056
Deferred tax liabilities	17	**1 970**	1 911	**979**	855	650
Long-term provisions	18	**656**	558	**396**	318	298
		5 137	4 889	**2 849**	2 382	3 004
Current liabilities						
Trade and other payables	19	**1 452**	1 741	**551**	931	675
Short-term provisions	20	**322**	479	**125**	200	222
Taxation	35	**96**	68	**48**	65	50
Overdrafts and short-term borrowings						
– interest-bearing	21	**1 371**	1 082	**356**	244	68
– non-interest-bearing	21	**–**	–	**258**	258	258
		3 241	3 370	**1 338**	1 698	1 273
Total equity and liabilities		**35 283**	36 458	**14 114**	15 378	14 064

* *Restated following a clarification by IFRIC in March 2015. Refer to note 1.*

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

		GROUP		COMPANY	
	Notes	F2015 Rm	F2014 Rm	F2015 Rm	Restated* F2014 Rm
Revenue	24	**10 227**	10 863	**6 418**	6 745
Sales	24	**9 263**	10 004	**3 711**	3 993
Cost of sales	25	**(7 854)**	(7 531)	**(3 142)**	(2 834)
Gross profit		**1 409**	2 473	**569**	1 159
Other operating income	26	**1 225**	961	**1 084**	839
Other operating expenses	27	**(1 594)**	(1 763)	**(1 093)**	(1 128)
Profit from operations before special items		**1 040**	1 671	**560**	870
Income from investments	28	**192**	119	**2 067**	2 154
Finance costs	29	**(250)**	(259)	**(123)**	(124)
Loss from associate**	8	**(186)**	(374)	**–**	–
Income from joint venture***	9	**1 289**	3 549	**–**	–
Profit before taxation and special items		**2 085**	4 706	**2 504**	2 900
Special items before tax	30	**(1 659)**	(616)	**(2 531)**	(623)
Profit/(loss) before taxation		**426**	4 090	**(27)**	2 277
Taxation	31	**(353)**	(546)	**(117)**	(218)
Profit/(loss) for the year		**73**	3 544	**(144)**	2 059
Attributable to:					
Non-controlling interest		**(31)**	255		
Equity holders of ARM		**104**	3 289	**(144)**	2 059
		73	3 544	**(144)**	2 059
Additional information					
Headline earnings (R million)	33	**1 744**	4 108		
Headline earnings per share (cents)	32	**803**	1 900		
Basic earnings per share (cents)	32	**48**	1 521		
Diluted headline earnings per share (cents)	32	**799**	1 886		
Diluted basic earnings per share (cents)	32	**48**	1 510		
Number of shares in issue at end of year (thousands)		**217 491**	216 748		
Weighted average number of shares in issue (thousands)		**217 232**	216 268		
Weighted average number of shares used in calculating diluted earnings per share (thousands)	32	**218 222**	217 784		
Net asset value per share (cents)	32	**11 733**	12 313		
EBITDA (R million)		**2 087**	2 620		
Dividend declared after year-end (cents per share)	32	**350**	600	**350**	600

** Restated following a clarification by IFRIC in March 2015. Refer to note 1.*
*** Impairment included in loss from associate Rnil (F2014: R183 million before tax of R51 million).*
**** Impairment included in income from joint venture R406 million before tax of R114 million (F2014: R260 million before tax of R73 million).*

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

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 2014							
Profit for the year to 30 June 2014		–	–	3 289	3 289	255	3 544
Other comprehensive income that may be reclassified to the income statement in subsequent periods							
Revaluation of listed investment	10	334	–	–	334	–	334
Deferred tax on above		(62)	–	–	(62)	–	(62)
Net impact of revaluation of listed investment		272	–	–	272	–	272
Cash flow hedge reserve	8	–	31	–	31	–	31
Foreign currency translation reserve movement		–	73	–	73	–	73
Total other comprehensive income		272	104	–	376	–	376
Total comprehensive income for the year		272	104	3 289	3 665	255	3 920
For the year ended 30 June 2015							
Profit/(loss) for the year to 30 June 2015		**–**	**–**	**104**	**104**	**(31)**	**73**
Other comprehensive income that may be reclassified to the income statement in subsequent periods							
Revaluation of listed investment	10	**(990)**	**–**	**–**	**(990)**	**–**	**(990)**
Deferred tax on above		**184**	**–**	**–**	**184**	**–**	**184**
Reclassification to income statement	10	**656**	**–**	**–**	**656**	**–**	**656**
Deferred tax on above		**(122)**	**–**	**–**	**(122)**	**–**	**(122)**
Net impact of revaluation of listed investment		**(272)**	**–**	**–**	**(272)**	**–**	**(272)**
Foreign currency translation reserve movement		**–**	**104**	**–**	**104**	**–**	**104**
Total other comprehensive (loss)/income		**(272)**	**104**	**–**	**(168)**	**–**	**(168)**
Total comprehensive (loss)/income for the year		**(272)**	**104**	**104**	**(64)**	**(31)**	**(95)**

COMPANY	Notes	Available-for-sale reserve Rm	Other Rm	Retained earnings Rm	Total Rm
Restated*					
For the year ended 30 June 2014					
Profit for the year to 30 June 2014		–	–	2 059	2 059
Other comprehensive income that may be reclassified to the income statement in subsequent periods					
Revaluation of listed investment	10	334	–	–	334
Deferred tax on above		(62)	–	–	(62)
Net impact of revaluation of listed investment		272	–	–	272
Foreign currency translation reserve movement		–	53	–	53
Total other comprehensive income		272	53	–	325
Total comprehensive income for the year		272	53	2 059	2 384
For the year ended 30 June 2015					
Loss for the year to 30 June 2015		**–**	**–**	**(144)**	**(144)**
Other comprehensive income that may be reclassified to the income statement in subsequent periods					
Revaluation of listed investment	10	**(990)**	**–**	**–**	**(990)**
Deferred tax on above		**184**	**–**	**–**	**184**
Reclassification to income statement	10	**656**	**–**	**–**	**656**
Deferred tax on above		**(122)**	**–**	**–**	**(122)**
Net impact of revaluation of listed investment		**(272)**	**–**	**–**	**(272)**
Foreign currency translation reserve movement		**–**	**124**	**–**	**124**
Total other comprehensive (loss)/income		**(272)**	**124**	**–**	**(148)**
Total comprehensive (loss)/income for the year		**(272)**	**124**	**(144)**	**(292)**

** Restated following a clarification by IFRIC in March 2015. Refer to note 1.*

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

GROUP	Notes	Share capital and premium Rm	Available-for-sale reserve Rm	Other* Rm	Retained earnings Rm	Total share-holders of ARM Rm	Non-controlling interest Rm	Total Rm
Balance at 30 June 2013		4 007	–	769	19 294	24 070	1 393	25 463
Profit for the year to 30 June 2014		–	–	–	3 289	3 289	255	3 544
Other comprehensive income		–	272	104	–	376	–	376
Total comprehensive income for the year		–	272	104	3 289	3 665	255	3 920
Acquisition of non-controlling interest of Kalumines	14	–	–	–	(170)	(170)	99	(71)
Bonus and performance shares issued to employees	15	50	–	(50)	–	–	–	–
Dividend paid	32	–	–	–	(1 102)	(1 102)	–	(1 102)
Dividend paid to Impala Platinum		–	–	–	–	–	(236)	(236)
Share-based payments		–	–	167	–	167	–	167
Share options exercised	15	62	–	–	–	62	–	62
Sale of subsidiary		–	–	(4)	–	(4)	–	(4)
Balance at 30 June 2014		**4 119**	**272**	**986**	**21 311**	**26 688**	**1 511**	**28 199**
Profit/(loss) for the year to 30 June 2015		**–**	**–**	**–**	**104**	**104**	**(31)**	**73**
Other comprehensive (loss)/income		**–**	**(272)**	**104**	**–**	**(168)**	**–**	**(168)**
Total comprehensive (loss)/ income for the year		**–**	**(272)**	**104**	**104**	**(64)**	**(31)**	**(95)**
Share-based payments		**–**	**–**	**193**	**–**	**193**	**–**	**193**
Share options exercised	15	**30**	**–**	**–**	**–**	**30**	**–**	**30**
Bonus and performance shares issued to employees	15	**45**	**–**	**(45)**	**–**	**–**	**–**	**–**
Dividend paid	32	**–**	**–**	**–**	**(1 302)**	**(1 302)**	**–**	**(1 302)**
Dividend paid to Impala Platinum		**–**	**–**	**–**	**–**	**–**	**(277)**	**(277)**
Dilution in Two Rivers**	37	**–**	**–**	**(26)**	**–**	**(26)**	**183**	**157**
Balance at 30 June 2015		**4 194**	**–**	**1 212**	**20 113**	**25 519**	**1 386**	**26 905**

* Other reserves consist of the following:

	F2015 Rm	F2014 Rm	F2013 Rm
General reserve	**28**	28	32
Insurance contingency	**14**	14	14
Share-based payments	**717**	569	452
Cash flow hedge reserve	**–**	–	(31)
Dilution in Two Rivers	**(26)**	–	–
Foreign currency translation on loans to foreign Group entity	**61**	61	61
Foreign currency translation reserve	**432**	328	255
Premium paid on purchase of non-controlling interest	**(14)**	(14)	(14)
Total	**1 212**	986	769

** *During the year ended 30 June 2015 Impala transferred into Two Rivers mineral rights it owned adjacent to Two Rivers. This transfer resulted in ARM's interest in Two Rivers being diluted from 55% to 51% (refer note 37).*

COMPANY	Notes	Share capital and premium Rm	Available-for-sale reserve Rm	Other** Rm	Retained earnings Rm	Total Rm
Restated*						
Balance at 30 June 2013		4 007	–	585	5 195	9 787
Profit for the year to 30 June 2014		–	–	–	2 059	2 059
Other comprehensive income		–	272	53	–	325
Total comprehensive income for the year		–	272	53	2 059	2 384
Bonus and performance shares issued to employees	15	50	–	(50)	–	–
Dividend paid	32	–	–	–	(1 102)	(1 102)
Share-based payments		–	–	167	–	167
Share options exercised	15	62	–	–	–	62
Balance at 30 June 2014		**4 119**	**272**	**755**	**6 152**	**11 298**
Loss for the year to 30 June 2015		**–**	**–**	**–**	**(144)**	**(144)**
Other comprehensive (loss)/income		**–**	**(272)**	**124**	**–**	**(148)**
Total comprehensive (loss)/income for the year		**–**	**(272)**	**124**	**(144)**	**(292)**
Dividend paid	32	**–**	**–**	**–**	**(1 302)**	**(1 302)**
Share-based payments		**–**	**–**	**193**	**–**	**193**
Share options exercised	15	**30**	**–**	**–**	**–**	**30**
Bonus and performance shares issued to employees	15	**45**	**–**	**(45)**	**–**	**–**
Balance at 30 June 2015		**4 194**	**–**	**1 027**	**4 706**	**9 927**

* *Restated following a clarification by IFRIC in March 2015. Refer to note 1.*

** Other reserves consist of the following:

	F2015 Rm	F2014 Rm	F2013 Rm
General reserve	**35**	35	35
Foreign currency translation reserve	**319**	195	142
Share-based payments	**673**	525	408
Total	**1 027**	755	585

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

		GROUP		COMPANY	
	Notes	F2015 Rm	F2014 Rm	F2015 Rm	Restated* F2014 Rm
CASH FLOW FROM OPERATING ACTIVITIES					
Cash receipts from customers		**11 093**	9 950	**5 216**	4 023
Cash paid to suppliers and employees		**(8 585)**	(7 877)	**(3 930)**	(3 230)
Cash generated from operations	34	**2 508**	2 073	**1 286**	793
Interest received		**120**	99	**73**	51
Interest paid		**(109)**	(113)	**(4)**	(32)
Dividends received		**1**	1	**335**	289
Dividends received from joint venture		**1 500**	1 750	**1 500**	1 750
Dividend paid to non-controlling interest – Impala Platinum		**(277)**	(236)	**–**	–
Dividend paid		**(1 302)**	(1 102)	**(1 302)**	(1 102)
Taxation paid	35	**(386)**	(395)	**(132)**	(114)
Net cash inflow from operating activities		**2 055**	2 077	**1 756**	1 635
CASH FLOW FROM INVESTING ACTIVITIES					
Additions to property, plant and equipment to maintain operations		**(1 212)**	(724)	**(415)**	(285)
Additions to property, plant and equipment to expand operations		**(64)**	(409)	**(49)**	(3)
Proceeds on disposal of property, plant and equipment		**5**	118	**–**	4
Proceeds on disposal of subsidiary	36	**–**	1	**–**	1
Transfer of cash on disposal of subsidiary	36	**–**	(16)	**–**	–
Additional investment in associate	8	**(282)**	(189)	**–**	–
Investment in RBCT	10	**(26)**	(20)	**(26)**	(20)
Investment in subsidiary	37	**(400)**	–	**(400)**	–
Investment in insurance cell		**(25)**	–	**(25)**	–
Repaid/(raised) loans and receivables		**24**	17	**(958)**	(511)
Net cash outflow from investing activities		**(1 980)**	(1 222)	**(1 873)**	(814)
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds on exercise of share options		**30**	62	**30**	62
Long-term borrowings repaid		**(36)**	(728)	**(41)**	(716)
Short-term borrowings repaid		**(298)**	(93)	**–**	(3)
Net cash outflow from financing activities		**(304)**	(759)	**(11)**	(657)
Net (decrease)/increase in cash and cash equivalents		**(229)**	96	**(128)**	164
Cash and cash equivalents at beginning of year		**1 669**	1 569	**1 084**	920
Foreign currency translation on cash balance		**5**	4	**–**	–
Cash and cash equivalents at end of year	13	**1 445**	1 669	**956**	1 084
Cash generated from operations per share (cents)	32	**1 155**	959	**592**	366

* *Restated following a clarification by IFRIC in March 2015. Refer to note 1.*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

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 Practices Committee and Financial Reporting 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	Effective date
IFRS 2	Share-based Payments (Annual improvement project)	1 July 2014
IFRS 3	Business Combinations (Annual improvement project)	1 July 2014
IFRS 8	Operating Segments (Annual improvement project)	1 July 2014
IFRS 10	Consolidated Financial Statements (Amendment)	1 January 2014
IFRS 12	Disclosure of Interest in Other Entities (Amendment)	1 January 2014
IFRS 13	Fair Value Measurement (Annual improvement project)	1 July 2014
IAS 16	Property, Plant and Equipment (Annual improvement project)	1 July 2014
IAS 19	Employee Benefits (Amendment)	1 July 2014
IAS 24	Related Party Disclosure (Annual improvement project)	1 July 2014
IAS 27	Separate Financial Statements (Amendment)	1 January 2014
IAS 32	Financial Instruments Presentation – Offsetting financial assets and financial liabilities (Amendment)	1 January 2014
IAS 36	Impairment of Assets – Recoverable amount disclosure for non-financial assets of impaired assets (Amendment)	1 January 2014
IAS 39	Financial Instruments – Novation of derivatives and continuation of hedge accounting (Amendment)	1 January 2014
IAS 40	Investment Property (Annual improvement project)	1 July 2014
IFRIC 21	Levies	1 January 2014

The adoption of these amendments had no significant effect on the Group financial statements except for an IFRIC update regarding the treatment of joint operations in the Company financial statements. For further details on this refer to retrospective restatement of the separate financial statements below and Note 1.1.

Retrospective restatement of separate financial statements

The company, in its separate financial statements, previously accounted for investments in separate vehicles that have been classified as joint operations, at cost less impairment. Following the publication in the March 2015 IFRIC Update of the Interpretation Committee's agenda decision on "IFRS 11 Joint Arrangements – Accounting in separate financial statements: accounting by the joint operator in its separate financial statements" the company retrospectively adjusted its accounting treatment, as required in terms of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, to account for its rights and obligations, which are its share of the assets and liabilities held by the separate vehicle, in its separate financial statements. The financial effect on the line items of the company's annual financial statements for the year ended 2015 as well as the comparative year are disclosed in Note 1.1.

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

Notes to the financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

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 operations, 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, joint operations, 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 the 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 operations

Joint operations are a type of joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. The Group accounts for joint operations, its assets, liabilities, income, expenses and cash flows and/or share thereof.

Unincorporated joint operations are recognised in the Company financial statements on the same basis as above.

Joint operations are accounted for in the Company financial statements at cost less impairment.

Investment in associate and joint ventures

An associate is an investment in an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee.

Joint ventures are a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

At Group level, investments in associates and joint ventures are accounted for using the equity method of accounting. Investments in the associates and joint ventures 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 or joint ventures, less any impairment in value. The income statement reflects the Group's share of the post-acquisition profit after tax of the associate or joint ventures. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment losses. Investments in associates or joint ventures 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 operations, 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 are 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 in 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 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.

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.

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.

Deferred tax arising on investments in subsidiaries, associates, joint operations, 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

Notes to the financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

is revised annually and any movement is expensed in the income statement. Expenditure on ongoing rehabilitation is charged to the income statement under cost of sales as incurred.

Environmental rehabilitation trust fund

Annual payments are made to rehabilitation trust funds in accordance with statutory requirements. The investment in the trust funds is 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 in 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.

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 comprehensive income. 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 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.

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, joint operations 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.

Offsetting of financial instruments

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

Notes to the financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

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.

Costs of evaluation of a smelter prior to approval to develop are capitalised, provided that there is a high degree of confidence that the project will be deemed commercially viable. Costs incurred with commissioning the new asset, in the period before it is capable of operating in the manner intended by management are capitalised. Development costs incurred after the commencement of production are capitalised to the extent that they are expected to give rise to future economic benefit.

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; and
- prior exploration knowledge available about the target ore body.

Notes to the financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

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 prefeasibility 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 values less costs 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 of disposal 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.

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.

Notes to the financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

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 selling 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 selling 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 are determined by the unique nature of each mine's construction project and include 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 provisions

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 exceed 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 require 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.

Notes to the financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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.

Asset useful lifes 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 2 of 2013 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. Diluted headline earnings per share are calculated on the same basis as 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.

Special items

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

EBITDA before special items, income from associates and joint venture

This comprise basic earnings, to which is added back non-controlling interest, taxation, special items, income from associate, income from joint venture, finance cost, income from investments, amortisation and depreciation.

New standards

The following new standards and/or amendments have been issued but are only applicable for future periods.

Standard	Subject	Effective date
IFRS 5	Non-current Asset Held for Sale and Discontinued Operations (Annual improvement project)	1 January 2016
IFRS 7	Financial Instruments: Disclosures (Annual improvement project)	1 January 2016
IFRS 9	Financial Instruments – Classification and Measurement (Amendment)	1 January 2018
IFRS 10	Consolidated Financial Statements (Amendment)	1 January 2016
IFRS 11	Accounting for Acquisitions of Interest in Joint Operations (Amendment)	1 January 2016
IFRS 12	Disclosure of Interest in Other Entities (Amendment)	1 January 2016
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendment)	1 January 2016
IAS 16 and IAS 41	Agriculture: Bearer Plants (Amendment)	1 January 2016
IAS 1	Disclosure initiative (Amendment)	1 January 2016
IAS 19	Employee Benefits (Annual improvement project)	1 January 2016
IAS 27	Separate Financial Statements – Equity method (Amendment)	1 January 2016
IAS 28	Investment in Associates and Joint Ventures (Amendment)	1 January 2016
IAS 34	Interim Financial Reporting (Annual improvement project)	1 January 2016

Impact of above

The impact of the above standards or interpretations are still being assessed.

Notes to the financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

1.1 Impact of accounting policy change on Company: refer note 1

	As at 30 June 2015			As at 30 June 2014			As at 1 July 2013		
	Current Accounting Policy Rm	Previous Accounting Policy Rm	Difference Rm	Current Accounting Policy Rm	Previous Accounting Policy Rm	Difference	Current Accounting Policy Rm	Previous Accounting Policy Rm	Difference
Statement of financial position									
Assets									
Non-current assets									
Property, plant and equipment	**3 994**	**2 183**	**1 811**	3 732	2 058	1 674	3 760	2 110	1 650
Intangible assets	**149**	**–**	**149**	165	–	165	177	–	177
Deferred tax assets	**564**	**564**	**–**	380	380	–	326	326	–
Loans and long-term receivables	**813**	**959**	**(146)**	556	607	(51)	385	377	8
Investment in associate	**841**	**432**	**409**	841	432	409	841	432	409
Investment in joint venture	**259**	**259**	**–**	259	259	–	259	259	–
Other investments	**5 078**	**5 334**	**(256)**	6 352	6 459	(107)	6 130	6 311	(181)
	11 698	**9 731**	**1 967**	12 285	10 195	2 090	11 878	9 815	2 063
Current assets									
Inventories	**308**	**236**	**72**	469	378	91	446	326	120
Trade and other receivables	**842**	**722**	**120**	1 513	1 390	123	790	744	46
Cash and cash equivalents	**1 266**	**1 217**	**49**	1 111	1 069	42	950	911	39
	2 416	**2 175**	**241**	3 093	2 837	256	2 186	1 981	205
Total assets	**14 114**	**11 906**	**2 208**	15 378	13 032	2 346	14 064	11 796	2 268
Equity and liabilities									
Capital and reserves									
Ordinary share capital	**11**	**11**	**–**	11	11	–	11	11	–
Share premium	**4 183**	**4 183**	**–**	4 108	4 108	–	3 996	3 996	–
Other reserves	**1 027**	**708**	**319**	1 027	832	195	585	443	142
Retained earnings	**4 706**	**4 909**	**(203)**	6 152	5 961	191	5 195	5 062	133
Total equity	**9 927**	**9 811**	**116**	11 298	10 912	386	9 787	9 512	275
Non-current liabilities									
Long-term borrowings	**1 474**	**46**	**1 428**	1 209	–	1 209	2 056	564	1 492
Deferred tax liabilities	**979**	**625**	**354**	855	533	322	650	374	276
Long-term provisions	**396**	**205**	**191**	318	180	138	298	174	124
	2 849	**876**	**1 973**	2 382	713	1 669	3 004	1 112	1 892
Current liabilities									
Trade and other payables	**551**	**474**	**77**	931	865	66	675	616	59
Short-term provisions	**125**	**115**	**10**	200	191	9	222	215	7
Taxation	**48**	**48**	**–**	65	66	(1)	50	50	–
Overdrafts and short-term borrowings									
– interest-bearing	**356**	**324**	**32**	244	27	217	68	33	35
– non-interest-bearing	**258**	**258**	**–**	258	258	–	258	258	–
	1 338	**1 219**	**119**	1 698	1 407	291	1 273	1 172	101
Total equity and liabilities	**14 114**	**11 906**	**2 208**	15 378	13 032	2 346	14 064	11 796	2 268

1.1 Impact of accounting policy change on Company: continued

Income statement

	For the year ended 30 June 2015			For the year ended 30 June 2014		
	Current Accounting Policy Rm	Previous Accounting Policy Rm	Difference Rm	Current Accounting Policy Rm	Previous Accounting Policy Rm	Difference
Revenue	**6 418**	**5 534**	**884**	6 745	5 943	802
Sales	**3 711**	**2 686**	**1 025**	3 993	3 032	961
Cost of sales	**(3 142)**	**(2 300)**	**(842)**	(2 834)	(2 111)	(723)
Gross profit	**569**	**386**	**183**	1 159	921	238
Other operating income	**1 084**	**990**	**94**	839	742	97
Other operating expenses	**(1 093)**	**(1 052)**	**(41)**	(1 128)	(1 124)	(4)
Profit from operations before special items	**560**	**324**	**236**	870	539	331
Income from investments	**2 067**	**2 208**	**(141)**	2 154	2 313	(159)
Finance costs	**(123)**	**(11)**	**(112)**	(124)	(53)	(71)
Profit before taxation and special items	**2 504**	**2 521**	**(17)**	2 900	2 799	101
Special items before tax	**(2 531)**	**(2 190)**	**(341)**	(623)	(627)	4
(Loss)/profit before taxation	**(27)**	**331**	**(358)**	2 277	2 172	105
Taxation	**(117)**	**(81)**	**(36)**	(218)	(171)	(47)
(Loss)/profit for the year	**(144)**	**250**	**(394)**	2 059	2 001	58

Notes to the financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

	For the year ended 30 June 2015			For the year ended 30 June 2014		
	Current Accounting Policy Rm	Previous Accounting Policy Rm	Difference Rm	Current Accounting Policy Rm	Previous Accounting Policy Rm	Difference
1.1 Impact of accounting policy change on Company: continued						
Statement of cash flows						
CASH FLOW FROM OPERATING ACTIVITIES						
Cash receipts from customers	**5 216**	**4 174**	**1 042**	4 023	3 040	983
Cash paid to suppliers and employees	**(3 930)**	**(3 250)**	**(680)**	(3 230)	(2 653)	(577)
Cash generated from operations	**1 286**	**924**	**362**	793	387	406
Interest received	**73**	**62**	**11**	51	48	3
Interest paid	**(4)**	**(5)**	**1**	(32)	(35)	3
Dividends received	**335**	**448**	**(113)**	289	431	(142)
Dividends received from joint venture	**1 500**	**1 500**	**–**	1 750	1 750	–
Dividend paid	**(1 302)**	**(1 302)**	**–**	(1 102)	(1 102)	–
Taxation paid	**(132)**	**(129)**	**(3)**	(114)	(112)	(2)
Net cash inflow from operating activities	**1 756**	**1 498**	**258**	1 635	1 367	268
CASH FLOW FROM INVESTING ACTIVITIES						
Additions to property, plant and equipment to maintain operations	**(415)**	**(260)**	**(155)**	(285)	(167)	(118)
Additions to property, plant and equipment to expand operations	**(49)**	**–**	**(49)**	(3)	(3)	–
Proceeds on disposal of property, plant and equipment	**–**	**–**	**–**	4	–	4
Proceeds on disposal of subsidiary	**–**	**–**	**–**	1	1	–
Investment in RBCT	**(26)**	**–**	**(26)**	(20)	–	(20)
Investment in subsidiary	**(400)**	**(400)**	**–**	–	–	–
Investment in insurance cell	**(25)**	**(25)**	**–**	–	–	–
Raised loans and receivables	**(958)**	**(990)**	**32**	(511)	(532)	21
Net cash outflow from investing activities	**(1 873)**	**(1 675)**	**(198)**	(814)	(701)	(113)
CASH FLOW FROM FINANCING ACTIVITIES						
Proceeds on exercise of share options	**30**	**30**	**–**	62	62	–
Long–term borrowings repaid	**(41)**	**–**	**(41)**	(716)	(564)	(152)
Long–term borrowings raised	**–**	**23**	**(23)**	–	–	–
Short–term borrowings repaid	**–**	**(11)**	**11**	(3)	(3)	–
Net cash (outflow) /inflow from financing activities	**(11)**	**42**	**(53)**	(657)	(505)	(152)
Net (decrease) / increase in cash and cash equivalents	**(128)**	**(135)**	**7**	164	161	3
Cash and cash equivalents at beginning of year	**1 084**	**1 042**	**42**	920	881	39
Cash and cash equivalents at end of year	**956**	**907**	**49**	1 084	1 042	42

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 Corporate. ARM Strategic Services and Exploration, Corporate and other and Gold are included in ARM Corporate and tabled in note 2.4.

ARM has a strategic holding in Harmony (gold) of 14.6% (F2014: 14.6%).

Platinum comprises Two Rivers Platinum Mine as a 51% (F2014: 55%) subsidiary and ARM Mining Consortium through which ARM holds an effective 41.5% interest in the Modikwa Platinum Mine.

Nickel comprises Nkomati Mine as a 50% joint operation 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. Sakura Ferroalloys and Cato Ridge Alloys are included in Assmang as joint ventures.

ARM Coal, a 51% joint operation, comprises a 10.2% participating investment in the existing coal operations of GOSA (the participating coal business or PCB) and a 26% joint operation 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, through the Vale/ARM joint operation.

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.

Notes to the financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

2. Primary segmental information

2.1 Year to 30 June 2015

	ARM Platinum Rm	ARM Ferrous* Rm	ARM Coal Rm	ARM Copper Rm	ARM Corporate Rm	Total Rm	**IFRS Adjustment Rm	Total per IFRS financial statements Rm
Sales	7 444	10 561	1 025	794	–	19 824	(10 561)	**9 263**
Cost of sales	(6 128)	(7 790)	(842)	(906)	54	(15 612)	7 758	**(7 854)**
Other operating income	175	132	95	4	862	1 268	(43)	**1 225**
Other operating expenses	(537)	(875)	(5)	(249)	(803)	(2 469)	875	**(1 594)**
Segment result	954	2 028	273	(357)	113	3 011	(1 971)	**1 040**
Income from investments	39	218	–	–	153	410	(218)	**192**
Finance cost	(52)	(29)	(144)	(13)	118	(120)	29	**(91)**
Finance cost ZCCM: Shareholders' loan Vale/ARM joint operation	–	–	–	(27)	–	(27)	–	**(27)**
Finance cost ARM: Shareholders' loan Vale/ARM joint operation	–	–	–	(132)	–	(132)	–	**(132)**
Loss from associate	–	–	(186)	–	–	(186)	–	**(186)**
Income from joint venture***	–	51	–	–	–	51	1 238	**1 289**
Special items before tax	–	(415)	–	(1 003)	(656)	(2 074)	415	**(1 659)**
Taxation	(274)	(523)	(36)	(7)	(20)	(860)	507	**(353)**
Profit/(loss) after tax	667	1 330	(93)	(1 539)	(292)	73	–	**73**
Non-controlling interest	(262)	–	–	302	(9)	31	–	**31**
Consolidation adjustment	–	(41)	–	–	41	–	–	**–**
Contribution to basic earnings	405	1 289	(93)	(1 237)	(260)	104	–	**104**
Contribution to headline earnings	405	1 588	(93)	(430)	274	1 744	–	**1 744**
Other information								
Segment assets, including investment in associate	10 372	18 574	3 746	3 010	4 061	39 763	(4 480)	**35 283**
Investment in associate			1 363			1 363		**1 363**
Investment in joint venture							14 094	**14 094**
Segment liabilities	1 864	1 946	1 736	1 077	1 635	8 258	(1 946)	**6 312**
Unallocated liabilities (tax and deferred tax)						4 705	(2 639)	**2 066**
Consolidated total liabilities						12 963	(4 585)	**8 378**
Cash inflow/(outflow) from operations	1 991	3 204	369	(68)	216	5 712	(3 204)	**2 508**
Cash inflow/(outflow) from operating activities	1 479	2 967	372	(95)	(1 201)	3 522	(1 467)	**2 055**
Cash outflow from investing activities	(808)	(1 966)	(488)	(256)	(428)	(3 946)	1 966	**(1 980)**
Cash (outflow)/inflow from financing activities	(67)	–	(52)	2	(187)	(304)	–	**(304)**
Capital expenditure	933	1 830	259	302	2	3 326	(1 830)	**1 496**
Amortisation and depreciation	668	936	139	232	8	1 983	(936)	**1 047**
Impairment	–	406	–	980	–	1 386	(406)	**980**
EBITDA	1 622	2 964	412	(125)	121	4 994	(2 907)	**2 087**

There were no significant inter-company sales.

* *Refer ARM Ferrous (Assmang) segment note 2.3 for more detail.*

** *Includes IFRS 11 adjustments related to ARM Ferrous (Assmang).*

*** *Impairment included in income from joint venture R406 million before tax of R114 million.*

2. Primary segmental information continued

2.1 Year to 30 June 2014

	ARM Platinum Rm	ARM Ferrous* Rm	ARM Coal Rm	ARM Copper Rm	ARM Corporate Rm	Total Rm	**IFRS Adjust-ment Rm	Total per IFRS financial state-ments Rm
Sales	7 986	13 781	961	1 085	(28)	23 785	(13 781)	10 004
Cost of sales	(5 811)	(7 733)	(724)	(1 048)	73	(15 243)	7 712	(7 531)
Other operating income	79	176	24	36	752	1 067	(106)	961
Other operating expenses	(531)	(1 228)	(3)	(319)	(910)	(2 991)	1 228	(1 763)
Segment result	1 723	4 996	258	(246)	(113)	6 618	(4 947)	1 671
Income from investments	36	225	–	–	83	344	(225)	119
Finance cost	(51)	(27)	(89)	(2)	14	(155)	27	(128)
Finance cost ZCCM:								
Shareholders' loan Vale/ARM joint operation	–	–	–	(38)	–	(38)	–	(38)
Finance cost ARM:								
Shareholders' loan Vale/ARM joint operation	–	–	–	(93)	–	(93)	–	(93)
Loss from associate***	–	–	(374)	–	–	(374)	–	(374)
Income from joint venture****	–	11	–	–	–	11	3 538	3 549
Special items before tax	(2)	(260)	5	2	(621)	(876)	260	(616)
Taxation	(506)	(1 361)	(48)	(3)	25	(1 893)	1 347	(546)
Profit after tax	1 200	3 584	(248)	(380)	(612)	3 544	–	3 544
Non-controlling interest	(319)	–	–	73	(9)	(255)	–	(255)
Consolidation adjustment	–	(35)	–	–	35	–	–	–
Contribution to basic earnings	881	3 549	(248)	(307)	(586)	3 289	–	3 289
Contribution to headline earnings	883	3 736	(120)	(309)	(82)	4 108	–	4 108
Other information								
Segment assets, including investment in associate	10 807	18 749	3 468	3 530	4 348	40 902	(4 444)	36 458
Investment in associate			1 267			1 267		1 267
Investment in joint venture							14 305	14 305
Segment liabilities	2 280	1 936	1 636	826	1 538	8 216	(1 936)	6 280
Unallocated liabilities (tax and deferred tax)						4 542	(2 563)	1 979
Consolidated total liabilities						12 758	(4 499)	8 259
Cash inflow/(outflow) generated from operations	1 894	5 584	406	(158)	(69)	7 657	(5 584)	2 073
Cash inflow/(outflow) from operating activities	1 386	4 485	407	(158)	(1 308)	4 812	(2 735)	2 077
Cash outflow from investing activities	(690)	(2 382)	(305)	(204)	(23)	(3 604)	2 382	(1 222)
Cash outflow from financing activities	(104)	–	(152)	–	(503)	(759)	–	(759)
Capital expenditure	731	1 753	129	299	6	2 918	(1 753)	1 165
Amortisation and depreciation	650	892	117	176	6	1 841	(892)	949
Impairment	–	260	183	–	–	443	(260)	183
EBITDA	2 373	5 888	375	(70)	(107)	8 459	(5 839)	2 620

There were no significant inter-company sales.

* *Refer ARM Ferrous (Assmang) segment note 2.3 for more detail.*

** *Includes IFRS 11 adjustments related to ARM Ferrous (Assmang).*

*** *Impairment included in loss from associate R183 million before tax of R51 million.*

**** *Impairment included in income from joint venture R260 million before tax of R73 million.*

Notes to the financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

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 2015

	Nkomati Rm	Two Rivers Rm	Modikwa Rm	Total Rm
External sales	2 686	3 676	1 082	**7 444**
Cost of sales	(2 300)	(2 641)	(1 187)	**(6 128)**
Other operating income	145	13	17	**175**
Other operating expenses	(329)	(183)	(25)	**(537)**
Segment result	202	865	(113)	**954**
Income from investments	18	14	7	**39**
Finance cost	(8)	(38)	(6)	**(52)**
Taxation	(62)	(247)	35	**(274)**
Profit/(loss) after tax	150	594	(77)	**667**
Non-controlling interest	–	(275)	13	**(262)**
Contribution to basic earnings	150	319	(64)	**405**
Contribution to headline earnings	150	319	(64)	**405**
Other information				
Segment and consolidated assets	3 241	4 059	3 072	**10 372**
Segment liabilities	586	859	419	**1 864**
Unallocated liabilities (tax and deferred tax)				**1 531**
Consolidated total liabilities				**3 395**
Cash generated from operations	783	1 228	(20)	**1 991**
Cash inflow/(outflow) from operating activities	799	697	(17)	**1 479**
Cash outflow from investing activities	(258)	(229)	(321)	**(808)**
Cash inflow/(outflow) from financing activities	12	(79)	–	**(67)**
Capital expenditure	333	277	323	**933**
Amortisation and depreciation	202	381	85	**668**
EBITDA	404	1 246	(28)	**1 622**

2. Primary segmental information continued

2.2 Year to 30 June 2014

	Nkomati Rm	Two Rivers Rm	Modikwa Rm	Total Rm
External sales	3 032	3 725	1 229	7 986
Cost of sales	(2 110)	(2 566)	(1 135)	(5 811)
Other operating income	47	15	17	79
Other operating expenses	(343)	(172)	(16)	(531)
Segment result	626	1 002	95	1 723
Income from investments	15	11	10	36
Finance cost	(5)	(44)	(2)	(51)
Special items before tax	(2)	–	–	(2)
Taxation	(192)	(288)	(26)	(506)
Profit after tax	442	681	77	1 200
Non-controlling interest	–	(306)	(13)	(319)
Contribution to basic earnings	442	375	64	881
Contribution to headline earnings	444	375	64	883
Other information				
Segment and consolidated assets	3 885	3 999	2 923	10 807
Segment liabilities	871	982	427	2 280
Unallocated liabilities (tax and deferred tax)				1 558
Consolidated total liabilities				3 838
Cash generated from operations	492	1 220	182	1 894
Cash inflow from operating activities	508	705	173	1 386
Cash outflow from investing activities	(164)	(240)	(286)	(690)
Cash outflow from financing activities	–	(104)	–	(104)
Capital expenditure	129	317	285	731
Amortisation and depreciation	179	399	72	650
EBITDA	805	1 401	167	2 373

Notes to the financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

2. Primary segmental information continued

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

	Iron Ore Division Rm	Manganese Division Rm	Continued operation Chrome Division Rm	Continued operation ARM Ferrous Total Rm	Discon-tinued operation Chrome Division Rm	ARM Ferrous Total Rm	ARM share Rm	*IFRS Adjust ment Rm	Total per IFRS financial state-ments Rm
Year to 30 June 2015									
Sales	12 197	7 128	189	19 514	1 610	21 124	10 561	(10 561)	–
Other operating income	442	195	14	651	7	658	132	(132)	–
Other operating expense	(1 257)	(654)	(4)	(1 915)	(228)	(2 143)	(875)	875	–
Operating profit	3 095	697	86	3 878	178	4 056	2 028	(2 028)	–
Contribution to earnings	2 381	94	62	2 537	122	2 659	1 330	(41)	**1 289**
Contribution to headline earnings	2 495	577	62	3 134	122	3 256	1 629	(41)	**1 588**
Other information									
Consolidated total assets	25 081	11 274	240	36 595	1 586	38 181	18 574	(4 480)	**14 094**
Consolidated total liabilities	6 118	2 372	292	8 782	470	9 252	1 946	(1 946)	–
Capital expenditure	1 645	1 983	–	3 628	207	3 835	1 830	(1 830)	–
Amortisation and depreciation	1 421	421	–	1 842	91	1 933	936	(936)	–
Cash inflow from operating activities	1 463**	1 326	–	2 789	104	2 893	2 967	(2 967)	–
Cash outflow from investing activities	(1 553)	(2 140)	–	(3 693)	(198)	(3 891)	(1 966)	1 966	–
EBITDA	4 516	1 118	86	5 720	269	5 989	2 964	(2 964)	–
Additional information for ARM Ferrous at 100%									
Non-current assets									
Property, plant and equipment						20 583		(20 583)	–
Investment in joint venture						2 243		(2 243)	–
Other non-current assets						902		(902)	–
Current assets									
Inventories						4 448		(4 448)	–
Trade and other receivables						3 391		(3 391)	–
Financial assets						85		(85)	–
Cash and cash equivalents						4 943		(4 943)	–
Asset held for sale						1 586		(1 586)	–
Non-current liabilities									
Other non-current liabilities						5 995		(5 995)	–
Current liabilities									
Trade and other payables						1 808		(1 808)	–
Short-term provisions						608		(608)	–
Taxation						369		(369)	–
Liabilities directly associated with asset held for sale						470		(470)	–

Refer note 2.1 and note 9 for more detail on the ARM Ferrous (Assmang) segment.

* *Includes consolidation and IFRS 11 adjustments.*

** *Dividend paid amounting to R3 billion included in cash flows from operating activities.*

2. Primary segmental information continued

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

	Iron Ore Division Rm	Manganese Division Rm	Continued operation Chrome Division Rm	Continued operation ARM Ferrous Total Rm	Discon-tinued operation Chrome Division Rm	ARM Ferrous Total Rm	ARM share Rm	*IFRS Adjust ment Rm	Total per IFRS financial state-ments Rm
Year to 30 June 2014									
Sales	17 667	8 286	315	26 268	1 293	27 561	13 781	(13 781)	–
Other operating income	744	166	17	927	10	937	176	(176)	–
Other operating expense	(2 020)	(821)	(8)	(2 849)	(193)	(3 042)	(1 228)	1 228	–
Operating profit	8 332	1 474	84	9 890	100	9 990	4 996	(4 996)	–
Contribution to earnings	6 357	684	60	7 101	68	7 169	3 584	(35)	3 549
Contribution to headline earnings	6 356	1 058	60	7 474	68	7 542	3 771	(35)	3 736
Other information									
Consolidated total assets	26 145	11 246	1 027	38 418	–	38 418	18 749	(4 444)	14 305
Consolidated total liabilities	6 087	2 545	516	9 148	–	9 148	1 936	(1 936)	–
Capital expenditure	2 058	1 340	244	3 642	–	3 642	1 753	(1 753)	–
Amortisation and depreciation	1 295	450	4	1 749	76	1 825	892	(892)	–
Cash inflow from operating activities	3 510**	1 650	310	5 470	–	5 470	4 485	(4 485)	–
Cash outflow from investing activities	(1 845)	(2 681)	(237)	(4 763)	–	(4 763)	(2 382)	2 382	–
EBITDA	9 627	1 924	88	11 639	176	11 815	5 888	(5 888)	–
Additional information for ARM Ferrous at 100%									
Non-current assets									
Property, plant and equipment						20 638		(20 638)	–
Investment in joint venture						1 663		(1 663)	–
Other non-current assets						781		(781)	–
Current assets									
Inventories						4 427		(4 427)	–
Trade and other receivables						4 823		(4 823)	–
Financial assets						112		(112)	–
Cash and cash equivalents						5 976		(5 976)	–
Non-current liabilities									
Other non-current liabilities						5 986		(5 986)	–
Current liabilities									
Trade and other payables						2 232		(2 232)	–
Short-term provisions						585		(585)	–
Taxation						346		(346)	–

Refer note 2.1 and note 9 for more detail on the ARM Ferrous (Assmang) segment.
* *Includes consolidation and IFRS 11 adjustments.*
** *Dividends paid amounting to R3.5 billion included in cash flows from operating activities.*

Financials

Notes to the financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

	ARM Exploration Rm	*Corporate and other Rm	Gold Rm	Total ARM Corporate Rm
2. Primary segmental information continued				
2.4 Additional information				
ARM Corporate as presented in the table on page 240 is analysed further into Corporate and other, ARM Exploration and Gold segments				
Year to 30 June 2015				
Cost of sales	–	54	–	**54**
Other operating income	–	862	–	**862**
Other operating expenses	(50)	(753)	–	**(803)**
Segment result	(50)	163	–	**113**
Income from investments	–	153	–	**153**
Finance costs	–	118	–	**118**
Special items before tax	–	–	(656)	**(656)**
Taxation	–	(142)	122	**(20)**
(Loss)/profit after tax	(50)	292	(534)	**(292)**
Non-controlling interest	–	(9)	–	**(9)**
Consolidation adjustments		41		**41**
Contribution to basic earnings	(50)	324	(534)	**(260)**
Contribution to headline earnings	(50)	324	–	**274**
Other information				
Segment assets, including investment in associate	–	3 069	992	**4 061**
Segment liabilities	–	1 635	–	**1 635**
Cash outflow from operating activities	(50)	(1 151)	–	**(1 201)**
Cash outflow from investing activities	–	(428)	–	**(428)**
Cash outflow from financing activities	–	(187)	–	**(187)**
Capital expenditure	–	2	–	**2**
Amortisation and depreciation	–	8	–	**8**
EBITDA	(50)	171	–	**121**

* *Corporate, other companies and consolidation adjustments.*

2. Primary segmental information continued

2.4 Additional information

	ARM Exploration Rm	*Corporate and other Rm	Gold Rm	Total ARM Corporate Rm
Year to 30 June 2014				
Sales	–	(28)	–	(28)
Cost of sales	–	73	–	73
Other operating income	–	752	–	752
Other operating expenses	(81)	(829)	–	(910)
Segment result	(81)	(32)	–	(113)
Income from investments	–	83	–	83
Finance costs	–	14	–	14
Special items before tax	–	6	(627)	(621)
Taxation	–	(92)	117	25
Loss after tax	(81)	(21)	(510)	(612)
Non-controlling interest	–	(9)	–	(9)
Consolidation adjustment		35		35
Contribution to basic earnings	(81)	5	(510)	(586)
Contribution to headline earnings	(81)	(1)	–	(82)
Other information				
Segment assets, including investment in associate	–	2 366	1 982	4 348
Segment liabilities	–	1 538	–	1 538
Cash outflow from operating activities	(81)	(1 227)	–	(1 308)
Cash outflow from investing activities	–	(23)	–	(23)
Cash outflow from financing activities	–	(503)	–	(503)
Capital expenditure	–	6	–	6
Amortisation and depreciation	–	6	–	6
EBITDA	(81)	(26)	–	(107)

* *Corporate, other companies and consolidation adjustments.*

Notes to the financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

	GROUP	
	F2015 Rm	F2014 Rm
2. Primary segmental information continued		
2.5 Geographical segments		
The Group operates principally in South Africa, however, the Vale/ARM joint operation operates principally in Zambia and Sakura operates in Malaysia.		
Assets by geographical area in which the assets are located are as follows:		
– South Africa	**26 496**	27 609
– Europe	**1 143**	1 204
– Americas	**189**	193
– Far and Middle East	**3 508**	3 891
– Zambia	**2 779**	3 299
– Other	**1 168**	262
	35 283	36 458
Sales by geographical area:		
– South Africa	**4 939**	5 102
– Europe	**2 650**	3 152
– Far and Middle East	**680**	595
– Zambia	**794**	1 085
– Other	**200**	70
	9 263	10 004
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:		
Platinum		
– Rustenburg Platinum Mines Limited	**1 082**	1 229
– Impala Platinum Limited	**3 676**	3 725
Capital expenditure		
– South Africa	**1 194**	866
– Rest of Africa	**302**	299
	1 496	1 165

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 2013	7 248	3 928	261	1 969	417	833	343	14 999
Additions	398	479	82	–	45	78	83	1 165
Reclassifications	(899)	936	–	156	(156)	–	–	37
Change in estimates*	–	–	9	–	–	–	–	9
Disposals	(3)	–	–	–	–	(52)	(15)	(70)
Foreign currency translation movement	179	23	2	–	10	2	–	216
Balance at 30 June 2014	6 923	5 366	354	2 125	316	861	411	**16 356**
Additions	834	345	11	–	53	162	91	**1 496**
Tamboti (refer note 37)	–	–	–	400	–	–	–	**400**
Mineral rights from Impala (refer note 37)	–	–	–	157	–	–	–	**157**
Reclassifications	(51)	47	2	–	–	–	30	**28**
Change in estimates*	–	–	(12)	–	–	–	–	**(12)**
Derecognition	–	–	–	(18)	–	–	–	**(18)**
Disposals	–	(60)	–	–	–	(145)	(149)	**(354)**
Foreign currency translation movement	257	218	10	21	–	6	5	**517**
Balance at 30 June 2015	7 963	5 916	365	2 685	369	884	388	**18 570**
Accumulated amortisation, depreciation and impairment								
Balance at 30 June 2013	1 788	858	77	233	2	497	235	3 690
Charge for the year	349	316	20	55	–	100	97	937
Disposals	(1)	–	–	–	–	(52)	(15)	(68)
Reclassifications	–	37	–	1	(1)	–	–	37
Foreign currency translation movement	–	7	–	–	–	1	–	8
Balance at 30 June 2014	2 136	1 218	97	289	1	546	317	**4 604**
Charge for the year	384	390	21	61	1	101	72	**1 030**
Impairment (refer note 38)	961	19	–	–	–	–	–	**980**
Disposals	(1)	(53)	–	–	–	(141)	(149)	**(344)**
Reclassifications	–	28	–	–	–	–	–	**28**
Foreign currency translation movement	9	39	1	1	–	3	1	**54**
Balance at 30 June 2015	3 489	1 641	119	351	2	509	241	**6 352**
Carrying value at 30 June 2014	4 787	4 148	257	1 836	315	315	94	11 752
Carrying value at 30 June 2015	4 474	4 275	246	2 334	367	375	147	**12 218**

** Change in estimates relates to the fair value adjustment made on the variable consideration payable by Two Rivers to Assmang (refer note 18).*

Notes to the financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

3. Property, plant and equipment continued

a. Borrowing costs

No borrowing costs were capitalised for the year to 30 June 2015 (F2014: Rnil).

b. Capital work-in-progress

The pre-stripping cost asset included under mine development and decommissioning assets amounts to R374 million (F2014: R212 million).

c. Pledged assets

The carrying value of assets pledged as security for loans amounts to R3.9 billion (F2014: R3.6 billion). Refer to note 16 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 R147 million (F2014: R94 million). Included in this are hire purchase agreements assets that are pledged as security amounting to R55 million (F2014: Rnil). 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 R228 million (F2014: R173 million).

COMPANY	Mine development and decom-missioning assets Rm	Plant and machinery Rm	Land and buildings Rm	Mineral rights Rm	Furniture equipment and vehicles Rm	Finance lease Rm	Total Property, plant and equipment Rm
Restated							
Cost							
Balance at 30 June 2013	2 449	1 770	81	669	211	3	5 183
Additions	156	82	15	–	11	–	264
Disposals	(3)	–	–	–	(1)	–	(4)
Reclassifications	48	(48)	–	–	–	–	–
Balance at 30 June 2014	**2 650**	**1 804**	**96**	**669**	**221**	**3**	**5 443**
Additions	**421**	**104**	**7**	**–**	**14**	**49**	**595**
Reclassification	**(99)**	**67**	**–**	**–**	**2**	**30**	**–**
Disposal	**–**	**–**	**–**	**–**	**(2)**	**–**	**(2)**
Balance at 30 June 2015	**2 972**	**1 975**	**103**	**669**	**235**	**82**	**6 036**
Accumulated amortisation, depreciation							
Balance at 30 June 2013	752	523	9	61	76	2	1 423
Charge for the year	125	134	3	15	12	1	290
Disposals	(1)	–	–	–	(1)	–	(2)
Balance at 30 June 2014	**876**	**657**	**12**	**76**	**87**	**3**	**1 711**
Charge for the year	**144**	**144**	**4**	**17**	**11**	**13**	**333**
Disposal	**(1)**	**–**	**–**	**–**	**(1)**	**–**	**(2)**
Balance at 30 June 2015	**1 019**	**801**	**16**	**93**	**97**	**16**	**2 042**
Carrying value at 30 June 2014	1 774	1 147	84	593	134	–	3 732
Carrying value at 30 June 2015	**1 953**	**1 174**	**87**	**576**	**138**	**66**	**3 994**

a. Borrowing costs

No borrowing costs were capitalised for the year to 30 June 2015 (F2014: Rnil).

b. Capital work-in-progress

Included in mine development and decommissioning assets above are R374 million (F2014: R212 million) of assets relating to pre-stripping at Nkomati.

c. Pledged assets

The carrying value of plant and machinery held under finance leases at year-end was R66 million (F2014: Rnil). Leased assets are pledged as security for the related finance lease.

Registers containing details of mineral and mining rights and land and buildings are available for inspection during business hours at the registered addresses of the Companies and associated entities by members or their duly authorised agents.

	GROUP		COMPANY	
	F2015 Rm	F2014 Rm	**F2015 Rm**	Restated F2014 Rm
4. Investment property				
Cost	**20**	20	**–**	–
Accumulated depreciation	**(8)**	(8)	**–**	–
Transfer to asset held for sale (refer note 14)	**(12)**	–	**–**	–
Carrying value	**–**	12	**–**	–

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

Refer to note 26 for rental income derived from this property.

The depreciation for the year was less than R1 million.

	GROUP		COMPANY RESTATED
	Total Rm	Other Rm	**RBCT entitlement Rm**
5. Intangible assets			
Cost			
Balance at 30 June 2013	221	1	220
Balance at 30 June 2014	221	1	220
Balance 30 June 2015	**221**	1	220
Accumulated amortisation			
Balance at 30 June 2013	43	–	43
Charge for the year	12	–	12
Balance at 30 June 2014	55	–	55
Charge for the year	17	1	16
Balance at 30 June 2015	**72**	1	71
Carrying value at 30 June 2014	**166**	1	165
Carrying value at 30 June 2015	**149**	–	149

Finite life intangible assets which are amortised comprise of: (i) the RBCT entitlement held by the Goedgevonden joint operation of R149 million (F2014: R165 million) and (ii) Rnil (F2014: R1 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 20 years (F2014: 21 years).

Notes to the financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

	GROUP		COMPANY	
	F2015 Rm	F2014 Rm	**F2015 Rm**	Restated F2014 Rm
6. Loans and long-term receivables				
Long-term receivables	**48**	73	**813**	556
Total	**48**	73	**813**	556
Long-term loans held are as follows:				
ARM Platinum (Modikwa)	**17**	17	**–**	–
ARM Coal	**31**	56	**31**	56
Glencore South Africa	**–**	–	**446**	281
Loan to PCB from ARM	**–**	–	**336**	219
	48	73	**813**	556
The ARM Coal loan relates to a loan to RBCT for the construction of the phase V expansion of RBCT.				
The Glencore loans represent balances between GOSA and ARM Coal and funding towards PCB.				
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				
Arranger's fee	**2**	3	**–**	–
	2	3	**–**	–
Less: transfer to short-term financial assets	**(1)**	(1)	**–**	–
Total	**1**	2	**–**	–

During 2012 a US Dollar denominated loan was entered into with Standard Finance (Isle of Man) Limited in terms of which an arranger's fee was paid.

This arranger's fee is amortised over the 60 month period of the loan starting from April 2012.

	GROUP		COMPANY	
	F2015 Rm	F2014 Rm	**F2015 Rm**	Restated F2014 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 (PCB) of GOSA.				
Opening balance	**967**	951	**409**	409
Original investment (10.2%)	**400**	400	**400**	400
Additional investment (ATCOM and ATC Collieries)	**9**	9	**9**	9
Additional investment	**502**	313	**–**	–
Retained income	**56**	245	**–**	–
Cash flow hedge	**–**	(16)	**–**	–
Additional investment	**282**	189	**–**	–
Loss for the current year	**(94)**	(189)	**–**	–
Cash flow hedge current year	**–**	16	**–**	–
	1 155	967	**409**	409
ARM invested directly in 10% of the existing coal operations (PCB) of GOSA on 1 September 2007.				
Opening balance	**438**	607	**432**	432
Original investment	**400**	400	**400**	400
Additional investment (ATCOM and ATC Collieries)	**32**	32	**32**	32
Retained income	**6**	191	**–**	–
Cash flow hedge	**–**	(16)	**–**	–
Loss for the current year	**(92)**	(185)	**–**	–
Cash flow hedge current year	**–**	16	**–**	–
	346	438	**432**	432
Less: dividend received prior years	**(138)**	(138)	**–**	–
Total investment	**1 363**	1 267	**841**	841
Total loss for the year	**(186)**	(374)		
Total cash flow hedge for the year	**–**	32		
PCB at 100%				
Sales	**7 520**	6 639		
Statement of financial position				
Non-current assets	**28 619**	24 935		
Current assets	**2 467**	2 438		
Total assets	**31 086**	27 373		
Less:				
Non-current liabilities	**24 199**	19 868		
Current liabilities	**140**	1 230		
Net assets	**6 747**	6 275		

Notes to the financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

	GROUP		COMPANY	
	F2015 Rm	F2014 Rm	F2015 Rm	Restated F2014 Rm
9. Investment in joint venture				
The investment relates to ARM Ferrous and comprises Assmang as a joint venture which includes iron ore, manganese and chrome operations.				
Opening balance	**14 305**	12 506	**259**	259
Income for the period	**1 330**	3 584	**–**	–
Consolidation adjustment	**(41)**	(35)	**–**	–
Net income for the period	**1 289**	3 549	**–**	–
Less: dividend received for the period	**(1 500)**	(1 750)	**–**	–
Closing balance	**14 094**	14 305	**259**	259
Refer to notes 2.1 and 2.3 for more detail on ARM Ferrous (Assmang) segment.				
10. Other investments				
Listed investment[1]				
Opening balance	**1 982**	2 275	**1 982**	2 275
Unrealised available-for-sale – reserve and impairment	**(990)**	(293)	**(990)**	(293)
Available-for-sale reserve in other comprehensive income	**(334)**	334	**(334)**	334
Impairment of listed investment[2] (refer note 30)	**(656)**	(627)	**(656)**	(627)
Total – listed investment classified as available-for-sale	**992**	1 982	**992**	1 982
Market value of listed investment	**992**	1 982	**992**	1 982
Other investments				
Teal Minerals[3] (refer page 291)			**–**	1 708
Guardrisk	**24**	–	**24**	–
RBCT	**152**	126	**152**	126
Loans[4] (refer page 291)			**1 616**	1 125
Preference shares	**10**	11		
Unlisted – other subsidiary companies				
Cost of investments (refer page 290)			**929**	611
Loans[4] (refer page 290)			**1 365**	800
Total unlisted investments	**186**	137	**4 086**	4 370
Total carrying amount investments	**1 178**	2 119	**5 078**	6 352

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.

The market value of the listed investment is determined with reference to the market share price at 30 June 2015 and 30 June 2014.

Kingfisher Insurance Company Limited holds R10 million (F2014: R11 million) preference shares in various financial institutions.

Investments carried at cost amount to R929 million (F2014: R611 million) as reflected above in the company column.

Certain listed shares have been pledged as security for the ARM corporate loan which at 30 June 2015 was Rnil (F2014: Rnil) (refer note 16). The book value of the pledged shares amounts to R670 million (F2014: R1 339 million).

A report on investments appears on pages 289 to 291.

1 Harmony 63 632 922 shares at R15.59 per share (F2014: R31.15 per share).
2 The impairment was due to a significant decline in the share price below cost. For additional information please refer to the Gold: Harmony Report on page 115.
3 The direct and indirect investments in Teal Minerals (Vale/ARM joint operation) (refer to report on subsidiary companies). This was impaired during F2015 as a result of the impairment at the Lubambe Copper Mine. Refer to note 30 and 38.
4 These loans are interest-free with no fixed terms of repayment except for:
(i) the loan to Venture Building Trust of R55 million (F2014: R55 million) bears interest at 2% below the prime bank overdraft rate, which is currently 7.25% (F2014: 7%) p.a.,
(ii) Vale/ARM joint operation loans included under other investments amounts to R1 618 million which currently bears interest at LIBOR plus 5%. (F2014: R1 125 million beared interest at LIBOR plus 5%);
(iii) Tamboti loan bears interest at the three month JIBAR rate plus 7% (F2014: NA).

	GROUP		COMPANY	
	F2015 Rm	F2014 Rm	**F2015 Rm**	Restated F2014 Rm
11. Inventories				
Ore stockpiles	**348**	432	**97**	236
Consumable stores	**375**	334	**125**	108
Work-in-progress	**26**	41	**26**	41
Finished goods	**103**	127	**60**	84
	852	934	**308**	469
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 Rnil (F2014: Rnil).				
Refer to note 25 for the expense of inventory written down or up and the amount of inventories expensed during the year.				
Inventories to the value of R72 million (F2014: R90 million) have been pledged as security for loans in ARM Coal Proprietary Limited (refer note 16).				
12. Trade and other receivables				
Trade receivables	**316**	355	**116**	112
Related parties (refer note 45)	**1 952**	2 658	**611**	1 201
Other receivables	**274**	278	**115**	200
	2 542	3 291	**842**	1 513
Trade and other receivables are non-interest-bearing and are generally on 30 – 90 day payment terms.				
The carrying amount of trade and other receivables approximate their fair value.				
Payment terms which vary from the norm are:				
– PGM's which are paid approximately four months after delivery				
– 20% of nickel delivered which is paid approximately five months after delivery				
Debtors analysis				
Outstanding on normal cycle terms	**2 467**	2 447	**769**	700
Outstanding longer than 30 days outside normal cycle	**63**	29	**61**	–
Outstanding longer than 60 days outside normal cycle	**–**	–	**–**	–
Outstanding longer than 90 days outside normal cycle	**–**	–	**–**	–
Outstanding longer than +120 days outside normal cycle*	**12**	815	**12**	813
Less: provisions for impairments	**–**	–	**–**	–
Total	**2 542**	3 291	**842**	1 513
** No provision has been raised in F2015 on debtors outstanding longer than 120 days (F2014: Rnil) as the balance is considered recoverable. Total provision at year-end amounted to Rnil (F2014: Rnil).*				
Provision for impairments				
Opening balance	**–**	9	**–**	–
Sold	**–**	(9)	**–**	–
Closing balance	**–**	–	**–**	–

Notes to the financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

	GROUP		COMPANY	
	F2015 Rm	F2014 Rm	**F2015 Rm**	Restated F2014 Rm
13. Cash and cash equivalents				
Cash at bank and on deposit	**1 299**	1 295	**1 107**	965
Restricted cash				
– Rehabilitation trust funds (refer note 23)	**137**	117	**108**	91
– Other	**821**	738	**51**	55
Cash and cash equivalents per statement of financial position	**2 257**	2 150	**1 266**	1 111
Less: overdrafts (refer note 21)	**(812)**	(481)	**(310)**	(27)
Cash and cash equivalents per statement of cash flows	**1 445**	1 669	**956**	1 084
The cash is held as follows per statement of financial position:				
African Rainbow Minerals Limited	**909**	746	**909**	746
ARM Finance Company SA	**11**	63	**–**	–
ARM Coal Proprietary Limited	**1**	–	**1**	–
ARM Platinum Proprietary Limited	**23**	28	**–**	–
Kingfisher Insurance Co Limited	**121**	137	**–**	–
Nkomati	**195**	216	**195**	216
Teal Minerals (Barbados) Incorporated	**–**	–	**2**	3
Two Rivers Platinum Proprietary Limited	**12**	9	**–**	–
Vale/ARM joint operation	**25**	92	**–**	–
Venture Building Trust Proprietary Limited	**2**	4	**–**	–
Restricted cash*	**958**	855	**159**	146
	2 257	2 150	**1 266**	1 111

Cash at bank and on deposit earns interest at floating rates based on daily bank deposit rates.

** Restricted cash includes:*
- *The ARM Trust of R20 million (F2014: R27 million) and cash held by Mannequin Insurance PCC Limited (Cell AVL 18) amounting to R633 million (F2014: R548 million) in terms of an insurance contract.*
- *Guarantees issued by ARM Coal to DMR amounting to R46 million (F2014: R40 million).*
- *Guarantees issued by Nkomati to DMR and Eskom amounting to R66 million (F2014: R59 million).*
- *Guarantees issued by Tamboti to DMR amounting to R2 million (F2014: Rnil).*
- *Guarantees issued by Two Rivers to DMR and Eskom and BP Oil amounting to R86 million (F2014: R84 million).*
- *Guarantees issued by Modikwa to DMR and Eskom amounting to R78 million (F2014: R77 million).*

	GROUP		COMPANY	
	F2015 Rm	F2014 Rm	**F2015 Rm**	Restated F2014 Rm
14. Assets held for sale				
Assets at 30 June	**12**	–	**–**	–
During the reporting period, ARM entered into a sale agreement for the sale of the investment property situated in Marshalltown, Johannesburg.				
The transaction and the transfer thereof was finalised after the financial year-end (refer note 4).				
The cash flow movement in F2014 in terms of assets held for sale in F2013 is explained below.				
Assets at 30 June 2013	**–**	191	**–**	–
Non-controlling interest paid (refer statement of equity – Group F2014)	**–**	(71)	**–**	–
Foreign currency translation movement	**–**	(6)	**–**	–
Cash from transaction	**–**	114	**–**	–
Other entities proceeds	**–**	4	**–**	–
Total cash per statement of cash flow	**–**	118	**–**	–
The decision to exit the Kalumines project in the Democratic Republic of the Congo (DRC) was concluded after the end of the 2013 financial year.				
The mining license was handed back to Gecamines (our 40% partner) and Gecamines also paid a settlement fee in F2014 for the mining of ore and for geological drilling carried out by the partners.				
15. Share capital and share premium				
Share capital				
Authorised				
500 000 000 (F2014: 500 000 000) ordinary shares of 5 cents each	**25**	25	**25**	25
	25	25	**25**	25
Issued				
Opening balance	**11**	11	**11**	11
743 601 (F2014: 1 122 839) additional shares issued*	**–**	–	**–**	–
217 491 412 (F2014: 216 747 811); (F2013: 215 624 972) ordinary shares of 5 cents each	**11**	11	**11**	11
Share premium	**4 183**	4 108	**4 183**	4 108
– Balance at beginning of the year	**4 108**	3 996	**4 108**	3 996
– Premium on shares issued	**75**	112	**75**	112
Total issued share capital and share premium	**4 194**	4 119	**4 194**	4 119

* *The movement in issued shares was less than R1 million.*

Notes to the financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

	GROUP		COMPANY	
	F2015 Rm	F2014 Rm	F2015 Rm	Restated F2014 Rm
16. Long-term borrowings				
Secured				
Loan facility (Two Rivers – mine housing project)	**42**	58	**–**	–
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 8.82% (F2014: 8.38%).				
The loan is secured by a mortgage bond over the property and a cession of insurances.				
Loan facility (ARM Corporate)	**–**	–	**–**	–
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 2015, no amount was drawn against this facility, therefore, the rate was not applicable (F2014: not applicable). This loan has been secured by a pledge of shares (refer note 10).				
Subsequent to the end of the reporting period ARM entered into a new corporate revolving credit facility for an amount of R2.25 billion which will mature in August 2018. The previous facility matured in August 2015.				
Loan facility (ARM Finance Company SA)	**754**	850	**–**	–
This loan facility was for US$80 million for funding towards the development of the Lubambe Copper Mine. The interest rate is LIBOR plus 3.65% with repayments commencing from December 2014 in quarterly instalments with a final repayment in September 2017. At year-end, an amount of US$62 million was still outstanding (F2014: US$80 million). ARM Company has guaranteed this loan.				
Hire purchase (Vale/ARM joint operation)	**47**	12	**–**	–
Hire purchase over property, plant and equipment with a book value of R55 million (F2014: R13 million) bear interest between 8% and 15% (F2014: 8% to 15%) and are payable in varying monthly and quarterly instalments over a maximum period of 36 months which commenced in September 2013 and a final payment due in August 2018.				
Loan facility (Vale/ARM joint operation) (partner loan)	**546**	452	**–**	–
This loan is from ZCCM – IH relating to their 20% contribution to the funding of Lubambe Copper Mine. The loan forms part of the inter-company loan agreements which each of the shareholders have with Lubambe Copper Mine. The funding carries interest at a six-month LIBOR rate plus 5%.				
The LIBOR rates for the period under review varied between 0.27% to 0.56% (F2014: 0.32% to 0.42%). The loan is currently repayable in 12 equal quarterly instalments each year on 31 March, 30 June, 31 September, 31 December commencing 30 December 2015, with final settlement on 30 September 2018.				

16. Long-term borrowings continued

	GROUP F2015 Rm	GROUP F2014 Rm	COMPANY F2015 Rm	COMPANY Restated F2014 Rm
Leases (Nkomati) Finance leases over property, plant and equipment with a book value of R66 million (F2014: Rnil) bear interest at prime plus 2% (F2014: n/a) and are payable in varying monthly instalments over a maximum period of 60 months which commenced in April 2015 and a final payment due in March 2020 (refer note 41).	**60**	–	**60**	–
Leases (Two Rivers) Finance leases over property, plant and equipment with a book value of R26 million (F2014: R81 million) bear interest at prime less 1.5 %. As at 30 June 2015 the interest rate was 7.75 % (F2014: 7.0 %). Instalments are payable in varying monthly instalments over a maximum period of 60 months which commenced on 30 November 2008 and a final payment due on 31 May 2017 (refer note 41).	**47**	109	**–**	–
Loan facility (ARM Coal – partner loan) The following loans are with GOSA and relates to the acquisition and development of the GGV Thermal Coal Mine.	**–**	–	**–**	–
ARM Coal – GGV acquisition loan (partner loan) Interest is charged at prime bank overdraft rate. The loan is repayable over 20 years from ARM Coal's share of the positive cash flows generated by the Goedgevonden coal operation with final repayment in 2026.	**299**	341	**299**	341
ARM Coal – GGV project facility phase 1 loan (partner loan) The phase 1 project facility bears interest at prime bank overdraft rate after the interest holiday expired on 30 September 2014 and is repayable by August 2024 from ARM Coal's share of positive cash flows generated by the Goedgevonden coal operation.	**792**	761	**792**	761
ARM Coal – GGV project facility phase 2 loan (partner loan) The phase 2 project facility bears interest at prime bank overdraft rate and is repayable by June 2024 from ARM Coal's share of positive cash flows generated by the Goedgevonden coal operation.	**212**	192	**212**	192

These are secured by:

- a cession in favour of GOSA creating a first ranking security interest over ARM Coal's participating interest in the Goedgevonden joint operation;
- a cession in favour of GOSA creating a first ranking security interest over all the preference shares in GOSA held by ARM Coal;
- a cession in favour of GOSA 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 GOSA over all immovable property of ARM Coal; and
- notarial bonds to be registered by ARM Coal in favour of GOSA over all movable assets owned by ARM Coal.

Notes to the financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

	GROUP		COMPANY	
	F2015 Rm	F2014 Rm	F2015 Rm	Restated F2014 Rm
16. Long-term borrowings continued				
Unsecured				
ARM Coal – RBCT phase V (partner loan)	**157**	132	**157**	132
This loan is with GOSA and bears interest at the prime bank overdraft rate plus 0.5% and is repayable by October 2020 from ARM Coal's share of the positive cash flows generated by the Goedgevonden coal operation.				
Total borrowings	**2 956**	2 907	**1 520**	1 426
Less: repayable within one year included in short-term borrowings (refer note 21)	**(445)**	(487)	**(46)**	(217)
Total SA Rand long-term borrowings	**2 511**	2 420	**1 474**	1 209
Held as follows:				
– ARM Finance Company SA	**426**	659	**–**	–
– ARM Coal Proprietary Limited – GGV acquisition loan (partner loan)	**290**	257	**290**	257
– ARM Coal Proprietary Limited – GGV project facility phase 1 (partner loan)	**781**	682	**781**	682
– ARM Coal Proprietary Limited – GGV project facility phase 2 (partner loan)	**208**	165	**208**	165
– ARM Coal Proprietary Limited – RBCT phase V (partner loan)	**149**	105	**149**	105
– Two Rivers Platinum Proprietary Limited	**37**	88	**–**	–
– Nkomati	**46**	–	**46**	–
– Vale/ARM joint operation	**28**	12	**–**	–
– Vale/ARM joint operation – ZCCM-IH (partner loan)	**546**	452	**–**	–
	2 511	2 420	**1 474**	1 209

The carrying value of the long-term borrowings approximate their fair value.

GROUP	Total borrowings F2015 Rm	Discounted Cash flows F2016 Rm	Repayments schedule – undiscounted cash flows F2016 Rm	F2017 Rm	F2018 Rm	F2019 Rm	F2020 – onwards Rm	Total Rm
16. Long-term borrowings continued								
Secured loans								
Loan facility (Two Rivers – mine housing project)	**42**	18	19	18	8	–	–	**45**
ARM Coal – GGV acquisition loan (partner loan)	**299**	9	10	26	26	175	251	**488**
ARM Coal – GGV project facility phase 1 loan (partner loan).	**792**	11	12	117	165	165	843	**1 302**
ARM Coal – GGV project facility phase 2 loan (partner loan).	**212**	4	4	39	42	43	211	**339**
Loan facility (ARM Finance Company SA)	**754**	328	357	372	76	–	–	**805**
Loan facility – Vale/ARM joint operation (partner loan)	**546**	–	–	210	210	210	–	**630**
Finance leases – Nkomati	**60**	14	19	19	15	12	9	**74**
Hire purchase – Vale/ARM joint operation	**47**	19	22	15	15	–	–	**52**
Finance leases – Two Rivers	**47**	34	36	13	–	–	–	**49**
Total secured loans	**2 799**	437	479	829	557	605	1 314	**3 784**
Unsecured loans								
ARM Coal – RBCT phase V (partner loan)	**157**	8	9	35	41	26	116	**227**
Total unsecured loans	**157**	8	9	35	41	26	116	**227**
Total borrowings at 30 June 2015	**2 956**	445	488	864	598	631	1 430	**4 011**

Discounted cash flows	F2014	F2015	F2016	F2017	F2018	F2019 – onwards
Total borrowings at 30 June 2014	2 907	487	649	790	534	447

Notes to the financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

17. Deferred taxation

	GROUP		COMPANY	
	F2015 Rm	F2014 Rm	F2015 Rm	Restated F2014 Rm
Deferred tax assets				
Provisions	**1**	1	**–**	–
Deferred capital gains tax on movements on listed investment	**564**	380	**564**	380
Deferred tax assets	**565**	381	**564**	380
Deferred tax liabilities				
Property, plant and equipment	**2 039**	2 055	**974**	892
Intangible assets	**42**	46	**42**	46
Inventories	**54**	82	**–**	–
Unrealised related party foreign currency translation movement	**109**	46	**109**	62
Deferred tax liabilities	**2 244**	2 229	**1 125**	1 000
Provisions	**(251)**	(295)	**(123)**	(122)
Post-retirement healthcare provisions	**(23)**	(23)	**(23)**	(23)
Deferred tax assets	**(274)**	(318)	**(146)**	(145)
Net deferred tax liabilities	**1 970**	1 911	**979**	855
Reconciliation of opening and closing balance				
Opening deferred tax liabilities	**1 911**	1 680	**855**	650
Opening deferred tax assets	**(381)**	(327)	**(380)**	(326)
Net deferred tax liabilities opening balance	**1 530**	1 353	**475**	324
Temporary differences from:	**(125)**	177	**(60)**	151
Property, plant and equipment	**(16)**	234	**82**	196
Intangible assets	**(4)**	(4)	**(4)**	(4)
Provisions	**44**	(61)	**(1)**	(1)
Revaluation of investments – directly in equity	**(62)**	62	**(62)**	62
Impairment of listed investment	**(122)**	(117)	**(122)**	(117)
Inventories	**(28)**	48	**–**	–
Unrealised related party foreign currency translation movement	**63**	15	**47**	15
Total deferred tax	**1 405**	1 530	**415**	475
Deferred tax liabilities	**1 970**	1 911	**979**	855
Deferred tax assets	**(565)**	(381)	**(564)**	(380)

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.

18. Long-term provisions

	GROUP		COMPANY	
	F2015 Rm	F2014 Rm	**F2015 Rm**	Restated F2014 Rm
Environmental rehabilitation obligation				
Provision for decommissioning				
Balance at beginning of year	**230**	218	**158**	132
Provision for the year	**60**	–	**58**	22
Unwinding of discount rate	**10**	9	**6**	4
Foreign currency translation movements	**4**	3	**–**	–
Balance at end of year	**304**	230	**222**	158
Provision for restoration				
Balance at beginning of year	**105**	96	**65**	66
Provision for the year	**9**	15	**10**	(5)
Subsidiary sold (refer note 36)	**–**	(16)	**–**	–
Unwinding of discount rate	**2**	8	**–**	4
Foreign currency translation movements	**3**	2	**–**	–
Balance at end of year	**119**	105	**75**	65
Total environmental rehabilitation obligation	**423**	335	**297**	223
The net present value of current rehabilitation liabilities is based on discount rates taking into consideration long bond yield rates of approximately 8.1% (F2014: approximately 8.1%), inflation rates of approximately 6.05% (F2014: 6.1%) in line with the South African Reserve Bank long-term inflation target of between 3% to 8% (F2014: 3% to 8%) and life of mines of between 3 and 25 years (F2014: 3 and 25 years). The US Dollar denominated entity discount rate was 3.3% (F2014: 3.3%) and inflation of 2.1% (F2014: 2.1%) was used. Refer to note 23 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	**82**	82	**82**	82
Benefits paid	**(5)**	(7)	**(5)**	(7)
Interest cost	**5**	7	**5**	7
Balance at end of year (refer note 43)	**82**	82	**82**	82
Other long-term provisions				
Balance at beginning of year	**141**	164	**13**	18
Change in estimate of variable purchase price for mine properties	**(8)**	5	**–**	–
Payments made during the year	**(9)**	(7)	**–**	(5)
Provision for the year	**46**	70	**20**	17
Transfer to short-term provisions (refer note 20)	**(20)**	(91)	**(16)**	(17)
Foreign currency translation movements	**1**	–	**–**	–
Balance at end of year	**151**	141	**17**	13
Total long-term provisions at end of year	**656**	558	**396**	318

Other long-term provisions include: (i) long-term incentive schemes aimed at attracting, retaining and rewarding eligible senior employees and (ii) variable consideration payable by Two Rivers to Assmang due to Assmang's inability to mine the chrome ore as a result of Two Rivers having a tailings dam on part of the mining area of Assmang.

Notes to the financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

	GROUP		COMPANY	
	F2015 Rm	F2014 Rm	F2015 Rm	Restated F2014 Rm
19. Trade and other payables				
Trade	**650**	1 144	**257**	680
Related parties (refer note 45)	**183**	47	**183**	47
Other	**619**	550	**111**	204
Total trade and other payables	**1 452**	1 741	**551**	931
Trade and other payables are generally non-interest-bearing and are typically on 30 – 90 day payment terms.				
20. Short-term provisions				
Bonus provision				
Balance at beginning of year	**297**	308	**158**	188
Provision for the year	**194**	241	**72**	160
Payments made during the year	**(307)**	(272)	**(166)**	(207)
Foreign currency translation movements	**2**	1	**–**	–
Transfer from long-term provision (refer note 18)	**20**	19	**16**	17
Balance at end of year	**206**	297	**80**	158
Leave pay provision				
Balance at beginning of year	**110**	97	**41**	33
Provision for the year	**25**	27	**11**	11
Payments made during the year and leave taken	**(21)**	(15)	**(8)**	(3)
Foreign currency translation movements	**2**	1	**–**	–
Balance at end of year	**116**	110	**44**	41
Other provisions				
Balance at beginning of year	**72**	89	**1**	1
Provision for the year	**10**	–	**–**	–
Payments made	**(82)**	(93)	**–**	–
Foreign currency translation movements	**–**	4	**–**	–
Transfer from long-term provision (refer note 18)	**–**	72	**–**	–
Balance at end of year	**–**	72	**1**	1
Total short-term provisions	**322**	479	**125**	200

Refer to note 18 for more detail on other provisions.

The bonus provision is based on the policy as approved by each operation.

The leave pay provision is calculated based on total pensionable salary packages multiplied by the leave days due at year-end.

	GROUP		COMPANY	
	F2015 Rm	F2014 Rm	**F2015 Rm**	Restated F2014 Rm

21. Overdrafts and short-term borrowings

	F2015 Rm	F2014 Rm	**F2015 Rm**	Restated F2014 Rm
Overdrafts	**812**	481	**310**	27
Loans from subsidiaries – non-interest bearing (refer page 290)	**–**	–	**258**	258
Short-term borrowings – partner loans (refer note 45)	**114**	114	**–**	–
Current portion of long-term borrowings (refer note 16)	**445**	487	**46**	217
	1 371	1 082	**614**	502
Overdrafts and short-term borrowings are held as follows:				
– African Rainbow Minerals Limited	**290**	–	**290**	–
– ARM Mining Consortium Limited	**93**	24	**–**	–
– Anglo Platinum Limited (partner loan)	**114**	114	**–**	–
– ARM Coal Proprietary Limited	**32**	217	**32**	217
– ARM Finance Company SA	**328**	191	**–**	–
– Nkomati	**14**	–	**14**	–
– Two Rivers Platinum Proprietary Limited	**278**	379	**–**	–
– Vale/ARM joint venture	**202**	130	**–**	–
– Other	**20**	27	**20**	27
– Loans from subsidiaries	**–**	–	**258**	258
	1 371	1 082	**614**	502
Overdrafts are held as follows:				
– African Rainbow Minerals Limited	**290**	–	**290**	–
– ARM Mining Consortium Limited	**93**	24	**–**	–
– Two Rivers Platinum Proprietary Limited	**226**	300	**–**	–
– Vale/ARM joint operation	**183**	130	**–**	–
– Other	**20**	27	**20**	27
	812	481	**310**	27
Unutilised short-term borrowing and overdraft facilities				
– African Rainbow Minerals Limited	**210**	500	**210**	500
– ARM Mining Consortium Limited	**7**	76	**–**	–
– Nkomati	**35**	–	**35**	–
– Two Rivers Platinum Proprietary Limited	**274**	200	**–**	–
	526	776	**245**	500

All of the above overdraft facilities are reviewed annually.

Overdrafts accrue interest at floating rates. Short-term borrowings accrue interest at market-related rates. Loans from dormant subsidiaries are interest free and are payable on demand.

Notes to the financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

22. Joint operations

The share of the following joint operations has been incorporated into the Group results:

– 50% share in the Nkomati Mine.
– 51% share in ARM Coal Proprietary Limited (consolidated).
– 50% share in Modikwa joint operation which is held as a 83% subsidiary through ARM Mining Consortium and is consolidated as a subsidiary.
– 50% share in Vale/ARM joint operations.

The Company results include the share of the following joint operations:

– 50% share in the Nkomati Mine.
– 51% share in ARM Coal Proprietary Limited (Company).
– 34% share in the Teal Minerals (Barbados) Incorporated joint operation.

The share of joint operations in the financial statements are:

	GROUP		COMPANY	
	F2015 Rm	F2014 Rm	**F2015 Rm**	Restated F2014 Rm
Income statements				
Sales	**5 587**	6 307	**3 711**	3 993
Cost of sales	**(5 235)**	(5 017)	**(3 142)**	(2 834)
Other operating income	**261**	124	**240**	145
Other operating expenses	**(608)**	(681)	**(426)**	(347)
Income from investments	**25**	25	**23**	17
Finance costs	**(330)**	(229)	**(152)**	(94)
Loss from associate	**(186)**	(374)	**–**	–
Special items	**(1 003)**	5	**(898)**	3
Profit before tax	**(1 489)**	160	**(644)**	883
Taxation	**(70)**	(269)	**(99)**	(240)
(Loss)/profit for the year after taxation	**(1 559)**	(109)	**(743)**	643
Non-controlling interest	**315**	60		
Attributable to equity holders of ARM	**(1 244)**	(49)	**(743)**	643
Statements of financial position				
Non-current assets	**10 582**	10 882	**5 130**	5 496
Current assets	**2 142**	2 924	**1 343**	2 134
Non-current liabilities (interest-bearing)	**2 048**	1 673	**1 474**	1 209
Non-current liabilities (non-interest-bearing)	**1 659**	1 544	**1 191**	1 059
Current liabilities (non-interest-bearing)	**1 074**	1 473	**548**	920
Current liabilities (interest-bearing)	**341**	371	**50**	217
Statements of cash flows				
Net cash inflow from operating activities	**1 059**	930	**1 169**	916
Net cash outflow from investing activities	**(1 323)**	(959)	**(746)**	(469)
Net cash (outflow)/inflow from financing activities	**(38)**	(152)	**(40)**	(152)

	GROUP		COMPANY	
	F2015 Rm	F2014 Rm	**F2015 Rm**	Restated F2014 Rm
23. Environmental rehabilitation trust funds				
Balance at beginning of year	**117**	121	**91**	86
Contributions	**10**	6	**8**	2
Interest earned	**10**	6	**9**	3
Subsidiary sold	**–**	(16)	**–**	–
Total (included in cash and cash equivalents) (refer note 13)	**137**	117	**108**	91
Total environmental rehabilitation obligations (refer note 18)	**423**	335	**297**	223
Less: amounts in trust funds (see above)	**(137)**	(117)	**(108)**	(91)
Unfunded portion of liability	**286**	218	**189**	132
Part of the unfunded portion of the liability is secured by guarantees in favour of the Department of Mineral Resources as required of R114 million (F2014: R116 million) (refer note 40).				
24. Sales				
Sales – mining and related products	**9 263**	10 004	**3 711**	3 993
Made up as follows:				
Local sales	**4 939**	5 103	**181**	177
Export sales	**3 530**	3 816	**3 530**	3 816
Foreign sales	**794**	1 085	**–**	–
	9 263	10 004	**3 711**	3 993
Revenue	**10 227**	10 863	**6 418**	6 745
Sales – mining and related products	**9 263**	10 004	**3 711**	3 993
Interest received (refer note 28)	**191**	118	**232**	115
Dividends received (refer note 28)	**1**	1	**1 835**	2 039
Fees received	**631**	589	**640**	598
Property rental income	**10**	9	**–**	–
Royalty received	**16**	17	**–**	–
Net insurance premiums received	**115**	125	**–**	–
25. Cost of sales				
Amortisation and depreciation	**1 047**	940	**349**	302
Staff costs	**1 873**	1 716	**310**	251
– salaries and wages	**1 622**	1 489	**293**	237
– pension – defined contribution	**163**	142	**17**	14
– long service benefits	**–**	7	**–**	–
– medical aid	**88**	78	**–**	–
Consultants, contractors and other	**217**	211	**11**	18
Electricity	**435**	411	**132**	118
Inventories written down	**–**	5	**–**	5
Raw materials, consumables used and change in inventories	**3 299**	3 377	**1 896**	1 758
Railage and road transportation	**391**	298	**284**	180
Provisions – long-term	**54**	59	**29**	12
– short-term	**168**	147	**32**	59
Other costs	**370**	367	**99**	131
	7 854	7 531	**3 142**	2 834

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Notes to the financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

	GROUP F2015 Rm	GROUP F2014 Rm	COMPANY F2015 Rm	COMPANY Restated F2014 Rm
26. Other operating income				
Fees received	**631**	589	**640**	598
Unrealised foreign exchange gains	**216**	61	**215**	61
Realised foreign exchange gains	**103**	73	**103**	40
Commission received	**–**	6	**–**	6
Insurance income received	**115**	125	**–**	–
Rental income from investment property (refer note 4)	**2**	2	**–**	–
Reversal of impairment of loans	**–**	–	**–**	76
Royalties received	**16**	–	**–**	–
Other	**142**	105	**126**	58
	1 225	961	**1 084**	839
27. Other operating expenses				
Audit remuneration – audit fees	**13**	13	**7**	7
– other services	**–**	1	**–**	1
Consulting fees	**29**	31	**29**	32
Exploration*	**50**	81	**50**	81
Depreciation	**14**	9	**8**	8
Distribution cost	**213**	308	**149**	176
Direct operating expenses of investment property	**6**	4	**–**	–
Insurance	**113**	189	**12**	9
Impairment of loans	**–**	–	**35**	–
Operating lease payments	**2**	4	**–**	–
Rent paid	**5**	2	**11**	11
Mineral royalty tax	**278**	302	**49**	99
Staff cost	**293**	281	**236**	226
– salaries and wages	**278**	266	**221**	213
– pension – defined contribution	**8**	8	**8**	8
– long service rewards	**1**	–	**1**	–
– training	**6**	7	**6**	5
Realised foreign exchange loss	**41**	9	**41**	9
Unrealised foreign exchange loss	**28**	14	**28**	14
Provisions – long-term	**1**	5	**1**	–
– short-term	**61**	121	**51**	112
Secretarial and financial services	**3**	3	**3**	3
Share-based payments expensed	**193**	167	**193**	167
Other	**251**	219	**190**	173
	1 594	1 763	**1 093**	1 128

* *In addition, attributable exploration expenditure amounting to R5 million (F2014: R9 million) is included in income from joint venture.*

	GROUP		COMPANY	
	F2015 Rm	F2014 Rm	**F2015 Rm**	Restated F2014 Rm
28. Income from investments				
Dividend income – unlisted (refer note 45)	**1**	1	**1 835**	2 039
Interest received – subsidiary companies and other investments (refer note 45)	**–**	–	**98**	50
– environmental trust funds (refer note 23)	**10**	6	**9**	3
– short-term bank deposits and other	**181**	112	**125**	62
	192	119	**2 067**	2 154
29. Finance cost				
Interest on finance leases	**8**	9	**2**	–
Gross interest paid long- and short-term borrowings and overdrafts	**230**	238	**115**	114
Unwinding of discount rate	**12**	12	**6**	10
Less: capitalised (refer note 3)	**–**	–	**–**	–
	250	259	**123**	124
30. Special items				
(Loss)/profit on sale of property, plant and equipment	**(23)**	6	**–**	(1)
Profit on sale of subsidiary	**–**	5	**–**	5
Impairment of property, plant and equipment – Lubambe	**(980)**	–	**–**	–
Impairment of investments – Vale/ARM joint operation	**–**	–	**(1 875)**	–
Unrealised impairment of available-for-sale listed investment – Harmony	**(656)**	(627)	**(656)**	(627)
Special items per income statement before taxation effect	**(1 659)**	(616)	**(2 531)**	(623)
Impairment on property, plant and equipment accounted for directly in associate – ARM Coal	**–**	(183)	**–**	(183)
Impairment on property, plant and equipment accounted for directly in joint venture – Assmang	**(406)**	(260)	**–**	–
Loss on sale of property, plant and equipment accounted for directly in joint venture – Assmang	**(9)**	–	**–**	–
Special items before taxation effect	**(2 074)**	(1 059)	**(2 531)**	(806)
Taxation accounted for in associate – ARM Coal	**–**	51	**–**	51
Taxation accounted for in joint venture – impairment at Assmang	**114**	73	**–**	–
Taxation accounted for in joint venture – loss on sale at Assmang	**2**	–	**–**	–
Taxation on impairment of available-for-sale investment – Harmony	**122**	117	**122**	117
Taxation on other special items	**–**	(1)	**–**	(1)
Special items after taxation effect	**(1 836)**	(819)	**(2 409)**	(639)
Non-controlling interest – Lubambe impairment	**196**	–	**–**	–
Total amount adjusted for headline earnings	**(1 640)**	(819)	**(2 409)**	(639)

Notes to the financial statements continued

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	GROUP		COMPANY	
	F2015 Rm	F2014 Rm	**F2015 Rm**	Restated F2014 Rm
31. Taxation				
South African normal taxation				
– current year	**418**	423	**156**	129
– mining	**319**	322	**29**	54
– non-mining	**99**	101	**127**	75
– prior year	**(4)**	8	**(41)**	–
Foreign tax	**2**	–	**–**	–
Total current taxation	**416**	431	**115**	129
Deferred taxation	**(63)**	115	**2**	89
Total taxation	**353**	546	**117**	218
Attributable to:				
Profit before special items	**475**	662	**239**	334
Special items (refer note 30)	**(122)**	(116)	**(122)**	(116)
	353	546	**117**	218
Amounts recognised directly in other comprehensive income:				
Unrealised gain on available-for-sale financial asset	**(62)**	62	**(62)**	62
Total movement in deferred tax	**(125)**	177	**(60)**	151

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.

31. Taxation continued

	GROUP		COMPANY	
	F2015 %	F2014 %	F2015 %	Restated F2014 %
Reconciliation of rate of taxation:				
Standard rate of Company taxation	**28**	28	**28**	28
Adjusted for:				
Disallowed expenditure[1]	**22**	5	**(1 267)**	12
Exempt income[2]	**–**	–	**1 902**	(26)
Share of associate and joint venture income after tax	**(73)**	(22)	**–**	–
Capital Gains Tax	**14**	(1)	**(230)**	(3)
Foreign entity loss/(profit) not recognised	**101**	3	**(1 021)**	(1)
Prior year over provision	**(9)**	–	**155**	–
Effective rate of taxation	**83**	13	**(433)**	10
Reconciliation of rate of taxation before special items				
Standard rate of Company taxation				
Adjusted for:	**28**	28	**28**	28
Disallowed expenditure	**5**	5	**3**	4
Exempt income	**–**	–	**(21)**	(19)
Share of associate and joint venture income after tax	**(15)**	(21)	**–**	–
Foreign entity loss/(profit) not recognised	**7**	2	**1**	(1)
Prior year under provision	**(2)**	–	**(1)**	–
Effective rate of taxation	**23**	14	**10**	12

1 Mainly comprises special items.
2 Mainly comprises dividend income received.

	Rm	Rm	Rm	Rm
Profit before taxation and special items per income statement	**2 085**	4 706	**2 450**	2 900
Taxation per income statement	**353**	546	**117**	218
Taxation on special items (refer note 30)	**122**	116	**122**	116
Tax – excluding tax on special items	**475**	662	**239**	334
	%	%	**%**	%
Percentage on above	**23**	14	**10**	12
	Rm	Rm	**Rm**	Rm
Estimated assessed losses available for reduction of future taxable income	**2 405**	823	**–**	–
No deferred tax asset has been raised on the estimated assessed losses of R2 306 million (F2014: R823 million) in the Vale/ARM joint operation.				
Unredeemed capital expenditure available for reduction of future mining income*	**4 169**	3 570	**501**	546

** Deferred tax has been raised on these estimated tax benefits other than for the Vale/ARM joint operation.*

The unredeemed capital expenditure in the Vale/ARM joint operation is R2 596 million (F2014: R2 275 million).

The latest tax assessment for the Company relates to the year ended June 2013.

All returns up to and including June 2013 have been submitted.

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	GROUP	
	F2015	F2014
32. Calculations per share		
The calculation of basic earnings per share is based on basic earnings of R104 million (F2014: R3 289 million and a weighted average of 217 232 thousand (F2014: 216 268 thousand) shares in issue during the year.		
The calculation of headline earnings per share is based on headline earnings of R1 744 million (F2014: R4 108 million), and a weighted average of 217 232 thousand (F2014: 216 268 thousand) shares in issue during the year.		
The calculation of diluted basic earnings per share is based on basic earnings of R104 million (F2014: R3 289 million), with no reconciling items to derive at diluted earnings, and a weighted average of 218 222 thousand (F2014: 217 784 thousand) shares, calculated as follows:		
Weighted average number of shares used in calculating basic earnings per share (thousands)	**217 232**	216 268
Potential ordinary shares due to long term share incentives granted (thousands)	**990**	1 516
Weighted average number of shares used in calculating diluted earnings per share (thousands)	**218 222**	217 784
The calculation of diluted headline earnings per share is based on headline earnings of R1 744 million (F2014: R4 108 million) with no reconciling items to derive at diluted headline earnings and a weighted average of 218 222 thousand (F2014: 217 784 thousand) shares.		
The calculation of net asset value per share is based on net assets of R25 519 million (F2014: R26 688 million) and the number of shares at year-end of 217 491 thousand (F2014: 216 748 thousand) shares.		
The calculation of cash generated from operations per share (cents) is based on cash generated from operations of R2 508 million (F2014: R2 073 million) and the weighted average number of shares in issue of 217 232 thousand (F2014: 216 268 thousand).		
Dividend per share		
After the year-end a dividend of 350 cents per share (F2014: 600 cents per share, F2013: 510 cents per share) was declared and paid which approximates R761 million (F2014: R1 300 million, F2013: R1 100 million). This dividend was declared on 4 September 2015 (F2014: 4 September 2014, F2013: 2 September 2013), before approval of the financial statements but was not recognised as a distribution to owners during the period to June 2015.		

	Rm	Rm
33. Headline earnings		
Basic earnings attributable to equity holders of ARM	**104**	3 289
– Impairment on property, plant and equipment – Lubambe	**980**	–
– Impairment on property, plant and equipment in associate – ARM Coal	**–**	183
– Impairments of property, plant and equipment in joint venture – Assmang	**406**	260
– Profit on sale of subsidiary	**–**	(5)
– Loss on sale of property, plant and equipment in joint venture – Assmang	**9**	–
– Unrealised impairment of available-for-sale listed investment – Harmony	**656**	627
– Loss/(profit) on disposal of property, plant and equipment	**23**	(6)
	2 178	4 348
– Taxation on impairment of available-for-sale investment	**(122)**	(117)
– Taxation accounted for directly in joint venture and associate (refer note 30)	**(116)**	(124)
– Taxation on other special items	**–**	1
	1 940	4 108
Non-controlling interest	**(196)**	–
Headline earnings	**1 744**	4 108

	GROUP		COMPANY	
	F2015 Rm	F2014 Rm	**F2015 Rm**	Restated F2014 Rm
34. Reconciliation of net profit before tax to cash generated from operations				
Profit from operations before special items	**1 040**	1 671	**506**	870
Loss from associate	**(186)**	(374)	**–**	–
Income from joint venture	**1 289**	3 549	**–**	–
Special items	**(1 659)**	(616)	**(2 477)**	(623)
Profit/(loss) from operations after special items	**484**	4 230	**(1 971)**	247
Adjusted for:	**1 861**	(1 198)	**3 030**	1 156
– Amortisation and depreciation of property, plant and equipment	**1 047**	949	**349**	302
– Movement in long- and short-term provisions	**286**	332	**113**	183
– Impairment of listed investment	**656**	627	**656**	627
– Impairment of property, plant and equipment	**980**	–	**–**	–
– Impairment/(reversal) of investments – Vale/ARM joint operation	**–**	–	**1 875**	–
– Impairment/(reversal) of loans	**–**	–	**35**	(76)
– Inventory written off	**–**	5	**–**	5
– Loss/(profit) on disposal of property, plant and equipment	**23**	(6)	**1**	(5)
– Profit on disposal of investment	**–**	(5)	**–**	–
– Unrealised foreign exchange gains	**(188)**	(47)	**(192)**	(47)
– Loss from associate	**186**	374	**–**	–
– Income from joint venture	**(1 289)**	(3 549)	**–**	–
– Share-based payments expense	**193**	167	**193**	167
– Structured investment	**–**	(2)	**–**	–
– Other non-cash flow items	**(33)**	(43)	**–**	–
Cash from operations before working capital changes	**2 345**	3 032	**1 059**	1 403
Movement in inventories	**96**	179	**161**	(27)
Movement in receivables	**821**	(978)	**639**	(673)
Movement in payables and provisions	**(754)**	(160)	**(573)**	90
Cash generated from operations	**2 508**	2 073	**1 286**	793
35. Taxation paid				
Balance at beginning of year	**63**	29	**65**	50
Current taxation as per income statement (refer note 31)	**416**	431	**115**	129
Normal tax	**416**	431	**115**	129
Other	**–**	(2)	**–**	–
Balance at end of year	**(93)**	(63)	**(48)**	(65)
Tax payable	**(96)**	(68)	**(48)**	(65)
Tax receivable	**3**	5	**–**	–
Taxation paid	**386**	395	**132**	114
36. Sale of shares of subsidiary				
Shares in a subsidiary were sold for R1 million.				
Assets and liabilities sold				
Cash and cash equivalents (refer statement of cash flows)	**–**	16	**–**	–
Liabilities (refer note 18)	**–**	(16)	**–**	–
General reserve (refer statement of changes in equity – Group)	**–**	(4)	**–**	–
Profit on disposal (refer note 30)	**–**	5	**–**	1
Net proceeds (refer statement of cash flows)	**–**	1	**–**	1

Notes to the financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

	GROUP		COMPANY	
	F2015 Rm	F2014 Rm	F2015 Rm	Restated F2014 Rm
37. Purchase of Tamboti, mineral rights from Impala added to Two Rivers, and dilution in Two Rivers				
Tamboti				
During the year ARM purchased Tamboti Platinum Proprietary Limited				
Mineral rights	**400**	–		
Investment and loan	**–**	–	**400**	–
Purchase price (refer statements of cash flow and note 3)	**400**	–	**400**	–
Mineral rights from Impala incorporated into Two Rivers				
Mineral rights (refer note 3)	**157**	–	**–**	–
Share capital increase in Two Rivers	**(157)**	–	**–**	–
	–	–	**–**	–
This transaction resulted in ARM's interest in Two Rivers diluting to 51% from 55%.				
Dilution in Two Rivers				
Equity at date of transaction	**2 655**	–	**–**	–
ARM's dilution in Two Rivers from 55% to 51%	**106**	–	**–**	–
Equity received by ARM	**(80)**	–	**–**	–
Dilution (refer Group statement of changes in equity)	**26**			
Non-controlling movement				
Contribution by Impala its share (R157 million × 49%)	**77**	–	**–**	–
Impala ownership increased from 45% to 49%	**106**	–	**–**	–
Refer Group statement of changes in equity	**183**	–	**–**	–

38. Property, plant and equipment impairment

For the 2015 financial year, Lubambe Copper Mine recognised an impairment to property, plant and equipment following a revision to the mine plan and a decrease in the short-term copper price outlook. ARM's attributable share of this impairment amounted to R784 million (R980 million less R196 million non-controlling interest). For the impairment calculation a pre-tax discounted rate of 18.9% and the following real term copper prices were used:

	F2016	F2017	F2018	F2019	Long-term
US$/tonne	5 159	6 605	7 181	7 574	6 617

Impairment of ARM company's investments in Teal Minerals, arising from the property, plant and equipment impairment at Lubambe amounted to R1 875 million (F2014: Rnil)

39. 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 39 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 for long lead-time capital items.

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 2015	US$61 million	12.16
30 June 2014	US$132 million	10.63
Foreign currency denominated items included in cash and cash equivalents:		
30 June 2015	US$3 million	12.16
30 June 2014	US$14 million	10.63
Financial liabilities		
Foreign currency denominated items included in payables:		
30 June 2015	US$17 million	12.16
30 June 2014	US$13 million	10.63
Foreign currency denominated items included in long-term borrowings:		
30 June 2015	US$82 million	12.16
30 June 2014	US$104 million	10.63
Foreign currency denominated items included in overdrafts and short-term borrowings:		
30 June 2015	US$44 million	12.16
30 June 2014	US$30 million	10.63

Notes to the financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

39. Financial instruments and risk management continued

b. Liquidity risk management

The Group's executives meet 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 2015 and 2014 based on discounted cash flows. For undiscounted amounts refer to note 16.

Trade and other payables and overdrafts and short-term borrowing are, due to their nature, the same for discounted and undiscounted cash flows.

	GROUP F2015			
	Within one year	**2 – 5 years**	**Over 5 years**	**Total**
Long-term borrowings (refer notes 16 and 21)	**445**	**1 214**	**1 297**	**2 956**
Trade and other payables (refer note 19)	**1 452**	**–**	**–**	**1 452**
Overdrafts and short-term borrowings (refer note 21)	**926**	**–**	**–**	**926**
Total	**2 823**	**1 214**	**1 297**	**5 334**

	GROUP F2014			
	Within one year	2 – 5 years	Over 5 years	Total
Long-term borrowings (refer notes 16 and 21)	487	1 973	447	2 907
Trade and other payables (refer note 19)	1 741	–	–	1 741
Overdrafts and short-term borrowings (refer note 21)	595	–	–	595
Total	2 823	1 973	447	5 243

	Group F2015	Group F2014
Overdrafts and short-term borrowings (including short-term portion of long-term borrowings) are held as follows:		
ABSA Bank Limited	**463**	253
Investec Limited	**75**	–
First National Bank Limited	**65**	–
Nedbank Limited	**–**	150
Standard Finance (Isle of Man) Limited	**328**	–
The Standard Bank of South Africa Limited	**65**	–
Other	**229**	348
Partner loans short-term	**114**	114
Partner loans long-term (included in R445 million, F2014: R487 million transfer to short-term)	**32**	217
	1 371	1 082

39. 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 for trade receivables is the carrying amounts disclosed in note 12.

Major trade receivables include Impala Platinum R1 018 million (F2014: R1 063 million), Rustenburg Platinum Mines R323 million (F2014: R394 million) and Norilsk Nickel R525 million (F2014: R1 085 million).

Cash is only deposited with institutions which have special credit ratings with the amounts distributed appropriately among these institutions to minimise credit risk through diversification. The maximum exposure is the carrying values as per note 13.

The available-for-sale financial assets (which is the Harmony investment) exposure is the carrying value of these assets as per note 10.

	Group F2015	Group F2014
Cash and cash equivalents are held at the following financial institutions:		
ABSA Bank Limited	**598**	387
Barclays Private Clients International	**18**	148
Investec Limited	**37**	63
First Rand Limited	**75**	182
Lloyds Bank Plc	**213**	200
Nedbank Limited	**372**	175
Rand Merchant Bank	**53**	73
Royal Bank of Scotland	**200**	–
Stanlib Collective Investments Limited	**–**	399
Standard Chartered	**201**	200
The Standard Bank of South Africa Limited	**416**	166
Other	**74**	157
	2 257	2 150

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 based and are internationally determined in the open market. From these base prices, contracts are negotiated. ARM does not actively hedge future commodity revenues of the commodities that it produces against price fluctuations.

The Nkomati, Two Rivers and Modikwa operations recognise revenue at the month-end during which delivery of concentrate has occurred, at the closing spot price for the contained metal. There is a risk that the spot price does not realise when the metal price fixes on out-turn at the refinery. Management is of the opinion that this method of revenue recognition is the most appropriate as opposed to using forward prices as an estimate. The risk is that where there are significant changes in metal prices after a reporting period-end that the next reporting period is impacted. The value of accounts receivable for these three entities included in trade and other receivables (refer note 12) amounts to R1 866 million (F2014: R2 542 million). Refer to the sensitivity calculations which follow note j below on page 281.

Notes to the financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

39. 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 39 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.

		Book value at year-end Rm	Maturity date	Effective interest rate
Financial assets				
Year ended 30 June 2015				
Cash – financial institutions	US$3 million	**36**	**Overnight**	**0 – 2%**
– financial institutions		**1 522**	**Call deposit**	**0 – 8%**
– fixed		**699**	**July-15**	**4 – 7%**
		2 257		
Year ended 30 June 2014				
Cash – financial institutions	US$15 million	155	overnight	0 – 2%
– financial institutions		1 335	call deposit	0 – 6%
– fixed		660	July-14	4 – 7%
		2 150		

Financial liabilities	Book value at year-end Rm	Maturity date	Effective interest rate
Year ended 30 June 2015			
Long-term borrowings			
Hire purchase Vale/ARM	**47**	**2016**	**Between 8% and 15%**
Leases Two Rivers	**47**	**2016**	**Prime less 1.5%**
Leases Nkomati	**60**	**2020**	**Prime plus 2%**
Loan facility (Two Rivers – mine housing project)	**42**	**2018**	**8.82% linked to JIBAR**
Loan facility (ARM Finance Company SA)	**754**	**2018**	**LIBOR plus 3.65%**
Loan facility (Vale/ARM joint operation) (partner loan)	**546**	**2018**	**LIBOR plus 5%**
ARM Coal – RBCT phase V (partner loan)	**157**	**2021**	**Prime plus 0.5%**
ARM Coal – GGV acquisition loan (partner loan)	**299**	**2026**	**Prime**
ARM Coal – GGV project facility phase 1 loan (partner loan)	**792**	**2025**	**Interest free until October 2014 thereafter Prime**
ARM Coal – GGV project facility phase 2 loan (partner loan)	**212**	**2024**	**Prime**
	2 956		
Less: transferred to short-term	**(445)**		**7% linked to JIBAR**
Total	**2 511**		

39. Financial instruments and risk management continued

f. Interest rate risk continued

SUMMARY OF VARIABLE AND FIXED RATES

	Total	Transfer to short-term	Long-term	
Variable rates	**2 956**	**445**	**2 511**	
Fixed rates	**–**	**–**	**–**	
Total	**2 956**	**445**	**2 511**	
Year ended 30 June 2014				
Long-term borrowings				
Leases Two Rivers	109		2016	7% linked to JIBAR
Leases Vale/ARM	12		2015	8% to 15%
Loan facility (Two Rivers – mine housing project)	58		2017	5.6% linked to JIBAR
Loan facility (ARM Finance Company SA)	850		2018	LIBOR plus 3.65%
Loan facility (Vale/ARM joint operation) (partner loan)	452		2017	LIBOR plus 5%
ARM Coal – RBCT phase V (partner loan)	132		2021	Prime plus 0.5%
ARM Coal – GGV acquisition loan (partner loan)	341		2026	Prime
ARM Coal – GGV project facility phase 1 loan (partner loan).	761		2024	Interest free until October 2014 thereafter Prime
ARM Coal – GGV project facility phase 2 loan (partner loan).	192		2024	Prime
	2 907			
Less: transferred to short-term	(487)			
Total	2 420			

SUMMARY OF VARIABLE AND FIXED RATES

	Total	Transfer to short-term	Long-term
Variable rates	2 907	487	2 420
Fixed rates	–	–	–
Total	2 907	487	2 420

SHORT-TERM FINANCIAL LIABILITIES

	Book value at year-end	Repricing date	Maturity date	
Year ended 30 June 2015				
– Financial institutions	**1 225**	**30/06/2015**	**30/06/2015**	**Variable rate between 5% and 7%**
– Anglo Platinum (partner loan)	**114**			**No interest**
– ARM Coal (partner loan)	**32**			**Variable rate between 0% and prime plus 0.5%**
Total	**1 371**			
Year ended 30 June 2014				
– Financial institutions	751	30/06/2014	30/06/2014	Variable rate between 5% and 7%
– Anglo Platinum (partner loan)	114			No interest
– ARM Coal (partner loan)	217			Variable rate between 0% and prime plus 0.5%
Total	1 082			

Notes to the financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

39. 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 F2015				COMPANY F2015			
Category	Fair value hierarchy level	At fair value through profit and loss Rm	Available-for-sale financial asset Rm	Total book value Rm	Total fair value Rm	At fair value through profit and loss Rm	Available-for-sale financial asset Rm	Total book value Rm	Total fair value Rm
Investments – listed (refer note 10)	1	**10**	**992**	**1 002**	**1 002**	**–**	**992**	**992**	**992**
Investments – Guardrisk (refer note 10)	2	**24**	**–**	**24**	**24**	**24**	**–**	**24**	**24**
Trade and other receivables*	2	**1 866**	**–**	**1 866**	**1 866**	**525**	**–**	**525**	**525**

* *For inputs used refer note 39 j.*

		GROUP F2014				COMPANY restated F2014			
Financial instruments by categories	Fair value hierarchy level	At fair value through profit and loss Rm	Available-for-sale financial asset Rm	Total book value Rm	Total fair value Rm	At fair value through profit and loss Rm	Available-for-sale financial asset Rm	Total book value Rm	Total fair value Rm
Investments – listed (refer note 10)	1	11	1 982	1 993	1 993	–	1 982	1 982	1 982
Trade and other receivables*	2	2 542	–	2 542	2 542	1 085	–	1 085	1 085

* *For inputs used refer note 39 j.*

39. 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. 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 and g) above of R1 866 million (F2014: R2 542 million) was valued using the following parameters: (i) Rand/U$ Dollar exchange rate of R12.16 (F2014: R10.63), (ii) platinum price of $1 090/oz (F2014: $1 486/oz), (iii) palladium price of $728/oz (F2014: $843/oz), rhodium price of $931/oz (F2014: $1 115/oz), nickel price of $12 015/tonne (F2014: $19 070/tonne) and copper price of $5 762/tonne (F2014: $7 014 tonne).

The sensitivity was applied to profit or loss before taxation and non-controlling interest. There is no other impact on equity.

	GROUP	
	F2015 Rm	F2014 Rm
The increase in profit before tax if:		
The Rand/US Dollar exchange rate weakens by R1	**131**	195
The price of copper increases by 10%	**18**	–
The price of nickel increases by 10%	**56**	117
The price of PGM increases by 10%	**122**	138
The interest rate increases by 1%	**(22)**	(19)
The decrease in profit before tax if:		
The Rand/US Dollar exchange rate strengthens by R1	**(131)**	(195)
The price of copper decreases by 10%	**(18)**	–
The price of nickel decreases by 10%	**(56)**	(117)
The price of PGM decreases by 10%	**(122)**	(138)
The interest rate decreases by 1%	**22**	19

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.

Notes to the financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

	GROUP		COMPANY	
	F2015 Rm	F2014 Rm	F2015 Rm	Restated F2014 Rm
40. Commitments and contingent liabilities				
Commitments				
Commitments in respect of capital expenditure:				
Approved by directors				
– contracted for	**239**	359	**35**	–
– not contracted for	**9**	7	**9**	7
Total commitments	**248**	366	**44**	7
Commitments allocated as follows:				
ARM Mining Consortium Limited	**91**	192	**–**	–
ARM Coal Proprietary Limited	**35**	55	**–**	–
Nkomati	**44**	7	**44**	7
Two Rivers Platinum Proprietary Limited	**70**	39	**–**	–
Vale/ARM joint operation	**8**	73	**–**	–
	248	366	**44**	7

It is anticipated that this expenditure, which mainly relates to mine development and plant and equipment, will be financed from operating cash flows and by utilising available cash and borrowing resources.

Disputes

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 Rustenburg Platinum Mines, ARM Mining Consortiums joint operations partner at Modikwa Mine, that had been earlier rejected. The pleadings are not yet closed and no trial date has as yet been allocated.

Assmang Proprietary Limited (Assmang) has instituted review proceedings against the DMR and Razita Mining Resources Proprietary Limited (Razita) requesting the court to review and set aside the DMR's decision to grant a prospecting right to Razita over an area that overlaps with Assmang's Beeshoek mining area. It is expected that the review application will be set down for hearing during 2016.

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 (F2014: 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 2015 were Rnil (F2014: Rnil).

Guarantees to the Department of Mineral Resources for rehabilitation provision amounting to R114 million (F2014: R116 million).

Guarantees to Eskom amounting to R45 million (F2014: R39 million).

ARM has provided support to the ARM Broad-Based Economic Empowerment Trust ("ARM BBEE Trust'') in the form of guarantees to support the financial covenants of the ARM BBEE Trust's bank loan. These financial covenants have come under pressure as a result of the fall in the ARM share price. Guarantees provided by ARM amounted to R400 million at 30 June 2015 (F2014: Rnil). The Board has approved this support as the ARM BBEE Trust forms an integral part of the empowerment obligation of ARM. The current court process to determine the legal status of the "once empowered, always empowered" principle also makes it necessary that ARM minimises the legal and financial exposure should this principle not be upheld in court. Since the financial year-end additional guarantees amounting to R300 million have been issued by ARM in this regard.

41. Leases

Finance leases (refer note 3)	GROUP F2015 Rm Minimum payments	GROUP F2015 Rm Present value of payments	GROUP F2014 Rm Minimum payments	GROUP F2014 Rm Present value of payments
Within one year	**59**	**50**	77	70
After one year but not more than five years	**68**	**59**	54	51
Total minimum lease payments	**127**	**109**	131	121
Less: amounts representing finance charges	**(18)**	**–**	(10)	–
Present value of minimum lease payments	**109**	**109**	121	121
Operating leases – Group as lessor				
This is in respect of office building rentals received (refer note 4)				
Within one year	**–**	**–**	1	–
After one year but not more than five years	**–**	**–**	1	–
Total minimum lease payments	**–**	**–**	2	–

This building was sold after year-end.

	GROUP F2015	GROUP F2014
Operating leases – Group as lessee		
This is in respect of office building rentals paid		
Straight-lined and cash flows		
Within one year	**2**	2
After one year but not more than five years	**2**	3
Total	**4**	5

42. 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 contribute between 6.2% and 18.12% of pensionable salaries to the funds.

Members' contribution for the current year amounts to R171 million (F2014: R150 million).

Notes to the financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

43. 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	
	F2015 Rm	F2014 Rm	**F2015 Rm**	Restated F2014 Rm
The post-retirement healthcare benefits are provided for in the following entity:				
African Rainbow Minerals Limited	**82**	82	**82**	82
	82	82	**82**	82

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 9% per annum.
- A 1% change in the net discount rate used is estimated to have an impact of plus 8.6% or less 7.5% (F2014: plus 8.6% or less 7.5%) on the liability.
- The average expected working lifetime of eligible members was six years (F2014: six years) at the date of the valuation in 2015.

The provisions raised in respect of post-retirement healthcare benefits amounted to R82 million (F2014: R82 million) at the end of the year. For movements refer to note 18.

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 F2014 and the next one will be in F2017.

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.

44. Share-based payment plans

Equity-settled plan

The Company uses 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

Between F2008 and F2014 annual allocations of share options were made on a much reduced scale due to the adoption of the Share Plan. No share options have been allocated since the end of F2014 (Refer remuneration report).

The Company granted 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 were subject to continued employment.

The contract life of each option is eight years from the grant date.

	F2015 Share options	F2014 Share options	F2015 Average price Cents	F2014 Average price Cents
Outstanding at beginning of year	**2 263 792**	2 933 275	**15 017**	12 414
Granted during the year	**–**	331 497	**–**	20 040
Forfeited during the year	**(122 497)**	(138 862)	**15 203**	10 443
Exercised during the year	**(405 063)**	(862 118)	**7 399**	8 836
Outstanding at the end of year	**1 736 232**	2 263 792	**16 796**	15 017
Exercisable at the end of the year	**934 504**	1 275 287		
Range of strike prices of options exercised (cents)			**5 to 7 399**	5 to 17 849
Range of strike prices of outstanding options (cents)			**9 620 to 27 950**	7 300 to 27 950

Bonus shares method

Annually, eligible employees receive a grant of full value ARM shares that match, according to a specified ratio, a portion of the annual cash incentive accruing to them. Bonus shares will be settled to participants after three or four years, conditional on continued employment.

	F2015 Bonus shares	F2014 Bonus shares
Outstanding at beginning of year	**825 111**	619 345
Granted during the year	**295 753**	334 579
Forfeited during the year	**(28 310)**	(983)
Shares vested	**(159 488)**	(127 830)
Outstanding at end of year	**933 066**	825 111

Notes to the financial statements continued

FOR THE YEAR ENDED 30 JUNE 2015

44. Share-based payment plans continued

Performance shares method

Annual conditional awards of full value shares are made to eligible employees. Performance shares vest after a three or four-year period.

Prior to May 2015, the performance criteria used to determine the number of performance shares which had vested was Market Price Appreciation in terms of the RESI 10.

With effect from May 2015, Total Shareholder Return in terms of the RESI 10 will be used to determine the number of performance shares which vest. If a senior executive leaves due to a fault termination (e.g. resignation or dismissal), all unvested awards are forfeited (refer remuneration report).

	F2015 Performance shares	F2014 Performance shares
Outstanding at beginning of year	**1 044 082**	808 152
Awarded during the year	**1 518 619**	374 198
Additional award based on achievements above set performance criteria	**–**	–
Additional award settled (see above)	**–**	–
Forfeited during the year	**(72 276)**	(12 838)
Shares vested	**(177 875)**	(125 430)
Outstanding at end of year	**2 312 550**	1 044 082

The fair value of shares granted in these plans are estimated as at the date of the grant using an independent valuer that used 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 2015 and 30 June 2014.

	F2015	F2014
Dividend yield %	**2.94**	2.42
Expected volatility %	**27.21**	31.58
Risk-free interest rate %	**7.08**	7.96
Expected life of options (years)	**1 – 8**	1 – 8
Weighted average share price (cents)	**13 311**	19 307
Fair value of options issued during the year (R million)	**–**	24
Fair value of options per option issued during the year (cents) – Oct 3 year vesting period	**–**	7 401
Fair value of options per option issued during the year (cents) – Oct 4 year vesting period	**–**	7 360
Fair value of options per option issued during the year (cents) – May 3 year vesting period	**–**	6 716
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 (R million)	**193**	167

45. Related party transactions

The Company in the ordinary course of business enters into various sale, purchase, service and lease transactions with subsidiaries, associated companies, joint ventures and joint operations.

A report on investments in subsidiaries, associated companies, joint ventures and joint operations, that indicates the relationship and degree of control exercised by the Company, appears on pages 289 to 291.

Transactions between the Company, its subsidiaries, associated companies, joint ventures and joint operations relate to fees, insurances, dividends, rents and interest and are regarded as intra-Group transactions and are treated according to the accounting policies.

	GROUP		COMPANY	
	F2015 Rm	F2014 Rm	**F2015 Rm**	Restated F2014 Rm
Amounts accounted for in the income statement relating to transactions with related parties				
Joint Venture				
Assmang Proprietary Limited				
– Provision of services	**618**	576	**618**	576
– Dividends received	**1 500**	1 750	**1 500**	1 750
Other				
Vale/ARM – interest			**73**	47
Subsidiaries				
Kingfisher Insurance Co Limited – dividend received			**25**	–
Venture Building Trust Proprietary Limited – interest received			**4**	4
Two Rivers Platinum Proprietary Limited				
– Dividend received			**310**	289
– Provision of services			**2**	2
Amounts outstanding at year-end (owing to)/receivable by ARM on current account				
Joint Venture				
Assmang – debtor	**86**	116	**86**	116
Joint Operations				
Anglo Platinum – debtor	**323**	394	**–**	–
Norilsk Nickel – creditor	**(183)**	(47)	**(183)**	(47)
Norilsk Nickel – debtor	**525**	1 085	**525**	1 085
Anglo Platinum – short-term borrowing	**(114)**	(114)	**–**	–
Vale/ARM joint operation – ZCCM – long-term borrowing	**(546)**	(452)	**–**	–
Glencore Operations SA – long-term borrowing	**(1 428)**	(1 209)	**(1 428)**	(1 209)
Glencore Operations SA – short-term borrowing	**(32)**	(217)	**(32)**	(217)
Subsidiary				
Impala Platinum – debtor	**1 018**	1 063	**–**	–
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.				
(refer to Directors report)				
Senior management compensation				
Salary	**9**	14	**9**	14
Accrued bonuses	**4**	8	**4**	8
Pension scheme contributions	**1**	1	**1**	1
Reimbursive allowances	**–**	1	**–**	1
Total	**14**	24	**14**	24

Notes to the financial statements continued
FOR THE YEAR ENDED 30 JUNE 2015

45. Related party transactions continued

Share options	Number of options	Average price cents	Average gross selling price cents
Held on 1 July 2013	376 958	13 499	
Exercised during the year	(35 642)	13 565	19 746
Granted during the year	35 815	20 075	
Staff movements	(100 461)	15 039	
Held on 1 July 2014	276 670	13 784	
Exercised during the year	(96 386)	7 399	13 533
Staff movements	(46 549)	18 295	
Held on 30 June 2015	133 735	16 815	

Bonus and performance shares	Number of bonus shares	Number of performance shares
Held on 1 July 2013	113 843	146 508
Granted/awarded during the year	44 920	49 590
Additional performance shares awarded based on achievements above set performance criteria	–	2 393
Settled during the year	(10 920)	(17 214)
Staff movements	(44 626)	(42 139)
Held on 30 June 2014	103 217	139 138
Granted/awarded during the year	25 011	133 349
Settled during the year	(13 582)	(13 539)
Staff movements	(25 832)	(51 201)
Held on 30 June 2015	88 814	207 747

Details relating to directors emoluments and prescribed officers, share options and shareholdings 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	
	F2015 Rm	F2014 Rm	**F2015 Rm**	Restated F2014 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.

46. Events after reporting date

Please refer to events after reporting date included on page 205 of the Director's report.

47. Major shareholders and shareholder spread

Please refer to major shareholders at 30 June 2015 on page 301 of the Investor Relations report and shareholder spread at 30 June 2015 on page 300 the Investor Relations report.

REPORT ON SUBSIDIARY COMPANIES

FOR THE YEAR ENDED 30 JUNE 2015

	COMPANY	
	F2015 Rm	Restated F2014 Rm
Investments		
Unlisted (refer page 290 and note 10)*	**929**	611
Amounts owing by subsidiaries (refer note 10)*	**1 365**	800
Amounts owing to subsidiaries (refer note 21)	**(258)**	(258)
Total other subsidiaries	**2 036**	1 153
Income from subsidiaries		
Fees – management advisory services	**2**	2
Dividends	**310**	289
Held on 30 June	**312**	291
Members' aggregate interest in profits after taxation of subsidiaries		
Profits	**518**	758

* *The indirect subsidiary investment in Teal Minerals is included as part of the joint operations.*

PRINCIPAL SUBSIDIARY COMPANIES

FOR THE YEAR ENDED 30 JUNE 2015

		Issued capital amount Rm		Direct interest in capital %		Book value of the Company's interests: Shares Rm		Book value of the Company's interests: Indebtedness by/(to) Rm	
Name	Class	F2015	F2014	F2015	F2014	F2015	F2014	F2015	F2014
African Rainbow Minerals Platinum Proprietary Limited	Ord	**–**	–	**100**	100	**257**	257	**1 005**	739
African Rainbow Minerals Finance Company SA	Ord	**–**	–	**100**	100	**353**	158	**–**	–
Anglovaal Air Proprietary Limited	Ord	**–**	–	**100**	100	**89**	89	**(212)**	(212)
Atscot Proprietary Limited	Ord	**1**	1	**100**	100	**10**	10	**(23)**	(23)
Avmin Limited mining	Ord	**–**	–	**100**	100	**–**	–	**(17)**	(17)
Bitcon's Investments Proprietary Limited	Ord	**–**	–	**100**	100	**2**	2	**(2)**	(2)
Jesdene Limited	Ord	**–**	–	**100**	100	**–**	–	**6**	6
Kingfisher Insurance Co Limited	Ord	**–**	–	**100**	100	**35**	35	**–**	–
Letaba Copper & Zinc Corp Limited	Ord	**1**	1	**94**	94	**–**	–	**–**	–
Mannequin Insurance PCC Limited (Cell AVL18)*	Ord	**4**	4	**100**	100	**4**	4	**–**	–
Prieska Copper Mines Limited (sold in current year)	Ord	**–**	27	**–**	97	**–**	–	**–**	–
Sheffield Minerals Proprietary Limited	Ord	**–**	–	**100**	100	**–**	–	**(4)**	(4)
South African Base Minerals Limited	Ord	**–**	–	**100**	100	**–**	–	**–**	–
Two Rivers Platinum Proprietary Limited	Ord	**257**	100	**51**	55	**55**	55	**–**	–
Tamboti Platinum Proprietary Limited	Ord	**–**	–	**100**	–	**123**	–	**299**	–
Venture Building Trust Proprietary Limited	Ord	**–**	–	**100**	100	**1**	1	**55**	55
Total value of other unlisted investment in subsidiaries (refer note 10)**						**929**	611		
Amounts owing to subsidiaries (refer note 21)								**(258)**	(258)
Amounts owing by subsidiaries (refer note 10)								**1 365**	800

Notes

Ord – Ordinary 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. Reviewed June figures are consolidated.*

** *The indirect subsidiary investment in Teal Minerals is included as part of the joint operations.*

PRINCIPAL ASSOCIATE COMPANIES, JOINT VENTURES, JOINT OPERATIONS AND OTHER INVESTMENTS

FOR THE YEAR ENDED 30 JUNE 2015

	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	F2015 Rm	F2014 Rm	F2015 Rm	Restated F2014 Rm	F2015 Rm	F2014 Rm	F2015 Rm	F2014 Rm	F2015 Rm	Restated F2014 Rm	F2015 Rm	Restated F2014 Rm
Associated companies												
Unlisted												
Lucas Block Minerals Limited (1936)												
Ordinary shares	**121**	121	**121**	121	**30**	30	**–**	–	**–**	–	**–**	–
Glencore Operations South Africa Proprietary Limited*												
Non-convertible participating preference shares	**384**	384	**384**	384	**20,2**	20,2	**1 343**	1 343	**432**	432	**959**	607
Investment in other companies												
Listed												
Harmony Gold Mining Company Limited												
Ordinary shares	**63 632 922**	63 632 922	**63 632 922**	63 632 922	**14,6**	14,6	**992**	1 982	**992**	1 982	**–**	–
Unlisted												
Business Partners Limited	**323 177**	323 177	**323 177**	323 177	**0,2**	0,2	**–**	–	**–**	–	**–**	–
Guardrisk Insurance Company Limited Cell no 00298	**1**	–	**1**	–	**100,0**	100,0	**24**	–	**24**	–	**–**	–
Joint operations and partnerships												
ARM Coal Proprietary Limited (including Goedgevonden)	**–**	–	**51**	51	**51**	51	**–**	–	**–**	–	**–**	–
Modikwa joint operation*	**–**	–	**–**	–	**41,5**	41,5	**–**	–	**–**	–	**–**	–
Nkomati joint operation**	**–**	–	**–**	–	**50**	50	**–**	–	**–**	–	**153**	718
Vale/ARM joint operation					**40**	40	**–**	–				
– Investment held*** directly by ARM	**–**	–	**1 154**	1 150	**–**	–	**–**	–	**–**	785	**–**	–
– Investment held*** indirectly by ARM (subsidiary)	**–**	–	**528**	532	**–**	–	**–**	–	**–**	923	**1 616**	1 125
Joint venture												
Assmang Proprietary Limited (including Cato Ridge Alloys joint venture and Sakura Ferralloys Sdn Bhd joint venture)	**–**	–	**1 774 103**	1 774 103	**50**	50	**–**	–	**259**	259	**–**	–

December year-end. Audited June figures are consolidated.

*** Eliminates on a company level, as Nkomati joint operation is an unincorporated joint operation.*

**** ARM owns 16% indirectly and 34% directly in Teal Minerals (Barbados) Incorporated – refer to note 10.*

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 216 to 222, have been translated into United States Dollars and are presented on this page and pages 293 to 298. This information is only supplementary and is not required by any accounting standard and does not represent US GAAP.

The statement of financial position is 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.

	F2015 R/US$	F2014 R/US$
The following exchange rates were used:		
Statement of financial position	**R12.16**	R10.63
Income statement and statement of cash flows	**R11.45**	R10.36

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 223 to 238 and with the notes to the financial statements on pages 239 to 288.

STATEMENTS OF FINANCIAL POSITION

AT 30 JUNE 2015

US DOLLAR CONVENIENCE TRANSLATION

		GROUP	
	Note	F2015 US$m	F2014 US$m
Assets			
Non-current assets			
Property, plant and equipment	3	**1 005**	1 106
Investment property	4	**–**	1
Intangible assets	5	**12**	16
Deferred tax assets	17	**46**	36
Loans and long-term receivables	6	**4**	7
Investment in associate	8	**112**	119
Investment in joint venture	9	**1 159**	1 346
Other investments	10	**97**	199
		2 435	2 830
Current assets			
Inventories	11	**70**	88
Trade and other receivables	12	**209**	310
Cash and cash equivalents	13	**186**	202
		465	600
Assets held for sale	14	**1**	–
Total assets		**2 901**	3 430
Equity and liabilities			
Capital and reserves			
Ordinary share capital	15	**1**	1
Share premium	15	**344**	386
Other reserves		**100**	118
Retained earnings		**1 654**	2 005
Equity attributable to equity holders of ARM		**2 099**	2 510
Non-controlling interest		**114**	142
Total equity		**2 213**	2 652
Non-current liabilities			
Long-term borrowings	16	**206**	228
Deferred tax liabilities	17	**162**	180
Long-term provisions	18	**54**	52
		422	460
Current liabilities			
Trade and other payables	19	**119**	165
Short-term provisions	20	**26**	45
Taxation	35	**8**	6
Overdrafts and short-term borrowings – interest-bearing	21	**113**	102
		266	318
Total equity and liabilities		**2 901**	3 430

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

US DOLLAR CONVENIENCE TRANSLATION

		GROUP	
	Note	F2015 US$m	F2014 US$m
Revenue	24	**893**	1 049
Sales	24	**809**	966
Cost of sales	25	**(686)**	(727)
Gross profit		**123**	239
Other operating income	26	**107**	93
Other operating expenses	27	**(139)**	(170)
Profit from operations before special items		**91**	162
Income from investments	28	**17**	11
Finance costs	29	**(22)**	(25)
Loss from associate	8	**(16)**	(36)
Income from joint venture	9	**113**	342
Profit before taxation and special items		**183**	454
Special items	30	**(145)**	(59)
Profit before taxation		**38**	395
Taxation	31	**(31)**	(53)
Profit for the year		**7**	342
Attributable to:			
Non-controlling interest		**(3)**	25
Equity holders of ARM		**10**	317
		7	342
Additional information			
Headline earnings (US$ million)	33	**152**	397
Headline earnings per share (US cents)	32	**70**	183
Basic earnings per share (US cents)	32	**5**	147
Diluted headline earnings per share (US cents)	32	**70**	182
Diluted basic earnings per share (US cents)	32	**5**	146

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

US DOLLAR CONVENIENCE TRANSLATION

GROUP	Notes	Available-for-sale reserve US$m	Other US$m	Retained earnings US$m	Shareholders of ARM US$m	Non-controlling interest US$m	Total US$m
For the year ended 30 June 2014							
Profit for the year to 30 June 2014		–	–	317	317	25	342
Other comprehensive income that may be reclassified to the income statement in subsequent periods							
Revaluation of listed investment	10	32	–	–	32	–	32
Deferred tax on above		(6)	–	–	(6)	–	(6)
Net impact of revaluation of listed investment		26	–	–	26	–	26
Cash flow hedge reserve	8	–	3	–	3	–	3
Foreign currency translation reserve movement		–	7	–	7	–	7
Total other comprehensive income		26	10	–	36	–	36
Total comprehensive income for the year		26	10	317	353	25	378
For the year ended 30 June 2015							
Profit/(loss) for the year to 30 June 2015		**–**	**–**	**10**	**10**	**(3)**	**7**
Other comprehensive income that may be reclassified to the income statement in subsequent periods							
Revaluation of listed investment	10	**(86)**	**–**	**–**	**(86)**	**–**	**(86)**
Deferred tax on above		**16**	**–**	**–**	**16**	**–**	**16**
Reclassification to income statement	10	**57**	**–**	**–**	**57**	**–**	**57**
Deferred tax on above		**(11)**	**–**	**–**	**(11)**	**–**	**(11)**
Net impact of revaluation of listed investment		**(24)**	**–**	**–**	**(24)**	**–**	**(24)**
Foreign currency translation reserve movement		**–**	**9**	**–**	**9**	**–**	**9**
Total other comprehensive (loss)/income		**(24)**	**9**	**–**	**(15)**	**–**	**(15)**
Total comprehensive (loss)/income for the year		**(24)**	**9**	**10**	**(5)**	**(3)**	**(8)**

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

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 2013		403	–	77	1 943	2 423	140	2 563
Profit for the year to 30 June 2014		–	–	–	317	317	25	342
Other comprehensive income		–	26	10	–	36	–	36
Total comprehensive income for the year		–	26	10	317	353	25	378
Acquisition of non-controlling interest of Kalumines	14	–	–	–	(16)	(16)	10	(6)
Bonus and performance shares issued to employees	15	5	–	(5)	–	–	–	–
Dividend paid	32	–	–	–	(106)	(106)	–	(106)
Dividend paid to Impala Platinum		–	–	–	–	–	(23)	(23)
Share-based payments		–	–	16	–	16	–	16
Share options exercised	15	6	–	–	–	6	–	6
Translation adjustments		(27)	(1)	(5)	(133)	(166)	(10)	(176)
Balance at 30 June 2014		**387**	**25**	**93**	**2 005**	**2 510**	**142**	**2 652**
Profit/(loss) for the year to 30 June 2015		**–**	**–**	**–**	**10**	**10**	**(3)**	**7**
Other comprehensive (loss)/income		**–**	**(24)**	**9**	**–**	**(15)**	**–**	**(15)**
Total comprehensive (loss)/income for the year		**–**	**(24)**	**9**	**10**	**(5)**	**(3)**	**(8)**
Share-based payments		**–**	**–**	**17**	**–**	**17**	**–**	**17**
Share options exercised	15	**3**	**–**	**–**	**–**	**3**	**–**	**3**
Bonus and performance shares issued to employees	15	**4**	**–**	**(4)**	**–**	**–**	**–**	**–**
Dividend paid	32	**–**	**–**	**–**	**(114)**	**(114)**	**–**	**(114)**
Dividend paid to Impala Platinum		**–**	**–**	**–**	**–**	**–**	**(24)**	**(24)**
Dilution in Two Rivers	37	**–**	**–**	**(2)**	**–**	**(2)**	**16**	**14**
Translation adjustments		**(49)**	**(1)**	**(13)**	**(247)**	**(310)**	**(17)**	**(327)**
Balance at 30 June 2015		**345**	**–**	**100**	**1 654**	**2 099**	**114**	**2 213**

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

US DOLLAR CONVENIENCE TRANSLATION

	Note	GROUP F2015 US$m	GROUP F2014 US$m
Cash flow from operating activities			
Cash receipts from customers		**969**	960
Cash paid to suppliers and employees		**(750)**	(760)
Cash generated from operations	34	**219**	200
Translation adjustment		**(16)**	(11)
Interest received		**11**	10
Interest paid		**(9)**	(11)
Dividends received from joint venture		**131**	169
Dividend paid to non-controlling interest – Impala Platinum		**(24)**	(23)
Dividend paid		**(114)**	(106)
Taxation paid	35	**(34)**	(38)
Net cash inflow from operating activities		**164**	190
Cash flow from investing activities			
Additions to property, plant and equipment to maintain operations		**(106)**	(70)
Additions to property, plant and equipment to expand operations		**(6)**	(39)
Proceeds on disposal of property, plant and equipment		**–**	11
Transfer of cash on disposal of subsidiary	36	**–**	(2)
Additional investment in associate	8	**(25)**	(18)
Investment in RBCT	10	**(2)**	(2)
Investment in subsidiary	37	**(35)**	–
Investment in insurance cell		**(2)**	–
Repaid loans and receivables		**2**	2
Net cash outflow from investing activities		**(174)**	(118)
Cash flow from financing activities			
Proceeds on exercise of share options		**3**	6
Long-term borrowings repaid		**(3)**	(70)
Short-term borrowings repaid		**(26)**	(9)
Net cash outflow from financing activities		**(26)**	(73)
Net decrease in cash and cash equivalents		**(36)**	(1)
Cash and cash equivalents at beginning of year		**157**	158
Cash and cash equivalents at end of year	13	**121**	157
Cash generated from operations per share (US cents)	32	**101**	92

FINANCIAL SUMMARY

FOR THE YEAR ENDED 30 JUNE 2015

US DOLLAR CONVENIENCE TRANSLATION

	GROUP										
	F2015 US$m	F2014 US$m	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
Income statement											
Sales	**809**	966	831	2 256	2 131	1 452	1 118	1 725	854	722	883
Headline earnings	**152**	397	423	444	483	226	257	550	168	72	55
Basic earnings per share (US cents)	**5**	147	86	207	226	113	150	292	81	46	36
Headline earnings per share (US cents)	**70**	183	197	208	227	106	121	261	81	35	27
Dividend declared after year-end per share (US cents)	**29**	56	51	58	67	26	23	51	n/a	n/a	n/a
Statement of financial position											
Total assets	**2 901**	3 430	3 407	4 327	4 791	3 682	3 304	3 178	2 576	2 041	1 769
Cash and cash equivalents	**186**	202	198	437	543	396	455	340	150	61	43
Shareholders' equity	**2 213**	2 652	2 563	2 990	3 280	2 416	2 171	2 002	1 587	1 452	1 199
Statement of cash flows											
Cash generated from operations	**219**	200	177	768	857	451	739	709	352	194	267
Net cash outflow from investing activities	**(174)**	(118)	(195)	(525)	(484)	(306)	(346)	(330)	(374)	(226)	(133)
Net cash (outflow)/inflow from financing activities	**(26)**	(73)	54	22	(85)	(96)	(19)	(24)	217	140	(88)
JSE Limited performance											
Ordinary shares (US cents)											
– high	**1 773**	2 316	2 367	2 561	3 376	2 714	3 217	4 205	1 917	816	612
– low	**710**	1 380	1 574	2 046	2 092	1 542	842	1 414	739	500	411
– year-end	**680**	1 759	1 508	2 035	2 788	2 099	1 683	3 576	1 747	674	511

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 metals, platinum group metals, thermal coal, nickel and copper. ARM holds an interest in the gold mining sector through its 14.6% shareholding in Harmony.
ISSUED SHARE CAPITAL AT 30 JUNE 2015	217 491 412 shares
MARKET CAPITALISATION AT 30 JUNE 2015	R18.0 billion
	US$1.5 billion
CLOSING SHARE PRICE AT 30 JUNE 2015	R82.73
12 MONTH HIGH (1 JULY 2014 – 30 JUNE 2015)	R203.01
12 MONTH LOW (1 JULY 2014 – 30 JUNE 2015)	R81.35
AVERAGE VOLUME TRADED FOR THE 12 MONTHS	496 342 shares per day

Shareholders' diary

ANNUAL GENERAL MEETING	Friday, 4 December 2015
FINANCIAL YEAR-END	June 2016
INTEGRATED ANNUAL REPORT ISSUED	Beginning of November 2015
INTERIM RESULTS ANNOUNCEMENT	March 2016
PROVISIONAL RESULTS ANNOUNCEMENT	September 2016

Investor Relations Report continued

Shareholder analysis

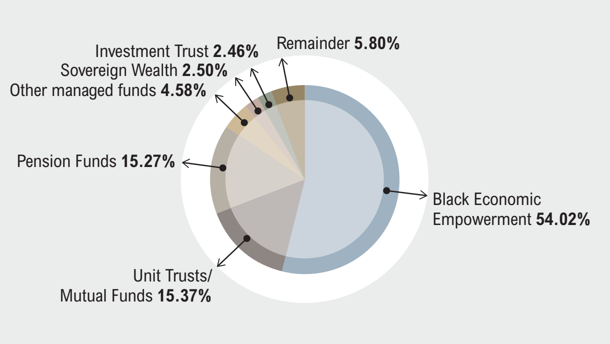
Shares held	Number of holders	% of total shareholders	Number of shares	% of issued capital
1–1 000 shares	3 451	74.65	901 251	0.42
1 001–10 000 shares	682	14.75	2 334 650	1.07
10 001–100 000 shares	366	7.92	12 666 271	5.82
100 001–1 000 000 shares	102	2.20	27 143 918	12.48
1 000 001 shares and above	22	0.48	174 445 322	80.21
Total	**4 623**	**100.00**	**217 491 412**	**100.00**

Distribution of shareholders	Number of shares held	% of issued share capital
Black Economic Empowerment	117 477 489	54.02
Unit Trusts/ Mutual Funds	33 420 421	15.37
Pension Funds	33 201 124	15.27
Other Managed Funds	9 959 668	4.58
Sovereign Wealth	5 435 781	2.50
Investment Trust	5 356 134	2.46
Insurance Companies	3 411 790	1.57
Custodians	2 952 947	1.35
Private Investor	1 697 907	0.78
Exchange-Traded Fund	1 353 830	0.62
University	384 060	0.18
Charity	163 900	0.08
Local Authority	144 008	0.07
Stock Brokers	30 950	0.01
Remainder	2 501 403	1.14
Total	**217 491 412**	**100.00**

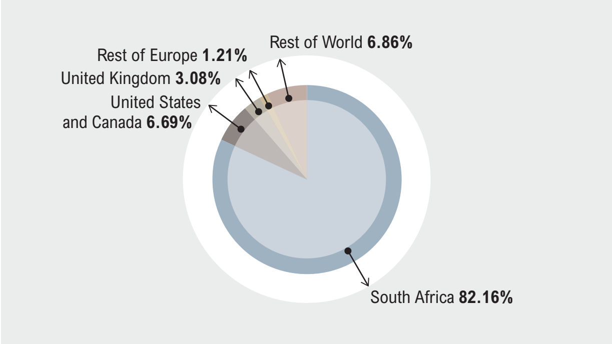
Public/non-public shareholders	Number of holders	% of total shareholders	Number of shares	% of issued capital
Non-Public Shareholders	8	0.17	117 868 233	54.19
Public Shareholders	4 615	99.83	99 623 179	45.81
Total	**4 623**	**100.00**	**217 491 412**	**100.00**

Investment management and beneficial interest (more than 3%)	Number of shares held	%
Allan Gray Investment Council	25 029 599	11.51
PIC	13 238 327	6.09
BlackRock Inc	8 775 696	4.03
Kagiso Asset Management Pte Ltd	7 230 331	3.32
Total	**54 273 953**	**24.95**

BENEFICIAL SHAREHOLDER SPLIT BY CATEGORY



GEOGRAPHIC SPLIT OF BENEFICIAL SHAREHOLDERS



Top 20 shareholders

	Shareholder	Number of shares held	% holding of shares in issue
1	African Rainbow Minerals & Exploration	87 750 417	40.35
2	ARM Broad-Based Empowerment Trust	28 614 740	13.16
3	Allan Gray Investment Council	25 029 599	11.51
4	PIC	13 238 327	6.09
5	BlackRock Inc	8 775 696	4.04
6	Kagiso Asset Management (Pty) Ltd	7 230 331	3.32
7	Dimensional Fund Advisors	4 629 649	2.13
8	GIC Asset Management Pte Ltd	3 566 058	1.64
9	The Vanguard Group Inc	3 258 605	1.50
10	Jennison Associates LLC	1 896 234	0.87
11	Old Mutual Plc	1 765 181	0.81
12	Eastspring Investment Ltd	1 387 220	0.64
13	Regarding Capital Management (Pty) Ltd	1 134 155	0.52
14	State Street Global Advisors Ltd	1 121 977	0.51
15	Sanlam Investments Management	957 757	0.44
16	SFSS Nominees (Pty) Ltd	906 535	0.42
17	Investec Asset Management	873 923	0.40
18	STANLIB Asset Management	853 758	0.39
19	Botho-Botho Commercial Enterprises	819 928	0.38
20	Momentum Investments	743 301	0.34

Investor Relations Report continued

Share liquidity

Number of shares traded on the JSE Limited during F2015*

Month	Volume
July 2014	11 053 098
August 2014	7 568 400
September 2014	17 218 699
October 2014	11 624 746
November 2014	11 795 763
December 2014	15 022 685
January 2015	8 074 976
February 2015	4 775 296
March 2015	10 785 343
April 2015	10 000 129
May 2015	7 617 732
June 2015	9 045 125
Total	124 581 992

* *Source: JSE Limited*

INVESTOR RELATIONS

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The 2015 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 Proprietary Limited
Assore	Assore Limited
ATC	Arthur Taylor Collieries
BEE	Black Economic Empowerment
BBBEE	Broad-Based Black Economic Empowerment
C1 cash cost	Cash cost net of revenue from by-products
C2012	Calendar year starting 1 January 2012 ending 31 December 2012
C2013	Calendar year starting 1 January 2013 ending 31 December 2013
C2014	Calendar year starting 1 January 2014 ending 31 December 2014
COM	Chamber of Mines
CPI	Consumer Price Index
CPIX	Consumer Price Index, excluding interest
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
Divisions	ARM Platinum, ARM Ferrous, ARM Copper, ARM Coal, and ARM Strategic Services and Exploration
DME	Department of Minerals and Energy
DMR	Department of Mineral Resources
DoH	Department of Health
DoL	Department of Labour
dti	Department of Trade and Industry
DRC	Democratic Republic of the Congo
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 special items and income from associates and income from joint venture
EIA	Environmental Impact Assessment
EMPR	Environmental Management Programme Report

Glossary of terms and acronyms continued

F2013	Financial year starting 1 July 2012 ending 30 June 2013
F2014	Financial year starting 1 July 2013 ending 30 June 2014
F2015	Financial year starting 1 July 2014 ending 30 June 2015
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
GOSA	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
ICMM	International Council on Mining and Metals
IFRIC	International Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
Impala Platinum/Implats	Impala Platinum Holdings Limited
IRS	Impala Refining Services Limited
ISO	International Organisation for Standardisation
JO	Joint Operation
JORC Code	Australian Institute of Mining and Metallurgy Joint Ore Reserves Committee Code
JSE	JSE Limited
JV	Joint venture
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
MIG	Main Insert Grinding
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
NEMA	National Environmental Management Act
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
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
ROM	Run of Mine
SAICA	South African Institute of Chartered Accountants
SAMREC Code	South African Code for Reporting Mineral Resources and Mineral Reserves
SANS	South African National Standard
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
tCO2	Tonnes of carbon dioxide
tCO2e	Tonnes of carbon dioxide equivalent
TFR	Transnet Freight Rail
UASA	United Association of South Africa
UG2	Upper group 2 – second level of three chrometite layers
Vale	Vale SA
VCT	Voluntary counselling and testing
WHIMS	Wet High Intensity Magnetic Separation Plant
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 82nd Annual General Meeting of shareholders of the Company will, subject to any cancellation, postponement or adjournment, be held on Friday, 4 December 2015 at 14:00 South African time, in the Tau Room, Hilton Hotel Sandton, 138 Rivonia Road, Sandton, for the following business to be transacted and to consider and, if deemed fit, approve, 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, 23 October 2015.

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, 27 November 2015 ("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, 20 November 2015.

Presentation of financial statements

To present the annual financial statements of the Company and the Group, for the financial year which ended on 30 June 2015 as set out on pages 199 to 291 in the 2015 Integrated Annual Report, including the Directors', Audit and Risk Committee and Independent Auditor's Reports.

Social and Ethics Committee Report

To present the Report of the Social and Ethics Committee in terms of Regulation 43(5)(c) of the Regulations promulgated in terms of the Companies Act.

Re-election of Non-executive Directors

Ordinary resolutions numbers 1 to 3 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 re-election. These Directors' *curricula vitae* appear in the 2015 Integrated Annual Report on pages 192 and 195. The Board of Directors of the Company (the "Board") recommends the re-election of these Directors.

Ordinary resolution number 1
– Re-election of Dr M M M Bakane-Tuoane

1. "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 2
– Re-election of Mr A D Botha

2. "Resolved that Mr A D Botha, 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 A K Maditsi

3. "Resolved that Mr A K Maditsi, 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 Executive Director

Ordinary resolution number 4 is proposed to elect Mr H L Mkatshana 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 H L Mkatshana.

Ordinary resolution number 4
– Election of Mr H L Mkatshana

4. "Resolved that Mr H L Mkatshana, 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 appointment of designated auditor

Ordinary resolution number 5
– Re-appointment of external auditors and appointment of designated auditor

Ordinary resolution number 5 is proposed to approve the re-appointment of Ernst & Young Inc. as the external auditors of the Company and to appoint Mr L I N Tomlinson as the person designated to act on behalf of the external auditors for the financial year ending 30 June 2016 and to remain in office until the conclusion of the next Annual General Meeting.

5. "Resolved that the re-appointment of Ernst & Young Inc. as the external auditors of the Company be and is hereby approved and that Mr L I N Tomlinson be and is hereby appointed as the designated auditor for the financial year ending 30 June 2016 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.

Audit and Risk Committee members

Ordinary resolution number 6
– Election of Audit and Risk Committee members

Ordinary resolution number 6 is proposed to 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 (collectively, "King III") as more fully explained in the Annexure on page 310. The *curricula vitae* of those Independent Non-executive Directors offering themselves for election as members of the Audit and Risk Committee are included on pages 193 to 195 of the 2015 Integrated Annual Report.

6. "Resolved that shareholders 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:

   6.1 Mr T A Boardman
   6.2 Mr F Abbott
   6.3 Dr M M M Bakane-Tuoane*
   6.4 Mr A D Botha*
   6.5 Mr A K Maditsi*
   6.6 Dr R V Simelane

** Subject to their re-election as Directors pursuant to Ordinary Resolutions number 1 to number 3 above.*

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 7
– Non-binding advisory vote on ARM's Remuneration Policy

Ordinary resolution number 7 is proposed for the purpose set out in the Annexure on page 310.

7. "Resolved that shareholders endorse, by way of a non-binding advisory vote, the Company's Remuneration Report, including the Remuneration Policy, as set out in the 2015 Integrated Annual Report on pages 177 to 188."

Remuneration of Non-executive Directors

Special resolutions numbers 1 and 2 are proposed to ensure that Non-executive Directors' fees attract and retain Non-executive Directors.

Special resolution number 1
– Increase in annual retainer fees

8. "Resolved that with effect from 1 July 2015, the annual retainer fees and Board meeting attendance fees for Non-executive Directors be increased by 4% per annum (rounded to the nearest R50) as follows:"

Annual Board retainers and meeting attendance fees

	Proposed 2015/2016 fees (Rand)*		2014/2015 fees (Rand)**	
	Annual	**Per meeting**	Annual	Per meeting
Lead Independent Non-executive Director	**488 750**	**18 700**	469 950	18 000
Independent Non-executive Director	**389 900**	**18 700**	374 900	18 000
Non-executive Director	**312 000**	**18 700**	300 000	18 000

** Effective 1 July 2015, should the increase be approved by shareholders at the Annual General Meeting.*
*** Effective 1 July 2014.*

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.

Notice of Annual General Meeting continued

Special resolution number 2
– Increase in the Committee meeting attendance fees

9. "Resolved that with effect from 1 July 2015, the per Committee meeting attendance fees for Non-executive Directors be increased as follows:

	Proposed 2015/2016 fees (Rand)*	2014/2015 per Meeting fees (Rand)**
Audit and Risk Committee		
Chairman	**97 450**	93 700
Member	**39 000**	37 500
Investment Committee, Nomination Committee, Remuneration Committee and Social and Ethics Committee		
Chairman	**38 250**	36 800
Member	**25 500**	24 500

* *Effective 1 July 2015, should the increase be approved by shareholders at the Annual General Meeting.*
** *Effective 1 July 2014.*

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 3 – Financial assistance – For related or inter-related companies

10. "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 4
– Financial assistance – For subscription for securities

11. "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.

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 five 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

15 October 2015

ANNEXURE

EXPLANATORY NOTE RELATING TO ORDINARY RESOLUTION NUMBER 6: ELECTION OF AUDIT AND RISK COMMITTEE MEMBERS

Ordinary resolution number 6 is proposed to provide for the re-election of the existing Audit and Risk Committee members and the election of a new Audit and Risk Committee member.

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 themselves that, *inter alia*, the Independent Non-executive Directors offering themselves for re-election or election as members of the Audit and Risk Committee, as the case may be:

- 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 200 to 202 of the 2015 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, Messrs T A Boardman, A D Botha and A K Maditsi and Drs M M M Bakane-Tuoane and R V Simelane who offer themselves for re-election, and the election of Mr F Abbott, who offers himself for election as a new member of the Audit and Risk Committee.

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 200 to 202 of the 2015 Integrated Annual Report.

EXPLANATORY NOTE RELATING TO ORDINARY RESOLUTION NUMBER 7: NON-BINDING ADVISORY VOTE

Ordinary resolution number 7 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 177 to 188 of the 2015 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 7 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.

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 82nd Annual General Meeting of shareholders of the Company convened for Friday, 4 December 2015 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, 2 December 2015.

I/We (name in block letters)

of (address)

(email) (cell number)

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, 4 December 2015 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.

	For	Against	Abstain
Ordinary Business			
1. Ordinary Resolution number 1: To re-elect Dr M M M Bakane-Tuoane as a Director.			
2. Ordinary Resolution number 2: To re-elect Mr A D Botha as a Director.			
3. Ordinary Resolution number 3: To re-elect Mr A K Maditsi as a Director.			
4. Ordinary Resolution number 4: To elect Mr H L Mkatshana as a Director.			
5. Ordinary Resolution number 5: To re-appoint Ernst & Young Inc. as external auditors and to appoint Mr L I N Tomlinson as the person designated to act on behalf of the external auditors.			
6. Ordinary Resolution number 6: To individually elect the following Independent Non-executive Directors as members of the Audit and Risk Committee:			
6.1 Mr T A Boardman			
6.2 Mr F Abbott			
6.3 Dr M M M Bakane-Tuoane			
6.4 Mr A D Botha			
6.5 Mr A K Maditsi			
6.6 Dr R V Simelane			
7. Ordinary Resolution number 7: To endorse the Company's Remuneration Report, which includes the Remuneration Policy.			
Special Business			
8. Special Resolution number 1: With effect from 1 July 2015, the annual retainer fees and the per Board meeting attendance fees of Non-Executive Directors be increased as outlined on page 307 of this Notice of Annual General Meeting.			
9. Special Resolution number 2: With effect from 1 July 2015, the per Committee meeting attendance fees of Committee members be increased as outlined on page 308 of this Notice of Annual General Meeting.			
10. Special Resolution number 3: 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.			
11. Special Resolution number 4: 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.			

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 2015

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, 2 December 2015 (in respect of the meeting) or 48 hours, 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.
11. **Summary in terms of Section 58(8)(b)(i) of the Companies Act, 2008, as amended.** Section 58(8)(b)(i) provides that if a company supplies a form of instrument for appointing a proxy, the form of proxy supplied by the company for the purpose of appointing a proxy must bear a reasonably prominent summary of the rights established by Section 58 of the Companies Act, 2008, as amended, which summary is set out below:
    - A shareholder of a company may, at any time, appoint any individual, including an individual who is not a shareholder of that company, as a proxy, among other things, to participate in, and speak and vote at, a shareholders' meeting on behalf of the shareholder.
    - A shareholder may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder.
    - A proxy may delegate the proxy's authority to act on behalf of the shareholder to another person.
    - A proxy appointment must be in writing, dated and signed by the shareholder; and remains valid only until the end of the meeting at which it was intended to be used, unless the proxy appointment is revoked, in which case the proxy appointment will be cancelled with effect from such revocation.
    - A shareholder may revoke a proxy appointment in writing.
    - A proxy appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder.
    - A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction.

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

Registered and corporate office

ARM House
29 Impala Road
Chislehurston
Sandton
2196

PO Box 786136, Sandton, 2146

Telephone: +27 11 779 1300
Fax: +27 11 779 1312
E-mail: ir.admin@arm.co.za
Website: **www.arm.co.za**

Company Secretary

Alyson D'Oyley, BCom, LLB, LLM
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Business Development

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Executive: Business Development
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Investor Relations

Jongisa Magagula
Corporate Development and Head of Investor Relations
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Fax: +27 11 779 1312
E-mail: jongisa.magagula@arm.co.za

Betty Mollo
Manager: Investor Relations and Corporate Development
Telephone: +27 11 779 1478
Fax: +27 11 779 1312
E-mail: betty.mollo@arm.co.za

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
Ground Floor, 70 Marshall Street
Johannesburg 2001
PO Box 61051, Marshalltown, 2107
Telephone: +27 11 370 5000
Fax: +27 11 688 5222
E-mail: web.queries@computershare.co.za
Website: 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**
A K Maditsi*
H L Mkatshana
Dr R V Simelane*
Z B Swanepoel*
A J Wilkens

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

FORWARD LOOKING STATEMENTS

Certain statements in this report constitute forward-looking statements that are neither reported financial results nor other historical information. They include but are not limited to statements that are predictions of or indicate future earnings, savings, synergies, events, trends, plans or objectives. Such forward-looking statements may or may not take into account and may or may not be affected by known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from the future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other important factors include among others: economic, business and political conditions in South Africa; decreases in the market price of commodities; hazards associated with underground and surface mining; labour disruptions; changes in government regulations, particularly environmental regulations; changes in exchange rates; currency devaluations; inflation and other macro-economic factors; and the impact of the HIV & Aids crisis in South Africa. These forward-looking statements speak only as of the date of publication of these pages. The Company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of publication of these pages or to reflect the occurrence of unanticipated events.

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