



INTEGRATED
ANNUAL
REPORT
2016



We do it better

CONTENTS



Iron ore loading facility at Khumani Mine

1 – 13	INTRODUCTION
1	Our performance in F2016
2	About this report
4	Where we operate
6	Our structure and strategy
8	Our strategic objectives
10	Our most material matters
14 – 31	MANAGEMENT REVIEW
14	Executive Chairman's report
18	Chief Executive Officer's report
22	Financial Director's report
32 – 35	GROUP OVERVIEW
32	Our key stakeholders
34	Our business model
36 – 71	SUSTAINABILITY REVIEW
37	Our approach to sustainability
41	Human capital
55	Social and relationship capital
60	Natural capital
66	Intellectual capital
68	Manufactured capital
73 – 121	OPERATIONAL REVIEW
74	ARM Platinum
86	ARM Ferrous
102	ARM Coal
110	ARM Copper
116	ARM Strategic Services and Exploration
120	Gold: Harmony
123 – 155	MINERAL RESOURCES AND MINERAL RESERVES
156 – 205	CORPORATE GOVERNANCE REPORT
156	Corporate Governance report
174	Risk report
185	Remuneration report
197	Report of the Social and Ethics Committee
200	Board of Directors
204	Steering Committee
206	ANNUAL FINANCIAL STATEMENTS
300 – 301	INVESTOR RELATIONS REPORT
302 – 304	GLOSSARY
305 – 310	NOTICE OF ANNUAL GENERAL MEETING, ANNEXURE AND FORM OF PROXY

OUR SUITE OF REPORTS

and additional material are available at www.arm.co.za

Integrated Annual Report



Company Annual Financial Statements



Sustainability Report



Mineral Resources and Mineral Reserves Report



King III Checklist



REFERENCES

 Integrated Annual Report 2016
IAR

 Sustainability Report 2016
SR

 www.arm.co.za

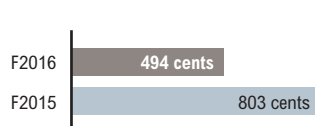
All monetary values in this report are given in South African Rands unless otherwise stated. Rounding of figures may result in computational discrepancies on management and operational review tabulations.

OUR PERFORMANCE IN F2016

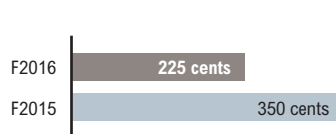
Headline earnings



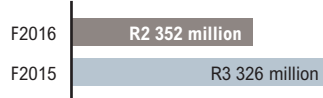
Headline earnings per share



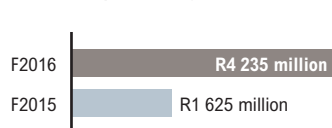
Dividends per share



Segmental capital expenditure (attributable basis)



Net debt (including partner loans)



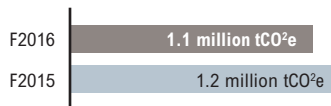
LTIFR per 200 000 man hours



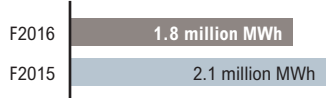
Corporate Social Responsibility expenditure (100% basis)



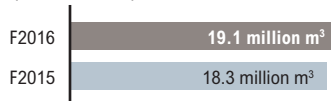
Carbon footprint: Scope 1 and 2 emissions (attributable basis)



Electricity consumption (100% basis)



Water abstracted (100% basis)



OTHER SALIENT FEATURES

- > The iron ore, manganese ore, Modikwa, Nkomati, Lubambe and PCB operations all achieved decreases in unit production costs while Two Rivers Mine achieved a below inflation increase in unit production costs.
- > Record sales volumes of 17 million tonnes were achieved in iron ore and the manganese ore, platinum, nickel and PCB operations increased sales volumes.
- > As part of the Lubambe Mine review, all options are being considered to maximise value for ARM.
- > ARM and Impala Platinum Holdings Limited (Implats) reached an agreement to increase ARM's shareholding in Two Rivers Mine from 51% to 54%. Completion of the agreement is awaiting a Section 11 consent to transfer ownership of mining assets from ARM to Two Rivers.
- > The disposal of ARM's 50% effective interest in Dwarsrivier Mine was completed in July 2016.
- > Restructuring of the ARM Broad-Based Economic Empowerment Trust was completed on 22 April 2016 resulting in a more permanent and sustainable funding solution for the Trust.

ABOUT THIS REPORT

The Integrated Annual Report is our primary communication with stakeholders. While the report is primarily aimed at shareholders, potential investors and other providers of capital, financial information in the report is balanced with non-financial information to allow all stakeholders including employees, host communities, customers, suppliers, the governments of the countries we operate in and regulators to better understand our business.

Our integrated approach to reporting aims to present a holistic view of the Company and therefore reports on the material issues that most affect the sustainability of our business and provides all stakeholders with the information necessary to properly assess our Company's strategic intent, performance, prospects and value.

SCOPE OF THE REPORT

The 2016 Integrated Annual Report covers the period from 1 July 2015 to 30 June 2016. It provides an overview of and discusses the performance of our 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, Sakura and Harmony operations.

The 2016 Integrated Annual Report is supplemented by the comprehensive and detailed Sustainability Report, the Mineral Resources and Mineral Reserves Report and the separate Company Annual Financial Statements all 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 the department's contact details.

REPORTING PRINCIPLES AND FRAMEWORKS

Our Integrated Annual Report is guided by the Integrated Reporting <IR> Framework of the International Integrated Reporting Council (IIRC). Guiding principles of this framework include:

Consistency and comparability:

Year-on-year comparisons for both financial and non-financial information are included throughout the report. On pages 30 to 31 a summary of key financial statistics is included for the preceding 10 years while page 70 includes key sustainability statistics for the preceding five years.

Strategic focus and future orientation:

A summary of the F2016 performance against our strategic objectives is included on pages 8 to 9 and includes a summary of our outlook for each strategic pillar.

Materiality:

Our most material matters and how they relate to our strategy are discussed on pages 10 to 13.

Stakeholder relationships:

Our key stakeholders, how we engage with them and their key issues raised are detailed on pages 32 to 33.

Reliability and completeness:

The Board expresses an opinion that the 2016 Integrated Annual Report addresses all material matters and presents fairly the Company's integrated performance.

Connectivity of information:

Cross references are included throughout the Integrated Annual Report and to the detailed Sustainability Report and Mineral Resources and Mineral Reserves Report.

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.

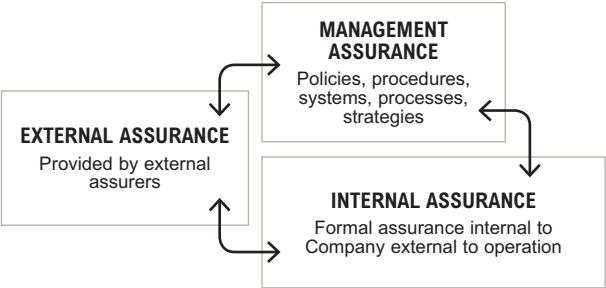
A comprehensive checklist detailing our application of the King III principles is included on our website. The Corporate Governance section of the report included on pages 156 to 205 discusses our approach to governance, risk management, and stakeholder engagement.

The financial information included in this report and the separate Company Annual Financial Statements 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 211. 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.

COMBINED ASSURANCE

A selection of material non-financial disclosures included in the report has been assured by an external assurance provider to ensure reliability of the disclosures published. The assurance statement 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.

BOARD APPROVAL

The Board acknowledges its responsibility to ensure the integrity of the Integrated Annual Report. In the Board's opinion, the 2016 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 12 October 2016.

Patrice Motsepe
Executive Chairman

Mike Schmidt
Chief Executive Officer

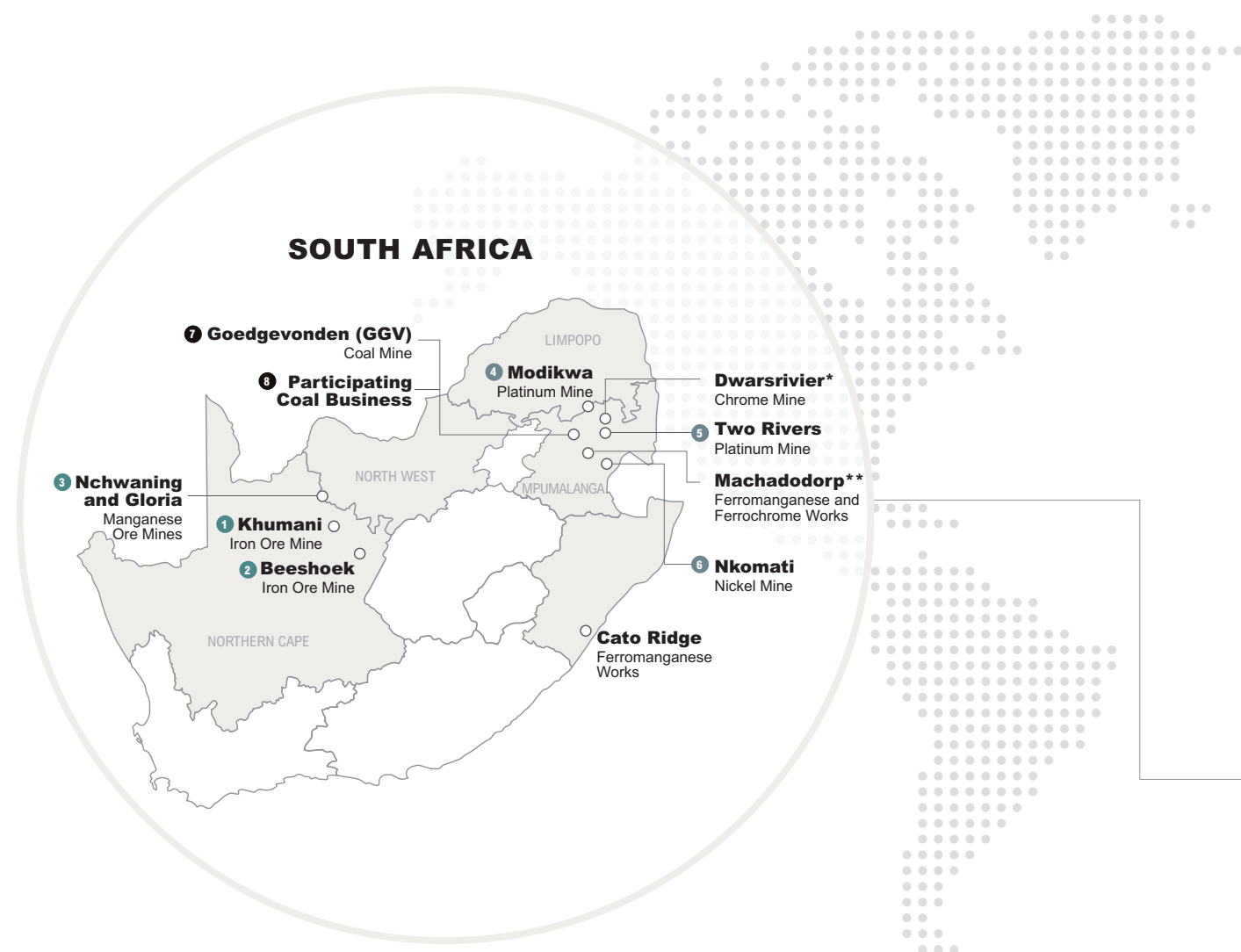


Two Rivers Mine chairlift

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.

WHERE WE OPERATE



	Products	Mine/operation type	Production volumes F2016 (100% basis)
1 Khumani Mine	Iron ore	Open pit	13.6 Mt iron ore
2 Beeshoek Mine	Iron ore	Open pit	3.1 Mt iron ore
3 Nchwaning and Gloria Mines	Manganese ore	Underground mechanised	2.9 Mt manganese ore
4 Modikwa Mine	6E PGM metals	Underground	293 604 6E PGM oz
5 Two Rivers Mine	6E PGM metals	Underground mechanised	400 722 6E PGM oz
6 Nkomati Mine	Nickel, PGMs, chrome, copper, cobalt	Open pit	21.6 kt nickel, 158 koz PGM, 273 kt chrome, 10 kt copper, 1.1 kt cobalt
7 Goedgevonden (GGV) Mine	Thermal coal	Open pit	6.5 Mt saleable thermal coal
8 Participating Coal Business (PCB) operations	Thermal coal	Open pit and underground mechanised	14.6 Mt saleable thermal coal
9 Lubambe Mine	Copper	Underground mechanised	21.0 kt copper
10 Sakura Ferroalloys Project	Ferromanganese	Smelter	50 kt ferromanganese

* The disposal of ARM's 50% effective interest in Dwarsrivier Mine was completed after year-end in July 2016.

** Machadodorp Works is currently recovering ferrochrome from the historical slag dump through the metal recovery plant.

ZAMBIA

9 Lubambe
Copper Mine
and Extension Area



MALAYSIA

Brunei

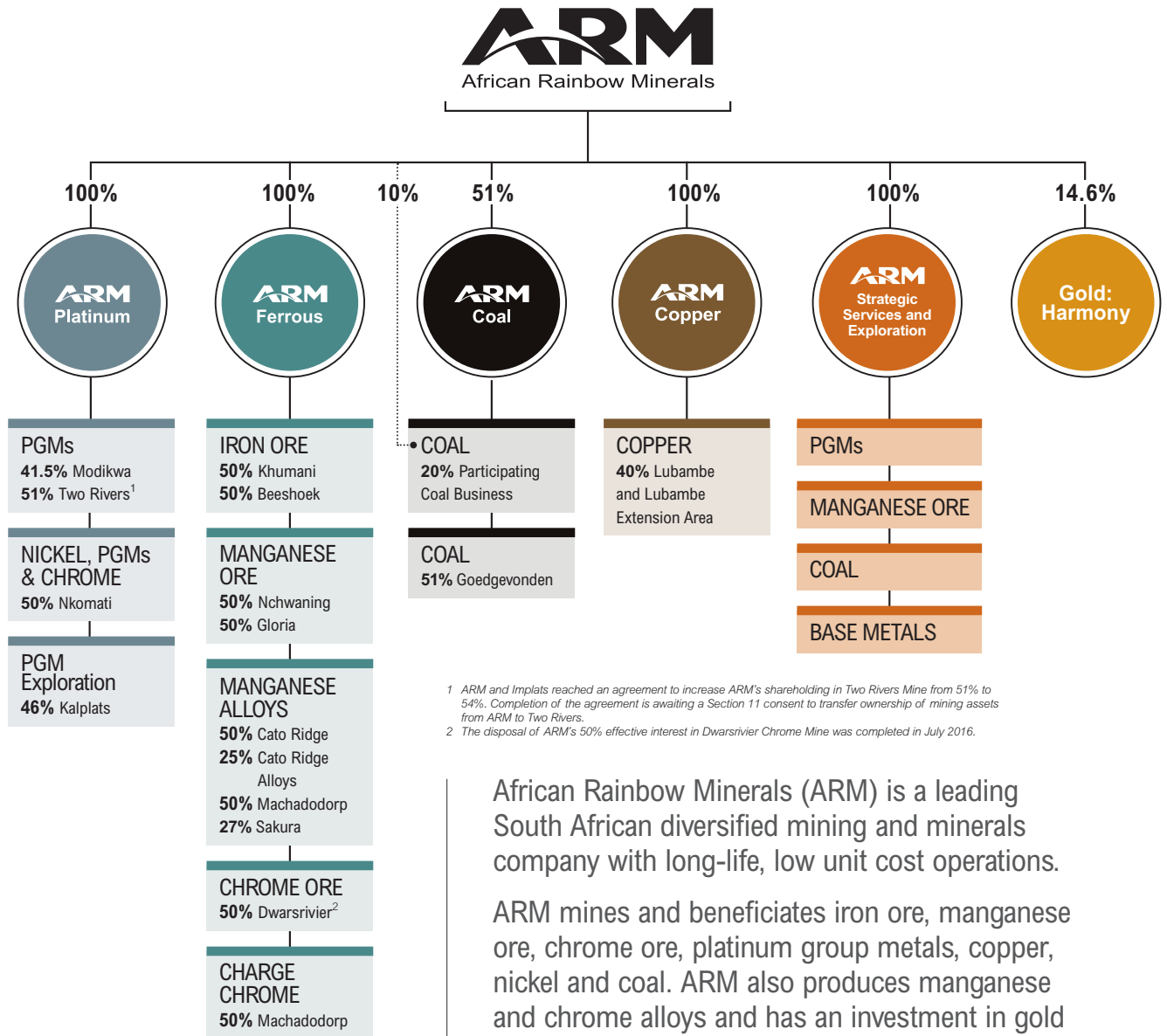
South China Sea

10 Sakura
Ferroalloys
Project



Position on global cost curve (F2016)	Approximate life of mine	Total labour as at 30 June 2016 (including contractors)	F2016 LTIFR per 200 000 man-hours
45 th percentile	23 years	4 483 employees	0.17
55 th percentile	12 years	1 053 employees	0.07
37 th percentile	More than 30 years	3 722 employees	0.35
77 th percentile	More than 30 years	4 646 employees	0.64
20 th percentile	More than 30 years	3 370 employees	0.41
40 th percentile	12 years	1 735 employees	0.09
24 th percentile	24 years	Not reported by ARM	Not reported by ARM
30 th percentile	23 years	Not reported by ARM	Not reported by ARM
90 th percentile	22 years	1 671 employees	0.21
25 th percentile (at steady state)		Not reported by ARM	Not reported by ARM

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.

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.

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 provides strategic direction and leadership, monitors implementation of business and strategic plans and approves the capital funding for these plans.



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 ensure a safe, injury-free workplace.

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 our host communities.

MAINTAIN THE HIGHEST STANDARD

of corporate governance.

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 company.

"We do it better"

OUR STRATEGIC OBJECTIVES

AND HOW WE HAVE PERFORMED AGAINST THEM

ALL OPERATIONS
TO BE BELOW THE
50TH PERCENTILE

OPERATIONAL EFFICIENCIES

ARM's target is that all its operations should be below the 50th percentile of each commodity's cost curve. ARM strives to achieve this while:

- > Continually improving productivity and maintaining a safe, healthy and appropriately skilled workforce;
- > Building strong partnerships with communities and other stakeholders;
- > Practising environmental stewardship;
- > Ensuring regulatory compliance; and
- > Continually improving and innovating in mining and processing.

PERFORMANCE IN F2016

- > Unit production cost increases at all operations were well below inflation, with the exception of the GGV Mine and the manganese alloy operations which were affected by a decline in production volumes.
- > The high-cost underground mine at Nkomati Mine was placed on care and maintenance.
- > ARM achieved its lowest ever Lost Time Injury Frequency Rate (LTIFR) of 0.32 per 200 000 man hours and there were no fatalities at any of the ARM operations.
- > Shifts lost due to safety stoppages decreased from 96 in F2015 to 77.
- > All operations remain positioned below the 50th percentile of their global cost curves, except for the Lubambe, Modikwa, Beeshoek and Cato Ridge operations.

LOOKING FORWARD

- > Improve cost efficiencies through the restructuring of Modikwa Mine.
- > Ramp up production at the Beeshoek Mine Village Pit which will improve unit costs.
- > Evaluate options for Lubambe Mine to maximize value for ARM and its shareholders.
- > Target zero fatalities and further improve our LTIFR.

REFER TO ALL MATERIAL MATTERS

 pages 11 to 13



CONTINUING TO ASSESS
ACQUISITIONS AND JOINT
VENTURE OPPORTUNITIES

ACQUISITIONS AND PARTNERSHIPS

Our partnership model allows for transfer of knowledge and skills, and the sharing of financial responsibility. ARM has partnered with leading mining companies and continues to assess quality merger and acquisition opportunities.

PERFORMANCE IN F2016


- > ARM and Implats reached an agreement to increase ARM's shareholding in Two Rivers Mine from 51% to 54%. Completion of the agreement is awaiting a Section 11 consent to transfer ownership of mining assets from ARM to Two Rivers.
- > The first sale of alloy from the Sakura Ferroalloys Project, which is a joint venture partnership between Assmang, Sumitomo and China Steel Corporation, took place in June 2016. Commissioning of the second furnace commenced in September 2016.

LOOKING FORWARD

- > The current commodity environment presents opportunities for consolidation and ARM continues to assess value accretive acquisitions and joint venture partnerships.

REFER TO MATERIAL MATTER

- DELIVERING FINANCIAL RETURNS TO SHAREHOLDERS, INVESTORS AND OTHER PROVIDERS OF CAPITAL

 page 11



REFERENCE TO MATERIAL MATTERS



CONTINUOUSLY IMPROVING OPERATIONAL PERFORMANCE



DELIVERING FINANCIAL RETURNS TO SHAREHOLDERS, INVESTORS AND OTHER PROVIDERS OF CAPITAL



ENSURING A SAFE, HEALTHY AND APPROPRIATELY SKILLED WORKFORCE



MAINTAINING OUR SOCIAL LICENCE TO OPERATE



ENSURING RESPONSIBLE STEWARDSHIP OF OUR NATURAL RESOURCES

RAMPING UP VOLUMES AND INITIATING NEW GROWTH PROJECTS

QUALITY GROWTH IN ARM'S PORTFOLIO OF COMMODITIES

ARM continues to focus on quality growth and investing in the Company's future.

PERFORMANCE IN F2016

- > The iron ore operations achieved record sales volumes of 17 million tonnes.
- > Two Rivers Mine achieved record production volumes of 400 722 6E PGM ounces.
- > The Black Rock Project is 68% complete and is progressing on schedule and on budget. The project will enable the mine to increase production volumes from 3.0 million tonnes up to 4.6 million tonnes per annum, subject to market demand and logistics capacity. It will also optimise resource exploitation and improve efficiencies in mining, sorting and processing.
- > The first ore at the Beeshoek Mine Village Pit was extracted successfully in April 2016 and conforms to the quality specifications derived in the geological drilling work. The Village Pit extends the life of mine for Beeshoek from two years to 12 years at a sustainable production rate of 3 million tonnes per annum.

LOOKING FORWARD

- > The Black Rock Project is continuing. Increases in manganese ore production volumes will be subject to market demand and logistics capacity. The project will also benefit unit production costs at the mine.
- > The ramp up of the Sakura Ferroalloys Project to full production of 169 000 tonnes per annum will be assessed subject to market conditions.

REFER TO MATERIAL MATTERS

- CONTINUOUSLY IMPROVING OPERATIONAL PERFORMANCE
- DELIVERING FINANCIAL RETURNS TO SHAREHOLDERS, INVESTORS AND OTHER PROVIDERS OF CAPITAL

page 11



ARM EXPLORATION

EXPLORATION

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

PERFORMANCE IN F2016

- > Exploration expenditure has been curtailed consistent with challenging commodity markets.

LOOKING FORWARD

- > ARM is conscious of the need to ensure continued growth beyond the existing ore bodies. A number of opportunities are being assessed in a rigorous process which involves subject matter experts from the Strategic Services and Exploration Division reviewing these against ARM's growth principles.

REFER TO MATERIAL MATTERS

- CONTINUOUSLY IMPROVING OPERATIONAL PERFORMANCE
- DELIVERING FINANCIAL RETURNS TO SHAREHOLDERS, INVESTORS AND OTHER PROVIDERS OF CAPITAL

page 11



OUR MOST MATERIAL MATTERS

Material matters are defined as those risks, opportunities and other factors most likely to have an impact on our ability to create long-term sustainable value. These matters are continually monitored and evaluated to ensure that our strategy and day to day actions address each of them to achieve our strategic goals.



Ore loading in the Nkomati Mine pit

We identify our most material matters through our risk management processes, continuous review of internal performance and the external environment, and our formal and informal engagements with stakeholders. We also consider good practice guidelines, internal performance monitoring and reviews, media monitoring, peer reporting, regulatory trends and the information shared in industry associations.

We analyse and prioritise our most material matters according to the significance of their potential impact on the Company and our key stakeholders, and they are built into our strategy, governance frameworks, risk management system and operational management processes. The significance of each matter determines the information we report to stakeholders in our Integrated Annual Report, Sustainability Report and through other channels.


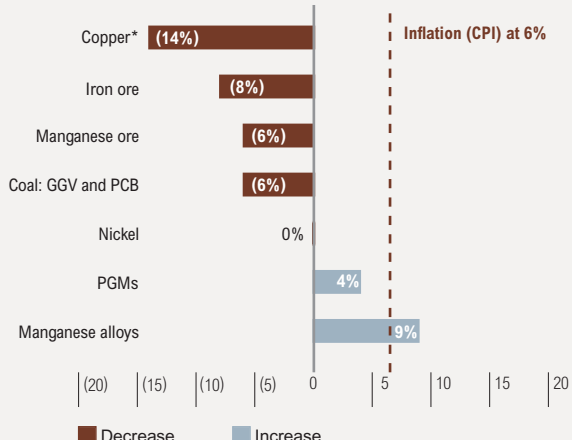
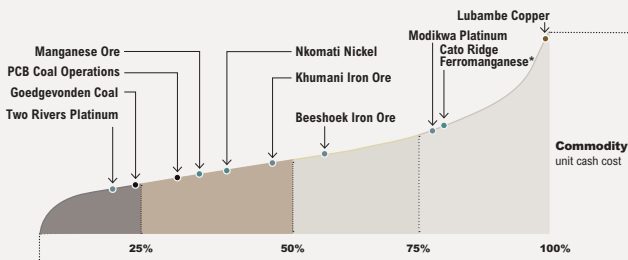

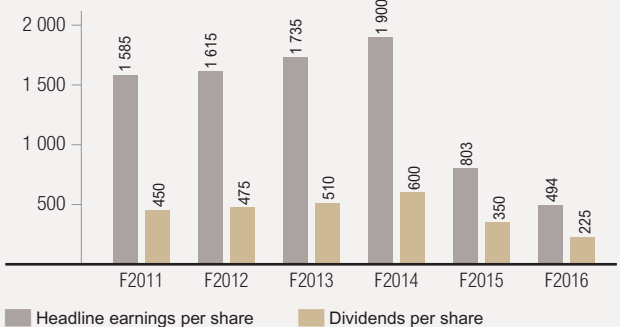
Our performance in addressing or mitigating these challenges, and expanding the opportunities they may provide, is measured with Key Performance Indicators (KPIs) relevant to each material matter, which are regularly reported to the Executive Committee,

Board sub-committees and the ARM Board, and closely monitored through our risk management and integrated assurance processes.


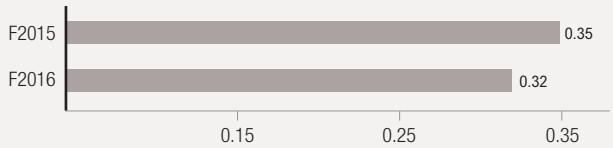
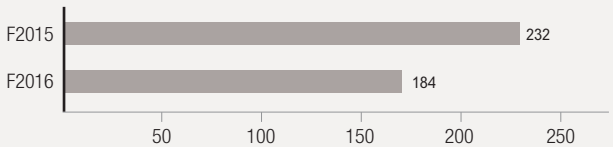

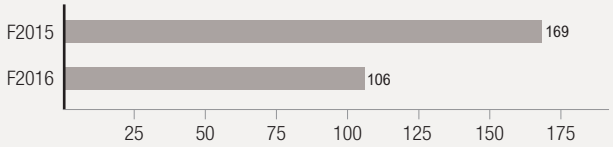
The Sustainability review categorises ARM's non-financial risks, opportunities and challenges according to the six capitals as defined in the International <IR> Framework. These include: social and relationship capital, human capital, natural capital, manufactured capital and intellectual capital. In practice each of these issues impacts the others and all of them critically affect our ability to generate a sustainable financial return over the long term.


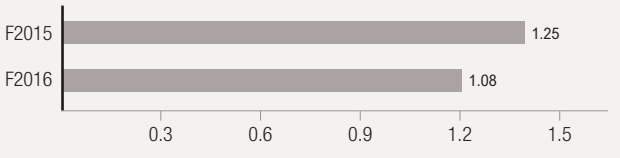
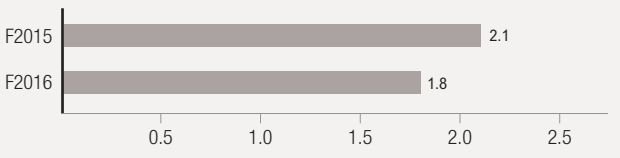
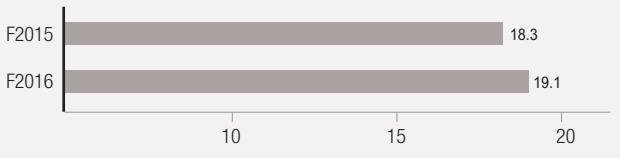
ARM's most material matters are detailed in the table that follows along with the KPIs we use to measure our performance and the strategy pillar to which they relate. Addressing these matters is necessary to avoid interruptions to business continuity that could affect ARM's ability to create value.

These material matters were reassessed and reaffirmed at the annual risk workshop in May 2016, which included a consideration of both financial and non-financial risks to the Company.

MATERIAL MATTER	KPIs	STRATEGY PILLAR
 CONTINUOUSLY IMPROVE OPERATIONAL PERFORMANCE		
OPPORTUNITIES AND CHALLENGES <ul style="list-style-type: none"> > Operational efficiencies > Labour and equipment productivity > Technological advancements > Efficient use of natural resources, including water and electricity > Regulatory and legal compliance > Project implementation > Effective governance 	KPI 1: UNIT COST PERFORMANCE F2016 VERSUS F2015 ON-MINE UNIT PRODUCTION COSTS PER TONNE (%)  <p><i>* The change in copper unit costs refers to C1 cash costs on a US Dollar per pound basis.</i></p> KPI 2: POSITION OF OPERATION ON GLOBAL UNIT COST CURVE  <p><i>* At Cato Ridge Ferromanganese Works only three of the six furnaces are operating.</i></p>	<ul style="list-style-type: none"> > Operational efficiencies > World class management team > Partner of choice
 DELIVERING FINANCIAL RETURNS TO SHAREHOLDERS, INVESTORS AND OTHER PROVIDERS OF CAPITAL		
OPPORTUNITIES AND CHALLENGES <ul style="list-style-type: none"> > Commodity price and exchange rate fluctuations > Continued cost escalation > Long-term business strategy > Capital allocation > Access to infrastructure and logistics > Resource nationalism, political and fiscal risks 	KPI 1: HEADLINE EARNINGS AND DIVIDENDS PER SHARE (cents)  <p>■ Headline earnings per share ■ Dividends per share</p>	<ul style="list-style-type: none"> > Operational efficiencies > Profit focused > Entrepreneurial management > World class management team

OUR MOST MATERIAL MATTERS continued

MATERIAL MATTER	KPIs	STRATEGY PILLAR
 ENSURING A SAFE, HEALTHY AND APPROPRIATELY SKILLED WORKFORCE		
OPPORTUNITIES AND CHALLENGES <ul style="list-style-type: none"> > Commitment to zero harm > Attracting and retaining key skills > Investing in the development and skills of our workforce > Ensuring effective transformation > Maintaining good relationships with our employees and organised labour 	<p>KPI 1: NUMBER OF FATALITIES</p> <ul style="list-style-type: none"> > There were no fatalities during the year and the LTIFR improved to 0.32 per 200 000 man hours, ARM's best ever. <p>KPI 2: LTIFR* PER 200 000 MAN HOURS</p>  <p>* Lost Time Injury Frequency Rate.</p> <p>KPI 3: TRAINING SPEND (R million) (100% basis)</p>  <ul style="list-style-type: none"> > ARM invested R184 million in skills development, which equates to 6.9% of payroll. Training spend was impacted by staff reductions as well as the limiting and exclusion of certain mandatory training costs from payroll spend in terms of the new dti Codes. <p>KPI 4: TRANSFORMATION</p> <ul style="list-style-type: none"> > Representation of Historically Disadvantaged South Africans (HDSA) in management increased to 53% and women comprised 11% of ARM's total workforce in F2016. > ARM again achieved Top Employer certification. 	<ul style="list-style-type: none"> > Employer of choice > Operational efficiencies
 MAINTAINING OUR SOCIAL LICENCE TO OPERATE		
OPPORTUNITIES AND CHALLENGES <ul style="list-style-type: none"> > Stakeholder engagement and relationships > Transformation and the Mining Charter > Corporate Social Responsibility > Socio-political instability > Ethical business conduct > Upholding human rights 	<p>KPI 1: INVESTMENT IN CORPORATE SOCIAL RESPONSIBILITY (CSR) (R million) (100% basis)</p>  <ul style="list-style-type: none"> > ARM invested R106 million in CSR initiatives. <p>KPI 2: TRANSFORMATION</p> <ul style="list-style-type: none"> > HDSA representation at senior management, professionally qualified and technically qualified levels all improved. <p>KPI 3: CONVERSION OF MINING LICENCES</p> <ul style="list-style-type: none"> > All operations have had their conversions from Old Order Mining Licences to New Order Mining Rights approved and executed. 	<ul style="list-style-type: none"> > Partnering with communities, workers and other stakeholders > Operational efficiencies

MATERIAL MATTER	KPIs	STRATEGY PILLAR
 ENSURING RESPONSIBLE STEWARDSHIP OF OUR NATURAL RESOURCES		
OPPORTUNITIES AND CHALLENGES <ul style="list-style-type: none"> > Climate change > Energy > Water > Waste > Biodiversity > Closure and rehabilitation 	<p>KPI 1: SCOPE 1 AND 2 CARBON FOOTPRINT (mtCO₂e) (attributable basis)</p>  <p>KPI 2: ELECTRICITY CONSUMPTION (GWh) (100% basis)</p>  <p>> Scope 1 and 2 carbon emissions and electricity consumption declined due to reduced production at the smelters.</p> <p>KPI 3: WATER ABSTRACTED (million m³) (100% basis)</p>  <p>> Water abstraction increased 4% due to increased production at Two Rivers and Khumani mines.</p>	<ul style="list-style-type: none"> > Operational efficiencies > Partner of choice > Employer of choice

“ALL OPERATIONS THAT ARE UNDER OUR CONTROL, WITH EXCEPTION OF THE MANGANESE ALLOYS, IMPLEMENTED COST-CUTTING INITIATIVES THAT YIELDED EXCELLENT RESULTS. CAPITAL EXPENDITURE WAS REDUCED AND LOSS MAKING OPERATIONS ARE BEING RESTRUCTURED.

ARM DECLARED AND PAID A TENTH ANNUAL CONSECUTIVE DIVIDEND.”

PATRICE MOTSEPE
EXECUTIVE CHAIRMAN



EXECUTIVE CHAIRMAN'S REPORT

RESPONDING PROACTIVELY TO A CHALLENGING ENVIRONMENT

Headwinds faced by the global mining industry persisted in the financial year under review as commodity prices declined further. US Dollar prices for all of the commodities that ARM produces were lower than the previous financial year. The 27% weakening of the Rand against the US Dollar partially offset the decline in US Dollar prices.

ARM's F2016 headline earnings decreased by 40% to R1 051 million (F2015: R1 744 million). Despite the decline in headline earnings, ARM paid its tenth consecutive annual dividend. The F2016 dividend was 225 cents per share compared to 350 cents per share in F2015.

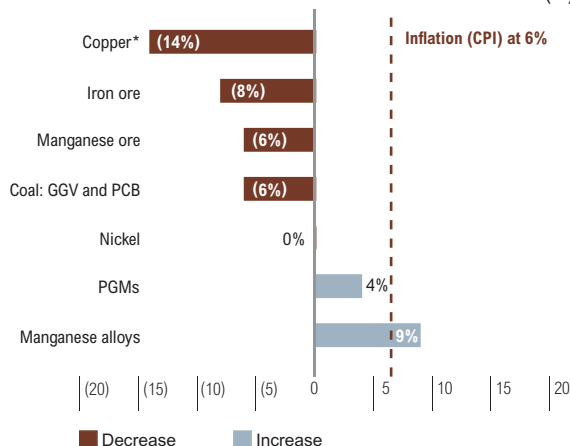
The ongoing challenges posed by the low commodity price environment have prompted an intense focus across the mining industry on cutting costs and increasing labour productivity to ensure the viability and sustainability of the mining operations as well as to save jobs.

I am pleased with the proactive manner in which our management has responded to this challenging environment focussing on those factors that are within management's control. These include improving operational efficiencies and reducing unit costs, while maintaining a safe and healthy work environment for all our employees.

Management has also, where appropriate, prudently deferred or reduced capital expenditure. Headline losses were recorded for the financial year under review at the Lubambe, ARM Coal, Modikwa and Nkomati mines and management has implemented a number of interventions to restructure these operations.

IMPROVING OPERATIONAL EFFICIENCIES AND REDUCING UNIT PRODUCTION COSTS

F2016 VERSUS F2015 ON-MINE UNIT PRODUCTION COSTS PER TONNE (%)



* The change in copper unit costs refers to C1 cash costs on a US Dollar per pound basis.

All the operations that are under our control, with exception of the manganese alloys, implemented cost-cutting initiatives that have yielded excellent results. The iron ore, manganese ore, Modikwa, Nkomati, Lubambe and PCB operations achieved decreases in unit production costs, while Two Rivers Mine achieved unit production cost increases well below inflation.

Further details on the Company's operational and financial performance are provided in the Chief Executive Officer's Report on pages 18 to 21 and in the Financial Director's Report on pages 22 to 31.

MAINTAINING A SAFE AND HEALTHY WORK ENVIRONMENT

We improved operational efficiencies and reduced unit production costs while achieving our best ever safety record. There were no fatalities in the year under review and our operations achieved the lowest Lost Time Injury Frequency Rate (LTIFR) in ARM's history at 0.32 per 200 000 man-hours (F2015: 0.35 per 200 000 man-hours). Lost Time Injuries (LTIs) were also reduced from 103 in F2015 to 86 in F2016.

Total shifts lost due to Section 54 safety stoppages decreased from 96 in F2015 to 77 in F2016. This improvement is attributable to increased discipline across the operations and close cooperation with the Department of Mineral Resources in improving our safety standards. We remain committed to continue reducing the Section 54 stoppages.

The safety and health of our employees is of paramount importance and we consistently review the effective safety and health controls that we have implemented to support safety in the workplace, manage occupational health and hygiene and demonstrate good labour practices.

IMPROVING OUR PORTFOLIO

The current commodity environment presents opportunities to further enhance our portfolio through value-accretive acquisitions and partnerships.

In the year under review we concluded an agreement with Impala Platinum Holdings to increase our shareholding in Two Rivers Mine from 51% to 54%. Two Rivers is the lowest cost underground PGM mine in the world and has a life of mine in excess of 30 years.

We continued to invest in the modernisation of our manganese ore operations through the R6.0 billion Black Rock Project. In addition to improving mining, processing and sorting efficiencies, this project will enable the manganese ore operations to increase production from 3.0 million tonnes to 4.6 million tonnes subject to market conditions and logistic capacity.

The Sakura Ferroalloys Project in Malaysia which was built at a total cost of US\$328 million, delivered its first sale of alloys in June 2016. The project, once ramped up, will produce 169 000 tonnes of ferromanganese per annum.

EXECUTIVE CHAIRMAN'S REPORT continued



Two Rivers Mine chrome recovery plant

We also concluded the sale of our 50% effective interest in Dwarsrivier Mine to our partners, Assore, in July 2016 and received R450 million as the purchase consideration. The production cost at Dwarsrivier Mine was significantly above the 50th percentile and was not in line with the unit cost requirements of our portfolio of assets.

PARTNERING AND INVESTING IN OUR EMPLOYEES

Our employees are crucial to our ability to deliver on our strategic goals and building a globally competitive mining company. Maintaining open and honest relationships with our employees and the trade union organisations that represent them remains a key focus area.

One of our key focus areas is ensuring that our workforce is motivated and appropriately trained and skilled. We address our skills development requirements through internal skills development programmes which include training courses, learnerships, internal and external bursaries and study assistance. In the year under review, we invested approximately R183 million in the training and development of our employees, which represents 6.9% of payroll. This exceeds the current Mining Charter target of 5%.

ARM also introduced various initiatives to develop and secure future skills. These include a graduate development programme as well as maths and science educational programmes in the communities in which we operate. The latter serves both to increase knowledge of these subjects, which are integral to everyday life, as well as to reduce South Africa's learning deficit.

We are proud of the diversity of our workforce and believe that it greatly benefits and enriches our Company. It is encouraging to note that our employment equity at the professionally qualified level increased from 54% to 57% and from 44% to 47% at the senior management level. We are committed to continue making progress in this regard and in building an inclusive and representative workforce.

BENEFITING OUR STAKEHOLDERS

We are committed to developing the host communities in which we operate through, *inter alia*, Corporate Social Investment (CSI) initiatives, Local Economic Development (LED) and Social and Labour Plan (SLP) projects. These aim to build capacity in communities and prioritise women, the youth, people living with disabilities, HIV and Aids projects, and assisting those who are historically disadvantaged. During F2016, R106 million was invested through our CSI, LED and SLP projects.

In addition, we contribute to the broader upliftment and development of the communities in South Africa through the ARM Broad-Based Economic Empowerment Trust (ARM BBEE Trust), which has distributed R120 million since inception to a wide range of poor and historically disadvantaged beneficiaries. The ARM BBEE Trust works in close collaboration with local communities, traditional leaders and other stakeholders to ensure that the local communities play a central role in identifying and benefiting from the development and upliftment projects that we implement.

During the financial year the ARM BBEE Trust was restructured to achieve a more permanent and sustainable funding solution for the Trust. The Financial Director's report deals in detail with the sustainable funding solution that we implemented.

ENSURING ENVIRONMENTAL WELL-BEING

We are committed to exceeding compliance requirements and ensuring that we apply global good practice in our environmental stewardship.

ARM is a member of the International Council on Mining and Metals (ICMM). ICMM's sustainable development framework continues to guide our environmental management and improvement initiatives.

Environmental management systems have been put in place at all operations to identify environmental impacts and to assist in

the implementation of environmental plans and performance monitoring. Our principal focus areas include responsible water management, the efficient use of energy to reduce our carbon footprint, biodiversity and rehabilitation of the land on which we operate our mines.

Further details regarding our sustainability performance are contained in our detailed Sustainability Report, which can be found on our website.

THE ROLE OF MINING IN SOUTH AFRICA

The mining industry has historically been the backbone of the South African economy and continues to contribute to the economic growth and sustainable development of the country as well as to the upliftment and improvement in the living conditions of all our people.

The communities around mines, which are often in remote and sparsely populated areas, benefit from the creation of direct and indirect jobs and through increased opportunities created by preferential procurement, supplier development and enterprise development initiatives.

The South African mining industry remains an important hub both in the global mining context and for the country's economy. I am confident that the government, the private sector and all stakeholders are committed to ensuring that the legislative, regulatory, tax and the overall governing dispensation of the mining sector continues to be globally competitive.

The decrease in the prices of the commodities that we produce has had a profound impact on the South African economy. The weaker Rand against the US Dollar, reduced tax revenues and job losses have compounded existing low levels of business and consumer confidence.

We are committed to working with government, labour, the communities neighbouring our mines and other stakeholders to ensure that the South African mining industry remains an attractive global investment destination and that all stakeholders benefit from the mining industry.

LOOKING AHEAD

ARM's operations have responded well to the current low commodity price environment, specifically in the areas of cost containment and prudent planning of capital expenditure.

ARM remains focussed on positioning its operations below the 50th percentile of each commodity's global unit cost curve, restructuring loss making operations and investing prudently in our businesses.

Mining companies globally have responded to the prevailing market supply/demand dynamics by reviewing and in many instances reducing supply of commodities. These supply-side responses appear to have resulted in the apparent bottoming of US Dollar commodity prices. We are positive about the recovery in commodity prices in the medium to long term and believe that all steps taken now to improve productivity and unit costs will position ARM well into the future.

APPRECIATION

I wish to extend my gratitude to all our shareholders for their continued support and to all our stakeholders. Continued engagement and building good relationships with our host communities, worker organisations, national and international governments, suppliers and joint venture partners remain a top priority as we pursue the creation of shared values and benefits.

What we have achieved this year would not have been possible without the commitment and contributions of our world class management team and staff. Mike Schmidt continues to provide excellent leadership as our CEO. I also wish to express my sincere gratitude to my fellow board members for their invaluable guidance and advice.

We remain confident about the future of ARM and its strategic positioning to weather the current challenging commodity prices and to continue creating value for our shareholders and other stakeholders into the future.

Patrice Motsepe

Executive Chairman

12 October 2016

“THE ARM OPERATIONS
DELIVERED **STRONG
OPERATIONAL RESULTS**
AGAINST A BACKDROP
OF CHALLENGING
COMMODITY MARKETS.”

MIKE SCHMIDT
CHIEF EXECUTIVE OFFICER



CHIEF EXECUTIVE OFFICER'S REPORT

INTRODUCTION

Lower US Dollar commodity prices significantly affected ARM's financial results in the year under review. US Dollar realised prices for iron ore and manganese ore decreased by 23% and 31% respectively, while the US Dollar Platinum Group Metals (PGM) basket price fell by 26%. Nickel prices were also negatively affected, with realised US Dollar prices declining by 39%. Export thermal coal prices were 25% lower. The weakening of the Rand versus the US Dollar partially offset these US Dollar price declines.

In this low commodity price environment, ARM continues to proactively manage operations and in the year under review delivered good operational results, completing the year with zero fatalities.

ARM Ferrous delivered positive headline earnings and in ARM Platinum's Two Rivers Mine contributed positively to headline earnings. The Modikwa and Nkomati mines reported headline losses of R84 million and R244 million respectively. The significant decline in Nkomati Mine's headline earnings was mainly as a result of the decline in US Dollar nickel prices. Nkomati Mine implemented the following restructuring initiatives

to reduce unit production costs and minimise cash requirements from the partners:

- > The high-cost underground mine was placed on care and maintenance;
- > The mine's labour force was reduced by 300 employees; and
- > Waste stripping was deferred to a minimum without impacting the annualised tonnage milled.

The GGV and PCB coal operations reported cash operating profits of R204 million and R397 million respectively (on an attributable basis); however, due to high interest and amortisation charges, ARM Coal reported a headline loss of R297 million for the financial year under review.

The ARM Copper headline loss increased to R555 million, mainly due to lower US Dollar copper prices and a weaker Rand versus the US Dollar exchange rate at which the Lubambe Mine results were translated. Unit production costs at the Lubambe Mine were reduced by 14%. The mine, however, remains positioned significantly above the 50th percentile of the global copper cost curve, similar to other copper mines on the Zambian Copperbelt.

HEADLINE EARNINGS CONTRIBUTION BY DIVISION/OPERATION

R million	12 months ended 30 June		
	2016	2015	% change
ARM Platinum	(10)	405	(102)
Two Rivers Mine	318	319	–
Modikwa Mine	(84)	(64)	(31)
Nkomati Mine	(244)	150	>(200)
ARM Ferrous	1 441	1 588	(9)
Iron ore division	1 215	1 248	(3)
Manganese division	198	289	(31)
Chrome division	55	92	(40)
Consolidation adjustment	(27)	(41)	
ARM Coal	(297)	(93)	>(200)
Goedgevonden (GGV) Mine	(87)	93	(194)
PCB Operations	(210)	(186)	(13)
ARM Copper	(555)	(430)	(29)
ARM Strategic Services and Exploration	(23)	(50)	54
Gold	–	–	
Corporate and other	495	324	53
ARM headline earnings	1 051	1 744	(40)

CHIEF EXECUTIVE OFFICER'S REPORT continued

We are restructuring our loss making operations to minimise losses. Where an operation cannot become profitable in the next two to three years, all options will be considered to maximise value for ARM and its shareholders.

Our focus remains on maintaining a competitive cost position for each of our operations as we aim to have all of them positioned below the 50th percentile of each commodity's respective cost curve. All divisions are incentivised to improve operational efficiencies on an ongoing basis in order to mitigate above-inflation cost increases.

OPERATING IN A SAFE AND RESPONSIBLE MANNER

We are committed unconditionally to maintaining a safe and healthy work environment for all our employees. In addition to achieving our best ever LTIFR the operations also delivered the following commendable safety achievements:

- > ARM Ferrous achieved its lowest ever LTIFR of 0.22 per 200 000 man-hours;
- > Nkomati Mine completed five million fatality-free shifts;
- > Black Rock Mine completed four million fatality-free shifts;
- > Beeshoek, Dwarsrivier, Lubambe and Two Rivers mines each completed three million fatality-free shifts;
- > Modikwa Mine completed two million fatality-free shifts;
- > Cato Ridge Works completed two million fatality-free shifts; and
- > Beeshoek Mine completed 14 000 fatality-free production shifts, an achievement that took 13 years to complete.

ARM FERROUS

The iron ore operations achieved record sales volumes of 17.0 million tonnes. The Khumani Mine in particular delivered an impressive operational performance lowering its LTIFR by 42% to 0.17 per 200 000 man hours, increasing iron ore production by 7% to 13.6 million tonnes and reducing on-mine unit production costs by 12% to R194.10 per tonne.

Khumani Mine also reduced capital expenditure by R250 million, in line with ARM's focus on prudently reducing or deferring capital expenditure.

Ensuring adequate water supply for the Khumani Mine was a challenge in F2015, however, the mine (in conjunction with the Sedibeng Water Board) implemented a number of initiatives to address this water shortage. As a result production lost due to a shortfall in water supply was reduced by 50% to 300 000 tonnes.

Transnet Freight Rail continued to deliver good operational performance and logistical support, enabling the export of 14.1 million tonnes of iron ore. 2.9 million tonnes of iron ore was sold locally.

At Beeshoek Mine, development of the Village Pit is progressing on schedule and within budget. The Village Pit extends Beeshoek Mine's life of mine to 12 years at a sustainable annual production rate of 3.0 million tonnes. This production rate is consistent with Beeshoek Mine's supply contract to a local steel producer.

The manganese ore operations delivered increased sales volumes despite ongoing construction on the modernisation of the Black Rock Mine. Of the 3.1 million tonnes of manganese ore sold, 3.0 million tonnes was exported and 0.1 million tonnes was sold locally. Unit costs at the mine were well controlled, with on-mine unit production costs decreasing 6% in nominal terms.

Capital expenditure for the manganese ore operations (on a 100% basis) increased marginally to R1 939 million with most of the capital spent on the Black Rock Project.

The Black Rock Project is progressing on schedule and within budget. The project will modernise the manganese ore operations and yield the following benefits:

- > Optimise the exploitation of the higher grade Seam 1 and Seam 2 manganese ore resource in the Nchwaning mining complex;
- > Ensure greater efficiency in mining, processing and sorting;
- > Create flexibility for the Black Rock Mine to respond to changes in market product requirements; and
- > Allow the mine to increase production volumes from 3.0 million tonnes to potentially 4.6 million tonnes, subject to market demand and logistics capacity.

The project is approximately 68% complete.

During the year, an agreement was reached with Transnet regarding the manganese ore export capacity, as per the interim Manganese Export Capacity Allocation (MECA2) process. Synchronisation of the ramp-up of the Black Rock Mine with the longer-term MECA3 process is ongoing.

Challenging market conditions in the manganese alloy market continued to negatively impact the smelters. Production volumes at Cato Ridge were intentionally reduced in response to market conditions with only three of the six furnaces currently operating.

ARM and Assore are in the process of evaluating all options for the future of Machadodorp Works.

The disposal of our 50% effective interest in Dwarsrivier Chrome Mine to Assore was completed after year-end in July 2016. The operational and financial results of the Dwarsrivier Mine are therefore included for the full 2016 financial year.

ARM PLATINUM

ARM Platinum improved operational performance delivering increased production volumes and good unit production cost control.

PGM production (on a 100% basis, including Nkomati) increased by 10% to 851 924 6E ounces (F2015: 776 996 6E ounces) and Nkomati Mine's nickel production increased marginally to 21 592 tonnes (F2015: 21 298 tonnes).

Chrome ore sales from Two Rivers Mine were 18% higher at approximately 284 thousand tonnes, while chrome concentrate sales from Nkomati Mine reduced to 273 thousand tonnes (F2015: 377 thousand tonnes).

Unit costs were well contained at the ARM Platinum operations. The Modikwa and Nkomati mines held costs flat year-on-year on

a Rand per tonne basis and each achieved decreases in unit production costs on a Rand per 6E PGM ounce and C1 cash cost net of by-products basis respectively. Two Rivers Mine unit production costs per tonne increased by 8%, marginally above the inflation rate.

Capital expenditure at ARM Platinum operations (on a 100% basis) reduced by approximately R500 million to R1 052 million (F2015: R1 589 million). The majority of this capital expenditure (R351 million) related to Nkomati Mine's capitalised waste stripping. Capital at Modikwa Mine was mostly spent on the restructuring of the South 1 and South 2 shafts to enable operational synergies and cost savings and the continuation of the capital project at South 2 Phase 1 to improve mining flexibility.

Two Rivers Mine's capital was spent on fleet replacement and refurbishment, the deepening of the Main and North declines and the associated electrical and mechanical infrastructure.

ARM COAL

The seaborne thermal coal market remained oversupplied resulting in a decline of US Dollar realised export thermal coal prices of 25% in F2016. This decline was more pronounced in the second half of the financial year. The 27% weakening of the Rand/US Dollar exchange rate was not enough to offset the decline in US Dollar prices, resulting in Rand export thermal coal prices declining by 6%.

ARM Coal export sales volumes were 17% higher, mainly driven by increased volumes from the PCB operations as the Tweefontein Optimisation Project (TOP) ramped up. GGV Mine sales volumes and unit production costs were negatively affected by a 22% decrease in saleable production volumes, a result of mining in a lower-grade area and lower than planned equipment availability. The GGV Mine's export sales were 24% lower, while unit production costs increased by 27%. The PCB operations reduced on-mine unit production costs per saleable tonne by 18%.

ARM COPPER

We reported in our F2016 interim results that the Lubambe Mine was being placed under review. As part of this review a number of production scenarios were evaluated with the aim of minimising cash funding requirements. It was subsequently agreed to reduce production to 80 000 tonnes milled per month effective from 1 March 2016.

F2016 production volumes at the mine therefore reduced by 19% to approximately 21 000 tonnes of copper. Despite the decline in production volumes, the Lubambe Mine achieved a 14% decrease in C1 unit cash costs to US\$2.41/lb of copper produced (F2015: US\$2.80/lb). This was achieved through a number of cost reduction initiatives which included:

- > Reducing expatriate labour by 66%, from 47 to 16 employees effective from 1 March 2016;
- > Shutting down the No 2 Vertical Shaft and the ventilation shaft to reduce maximum demand of electricity and requirement for the more expensive imported power; and
- > Parking equipment not required for the 80 000 tonnes per month plan.

Notably, during the last four months of F2016, after the reduction of targeted tonnage was implemented, the C1 unit cash cost reduced to an average of US\$2.27/lb of copper produced.

A number of options are being considered for the Lubambe Mine to maximise value for ARM and an announcement will be made when appropriate in this regard.

ARM STRATEGIC SERVICES AND EXPLORATION

ARM Strategic Services and Exploration costs decreased by 54% to R23 million as exploration activities were reduced (F2015: R50 million). The Strategic Services and Exploration division continued to evaluate a number of new business opportunities and provided information technology, technical, strategic and project development support across ARM's operations and projects.

LOOKING AHEAD

This past year has been difficult for the global mining industry as a result of oversupply in most commodities and macroeconomic factors largely beyond our control.

In responding to these challenges, ARM has adhered to our 'We do it better' management style, which is underpinned by our values including:

- > Providing a safe and healthy work environment;
- > Maintaining a nondiscriminatory workplace;
- > Aiming for operational excellence;
- > Improving the lives of communities in which we operate;
- > Maintaining the highest levels of corporate governance; and
- > Working responsibly with all stakeholders to balance the economic, social and environmental aspects of our business

Looking ahead, we will continue to adhere to these values as we assess ways to improve operations and sustain quality production. We remain committed to steering the Company into the future as a more efficient and resilient business, to the benefit of all our stakeholders.

CONCLUSION

In these demanding times, it is the hard work and commitment of our employees that forms the foundation of the Company's strength, endurance and long-term success. For this, I would like to thank each and every employee for their contribution. I extend heartfelt thanks to our stakeholders and partners for their continued support during the year. And finally, I would like to convey my sincere appreciation to our Executive Chairman and the Board for their guidance and support in the past year.

**HEADLINE EARNINGS:****R1 051** million
(F2015: R1 744 million)**DIVIDENDS PAID:****225** cents per share
(F2015: 350 cents per share)**CASH GENERATED FROM
OPERATIONS:****R1 225** million
(F2015: R2 508 million)**CAPITAL EXPENDITURE:****R930** million
(F2015: R1 496 million)

RESTRUCTURING OF THE ARM
BBEE TRUST COMPLETED IN
APRIL 2016

MIKE ARNOLD
FINANCIAL DIRECTOR

FINANCIAL DIRECTOR'S REPORT

Headline earnings declined by 40% to R1 051 million (F2015: R1 744 million) and equate to headline earnings per share of 494 cents (F2015: 803 cents).

The weighted average number of shares in issue at 30 June 2016 is 212 990 000 shares (30 June 2015: 217 232 000 shares). As a result of the restructuring of the ARM BBEE Trust, the shares owned by the Trust (15.9 million ARM shares) and held by a wholly-owned subsidiary of ARM (12.7 million ARM shares) are excluded in the calculation of the weighted average number of shares for F2016. As this change only occurred on 22 April 2016, the calculation of the weighted and diluted average number of shares in issue is only proportionately impacted in this year.

The Board declared and paid a tenth consecutive annual dividend of 225 cents per share (F2015: 350 cents per share) after the year-end.

ARM's basic earnings for F2016 were a loss of R565 million (F2015: R104 million basic earnings) and were negatively impacted by special items of R1 616 million loss after tax and non-controlling interest (F2015: R1 640 million loss after tax and non-controlling interest). The special items largely comprise an attributable impairment of the Lubambe Copper Mine assets of R1 404 million after non-controlling interest which was reported in the 31 December 2015 interim results. 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:

- > Significant decline in US Dollar commodity prices for all the commodities that ARM produces partly offset by a 27% weaker average Rand/US Dollar exchange rate.
- > Successful cost containment and cost reduction initiatives by the operational and executive management teams at all operations.
- > The prudent deferring or reduction of capital expenditure without negatively impacting on the long-term value of operations.
- > The large losses at the Lubambe Copper Mine continue to dilute the reported earnings of ARM.
- > The restructuring of the ARM BBEE Trust.

Refer to the F2016/F2015 comparison on this page as well as the profit variance analysis on page 24.



Many mining companies have been impacted by the fall in US Dollar commodity prices over the past two years and ARM is no exception. The three-year compound annual growth rate in headline earnings for ARM since June 2013 was a negative 34.5%.

Sales for the year decreased by 6% to R8.75 billion (F2015: R9.26 billion). Sales for the Assmang joint venture were essentially flat in comparison to the prior year at R10.33 billion (F2015: R10.56 billion).

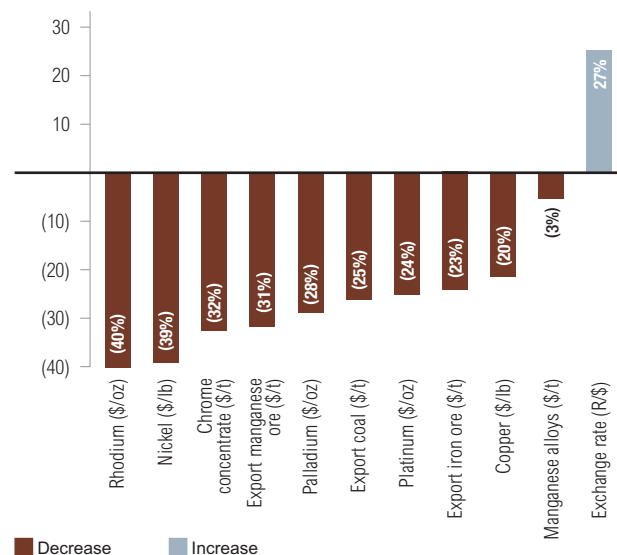
The gross profit and EBITDA margins achieved at each operation may be ascertained from the detailed segment reports provided in note 2 to the financial statements.



The F2016 average Rand/US Dollar exchange rate of R14.51/US\$ was 27% weaker than the average of R11.45/US\$ for F2015. For reporting purposes, the closing exchange rate at 30 June 2016 was R14.68/US\$.

The graph below depicts the fall in average realised commodity prices together with the weakening of the exchange rate in comparison to F2015.

F2016 VERSUS F2015 AVERAGE US DOLLAR REALISED PRICES AND AVERAGE EXCHANGE RATE CHANGES (%)



Earnings before interest, tax, depreciation and amortisation (EBITDA), excluding special items and income from associates and joint ventures were R1 185 million which is 43% lower than that achieved in F2015. The Assmang joint venture reported an attributable EBITDA of R2 817 million (F2015: R2 964 million).

The income from joint venture (ARM Ferrous) which amounts to R1 301 million, and which includes the negative impact of special items, is slightly higher than last year (F2015: R1 289 million) which is an excellent result in the current business environment.

FINANCIAL DIRECTOR'S REPORT continued



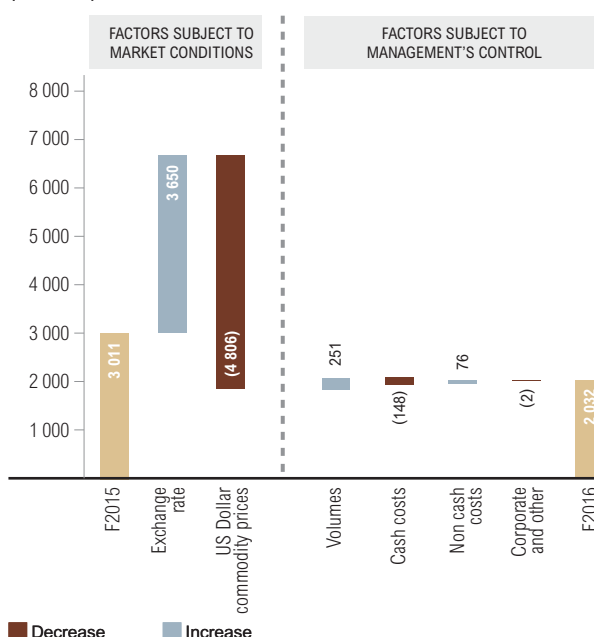
Details of the ARM divisional segment financial results may be obtained from the segment reports in note 2 to the financial statements. In addition, each division's report under the Operational review contains detailed information on operational performance.

- > The ARM Ferrous contribution to ARM's headline earnings amounted to R1 441 million (F2015: R1 588 million). This is a decrease of 9% compared to the F2015 result and is largely due to a R91 million lower contribution from the manganese division. The iron ore division achieved a very good result and contributed R1 215 million to headline earnings (F2015: R1 248 million).

The results of the Dwarsrivier Chrome Mine have been reflected as "Income from discontinued operations" in the ARM Ferrous segmental information as the sale to Assore only concluded in July 2016. 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 a loss of R10 million and represents a large decrease from the R405 million positive contribution for F2015. The decreased contribution is mainly due to a R394 million lower contribution from Nkomati. The Two Rivers Mine maintained a strong positive contribution to headline earnings of R318 million (F2015: R319 million) which is an excellent result.
- > ARM Coal reported an increased headline loss of R297 million (F2015: R93 million loss) largely as a result of higher finance charges and a lower cash operating profit at GGV Mine of R204 million (F2015: R418 million).
- > The ARM Copper result, excluding the attributable impairment charge of R1 404 million which was accounted for in the 31 December 2015 interim results was a headline loss of R555 million (F2015: R430 million headline loss). This result includes interest on shareholders loans of R230 million (F2015: R159 million). The translation of the F2016 result to Rand was calculated at the F2016 average exchange rate of R14.51/US\$ (F2015: R11.45/US\$).
- > The ARM Exploration costs reduced to R23 million (F2015: R50 million) as no further costs were incurred on the Rovuma Project.
- > The ARM Corporate, other companies and consolidation adjustments segment reflects a positive contribution to headline earnings of R495 million for the year (F2015: R324 million). The higher contribution is largely due to increased unrealised foreign exchange gains on loans made by ARM to Lubambe, which entity's functional currency is the US Dollar, resulting from the Rand/US Dollar exchange rate weakening from R12.16/US\$ at 30 June 2015 to R14.68/US\$ at 30 June 2016. The ARM company loans to Lubambe amounted to US\$158 million at 30 June 2016 (30 June 2015: US\$133 million).

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. This is a key analysis of the results and shows in a different form the key drivers of the business.

Sales were impacted by the following variances:

- > The 27% weakening of the Rand against the US Dollar accounted for a positive variance of R3 650 million;
- > A total negative variance of R4 806 million resulting from the fall in US Dollar commodity prices; and
- > Sales volume increases of R251 million.

The negative cash cost variance was only R148 million in absolute terms despite inflationary cost pressures.

The decreased non-cash costs of R76 million were largely due to a decrease in amortisation charges.

CONSOLIDATED INCOME STATEMENT (ABRIDGED)

	12 months ended 30 June		
	2016 Rm	2015 Rm	% change
Sales	8 745	9 263	(6)
Profit from operations (before special items)	219	1 040	(79)
Income from investments	160	192	(17)
Finance costs	(375)	(250)	(50)
Loss from associate	(210)	(186)	(13)
Income from joint venture	1 301	1 289	1
Special items before tax	(1 860)	(1 659)	(12)
Taxation	8	(353)	(102)
Non-controlling interest	192	31	>200
(Loss)/profit after tax and non-controlling interest	(565)	104	>(200)
Headline earnings	1 051	1 744	40
Headline earnings (cents per share)	494	803	38

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

	12 months ended 30 June	
	2016 %	2015 %
ARM Ferrous	24	26
ARM Platinum		
– Two Rivers	28	28
– Modikwa	(10)	(10)
– Nkomati	(7)	14
ARM Coal (GGV)	–	18
ARM Copper	(37)	(14)

Other operating income, which mainly comprises management fee income and foreign exchange gains, decreased slightly to R1 148 million from R1 225 million in F2015 mainly as a result of slightly lower management fees earned.

Other operating expenses decreased marginally by R67 million to R1 527 million in comparison to F2015.

The Profit from operations before special items reduced to R219 million from R1 040 million in F2015 largely as a result of increased losses at ARM Copper and ARM Coal and the loss at Nkomati Mine.

Income from investments amounted to R160 million for the year (F2015: R192 million) and mainly comprises interest received on cash balances.

Finance costs at R375 million were R125 million higher than those incurred in F2015, largely due to an increase in gross interest bearing borrowings during the year.

The loss from associate, being the equity accounted results for the PCB operations, increased to R210 million from R186 million. This result is fully described in the section on ARM Coal on pages 102 to 109.

The income from joint venture represents the equity accounted earnings for Assmang which are more fully described on page 24 and in the ARM Ferrous section of this Integrated Annual Report.

FINANCIAL DIRECTOR'S REPORT continued

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (ABRIDGED)

	12 months ended 30 June	
	2016 Rm	2015 Rm
Non-current assets	30 591	29 616
Property, plant, equipment and other	11 103	12 367
Investment in joint venture	14 623	14 094
Investments	4 674	2 541
Other	191	614
Current assets	4 536	5 667
Cash and cash equivalents	1 316	2 257
Other	3 220	3 410
Total assets	35 127	35 283
Total equity	24 581	26 905
Non-current liabilities	6 850	5 137
Long-term borrowings	4 171	2 511
Other	2 679	2 626
Current liabilities	3 696	3 241
Short-term borrowings	1 380	1 371
Other	2 316	1 870
Total equity and liabilities	35 127	35 283

ARM contributed approximately R1.45 billion as its portion of the restructuring of the ARM BBEE Trust in April 2016. This amount included R651 million for a specific share buyback of ARM shares from the Trust as well as approximately R800 million as an interest bearing subordinated loan to the Trust. The following should be noted in the context of the financial position at 30 June 2016: (i) ARM received R450 million in July 2016 from the sale of its effective 50% interest in the Dwarsrivier Chrome Mine and in addition, (ii) ARM received a dividend of R750 million from Assmang in August 2016.

At 30 June 2016 cash and cash equivalents amounted to R1 316 million (F2015: R2 257 million). This excludes the attributable cash and cash equivalents balance held at ARM Ferrous (50% of Assmang) of R2 399 million (F2015: R2 471 million).

Gross interest-bearing borrowings at 30 June 2016 were R5 551 million (F2015: R3 882 million). The increase in borrowings is largely due to the increase in the amount owing on the ARM Corporate facility of R1 400 million at 30 June 2016 and the inclusion of the Nedbank and Harmony loans to the ARM BBEE Trust in long-term borrowings. There are no interest-bearing borrowings at ARM Ferrous.

As per the Statement of Financial Position, the consolidated net debt amounts to R4 235 million (cash and cash equivalents less overdrafts less long term borrowings) and is higher in comparison to the net debt position of R1 625 million at 30 June 2015.

Details of cash and borrowings are set out in notes 12, 16 and 21 to the financial statements.

The investment in joint venture of R14.6 billion represents ARM's interest in ARM Ferrous.

Details of the capital expenditure are included in the operational reviews on pages 73 to 119.



Additional key features include:

Other investments, which largely comprise the 14.6% stake which ARM has in Harmony, increased three-fold and amounted to R3 521 million (F2015: R1 178 million). The Harmony share price at 30 June 2016 was R52.47 (F2015: R15.59). ARM owns 63.6 million shares in Harmony.

CONSOLIDATED STATEMENT OF CASH FLOWS

Cash generated from operations was R1 225 million (F2015: R2 508 million) and is reported after an R80 million increase in working capital requirements.

Dividends received from the ARM Ferrous joint venture were lower at R875 million (F2015: R1 500 million), however as reported above ARM received R750 million from Assmang in August 2016.

Net cash outflow from investing activities reduced to R800 million (F2015: R1 980 million) mainly as a result of a reduction in capital expenditure of R424 million and reduced investments in other entities.

The net decrease in cash and cash equivalents was R748 million for the year (F2015: R229 million decrease).

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.

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.

The financial capital of ARM is impacted by many factors including:

- > The robustness and accuracy of initial mining project evaluations;
- > The subsequent effectiveness and efficiency of mining operations;
- > Commodity prices and exchange rates;
- > Global supply and demand for the commodities mined;
- > Global macro-economic events;
- > The need to mine responsibly, safely and sustainably in the environment and where the local communities are impacted by the mining; and
- > Changes in mining and fiscal laws and regulations.

CASH FLOW AND CAPITAL ALLOCATION FOR THE YEAR

The following are the key capital allocations during F2016:

- > Dividend payments to shareholders reduced from R1 302 million in F2015 to R761 million.
- > Capital expenditure reduced by R424 million to R852 million as explained above.
- > The ARM corporate facility was partially drawn down in an amount of R1 400 million mainly to fund the R800 million loan to the ARM BBEE Trust.
- > A specific share buyback from the ARM BBEE Trust amounting to R651 million.

The segmental value added statement as reflected on page 28 shows the wealth created and distributed in F2016.



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NET GEARING AND BORROWINGS

As at 30 June 2016, total interest-bearing borrowings amounted to R5 551 million or 23% of total equity. These borrowings comprise:

- > R2 694 million external bank debt (F2014: R1 762 million);
- > R501 million external debt in the ARM BBEE Trust (F2015: n/a); and
- > R2 356 million partner loans (F2015: R2 120 million).

The restructuring of the ARM BBEE Trust resulted in a wholly-owned subsidiary of ARM acquiring 12.7 million ARM shares from the Trust at a cost of R51.19 per share and also in the cancellation of R850 million in guarantees which ARM had provided to the bank lenders to the Trust.

ARM does not have high levels of bank debt at both a consolidated or segmental level.

At an entity level, however, the ARM Coal investment into GGV and PCB is highly geared by shareholder funding provided by Glencore. These high debt levels impact on the bottom line profitability of the Coal Division.

SEGMENTAL ANALYSIS

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

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 2015, there has been no change to the assessment of any of the entities which form part of the consolidated ARM results.

During the year, a new entity was assessed in terms of the above accounting standards, viz. the ARM BBEE Trust. As a result of the restructuring of the Trust, it was assessed that ARM controls the Trust from an accounting perspective as explained in the Circular to Shareholders and other related public announcements. As a consequence, the ARM BBEE Trust is consolidated into the ARM results effective 22 April 2016.

EVENTS AFTER REPORTING DATE

As reported on 29 July 2016 the sale of ARM's effective interest in the Dwarsrivier Chrome Mine was concluded after the year-end.

ARM received a R750 million dividend in August 2016 from Assmang.

The Company paid a dividend of R491 million on 3 October 2016.

FINANCIAL RISK MANAGEMENT

ARM has an established risk management programme which is more fully described in the Risk Report on pages 174 to 184.



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

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



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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 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 reduced to R185 million at 30 June 2016 (F2015: R248 million). It is anticipated that this expenditure, which mainly 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 tenth annual dividend declared by ARM on 8 September 2016 of 225 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

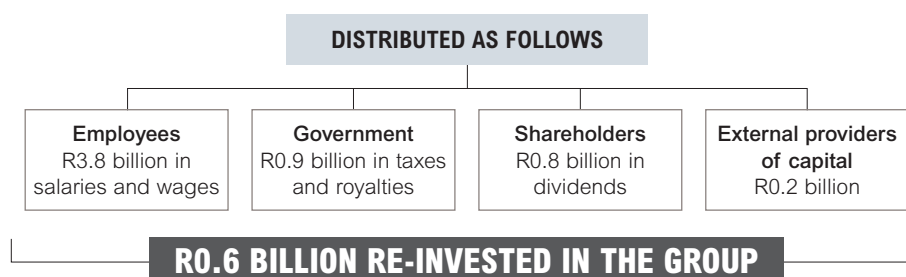
Financial Director

12 October 2016

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. F2016 wealth created reduced by 13% consistent with the currently challenging commodity price environment.

WEALTH CREATED IN F2016: R6.3 BILLION



VALUE ADDED STATEMENT

	F2016* Rm	F2015* Rm	F2014* Rm	F2013^ Rm	F2012 Rm	F2011 Rm	F2010 Rm	F2009 Rm
Sales	19 072	19 824	23 785	19 800	17 530	14 893	11 022	10 094
Net cost of products and services	(10 891)	(10 808)	(11 093)	(9 100)	(8 329)	(6 357)	(5 604)	(4 201)
Value added by operations	8 181	9 016	12 692	10 700	9 201	8 536	5 418	5 893
Income from associate	(210)	(186)	(374)	(14)	11	(135)	(51)	147
Income from joint venture	(9)	51	11	3	–	–	–	–
Special items	(2 054)	(2 074)	(876)	(2 639)	(70)	(11)	97	514
Income from investments	368	410	344	268	279	216	209	414
	6 276	7 217	11 797	8 318	9 421	8 606	5 673	6 968
Applied as follows to:								
Employees as salaries, wages and fringe benefits	3 794	3 565	3 330	2 922	2 179	1 856	1 491	1 399
The state as taxes	901	1 317	2 796	1 696	2 125	1 855	1 029	1 727
– income tax	478	860	1 893	1 145	1 633	1 693	1 009	1 727
– royalty tax	423	457	903	551	492	162	20	–
Providers of capital	975	1 550	1 643	1 394	1 324	836	725	1 034
Equity – Dividend	761	1 302	1 102	1 021	959	426	371	847
Non-controlling Interest	(192)	(31)	255	148	133	194	162	(198)
Outside – Finance cost	406	279	286	225	232	216	192	385
Total value distributed	5 670	6 432	7 769	6 012	5 628	4 547	3 245	4 160
Re-invested in the Group	606	785	4 028	2 306	3 793	4 059	2 428	2 808
Amortisation	1 932	1 983	1 841	1 693	1 315	1 118	987	787
Reserves retained	(1 326)	(1 198)	2 187	613	2 478	2 941	1 441	2 021
	6 276	7 217	11 797	8 318	9 421	8 606	5 673	6 968
Market capitalisation (R billion)	20.0	18.0	40.5	32.2	35.7	40.2	34.3	27.5

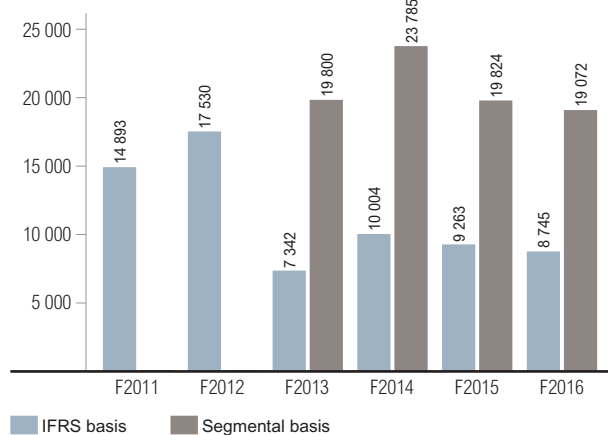
* Based on segmental reporting – refer to note 2 to the annual financial statements.

^ This is restated after adoption of IFRS 11.

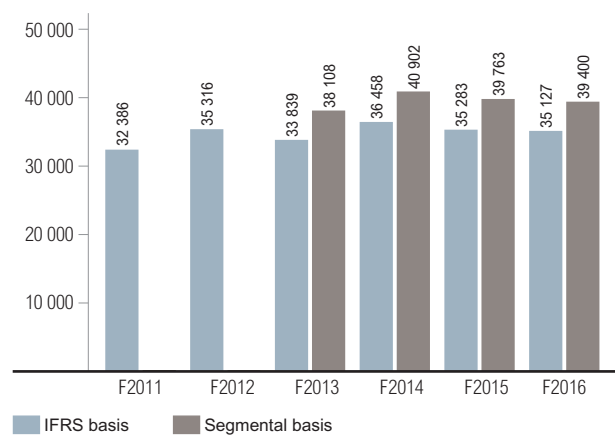
FINANCIAL SUMMARY AND STATISTICS

FOR THE YEAR ENDED 30 JUNE 2016

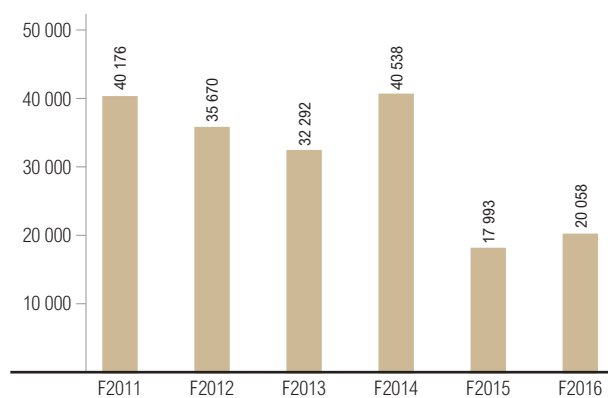
SALES
(R million)



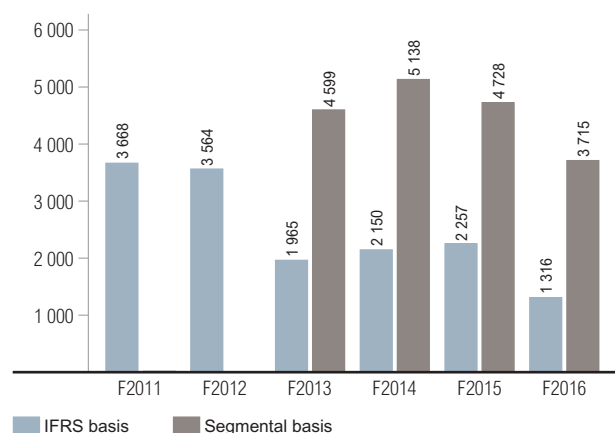
TOTAL ASSETS
(R million)



MARKET CAPITALISATION
(R million)



CASH AND CASH EQUIVALENTS
(R million)



DEFINITIONS

- Current ratio (times)**
Current assets divided by current liabilities.
- Quick ratio (times)**
Current assets less inventories divided by current liabilities.
- Cash ratio (times)**
Cash and cash equivalents divided by overdrafts and short-term borrowings less overdrafts.
- Return on operational assets (%)**
Profit from operations divided by tangible assets (property, plant and equipment and current assets) excluding capital work in progress.
- 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.
- Return on equity (%)**
Headline earnings divided by ordinary shareholders' interest in capital and reserves.
- Gross margin (%)**
Gross profit divided by sales.
- Operating margin (%)**
Profit from operations before special items divided by sales.
- 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.
- 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.
- 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.
- Net asset value per share (Rands)**
Ordinary shareholders' interest in capital and reserves divided by number of shares in issue.
- Market capitalisation (R million)**
Number of ordinary shares in issue multiplied by market value of shares at 30 June.
- Dividend cover (times)**
Headline earnings per share divided by dividend per share.
- EBITDA (R million)**
Earnings before interest, taxation, depreciation, amortisation, income from associate, income from joint venture and special items.
- EBITDA margin (%)**
EBITDA divided by sales.
- Effective tax rate**
Taxation in the income statement divided by profit before tax.
- 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 2016

R million, unless stated otherwise	Compounded annual growth rate %	F2016 Rm	F2015 Rm
Income statement			
Sales	7	8 745	9 263
Basic earnings		(565)	104
Headline earnings	9	1 051	1 744
Basic earnings per share (cents)		(265)	48
Headline earnings per share (cents)	8	494	803
Dividend declared after year-end per share (cents)		225	350
Statement of financial position			
Total assets	9	35 127	35 283
Cash and cash equivalents	12	1 316	2 257
Total interest bearing borrowings	9	5 551	3 882
Shareholders' equity	9	24 581	26 905
Statement of cash flows			
Cash generated from operations		1 225	2 508
Net cash outflow from investing activities	(6)	(800)	(1 980)
Net cash (outflow)/inflow from financing activities		(558)	(304)
Exchange rates			
Average rate US\$1 = R	8	14.68	11.45
Closing rate US\$1 = R	7	14.51	12.16
JSE Limited performance			
Ordinary shares (Rands)			
– high	8	116	203
– low	1	35	81
– year-end	7	92	83
Volume of shares traded (thousands)	18	202 914	124 582
Number of ordinary shares in issue (thousands)	1	218 022	217 491
Financial statistics	Definition number		
Liquidity ratios (x)			
Current ratio	1	1.2	1.7
Quick ratio	2	1.0	1.5
Cash ratio	3	1.8	4.0
Profitability (%)			
Return on operational assets	4	1.4	5.8
Return on capital employed	5	4.4	6.9
Return on equity	6	4.4	6.8
Gross margin	7	6.8	15.2
Operating margin	8	2.5	11.2
Debt leverage			
Interest cover (x)	9	3.9	9.3
Gross debt to equity ratio (%)	10	23	14
Net debt to equity ratio (%)	11	17	6
Other			
Net asset value per share (R/share)	12	109	118
Market capitalisation	13	20 058	17 993
Dividend cover (x)	14	2.19	2.29
EBITDA	15	1 185	2 087
EBITDA margin (%)	16	14	23
Effective tax rate	17	1	83
Effective tax rate excluding special items	18	2	23

Effective tax rate excluding special items.

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 IFRS 11 in 2013 for example, makes direct comparison for years not always meaningful.

* The definitions are included on the previous page.

F2014 Rm	Restated F2013 Rm	F2012 Rm	F2011 Rm	F2010 Rm	F2009 Rm	F2008 Rm	F2007 Rm	F2006 Rm
10 004 3 289 4 108 1 521 1 900 600	7 342 1 634 3 737 759 1 735 510	17 530 3 438 3 451 1 609 1 615 475	14 893 3 366 3 374 1 581 1 585 450	11 022 1 812 1 714 854 807 200	10 094 2 868 2 317 1 355 1 094 175	12 590 4 487 4 013 2 131 1 906 400	6 152 1 220 1 207 586 580 150	4 622 601 462 293 225 N/A
36 458 2 150 3 502 28 199	33 839 1 965 3 992 25 463	35 316 3 564 3 237 24 405	32 386 3 668 3 069 22 170	28 233 3 039 3 346 18 529	25 499 3 513 3 744 16 751	24 878 2 660 3 978 15 676	18 144 1 063 4 044 11 218	14 611 439 2 252 10 393
2 073 (1 222) (759)	1 565 (1 720) 474	5 969 (4 077) 179	5 988 (3 382) (588)	3 430 (2 324) (729)	6 678 (3 135) (171)	5 175 (2 427) (175)	2 537 (2 691) 1 562	1 243 (1 444) 893
10.36 10.63	8.83 9.93	7.77 8.16	6.99 6.76	7.59 7.67	9.03 7.72	7.30 7.83	7.20 7.07	6.40 7.16
240 143 187 110 911 216 748	209 139 150 113 003 215 625	199 159 166 98 740 214 852	236 146 189 121 051 213 133	206 117 161 138 241 212 692	291 76 130 113 690 212 068	307 103 280 84 678 211 556	138 53 123 40 203 209 730	52 32 48 39 711 206 367
1.9 1.6 3.6	1.9 1.5 6.5	2.4 1.8 5.2	2.4 1.8 12.6	2.2 1.7 5.9	1.5 1.1 1.6	1.8 1.5 1.6	1.5 1.1 0.8	1.4 1.0 0.8
9.3 15.0 15.4 24.7 16.7	7.1 14.1 15.5 20.1 16.0	20.1 17.7 14.9 34.6 29.8	24.1 19.8 15.9 40.4 36.3	15.2 12.0 9.6 32.1 26.5	20.4 18.2 14.3 40.1 36.7	39.6 36.3 27.0 56.2 53.0	25.1 16.4 11.1 45.7 40.3	17.6 9.2 4.5 28.5 24.1
19.1 12 5	21.9 16 8	23.7 13 N/A	25.4 14 N/A	16.0 18 2	11.1 25 1	16.7 25 8	6.9 36 27	8.5 22 17
123 40 538 3.17 2 620 26 13 14	112 32 292 3.40 1 982 27 (5) 10	108 35 670 3.40 6 531 37 31 31	99 40 176 3.52 6 517 44 32 32	84 34 243 4.04 3 907 35 34 35	76 27 548 6.25 4 484 44 39 44	70 59 236 4.76 7 229 57 30 30	52 25 900 3.87 2 887 47 36 36	50 9 957 N/A 1 552 34 33 37

OUR KEY STAKEHOLDERS

Stakeholder engagement is a critical input into how we conduct our business. Stakeholders' legitimate concerns and expectations not only provide a broader context but also serve to refine our strategy and shape the long-term direction of the Group.

We define stakeholders as any individual or group that has a material interest in or is affected by ARM.

Engagements with stakeholders occur through both formal and informal interactions, and at corporate, divisional or operational level as appropriate to the stakeholder. Key stakeholder concerns are identified and appropriately addressed, with clear communication of our response and progress.

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, POTENTIAL SHAREHOLDERS, ANALYSTS AND OTHER INVESTORS

Issues raised: Growth, unit cost reductions, resource nationalism, labour relations, skills attraction, retention and development, transformation, dividends, share price performance, Mineral Rights conversions and mining licences, Loss making operations, Strategy

- > ARM communicates with its stakeholders in a transparent, comprehensive and objective manner.
- > ARM's Investor Relations Department communicates with institutional investors, analysts, 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 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 manages its financial position responsibly to ensure that it continues to meet its financial needs.
- > A comprehensive insurance programme is in place.

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 make ARM an employer of choice, including maintaining good relationships with unions.
- > ARM is committed to fair treatment and remuneration of its employees.
- > Skills development is a key focus area. Career-planning programmes assist 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 AND 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 engages with communities at specialised discussions/meetings to understand their specific concerns.
- > Attendance registers and minutes of these meetings are kept.
- > Community open days support information sharing and relationship building.
- > ARM's BBEE Trust invests in the upliftment of rural communities throughout South Africa by partnering with traditional and other community leaders.
- > 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) and other relevant legislation.

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 the dti CoGP 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 socio-economic development (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

These include the Chamber of Mines, the International Council on Mining and Metals, 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 Users 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 supports local enterprise development through its CSR initiatives.
- > ARM's payment terms are in line with industry standards.
- > ARM operates on an ethical basis and does not tolerate unfair discrimination.
- > ARM requires valid BEE certificates to support transformation in its supply chain.

How we engage

- > Continual interactions in the ordinary course of business.
- > Annual 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.

OUR BUSINESS MODEL

AND HOW WE CREATE VALUE

INPUTS

FINANCIAL CAPITAL

Financial capital refers to our assets (including cash balances), cash flow from operations and funding from shareholders and other providers of capital. Allocation of these financial resources to the other capitals allows ARM to create sustainable value for our shareholders and other stakeholders.

See the Financial Director's Report on pages 22 to 31 for further information on Financial capital.



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HUMAN CAPITAL

Our people are crucial to achieving our strategic objectives and creating value for all stakeholders. We aim to maintain a safe, healthy and non-discriminatory work environment for all our employees and ensure that our operations are adequately resourced with skilled, engaged and motivated employees.

See pages 41 to 54 for further information on Human capital.



IAR

SOCIAL AND RELATIONSHIP CAPITAL

Relationships with all our stakeholders are key to the sustainability of our business. In particular, the relationships we have with our employees, host communities, regional and national governments, and regulators allow us our social licence to operate. We continue to engage and partner with these and other stakeholders consistent with our strategy.

See pages 55 to 59 for further information on our Social and relationship capital.



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NATURAL CAPITAL

The mineral resources and reserves in our portfolio represent the largest part of our natural capital. Natural resources including water, electricity and fuel are then required to extract and process the minerals that we mine.

See pages 60 to 65 for further information on our Natural capital.



IAR

INTELLECTUAL CAPITAL

Access to and investment in innovation and technology allow ARM to continuously improve our production processes. Mining is a technology intensive industry. The knowledge, experience and expertise that we have among our subject matter experts is key in differentiating ARM. Our intellectual capital also includes information technology systems, risk management processes, research and development, the Strategic Services and Exploration division, as well as our brand and reputation.

See pages 66 to 67 for further information on our Intellectual capital.



IAR

MANUFACTURED CAPITAL

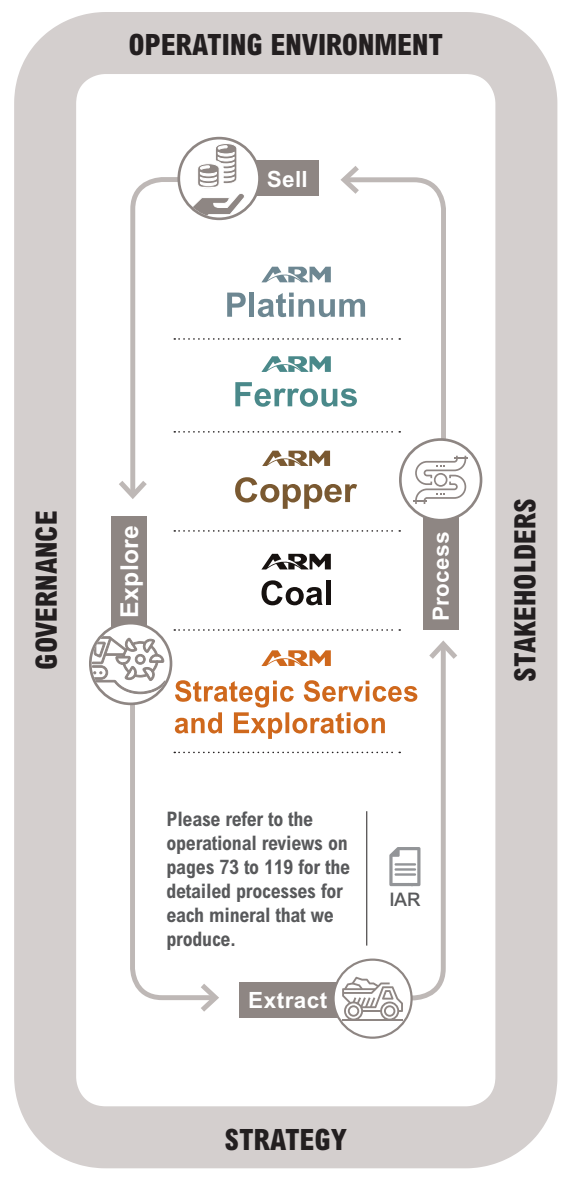
Our operations rely on above and below ground infrastructure and specialised equipment to extract and process the minerals that we mine. Efficient use of this infrastructure and equipment is crucial to cost effective extraction and processing of our minerals.

See pages 68 to 69 for further information on our Manufactured capital.



IAR

BUSINESS PROCESS



OUTCOMES

FINANCIAL CAPITAL

- > R761 million paid as dividends to shareholders (F2015: R1 302 million)
- > R406 million paid to finance providers (F2015: R279 million)
- > R901 million paid as taxes and royalties

HUMAN CAPITAL

- > No fatalities in F2016
- > LTIFR of 0.32 per 200 000 man-hours, the lowest in ARM's history
- > R3 793 million paid to employees as salaries, wages and fringe benefits (F2015: R3 563 million)
- > 6.9% of payroll invested on employee training (F2015: 8.3% of payroll)
- > Reskilling and redeployment of employees to production roles
- > ARM was certified as a Top Employer by the Top Employers Institute
- > 15% decrease in number of employees, including contractors to 23 128 (F2015: 27 276 employees)

SOCIAL AND RELATIONSHIP CAPITAL

- > R106 million in our host communities through our CSI, LED and SLP programmes (F2015: R169 million)
- > The F2016 preferential procurement exceeded Mining Charter targets

NATURAL CAPITAL

- > 13.5% reduction in carbon emissions (F2016: 1.1 million tCO₂e)
- > Water abstracted increased by 4.1% to 19.1 million m³ (F2015: 18.3 million m³)
- > Increase in mineral resources and reserves
- > Concurrent rehabilitation of land continued
- > Responsible waste disposal

INTELLECTUAL CAPITAL

- > Investment into Research and Development

MANUFACTURED CAPITAL

- > R2 352 million invested as capital expenditure (on a segmental basis) at the operations (F2015: R3 326 million)



Two Rivers Mine conveyor belt

OUR APPROACH TO SUSTAINABILITY

ARM's approach to sustainable development arises out of our business strategy and the "We do it better" management style that guides our day to day actions. Our business strategy relies heavily on ensuring operational efficiencies, with the goal that all operations are to perform below the 50th percentile of the global cost curve.

We recognise that globally competitive operational performance depends on ensuring that all aspects of sustainability are addressed. While financial returns are a primary concern, shareholders and investors are increasingly taking a holistic view to assessing performance that includes social, environmental and governance concerns.

Operational efficiencies rely on the strength of human capital embodied by a healthy, engaged, diverse and suitably skilled workforce. Building strong relationships with key stakeholder groups including employees, unions, communities and regulators, strengthens the Company's strategic position and supports long-term value creation.

Stoppages due to poor safety practices, labour unrest, regulatory non-compliance or community disruptions halt production and upset safety routines and safety rhythm. The efficiency with which our operations use energy and water is inextricably linked to operational efficiency drives, as is the management of waste produced as a result of these processes.

ARM's values explicitly include the broader concepts of sustainability and our commitment to zero harm – to our employees, to our host communities and to the environment. This ensures that ARM

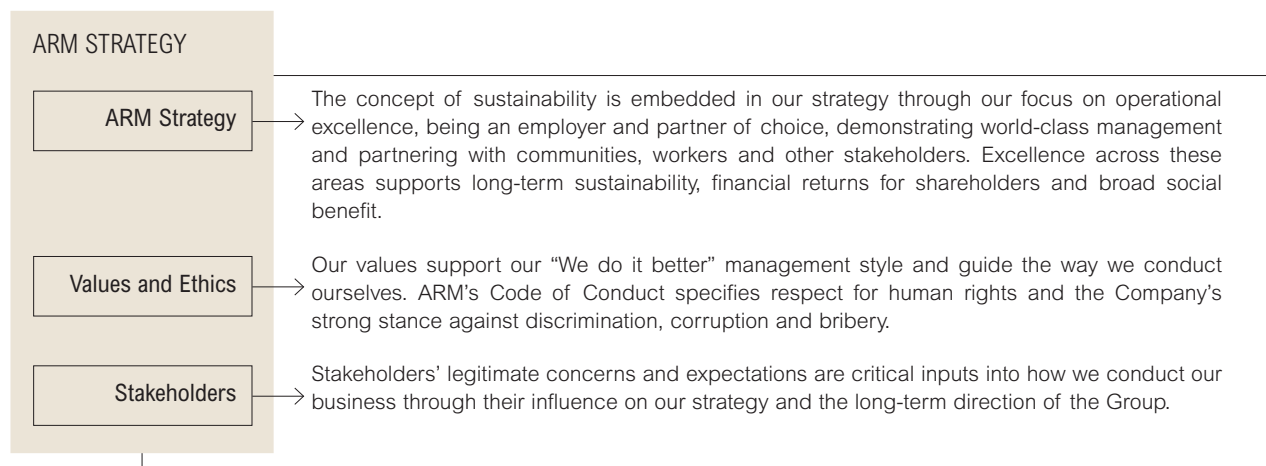
retains its social licence to operate and can continue to create value for all its stakeholders over the long term.

Our business is built on the principles of responsible investment, broad social benefit and good corporate governance. We believe that taking a responsible, sustainable approach to mining and beneficiation not only helps to minimise potentially negative impacts, but also makes a positive contribution to the country and its development. Demonstrating a positive approach is especially important for mining companies in the current socio-political environment in South Africa.

A robust mining industry can be a key contributor to economic growth and sustainable development through the long-term absorption of skilled and unskilled labour, its contribution to the fiscus through corporate taxes and mining royalties, and through its investment in regional infrastructure and community development. The communities around mines, which are often in remote and sparsely populated areas, benefit from the creation of direct and indirect jobs and through increased opportunities created by preferential procurement, supplier development and enterprise development initiatives. In a supportive regulatory regime, mine projects attract substantial foreign direct investment and local investment, and also generate significant foreign earnings.

INPUTS INTO OUR APPROACH TO SUSTAINABLE DEVELOPMENT

A range of inputs inform our approach to sustainable development, including Company policies, procedures and standards, the relevant interests of our stakeholders and our commitment to the corporate governance principles of King III. We continually review and refine our approach to align with relevant developments in legislation and regulations, industry good practice, reporting requirements and other guidelines. The most significant of these inputs are described below.



SUSTAINABILITY REVIEW continued

LEGISLATION

The Mining Charter, the dti Codes of Good Practice, NEMA and other relevant legislation

Our regulatory social and environmental responsibilities are largely defined in ARM's mining licences, the environmental authorisations that apply to our operations and the associated industry guidelines. We pay particular attention to the Mining Charter and the dti Codes of Good Practice, and commit to transformation in our business and our country.

Compliance with safety, health and environmental legislation, including the National Environmental Management Act (NEMA), the Mine Health and Safety Act, the Occupational Health and Safety Act and applicable regulations, is a priority.

INDUSTRY INITIATIVES

The ICMM

ARM is a member and an active participant at Council, Executive and Programme Committee level within the International Council on Mining and Metals (ICMM). ARM shares the ICMM's vision of a respected mining and metals industry widely recognised as essential for society and a key contributor to sustainable development. The Group's sustainable development initiatives align with the elements of the ICMM Sustainable Development Framework and its ten 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 driven by the Chamber of Mines shares leading practices and promotes their widespread adoption to help the industry meet the Tripartite health and safety targets and milestones.

GUIDELINES AND FRAMEWORKS

King III

The long-term benefits of good corporate governance support not only the sustainability of individual businesses, but also the sustainable development of broader society. ARM aligns its governance principles with the recommendations of the King Report on Corporate Governance for South Africa 2009 and the King Code of Governance Principles (collectively, King III).

The EITI

The Extractive Industries Transparency Initiative (EITI) is a global standard promoting transparency and the management of revenues from natural resources. As a member of the ICMM, ARM subscribes to the EITI.

The FTSE/JSE Responsible Investment Index

The FTSE/JSE Responsible Investment Index (formerly the JSE Socially Responsible Investment Index) promotes good corporate citizenship and sustainable development by benchmarking companies' environmental, social and governance disclosures across 14 themes. ARM was included in the FTSE/JSE Responsible Investment Top 30 Index during F2016.

The GRI

ARM's 2016 Sustainability Report was prepared in accordance with the GRI G4 guidelines (CORE), including the Mining and Metals Sector Disclosures. The Sustainability Report has been externally assured.

CDP and CDP Water

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 seventh time in 2016 and a CDP Water Report for the first time.

South Africa's National Development Plan 2030

The National Development Plan is an economic policy framework that aims to eliminate poverty and reduce inequality by 2030. The positive contribution responsible mining and beneficiation can make to sustainable development aligns with many of the focus areas highlighted in the NDP.

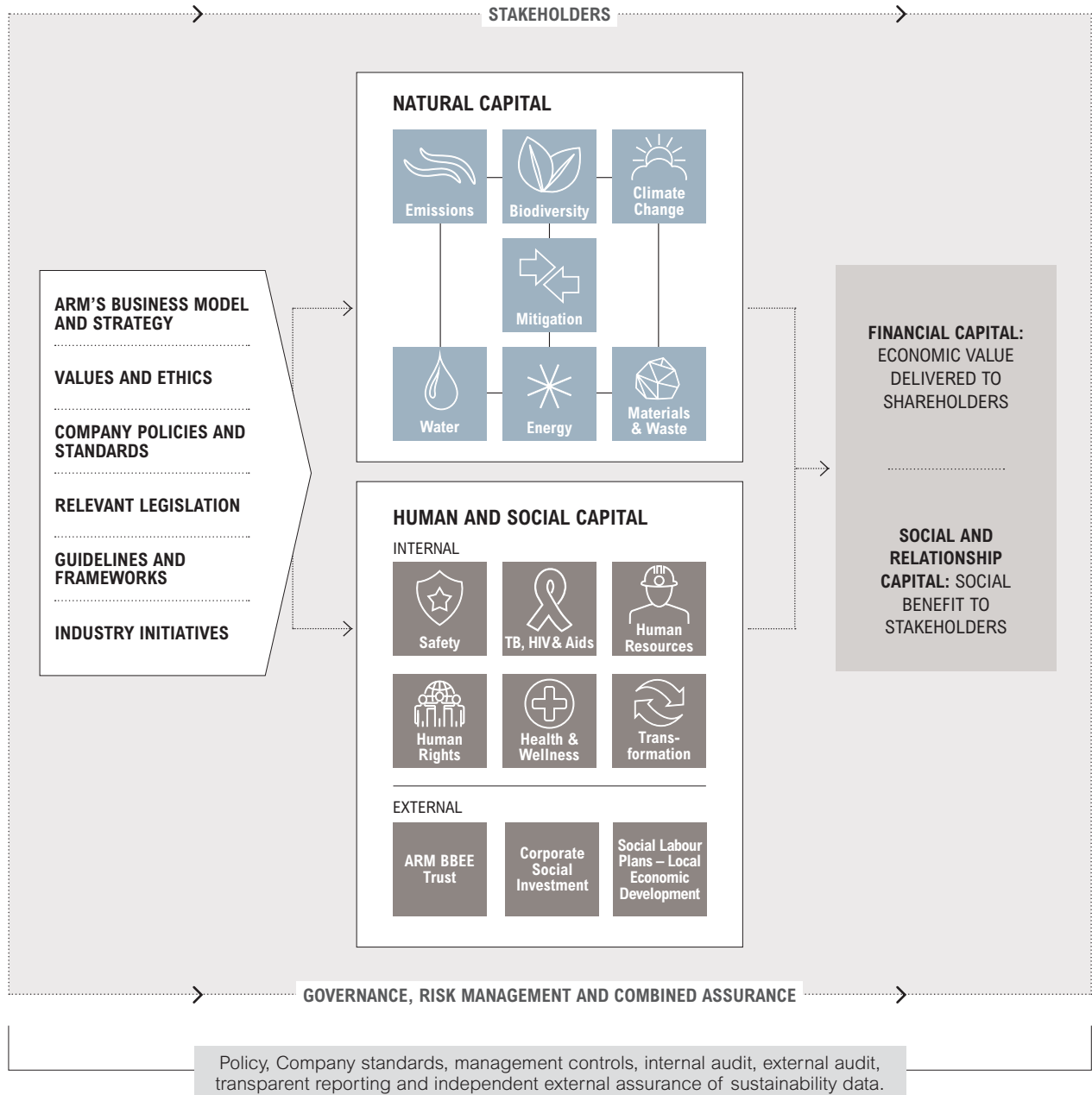
The UN Sustainable Development Goals

The 17 UN Sustainable Development Goals (SDGs) set a global aspiration to end poverty, fight inequality and injustice, and tackle climate change by 2030.

ARM'S SUSTAINABLE DEVELOPMENT MODEL

ARM's sustainable development model was developed from the ARM strategy to help us integrate sustainability into our business. It is a graphic representation reflecting the interrelatedness of economic, environmental and social considerations in generating economic value for shareholders and broad social benefit for all stakeholders.

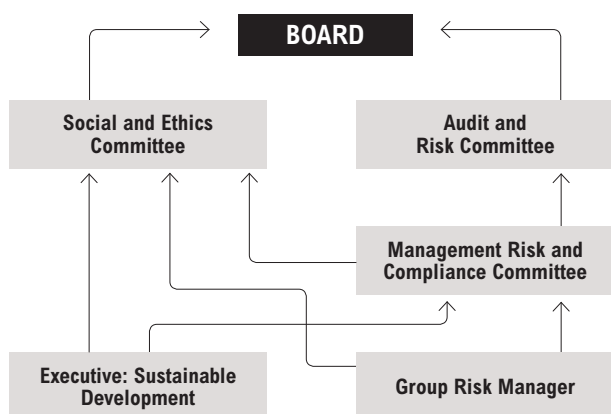
Our business operates within an enabling framework of good corporate governance and risk management that is supported by our combined assurance model. This framework helps to improve the integrity of the management, monitoring and reporting of our sustainable development data. It also supports continual improvement in our sustainability reporting and the deeper integration of sustainability into our risk management system and operational processes by identifying areas for improvement.



SUSTAINABILITY REVIEW continued

HOW WE MANAGE SUSTAINABILITY IN OUR BUSINESS

The ARM Board is ultimately accountable for sustainable development in the Company, although specific aspects of this responsibility have been delegated to the Social and Ethics Committee and the Audit and Risk Committee. The overarching strategic approach to sustainable development is set at corporate level, along with sustainable development policies and standards. Each operation adapts its approach for the specific sustainability matters that are most material to their specific circumstances.



Sustainability progress is monitored and reported through both operational and corporate sustainability governance structures.

The Executive: Sustainable Development operates with oversight from the Social and Ethics Committee and reports to the CEO of ARM. She is responsible for reviewing sustainability policies, strategies and targets and ensuring these align with the Board's commitment to zero tolerance to harm. Along with the Chief Executives of each division, the Executive: Sustainable Development carries responsibility for the implementation of sustainable development policies and procedures.

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

ARM's sustainability performance is measured against various KPIs and benchmarks which are regularly reviewed at operational and corporate level meetings. The Executive: Sustainable Development works closely with the Group Risk Manager to ensure sustainable development considerations are appropriately integrated into ARM's processes and progress is accurately reported to the Board.

SOCIAL AND ETHICS COMMITTEE

The Social and Ethics Committee is responsible for monitoring effective management of sustainable development. It is a sub-committee of the ARM Board and meets at least quarterly. The Committee's activities include reviewing policies, ensuring their implementation and monitoring the Company's Local Economic Development initiatives.

SUSTAINABILITY AND RISK MANAGEMENT

The Management Risk and Compliance Committee implements, coordinates and monitors the Company's Enterprise Risk Management (ERM) process, guided by Internal Control and the Enterprise Risk Management Policy in terms of the annual risk management plan. It assists the Audit and Risk Committee with oversight of risk management in the Company, reviewing the major strategic, tactical and operational risks facing the Company, which include sustainability risks.

ARM's ERM process identifies risks, challenges and opportunities, ensures efficient and effective controls, benchmarks control performance, and monitors and encourages improvement in control strategies.

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

Pages 166 and 167 of the Corporate Governance Report provide more information on the composition and activities of the Social and Ethics Committee and the Management Risk and Compliance Committee.



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COMBINED ASSURANCE

ARM's Combined Assurance Model enhances the integration and alignment of management assurance and provides clarity to its 'three lines of defence', defining what constitutes management assurance relative to these three lines of defence.

The model is discussed in detail in the Risk Report on pages 174 to 184 of the Corporate Governance Report.



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IBIS Environmental Social Governance Consulting South Africa (Pty) Ltd was contracted to provide high-level independent third party assurance over the content of the 2016 Sustainability Report. Their assurance statement is included in the Sustainability Report and includes comment on data collection in ARM.

SUSTAINABILITY REVIEW continued

HUMAN CAPITAL

ARM's human capital is integral to its mining and beneficiation processes to transform the natural capital of mineral and ore reserves into financial capital for the benefit of all stakeholders. Investments in human capital improve safety performance, skills and productivity, and thereby support the Company's strategic focus on operational and cost efficiencies.

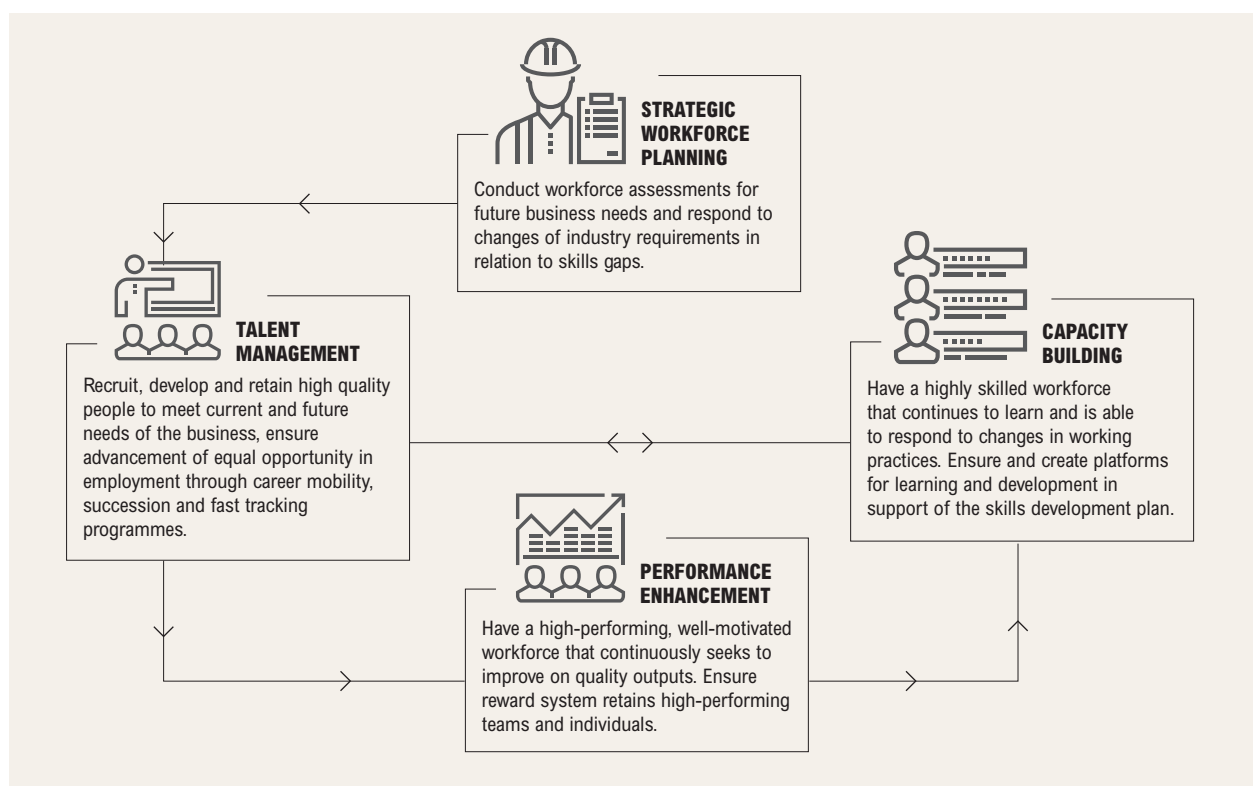
The South African mining industry faces a number of challenges in securing and managing the human capital available to it. These include implementing effective controls to support safety in challenging working conditions, managing occupational health and hygiene, demonstrating good labour practices and respect for human rights, and navigating a traditionally charged labour environment. There is increasing competition for a finite supply of skills and education levels are generally low, particularly among semi-skilled workers.

Our most material human capital matters

- > HUMAN RESOURCES MANAGEMENT
- > SAFETY
- > OCCUPATIONAL HEALTH AND WELLNESS
- > TB, HIV & AIDS

HUMAN RESOURCES MANAGEMENT

ARM's human resources strategy is driven by four pillars that underpin the focus of all human resources interventions.



The HR strategic pillars ensure ARM's HR practices are benchmarked against best practices, foster an entrepreneurial culture and leadership among employees, and position ARM as

an employer of choice. The various HR initiatives in place ensure compliance with relevant labour legislation, manage potential risks and promote a strong and mature relationship with unions.

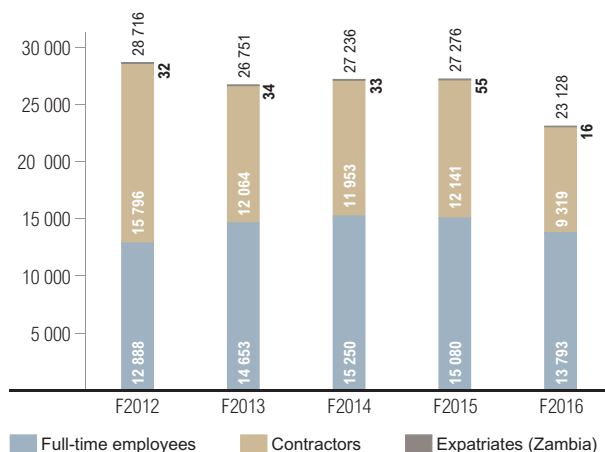
HOW WE MANAGE HUMAN CAPITAL

The Group Executive: Human Resources (HR) is the senior executive responsible for the delivery of the four human resources strategic pillars. 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. The HR function is represented at operational, divisional and corporate level.

The functions headed by the Group Executive: HR and the Group Executive: Compliance and Stakeholder Relations are integrated to identify synergies and ensure that ARM positively impacts the lives of people in our communities through delivery on Social and Labour Plans and community projects.

As a result of the current economic challenges facing the mining industry, voluntary separation packages were offered and Section 189a processes initiated at Nkomati, Black Rock, Khumani and Modikwa mines, and at Cato Ridge Works. Full-time employees consequently decreased by 8.5% to 13 793 at year-end. Similarly, contractors were reduced by 23.2% to 9 319 through cost efficiency initiatives such as in-sourcing of services where possible and not renewing contracts where appropriate.

TOTAL LABOUR AS AT 30 JUNE 2016



Note: These headcount figures include the South African Ferrous and Platinum operations as well as Lubambe Mine in Zambia.



Monitoring of crushing operations at Khumani Mine

SUSTAINABILITY REVIEW continued

HUMAN RESOURCES MANAGEMENT HIGHLIGHTS AND CHALLENGES

The ongoing challenges posed by the low commodity price environment have forced an intense focus across the mining industry on cutting costs and increasing labour productivity to safeguard financial sustainability and the majority of jobs.

Performance against the ARM Corporate Employment Equity (EE) plan is continuously monitored and formally evaluated on a quarterly basis to facilitate discussions and promote focused decision making. The EE strategy promotes diversity business cases in relation to racial demographics, gender and people living with disability. Representation of historically disadvantaged South Africans (HDSA) increased at senior management level (from 44% to 49%), the professionally qualified level (54% to 57%) and the technically qualified level (67% to 68%). These increases reflect a positive outlook in relation to future succession planning as the feeder to senior and top management. Overall, EE in management increased to 53% (F2015: 51%).

The representation of female employees or women in core mining positions as well as women with critical and scarce skills, was negatively affected by the Section 189 process, and was reduced to 11% (F2015: 15%). This still exceeds the Mining Charter target of 10%.

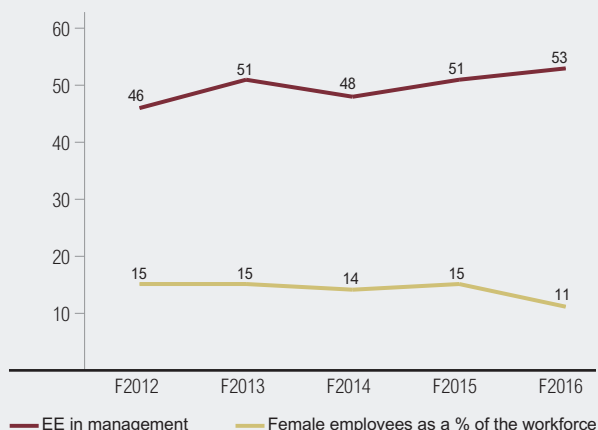
Securing suitable housing around our remote operations was identified as a challenge previously and has led to our housing strategy, which promotes home ownership.

Encouraging women to start their career in mining remains a challenge.

Through ARM's diversity programme, the number of persons with disability has increased to 78 people, 25 of whom are women. ARM continues to investigate practical ways of increasing the number of people living with disabilities employed at its operations.

There was a legal strike at Nkomati Mine during the year, and unprotected strikes at Modikwa and Lubambe mines. Approximately 3 024 man days were lost to industrial action during the year (F2015: Nil).

REPRESENTATION (%)



ARM's top five candidates from the Rising Stars programme represented the Company at the national Rising Stars event where four candidates made it to the semi-finals and Cornelius Ollewagen from Black Rock Mine made it to the top five in the Mining and Minerals category.

In May 2016, the first intake of 35 candidates graduated from ARM's future leaders development programme, which is run in partnership with Wits Business School.

The ARM talent management system was launched early in F2016 and, together with the talent portal and the employment equity system, ensures alignment between talent, succession plans and career development plans to monitor and track talent across the Company.

ARM participated in the Global Top Employer Certification programme, ranking its employee standards against international benchmarks. ARM was among 78 South African companies which were awarded Top Employer certification.

ATTRACTION, RETENTION AND DEVELOPMENT OF SKILLS

ARM aims to retain talent by ensuring that its employee value proposition (EVP) remains compelling and through its creative, innovative and entrepreneurial culture. The EVP includes career development opportunities, competitive remuneration, study assistance and performance management. Industry benchmarking shows that ARM well exceeds industry-related minimum wages aligned with our employer of choice strategy.

Employee turnover, a measure of skills retention in the Group, increased to 15.0% (F2015: 11.5%) due to the voluntary severance packages and Section 189a processes run at various operations during the year.

ARM's skills needs are addressed through internal skills development programmes and supplemented by external recruiting where necessary. This process is managed through our workforce planning initiatives, which identify future skills needs and flag potential gaps. Skills development programmes include training courses, learnerships, internal and external bursaries and study assistance.

ARM's investment in skills development in F2016 decreased to R183 million (F2015: R232 million), which represents 6.9% of total payroll, exceeding the current Mining Charter target of 5%.

HOUSING

ARM's housing strategy and policy aim to promote the ownership of affordable housing by employees at our operations to ensure that every employee has decent accommodation in line with the Mining Charter and the Housing and Living Conditions Standards for the Minerals Industry. It also conforms to the numerous pieces of municipal and spatial planning legislation. Some operations have compiled housing strategies that identify and prioritise sustainable towns of choice in support of the life of mine.

Since 2009, ARM has completed the following housing initiatives:

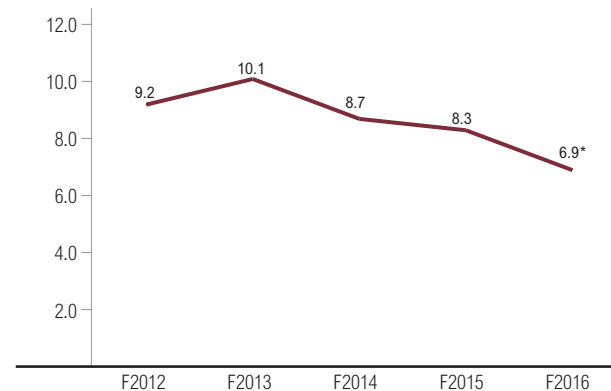
- > Converted all hostels into single accommodation, family units or alternative uses;
- > Constructed 1 503 houses/home ownership units in the municipal areas of Kathu, Kuruman and Postmasburg; of which 1 123 units have been sold to employees and 350 units are available to purchase or rent by employees; and
- > In addition to the 1 503 houses constructed, a further 548 fully serviced residential stands are available for future construction of houses for employees in the towns of Kathu, Kuruman and Postmasburg.

EMPLOYEE TURNOVER* (%)



* Excludes contractors.

TRAINING SPEND AS A PERCENTAGE OF PAYROLL (%)



* Training spend was impacted by staff reductions as well as the limiting and exclusion of certain mandatory training costs from payroll spend in terms of the new dti Codes. In addition, the total payroll cost was inflated as a result of the cost of voluntary separation packages and the section 189 process, further reducing training spend as a percentage of payroll.

HUMAN RESOURCES MANAGEMENT FOCUS FOR F2017

1

OUR AIM FOR THE COMING YEAR IS TO ENSURE THAT THE FOUR PILLARS ARE INTEGRATED TO THE TRANSFORMATIONAL GOALS AND ALIGNED TO THE SOUTH AFRICAN BOARD OF PEOPLE PRACTICES AS WELL AS THE BUSINESS SUCCESS MODEL. THIS WILL ENSURE CONTINUOUS IMPROVEMENT AND SERVICE DELIVERY OF PEOPLE BEST PRACTICE THROUGH SYSTEM MATURITY AND BUSINESS INTELLIGENCE TO DRIVE EFFECTIVE BUSINESS DECISIONS.

SUSTAINABILITY REVIEW continued

SAFETY

ARM is committed to zero harm to our employees. Group and operational safety policies and processes at our mining operations align with the guidelines and targets set in the Mine Health and Safety Act and the Mining Charter and with the Occupational Health and Safety Act and its regulations at our smelters. Our approach to safety effectively meets the Tripartite Health and Safety Targets and Milestones as appropriate. Collaborative safety initiatives with our peers ensure that learnings are shared from industry good practice and these are benchmarked 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 is the responsibility of every individual employee in the Company. The divisional Chief Executives and appointed managers

are tasked with implementing systems and applying appropriate resources to manage compliance internally to ensure the safety and health of all our employees and contractors. Operational safety policies and strategies are set by Safety, Health and Environmental Managers at the divisions, who also monitor safety performance, which is 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. All operations except for Modikwa, Black Rock and Lubambe mines are certified in terms of OHSAS 18001. Black Rock Mine's OHSAS certification was planned for February 2016 but was postponed to November 2016 due to a review of the entire safety management system. Safety performance is included in performance targets set for senior operational, divisional and corporate staff.

SAFETY HIGHLIGHTS AND CHALLENGES

Zero fatalities.

The LTIFR for the ARM Platinum Division, the ARM Ferrous Division and ARM Group all improved on last year.

The LTIFR for ARM was 0.32, the lowest in the Company's history.

The ARM Ferrous Division also achieved its lowest ever LTIFR at 0.22.

Two Rivers Platinum Mine achieved OHSAS 18001 certification.

- > Excellent safety milestones achieved: Nkomati Mine: 5 million fatality-free shifts; Black Rock Mine: 4 million fatality-free shifts; Lubambe, Two Rivers Platinum, Beeshoek and Dwarsrivier mines: 3 million fatality-free shifts each; and Modikwa Mine and Cato Ridge Works each completed 2 million fatality-free shifts.
- > Beeshoek Mine also completed 14 000 fatality-free production shifts on 22 December 2015, an achievement over 13 years.

An internal review of emergency preparedness was completed and the findings will be incorporated into a standard of good practice for the Group.

Ensuring continued focus on safety remains a high priority.



Drilling in the Nkomati Mine open pit

SAFETY FOCUS FOR F2016

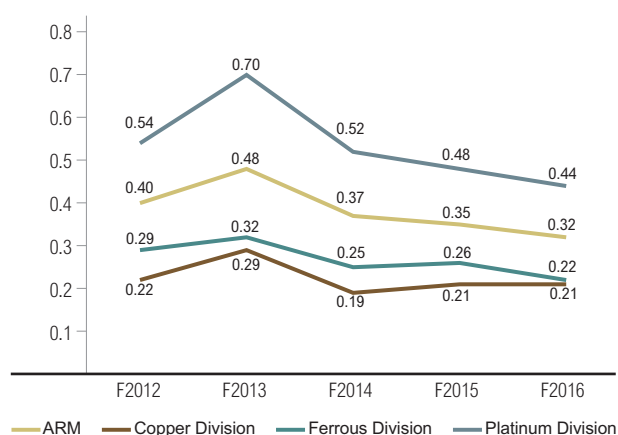
1

ZERO HARM TO
OUR EMPLOYEES.

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

ARM Group LTIFR improved to 0.32 in F2016 (F2015: 0.35), the best performance reported to date. The Platinum Division's LTIFR improved to 0.44 (F2015: 0.48) and the Ferrous Division to 0.22 (F2015: 0.26). The LTIFR for the Copper Division remained at 0.21.

LOST TIME INJURY FREQUENCY RATE (LTIFR)



	F2016				F2015			
	Ferrous	Platinum	Copper	ARM	Ferrous	Platinum	Copper	ARM
Lost Time Injuries	25	56	5	86	32	65	6	103
LTIFR	0.22	0.44	0.21	0.32	0.26	0.48	0.21	0.35
Reportable injuries	21	36	3	60	27	46	5	78
RIFR ¹	0.18	0.28	0.13	0.20	0.19	0.34	0.17	0.27
FFR ²	0.00	0.00	0.00	0.00	0.02	0.00	0.00	0.01

¹ RIFR: Reportable Injury Frequency Rate.

² FFR: Fatality Frequency Rate.

Operation	Total fatality-free shifts worked (million)	Date of last fatality
Beeshoek Mine	3.2	March 2003
Black Rock Mine	4.7	April 2009
Dwarsrivier Mine	3.4	January 2009
Khumani Mine	0.8	April 2015
Cato Ridge Works	2.0	February 2008
Machadodorp Works	1.0	February 2011
Lubambe Mine	3.3	July 2010
Modikwa Mine	2.7	June 2014
Two Rivers Mine	3.2	January 2012
Nkomati Mine	5.2	September 2008

More information about the safety performance and milestones achieved by each operation is available in ARM's 2016 Sustainability Report at www.arm.co.za



SUSTAINABILITY REVIEW continued

SAFETY FOCUS FOR F2016

2

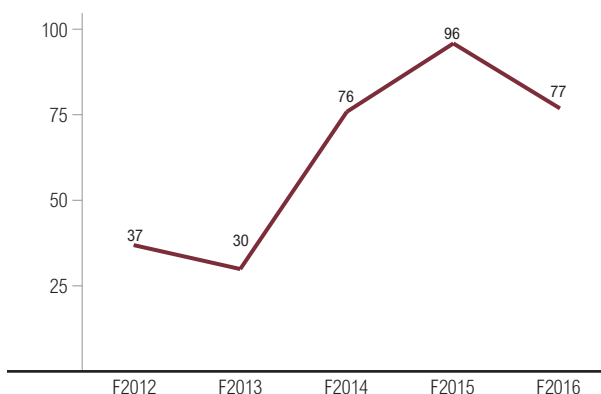
REDUCE STOPPAGES DUE TO SECTION 54 AND SECTION 55 NOTICES*.

While the total number of Section 54 Notices issued to operations increased to 33 in F2016 (F2015: 29), total shifts lost to stoppages from Section 54 Notices decreased to 77 from 96 in F2015. It is encouraging to note that the Section 54 Notices which were issued, often pertained only to a specific section and did not affect the entire mine. This improvement is attributable to increased discipline at operations and close cooperation with the Department of Mineral Resources. There were three Section 55 Notices issued to operations (F2015: three), not resulting in any stoppages.

Modikwa Mine again received the most Section 54 Notices issued (16) and shifts lost (35), but both metrics showed marked improvements on F2015 and the mine's LTIFR improved to 0.64 from 0.72. The Modikwa safety improvement strategy implemented last year is delivering steady results as a result of improved discipline and compliance.

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

SHIFTS LOST TO SECTION 54 NOTICES



	F2016			F2015		
	Ferrous	Platinum	ARM	Ferrous	Platinum	ARM
Section 54 Notices	6	27	33	6	23	29
Shifts lost to Section 54 Notices	11	66	77	23	73	96
Section 55 Notices	1	2	3	2	1	3

3 CONTINUED FOCUS AND MONITORING OF EXISTING LEADING PRACTICES. ACTIVE PARTICIPATION IN NEW INITIATIVES AND LEADING PRACTICES.

ARM participates in initiatives such as the Chamber of Mines MOSH Programme on an ongoing basis, to adapt and share leading practices.

SAFETY FOCUS FOR F2017

1 ZERO HARM TO OUR EMPLOYEES.

2 REDUCE STOPPAGES DUE TO SECTION 54 AND SECTION 55 NOTICES.

3 CONTINUED FOCUS ON MONITORING AND IMPLEMENTATION OF EXISTING LEADING PRACTICES. ACTIVE PARTICIPATION IN NEW INITIATIVES AND LEADING PRACTICES.

4 CONTINUED ALIGNMENT WITH THE 2014 OCCUPATIONAL SAFETY MILESTONES.

OCCUPATIONAL HEALTH AND WELLNESS

Supporting the health and wellness of our workforce is not only a moral obligation as a responsible employer, it builds human capital through a healthier and more motivated workforce that is better able to assist ARM in meeting its strategic goals.

Hearing conservation is a primary focus of our occupational health and wellness programme. TB, HIV & Aids are significant concerns for the mining industry and the country as a whole. ARM's approach to managing and treating these diseases is discussed in a separate section that follows.

Illnesses most commonly diagnosed in our workforce (including chronic and primary health-related conditions) are hypertension, upper respiratory tract infection (URTI) and back/muscular/skeletal ache.

Where hazardous substances are present, exposure is managed through occupational hygiene and personal monitoring, awareness campaigns, personal protective equipment and formalised safe operating procedures to limit exposure. 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.

Lubambe Copper Mine is located in the Zambian Copper Belt where malaria is endemic and poses a significant health risk.

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

Site clinics at the operations in the Ferrous and Platinum divisions offer occupational and primary healthcare services to employees and contractors, while Lubambe Mine constructed the community clinic and donated it to local government. Chronic disease registers are maintained and chronic diseases are closely monitored, particularly where employees work in high-risk areas. Malaria controls implemented at Lubambe Copper Mine include residual indoor spraying of houses in nearby villages and buildings on site and treatment of stagnant water ponds surrounding the mine.

ARM's occupational health surveillance and management programmes align with SANS 16001 (the South African National Standard on disease and wellness management). Khumani and Beeshoek mines are SANS 16001:2013 certified and Black Rock Mine is in the process of becoming certified.

Audits of operational occupational health facilities at the Ferrous and Platinum divisions are conducted every year to assess compliance with ARM's internal standards and the SANS 16001 standard.

Regular awareness campaigns and wellness days, which include health assessments, aim to keep our employees informed about their health status, as well as taking responsibility to manage their own health and wellness. Employees and contractors undergo medical examinations, including biological monitoring as part of ARM's medical surveillance programme.

SUSTAINABILITY REVIEW continued

OCCUPATIONAL HEALTH AND WELLNESS HIGHLIGHTS AND CHALLENGES

Black Rock Mine revised its Memorandum of Understanding with the Northern Cape Department of Health to include provision of primary health care services to the Black Rock community.

Baseline health risk assessments for Beeshoek, Khumani and Black Rock mines were performed, reviewed and standardised.

Attracting and retaining qualified occupational medical staff to remote operations remains an ongoing challenge.

OCCUPATIONAL HEALTH AND WELLNESS FOCUS FOR F2016

1

IMPLEMENT MANDATORY RISK BASED FATIGUE MANAGEMENT CODES OF PRACTICE (COPs) AT ALL OPERATIONS AS REQUIRED BY THE DMR.

Risk-based Fatigue Management COPs were implemented at all operations. In addition, operational codes of practice are being updated and implemented to align with the new mandatory codes gazetted relating to occupational hygiene and medical surveillance, management of medical incapacity due to ill health and injury and fitness to perform work on a mine.



Maintenance work at Nkomati Mine

2

ENSURE REGULAR UPDATES TO NOISE LEVEL INVENTORIES FOR ALL MACHINERY AT MINING OPERATIONS TO ENSURE THAT NOISE LEVELS ARE BELOW 107 dB*.

* 107 dB was the milestone agreed during the 2014 Tripartite process. Industry to achieve full implementation of the milestones by 2024.

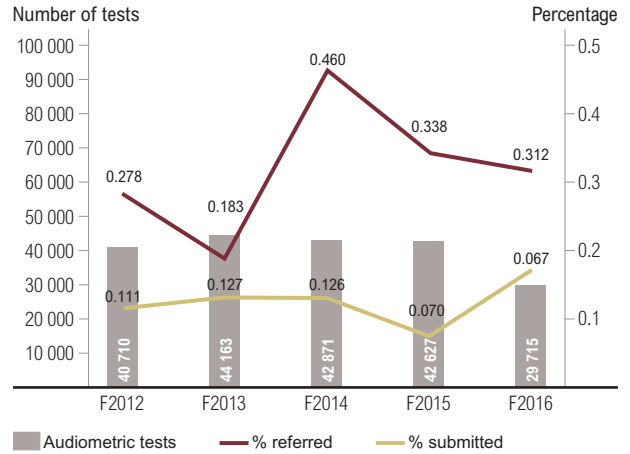
Machinery at ARM's mining operations emit sound levels below DMR's specified 107 dB(A) maximum. Ongoing programmes are in place to improve compliance with the use of Personal Protective Equipment (PPE) and the MOSH Leading Practices on Noise.

In F2016, 29 715 audiometric tests were conducted in the Ferrous and Platinum divisions (F2015: 42 627). In cases where test results show Percentage Loss of Hearing (PLH) shifts of greater than 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.

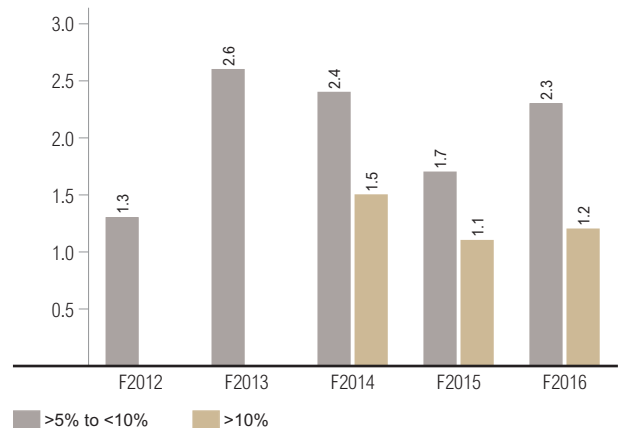
Ninety-three of the employees tested were referred to audiologists for further investigation (F2015: 144). Twenty employees were submitted for compensation in F2016 (F2015: 30) and 15 were accepted (F2015: 12).

The percentage of employees tested showing PLH shifts of between 5% and 10% increased to 2.3% (F2015: 1.7%) and those showing PLH >10% rose slightly to 1.3% (F2015: 1.1%).

AUDIOMETRIC TESTS (% referred for specialist opinion and submitted for compensation)



PERCENTAGE LOSS OF HEARING SHIFTS (%)



Full details of divisional and operational performance are available in the 2016 Sustainability Report at www.arm.co.za.



3

ENSURING COMPLIANCE WITH THE DMR REVISED MILESTONES.

OCCUPATIONAL HEALTH AND WELLNESS FOCUS FOR F2017

1

CONTINUED FOCUS ON REACHING THE 2014 OCCUPATIONAL HEALTH AND SAFETY MILESTONES, WHICH INCLUDE ELIMINATION OF OCCUPATIONAL LUNG DISEASE AND NOISE INDUCED HEARING LOSS.

2

CONTINUED RISK-BASED MONITORING AND TREATMENT OF CHRONIC CONDITIONS.

SUSTAINABILITY REVIEW continued

TB, HIV & AIDS

Pulmonary tuberculosis (TB), HIV & Aids have a significant impact on those infected, their families and the communities in which they live. ARM's occupational health and wellness programme aims to provide support to infected employees, while limiting the spread of TB, HIV & Aids both in our workforce and in our labour sending areas.

HIV prevalence varies in the districts in which our operations are located, with prevalence rates ranging from 14% in the Siyanda district in the Northern Cape to 40.8% in the Gert Sibande district in Mpumalanga. Prevalence rates at our operations are, however, estimated to be significantly lower than the district and provincial prevalence.

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.



IAR

HOW WE MANAGE TB, HIV & AIDS

ARM's occupational health and wellness programme aligns with the National Strategic Plan (NSP) of 2012 – 2016 and the requirements of the Mining Charter, focusing on integrated management of TB, HIV & Aids and Sexually Transmitted Infections (STIs). The primary healthcare services offered by the clinics at our operations include on-site counselling and testing for TB and HIV.

All employees who visit the site clinics for initial, periodical and exit medicals are offered HIV counselling and can also request counselling at any time. HIV testing remains voluntary, in line with our Counselling and Voluntary Testing (CVT) approach.

ARM's TB management programme includes workplace investigations and compulsory TB screening for those in contact with TB infected employees at the workplace. These interventions are reported according to a standard TB reporting tool and align with the updated requirements of the DMR, the Department of Health and the National Strategic Plan 2012 – 2016. They also apply the broader requirements for monitoring TB, multi-drug resistant TB (MDR TB) and extreme drug resistant TB (XDR TB).

A range of ongoing TB, HIV & Aids awareness raising initiatives are in place at all operations, which include wellness days with voluntary testing and the observation of World Aids Day on 1 December.

Khumani, Beeshoek and Black Rock mines partner with the Department of Health in the Northern Cape to improve access to treatment for HIV, TB and STIs and Beeshoek Mine's wellness centre has been approved to dispense HIV & Aids, STI and TB treatment. Various operations are involved in HIV & Aids related community outreach and awareness programmes.

TB, HIV & AIDS HIGHLIGHTS AND CHALLENGES

A slight improvement of the overall HIV & Aids internal compliance score at operations to 84.3% from 83% in F2015, exceeding our revised target of 80%.

A change of the occupational healthcare service provider at Two Rivers and Dwarsrivier mines impacted the ability of the clinics on these mines to dispense TB, HIV and STI medication supplied by the Department of Health (DOH). Presentations were made to the Limpopo DOH and services will be re-established before year end.

The revised monitoring tool presented by the Mines Health and Safety Council for accurate reporting of TB related statistics was implemented by the South African mining operations.

Certain community initiatives pose challenges in 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.

The labour reductions at some operations has affected the effectiveness of the Wellness Committees and Peer Educators and focus will be placed on getting those back to full effectiveness going forward.

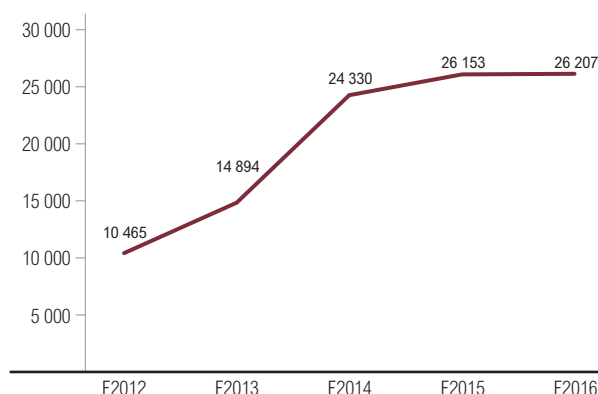
TB, HIV & AIDS FOCUS FOR F2016

1

CONTINUE PASSIVE TB SCREENING AND OFFERING HIV COUNSELLING AND VOLUNTARY TESTING TO ALL EMPLOYEES VISITING OUR CLINICS.

The number of employees and contractors counselled for HIV & Aids stayed steady at 26 207 (F2015: 26 153) despite the average workforce decreasing by 7%. 9 235 employees and contractors were tested (F2015: 8 331).

EMPLOYEES AND CONTRACTORS COUNSELLED



	F2016			F2015		
	Ferrous	Platinum	ARM	Ferrous	Platinum	ARM
Employees and contractors:						
– Counsellor	9 860	16 347	26 207	10 184	15 969	26 153
– Tested	1 662	7 573	9 235	2 454	5 877	8 331
– On Disease Management Programmes	2 010	815	2 825	983	NR*	NR*
– Receiving Anti-Retrovirals (ARVs)	1 940	1 644	3 584	1 203	NR*	NR*

* NR refers to figures not reported. There was a change in the medical aid schemes at Modikwa Mine, which resulted in health statistics not being fully reported during F2015. The reporting system has since been fully aligned.

2

REINFORCE OUR TB-RELATED COMMUNITY OUTREACH PROJECTS TO FOCUS ON EARLY DETECTION AND TREATMENT OF TB FOR COMMUNITIES AROUND OUR OPERATIONS.

ARM's TB, HIV & Aids programme includes various awareness and testing campaigns in communities around the mines and operations. We also engage with local Aids councils to ensure that community projects address the most pressing wellness and health needs.

Ongoing projects supported include:

BLACK ROCK MINE

Tshela Bophelo community wellness centre in Maruping Village (JTG district). The mine also supports and assists local community home-based care groups to render quality services to the village and the surrounding areas.

DWARSRIEVER MINE

Ngwaabe community home-based care group in the Sekhukhune district: Construction of the home-based care centre has been completed.

TWO RIVERS MINE

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

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.

SUSTAINABILITY REVIEW continued

2

REINFORCE OUR TB-RELATED COMMUNITY OUTREACH PROJECTS TO FOCUS ON EARLY DETECTION AND TREATMENT OF TB FOR COMMUNITIES AROUND OUR OPERATIONS (continued).

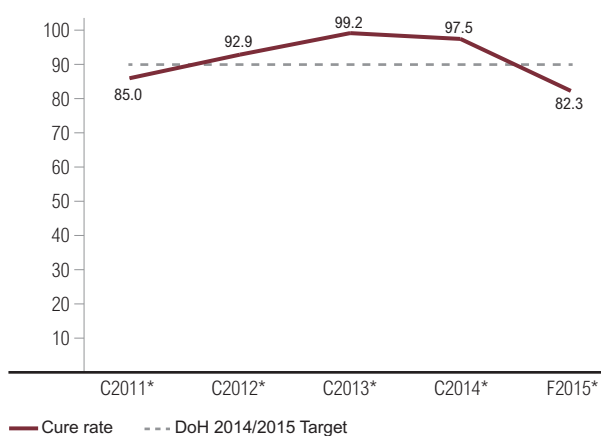
During F2016, Beeshoek Mine, in partnership with the Northern Cape Department of Health organised a TB screening campaign at ZF Mgcawu district in the Postmasburg area, at which close to one thousand people were screened and some put on treatment.

In the twelve months to December 2015, 45 243 TB screening tests were performed on employees and contractors (C2014: 102 656) and 102 new cases were detected (C2014: 121). Eighty four of these cases were cured, which equates to an 82.3% cure rate, which is below the Department of Health's 2014/2015 target of 90%. Many of the new TB cases identified at our operations did not finish their treatment regime at ARM sites, but transferred to other treatment facilities. Since these cases were no longer recorded on our systems, the reported cure rate dropped.

Five cases of multi-drug resistant (MDR) TB were detected during the year (C2014: 6). Each of these cases had health investigations

performed in terms of Section 11(2) of the Mine Health and Safety Act and the results were submitted to the DMR. 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.

	Jan to Dec 2015			Jan to Dec 2014		
	Ferrous	Platinum	ARM	Ferrous	Platinum	ARM
Pulmonary TB						
Employees and contractors:						
– Screened	23 957	21 286	45 243	56 908	45 748	102 656
– New cases	39	63	102	41	80	121
– Cured	35	49	84	41	77	118
– MDR/XDR*	3	2	5	5	1	6

* Multi-Drug Resistant/Extreme Drug Resistant TB.

Full details of divisional and operational performance are available in ARM's 2016 Sustainability Report at www.arm.co.za.



TB, HIV & AIDS FOCUS FOR F2017

1

ALIGNMENT WITH AND IMPLEMENTATION OF THE NEW NATIONAL STRATEGIC PLAN (NSP 2017 – 2021) TO ENSURE REDUCTION AND PREVENTION OF TB, HIV & AIDS INFECTIONS AND OFFERING ALL EMPLOYEES COUNSELLING AND VOLUNTARY TESTING (CVT) AND LINKING ALL ELIGIBLE EMPLOYEES TO AN ANTI-RETROVIRAL (ART) DRUG PROGRAM.

2

CONTINUE PASSIVE TB SCREENING AND OFFERING HIV COUNSELLING AND VOLUNTARY TESTING TO ALL EMPLOYEES VISITING OUR CLINICS.

3

REINFORCE OUR TB-RELATED COMMUNITY OUTREACH PROJECTS TO FOCUS ON EARLY DETECTION AND TREATMENT OF TB FOR COMMUNITIES AROUND OUR OPERATIONS.

SUSTAINABILITY REVIEW continued

SOCIAL AND RELATIONSHIP CAPITAL

Building social and relationship capital is inextricably linked to the trust built through demonstrating ethical values such as responsibility, accountability and fairness.

Careless or irresponsible actions erode trust with critical stakeholders such as government and communities, as well as with broader society. Over time, an organisation that neglects its social and relationship capital risks losing its social licence to operate.

Our most material social and relationship matters

- > STAKEHOLDER ENGAGEMENT (DISCUSSED ON PAGES 32 TO 33)
- > TRANSFORMATION
- > CORPORATE SOCIAL RESPONSIBILITY

ARM's actions are guided by its commitment to its values. These include a commitment to working responsibly, engaging respectfully with stakeholders and improving the living conditions of the communities in which we operate.

TRANSFORMATION

ARM supports the principle of transformation and views performance against the categories of the Broad-Based Socio-Economic Charter of the dti and the Mining Charter as an effective way to redress historical inequality, facilitate broader social development and to give all South Africans a stake in the country's mineral wealth.

The Company's approach to transformation is monitored and reviewed by the Social and Ethics Committee while the Employment Equity and Skills Development Committee is responsible for transformation in the workforce. Commitments made in our Social and Labour Plans are achieved through transformation action plans.

TRANSFORMATION HIGHLIGHTS AND CHALLENGES

All of our mines exceeded the Mining Charter preferential procurement targets of 40% capital 50% consumables 70% services.

Achieving employment equity targets in the professionally qualified employees and senior management categories remains a challenge. The human resources strategy supports improvements in employment equity at senior levels through a combination of succession planning, graduate development and by ensuring that open positions are offered to equity candidates whenever possible.

The Draft Mining Charter Review has been released, but has not yet been gazetted, so the existing (2014) targets remain applicable until formally revised by the DMR.

The targets set by the Revised dti B-BBEE Codes introduced in May 2015 are considerably more stringent and ARM's performance declined from Level 4 to Level 8 under the new Codes. We continue to investigate a range of initiatives to improve our performance, over a reasonable period. However, significant improvement in the short term will be a challenge in some elements.

Ensuring that suppliers have valid and current B-BBEE certificates is an ongoing focus in maintaining our preferential procurement score under the dti Codes of Good Practice.

TRANSFORMATION FOCUS FOR F2016

1

COMPLIANCE IN TERMS OF DMR COMMITMENTS AS OUTLINED IN THE MINING CHARTER.

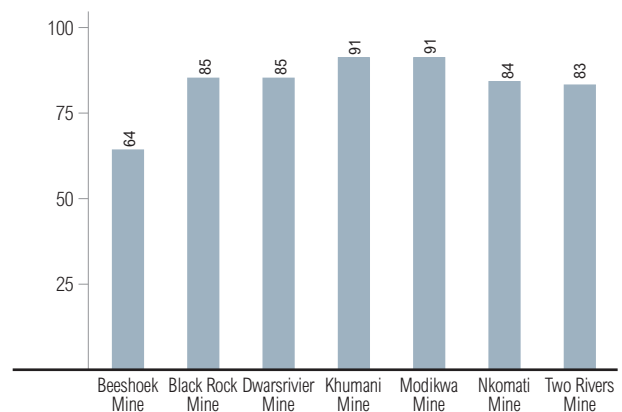
ARM's mining operations submitted Mining Charter reports (on performance against the Mining Charter targets for the period 1 January – 31 December 2015) to the DMR in April 2016.

While all of our mines reported improved scores in most elements of the Mining Charter scorecard, the DMR's web-based tool which automatically scores each submission in terms of overall performance percentage was not available at the time of submission. We can therefore, unfortunately not report an overall performance percentage as in the previous year.

We are confident that the action plans that we have put in place subsequent to the previous scoring, have yielded positive results, both in specific elements and overall performance against Mining Charter targets.

All of our mines exceeded the Mining Charter preferential procurement targets of 40% capital, 50% consumables and 70% services for the 12 months to 31 December 2015.

MINING CHARTER PERFORMANCE (1 January – 31 December 2014)
(%)



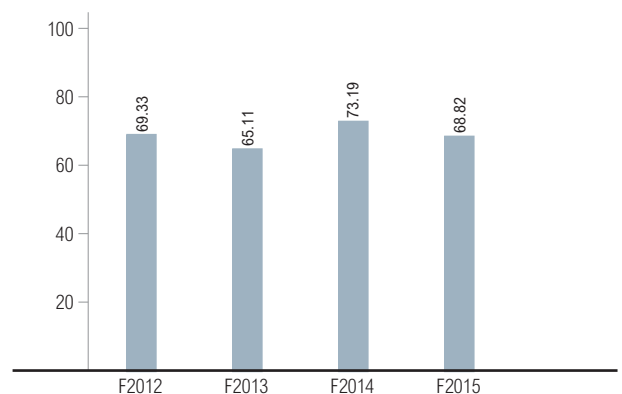
2

ALIGNING COMPLIANCE EFFORTS WITH THE NEW dti CODES.

While ARM's dti B-BBEE score decreased slightly to 68.82% in F2015 (F2014: 73.19%), the requirements of the Revised dti Codes led to the Company falling from Level 4 in F2014 to Level 7. This was further discounted to Level 8 due to the sub-minimum scores not being met for enterprise development and supplier development under the Revised Codes.

A B-BBEE scorecard audit and assessment was performed by the external verification agent and roadshows at the operations presented the audit result feedback and the interventions necessary to align with the Revised Codes and improve the overall level achieved. Workshops were held with operations to assess progress made in addressing non-compliant areas of the scorecard.

OVERALL dti B-BBEE SCORE
(%)



SUSTAINABILITY REVIEW continued

TRANSFORMATION FOCUS FOR F2017

1

ALIGNING OUR COMPLIANCE EFFORTS WITH THE REQUIREMENTS OF THE REVISED MINING CHARTER WHEN FINALISED AND GAZETTED.

2

CONTINUE ALIGNING OF OUR COMPLIANCE EFFORTS WITH THE NEW dti CODES THROUGH ALREADY ESTABLISHED ACTION PLANS.

3

EDUCATING RELEVANT STAFF AND DEVELOPING INTERNAL PROCESSES TO MONITOR AND REPORT IN TERMS OF THE TARGETS OF THE REVISED MINING CHARTER SCORECARD.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

ARM supports the development of the communities in which we operate through social investment and Local Economic Development projects. Our projects focus on building 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 monitors the implementation of the Group's CSR strategy. Corporate CSR executives coordinate the various initiatives centrally and report to the divisional chief executives.

Projects at the operations support local communities 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 their host communities.

At the corporate level, CSR initiatives include the ARM Chairman's Fund, the ARM Community Investment Trust, the Educational Trust and the ARM BBEE Trust (upliftment Trusts).

CSR HIGHLIGHTS AND 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:

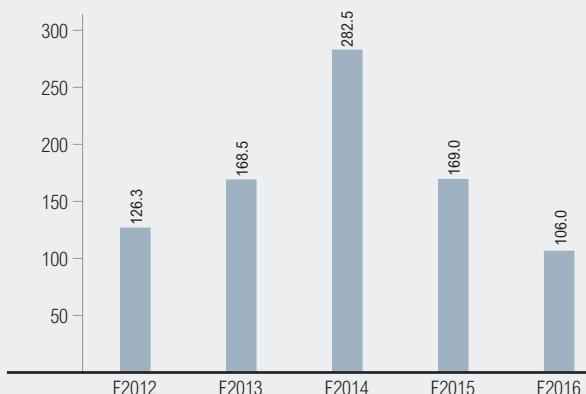
- > Successfully coordinating the many parties involved in implementation of community projects and getting all stakeholders to agree, which often delays implementation;
- > Identifying the right community representatives and ensuring that they actively engage the community they represent;
- > Ensuring that completed projects are sustainable; and
- > Creating achievable plans and strategies on supplier development initiatives.

Community unrest negatively impacted on delivery (and hence expenditure) of some CSR projects.

Political pressure on which projects to invest in, influenced by community unrest relating to service delivery.

A highlight for the year was the restructuring of the ARM BBEE Trust to achieve a more permanent and sustainable funding solution for the trust.

CORPORATE SOCIAL RESPONSIBILITY SPEND (R million)



CSR HIGHLIGHTS AND CHALLENGES (continued)

ARM's investment in CSR decreased by 37.4% to R106 million (F2015: R169 million).

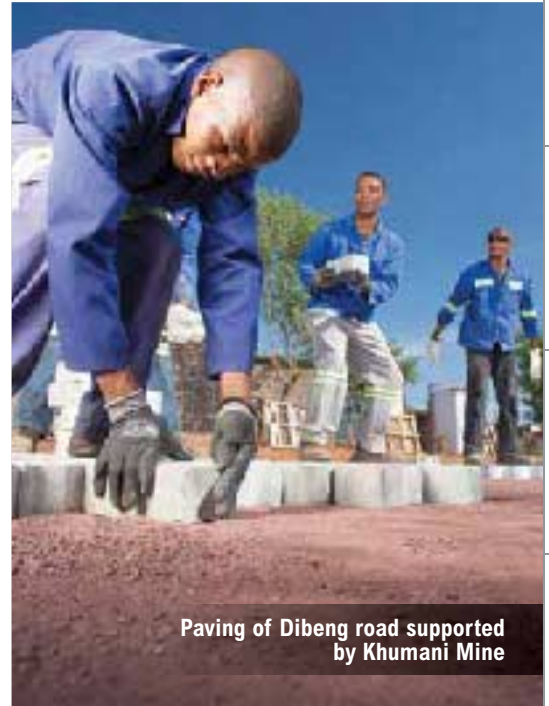
ARM's CSR initiatives created 1 443 jobs in F2016 (F2015: 1 593). 1 226 jobs were created through LED projects (F2015: 1 315) and 217 through CSI projects (F2015: 278).

	F2016					F2015				
	Ferrous	Platinum	Copper	Corporate	ARM	Ferrous	Platinum	Copper	Corporate	ARM
CSI	9.4	4.8	1.3	2.6	18	28	11	2	13	54
LED	63.6	17	0	0	80.5	79	25	0	0	104
ARM BBEE Trust	0	0	0	7.4	7.4	0	0	0	12	12
Total CSR Spend	73	21.7	1.3	10	106	107	35	2	25	169

CSR FOCUS AREAS FOR F2016

- 1 EDUCATION, WITH A PARTICULAR FOCUS ON TECHNICAL SUBJECTS AND BURSARIES FOR ENGINEERS.
- 2 SUPPLIER DEVELOPMENT AND ALIGNING WITH ARM'S SUSTAINABLE DEVELOPMENT TARGETS.
- 3 IMPROVEMENT PROJECTS TO ENHANCE SERVICE DELIVERY AND INFRASTRUCTURE IN HOST COMMUNITIES.

For details on CSR projects undertaken by operations during the year, refer to the ARM Sustainability Report at www.arm.co.za



CORPORATE SOCIAL RESPONSIBILITY FOCUS FOR F2017

- 1 CONTINUE ENTERPRISE DEVELOPMENT IN PARTNERSHIP WITH GOVERNMENT, DEVELOPMENT AGENCIES AND COMMUNITIES.
- 2 SUPPLIER DEVELOPMENT INITIATIVES TO INCORPORATE SMMEs INTO PREFERENTIAL PROCUREMENT PROGRAMMES.
- 3 PROJECTS THAT FOCUS ON COMMUNITY HEALTH AND WELLNESS IN PARTNERSHIP WITH THE DEPARTMENT OF HEALTH.

NATURAL CAPITAL

ARM's approach to environmental sustainability is shaped by our commitment to the principles of responsible mining, zero harm and organisational sustainability.

Our environmental management programme aims to minimise our impact on the natural environment around us and reduce our consumption of scarce natural resources. We believe that our commitment to responsible mining and beneficiation helps us to achieve our strategic goals and also establishes a sustainable competitive advantage.

Mining and beneficiation of metals and minerals converts natural capital into financial capital. Failure to do this in an environmentally and socially responsible way would erode social and relationship capital in the form of trust with local communities and broader society. ARM operates in a highly regulated industry and is dependent on the intellectual capital represented by the mining licences that underpin our activities. It is therefore important that our actions demonstrate responsible and ethical behaviour to build trust with the regulators.

Our most material environmental matters

- > 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
- > MANAGING AND MINIMISING OUR WASTE STREAMS
- > IMPLEMENTATION OF THE NEW REGULATIONS ON FINANCIAL PROVISION FOR REHABILITATION – ENSURING THAT WE COMPLY AND PUT APPROPRIATE FUNDING MECHANISMS IN PLACE TO PROVIDE ADEQUATELY FOR CONCURRENT REHABILITATION AS WELL AS REHABILITATION AT MINE CLOSURE AND POST-CLOSURE STAGES

Climate change is recognised in our Enterprise Risk Management process as one of our most material issues, that can have potential impacts on our ability to achieve our strategy through its effect on energy prices, access to natural resources, weather-related production disruptions and indirect impacts on our value chain.

Our processes are dependent on a reliable and sufficient supply of energy. Interruptions to energy supply affect production efficiencies and can impact the safety of our workforce. The increasing cost of energy impacts our ability to build financial capital and adds socio-economic stress on the communities around us.

Water issues remain a key challenge for our operations. Water scarcity pose a potential constraint on current production and future expansion, and water availability is a core concern for local communities. At Lubambe and Nkomati mines, efficient mining is affected by an excess of water, while availability of water to our operations in the arid Northern Cape remains a focus area. The reliability of current water and electricity infrastructure and the long lead time in rolling out new infrastructure is a risk for current operations and future expansion plans.

The potential reputational and financial implications of non-compliance with the rapidly evolving environmental regulatory framework are significant as are the direct and indirect costs of ensuring compliance. Proposed developments that are likely to have a significant impact on our business include the Carbon Tax Bill, the Greenhouse Gas Reporting regulations, the National Climate Change Response Policy in South Africa, the Desired Emission Reduction Outcomes (DERO), the Peak, Plateau and Decline Trajectory, the government's Mix of Measures, company level carbon budgets and the revised financial provisions for rehabilitation and closure. ARM supports the government drive towards becoming a low carbon economy and continues to engage with industry bodies and policymakers to ensure that mechanisms achieve this goal while still supporting local industry resilience and competitiveness internationally.

HOW WE MANAGE ENVIRONMENTAL SUSTAINABILITY

The Board holds ultimate responsibility for sustainable development and delegates the 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 and Compliance 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 and is monitored through the enterprise risk management system.

Environmental management systems are in place at operations to identify our environmental impacts and assist in the implementation of our environmental plans and performance monitoring. SHEQ managers at divisional and operational level execute Group environmental strategy, ensuring that 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 continued

NATURAL CAPITAL HIGHLIGHTS AND CHALLENGES

Achieving meaningful reductions in energy use and carbon emissions is challenging in an economic climate where capital expenditure is constrained. Proposed regulatory environmental initiatives, including the carbon tax, are likely to add further pressure to the industry.

There is an increasing expectation for supply chain transparency and this is particularly evident in the activities of certain NGOs and the guidance in international reporting standards. Expanding environmental monitoring and reporting to include the supply chain is costly and time-consuming.

We submitted our 2015 CDP Report during the year, achieving a 98% disclosure score and a 'B' performance score. This was our seventh consecutive report under the project and we also submitted a CDP Water Report for the first time this year.

Modikwa Mine was successfully certified in terms of the international environmental management system, ISO 14001.

NATURAL CAPITAL FOCUS FOR F2016

1

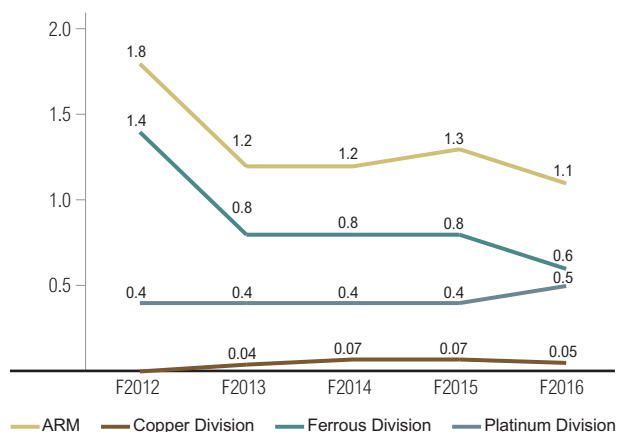
CONTINUE TO IMPLEMENT CARBON EMISSION REDUCTION INITIATIVES AND MONITOR OUR PERFORMANCE AGAINST OUR EMISSION TARGETS.

The Group's F2016 estimated carbon footprint (Scope 1 and 2 attributable emissions) decreased 13.5% to 1.08 mtCO₂e (F2015: 1.25 mtCO₂e).

Scope 1 and 2 emissions from operations in the Ferrous Division decreased to 615 843 tCO₂e (F2015: 813 689 tCO₂e) due to reduced production at the smelters, particularly Cato Ridge Works and estimated emissions attributable to the Platinum Division increased by 7.6% to 456 780 tCO₂e (F2015: 424 623 tCO₂e) due to production increases at Two Rivers Mine.

Emissions at Lubambe Mine decreased by 33.1% to 4 956 tCO₂e (F2015: 7 409 tCO₂e) as a result of reduced production.

CARBON FOOTPRINT – ATTRIBUTABLE SCOPE 1 AND 2 (mtCO₂e)



2

IMPROVING THE CARBON INTENSITY OF OUR PRODUCTION BY IDENTIFYING AND IMPLEMENTING APPROPRIATE EMISSION REDUCTION INITIATIVES.

Scope 1 and 2 emissions per full-time employee (FTE) decreased to 158.2 tonnes CO₂e (F2015: 167.0 tonnes CO₂e/FTE). Emission reduction initiatives implemented during the year are discussed in the section that follows.

3

ENGAGING PROACTIVELY IN THE PROCESS OF IMPLEMENTING VARIOUS POLICY MEASURES AND ENVIRONMENTAL INSTRUMENTS, INCLUDING CARBON BUDGETS AND CARBON TAX.

We continue to engage with government on various aspects of the proposed measures that could have a material impact on our operations. Engagements include meetings with government officials, attendance at stakeholder engagement events and direct comments on documents. While the proposed measures remain in draft, we are investing in our reporting systems to ensure that we can report according to the requirements once the regulations have been passed.



Black Rock Mine

SUSTAINABILITY REVIEW continued

CARBON EMISSIONS

The largest contributor to ARM's carbon footprint is the consumption of electricity 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.

Greenhouse gas (GHG) emissions are measured and reported to the Carbon Disclosure Project (CDP) in terms of Scope 1, Scope 2 and Scope 3 emissions, as defined in the table below.

Category	Classification
Scope 1	Direct GHG emissions from sources owned or controlled by the Company
Scope 2	Indirect GHG emissions related to purchased energy
Scope 3	All indirect emissions not included in Scope 2 that occur in the upstream and downstream value chain

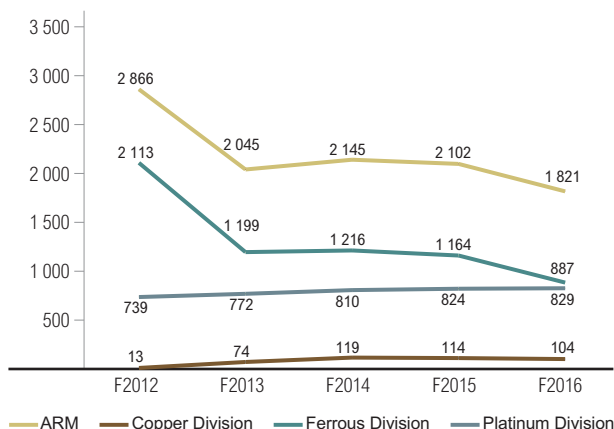
Cato Ridge Works is the largest single contributor to the Group's Scope 1 and 2 emissions due to the energy intensive nature of the beneficiation process. In F2016, Cato Ridge Works accounted for 31% of total Group Scope 1 and 2 emissions. Other significant contributors include Khumani Mine (13.6%) and Nkomati Mine (19.8%).

Emissions data is reported quarterly, discussed at the individual operational sustainability meetings and assessed according to potential exposure, probability and consequence for the business. Opportunities to reduce GHG emissions are based on site-specific assessments of what is possible and these are built into longer-term bottom-up targets. Cost reduction projects at operations emphasise the importance of reducing emissions and energy consumption. Capital allowances are allocated at operations for energy efficiency projects and emission reduction activities are included in internal KPIs and scorecards for teams and divisions. ARM's climate change strategy has been rolled out across operations and divisional carbon strategy workshops are run to raise awareness about emission reduction programmes.

ELECTRICITY

A consistent supply of electricity is a critical requirement for efficient mining and beneficiation. At the mines, electricity powers the crushers and mills that process ore, ventilation fans, pumps for dewatering and the motors that drive conveyor belts and elevator cages. Metal processing requires significant amounts of energy and the Cato Ridge smelter in the Ferrous Division accounts for nearly one-third of the Group's total electricity consumption. The most significant impact electricity supply interruptions have on our operations are on workplace safety, production efficiencies and diesel consumption with resulting emissions when generators are used to supply electricity to critical functions, e.g. ventilation.

ELECTRICITY CONSUMPTION (000 MWh)



Total electricity consumed by the Group in F2016 was 1 820 802 MWh (reported on a 100% basis), a 13.4% decrease on F2015 (2 102 451 MWh). The Ferrous Division's electricity consumption decreased by 24% to 887 382 MWh (F2015: 1 164 218 MWh) and the Platinum Division's electricity consumption increased by 1% to 829 484 MWh (F2015: 824 432 MWh).

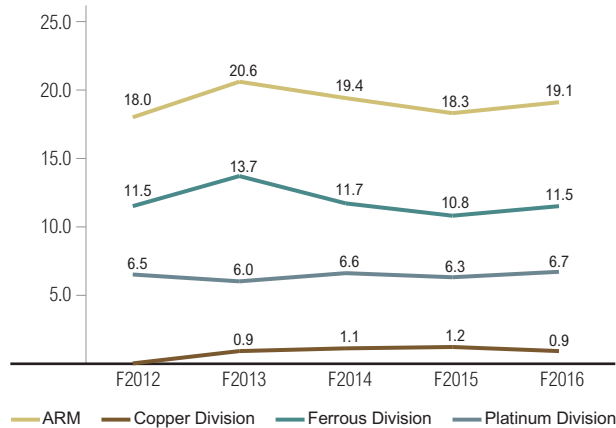
Energy saving and carbon emission reduction initiatives implemented by operations during last year include:

- > Black Rock Mine implemented a range of energy efficiency initiatives including replacing ventilation fans with more efficient alternatives, replacing inefficient air conditioning systems and implementing an energy efficient lighting programme.
- > Nkomati Mine implemented a range of energy efficient lighting replacements and focused on turning off unnecessary ventilation fans.
- > Two Rivers Mine introduced a range of behaviour change awareness and maintenance programmes.
- > Modikwa Mine implemented a number of energy efficiency projects related to compressed air use (an air leak repairing programme, installing line controls/isolation valves), ventilation fans (turning fans off when not needed, repairing leaks, installing guide vanes), haulage fans (switching off fans when not needed, removing unnecessary fans, installing energy efficient fans), plant mills and implemented an energy efficient lighting replacement programme.
- > Lubambe Mine implemented a range of energy efficiency measures, including controlled switching of major loads (not running major power consumers at the same time) and removing unnecessary ventilation fans.
- > Nkomati received a capital allocation to improve metering onsite for increased energy monitoring and targeting.

WATER

ARM abstracts water from a range of sources according to the terms of our integrated water use licence at each operation. These sources include rivers, boreholes and municipal sources. Ongoing engagement with interested parties and other relevant stakeholders ensures the sustainability of water resources and that all operations have the necessary controls in place to ensure that the quality of water around them is not negatively affected.

WATER ABSTRACTED (million m³)



ARM operations abstracted a total of 19.1 million m³ in F2016 (F2015: 18.3 million m³). Beeshoek Mine accounts for 26% of the total abstracted, and Khumani Mine and Nkomati Mine account for 24% and 16% respectively. Most of the water Beeshoek Mine abstracts is supplied to local communities and the mine's employee village.

Water abstracted at the Ferrous Division increased by 6.3% to 11.5 million m³ (F2015: 10.8 million m³) and increased by 5.9% in the Platinum Division to 6.7 million m³ (F2015: 6.3 million m³).

BIODIVERSITY

Ensuring that the processes and controls are in place to safeguard the biodiversity in the biomes in which we operate is an important aspect of ARM's sustainability model. There are Biodiversity Action Plans in place at all operations and operations 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.

	F2016				F2015			
	Ferrous	Platinum	Copper	ARM	Ferrous	Platinum	Copper	ARM
Scope 1 and 2 carbon emissions (000 tCO ₂ e)	616	457	5	1 078	814	424	7	1 246
Electricity consumption (000 kWh)	887	829	104	1 821	1 164	824	114	2 102
Water abstracted (million m ³)	11.5	6.7	0.85	19.1	10.8	6.3	1.2	18.3

WASTE CONTROLS

There were no significant hydrocarbon spills during the year. Minor hydrocarbon spills were reported by Black Rock (52 litres of fuel), Dwarsrivier (120 litres of oil) and Two Rivers (73 litres of oil and 114 litres of fuel). Affected areas were rehabilitated and the contaminated soil was disposed at licenced hazardous waste landfill sites.

An internal multi-disciplinary team conducted a review of the management systems of the operations' tailings storage facilities in terms of the requirements of the Mine Health and Safety Act Guideline for Mandatory Code of Practice on Mine Residue Deposits and relevant environmental regulations (including the National Water Act, Government Notice 704 and the National Environmental Management: Waste Act). ARM also participated in the ICMM's review of members' management practices relating to tailings storage facilities. The ICMM will publish a good practice guideline in this regard by November 2016.

NATURAL CAPITAL FOCUS FOR F2017

1

CONTINUE TO IMPLEMENT CARBON EMISSION REDUCTION INITIATIVES AND MONITOR OUR PERFORMANCE AGAINST OUR EMISSION TARGETS.

2

IMPROVING THE CARBON INTENSITY OF OUR PRODUCTION BY IDENTIFYING AND IMPLEMENTING APPROPRIATE EMISSION REDUCTION INITIATIVES.

3

ENGAGING PROACTIVELY IN THE PROCESS OF IMPLEMENTING VARIOUS POLICY MEASURES AND ENVIRONMENTAL INSTRUMENTS, INCLUDING CARBON BUDGETS AND CARBON TAX.

INTELLECTUAL CAPITAL

ARM's intellectual capital is evident in the experience and expertise 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.

The Group benefits from the intellectual capital residing in the Strategic Services and Exploration Division, which is applied to identify new mineral opportunities, partner with operations to support the successful execution of major capital projects and provide technical support. 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 and Exploration Division, and the increased efficiencies arising from our Information Management initiatives.

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

Full details of each operation's mining rights can be found in the 2016 Mineral Resources and Mineral Reserves Report at www.arm.co.za.



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 and registration took place in April 2015.

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 registered on 14 August 2014.

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 Papiessvlakte 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. 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 Right was executed on 16 March 2012 and registered on 29 May 2013.

The Black Rock Mine converted Mining Right was executed on 13 July 2011 and registered on 22 September 2015.

The Khumani Mine converted Mining Right was executed on 25 January 2007 and registered on 5 March 2007.

The Dwarsrivier Mine converted Mining Right was executed on 15 May 2013 and registered on 2 June 2015.

ARM COAL

ARM Coal's mining rights are held under Glencore Operations South Africa. All mining rights have been granted, executed and registered in the mining titles office.

MANUFACTURED CAPITAL

It is important that assets and infrastructure are used as efficiently as possible to realise the benefits of mineral resources as cost effectively as possible.

ARM relies 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.

It is important that assets and infrastructure are used as efficiently as possible to realise the benefits of mineral resources as cost effectively as possible. Ongoing investment in our manufactured capital through capital expenditure is critical to ensure the Group's continued growth. ARM's attributable segmental capital expenditure for F2016 was R2 352 billion.

ARM encourages responsible use, re-use, recycling and disposal of our products so that any future impacts they may have on the environment and the people who use them are minimised. The necessary policies, procedures and controls are in place to ensure the quality of our products and to ensure downstream users have the necessary health and safety and environmental information.

SUSTAINABILITY REVIEW continued

OUR SUSTAINABILITY PERFORMANCE YEAR-ON-YEAR

Performance indicator	F2016**	F2015**	F2014**	F2013**	F2012
ECONOMIC AND RELATED CORE BASELINE INDICATORS					
Sales (Rm)	19 072	19 824	23 785	19 800	17 530
Taxation (Rm)	478	860	1 893	1 145	1 633
Headline earnings (Rm)	1 051	1 744	4 108	3 737	3 451
EBITDA (Rm)	3 964	4 994	8 459	7 227	6 531
Purchased materials and services (Rm)	10 891	10 808	11 093	9 100	8 329
Wealth created (Rm)	6 276	7 217	11 797	8 318	9 421
Number of environmental administrative penalties/fines	0	0	3	1	0
EMPLOYEE INDICATORS (100% basis) AS AT 30 JUNE 2016*					
Total number of ARM employees, contractors and expatriates	23 128	27 276	27 236	26 751	28 716
Full time employees	13 793	15 080	15 250	14 653	12 888
Contractors	9 319	12 141	11 953	12 064	15 796
Expatriates	16	55	33	34	32
New jobs created (direct employment only)	0	0	335	1 358	877
Employee turnover (excluding contractors) (%)	15.0	11.5	1.6	1.7	1.9
Investment in employee training and development					
– Total expenditure (Rm)	184	232	196	180	137
– % of payroll	6.9	8.3	8.7	10.1	9.2
Employment equity† (% representation of previously disadvantaged groups among permanent employees)					
– Top management	38	38	38	50	50
– Senior management	49	44	40	42	48
– Professionally qualified	57	54	51	49	44
– Technically qualified	68	67	65	64	66
Lost Time Injury Frequency Rate (LTIFR)• (200 000 man hours)	0.32	0.35	0.37	0.48	0.40
Reportable/serious accidents	60	78	66	79	75
Number of lost man days due to industrial action	3 024	0	172 221	0	102 600
ENVIRONMENTAL INDICATORS (100% basis)					
Total water withdrawn (m³) (municipal, surface and ground water)	19 066 300	18 334 106	19 408 464	20 551 374	17 991 948
Energy usage					
– Electricity (MWh)	1 820 802	2 102 451	2 144 894	2 045 499	2 866 033
– Diesel (000 litres)	91 974	99 812	92 013	108 788	96 360
EMISSIONS (ATTRIBUTABLE^)					
Carbon emissions (equivalent tonnes CO ₂)					
– Scope 1 and 2	1 077 746	1 246 131	1 228 656	1 244 181	1 810 205
– Scope 1	226 972	322 034	307 332	327 757	480 420
– Scope 2	850 774	924 097	921 325	916 424	1 329 785
Direct emissions: Cato Ridge Works#					
– CO ₂ e emissions – direct (tonnes)	292 120	431 708	476 327	237 392	276 117
– NO _x (tonnes)	405	601	838	637	715
– SO _x (tonnes)	316	386	605	506	658
Particulate matter (tonnes)	216	237	182	122	192
CORPORATE SOCIAL RESPONSIBILITY (100% basis)					
Total community upliftment and Corporate Social Responsibility (Rm)	105.9	169.3	282.5	168.5	126.3
– CSI (Rm)	18.0	54.0	134.6	62.0	36.3
– LED (Rm)	80.5	103.6	141.9	99.6	84.9
– ARM BBEE Trust (Rm) (Projects)	7.4	11.7	5.9	6.8	5.1

* Total number of ARM employees, contractors and expatriates as at 30 June 2016, including Lubambe Mine total labour.

** 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.

Direct emissions as a result of smelting operations at Cato Ridge Works only. No smelting operations conducted at Machadodorp Works during F2016.