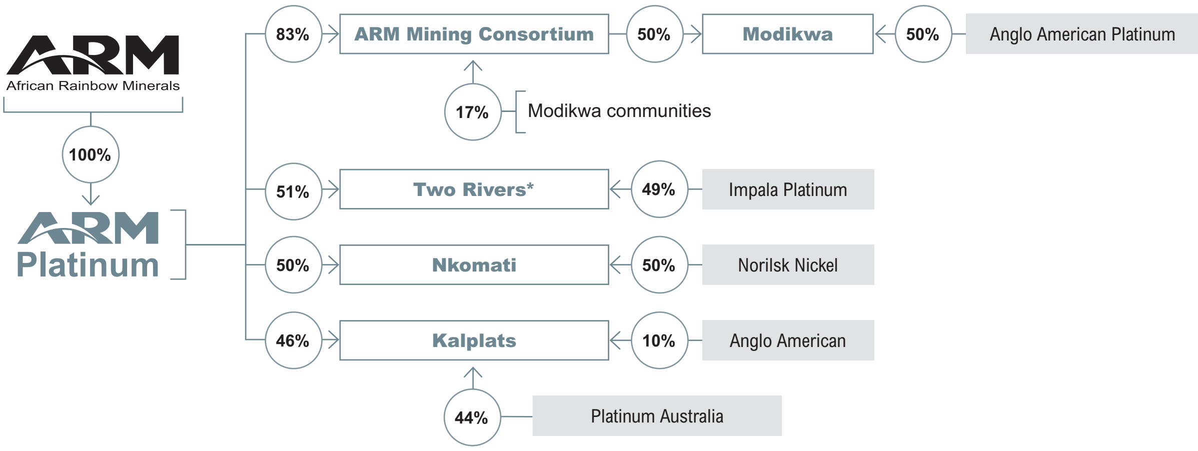
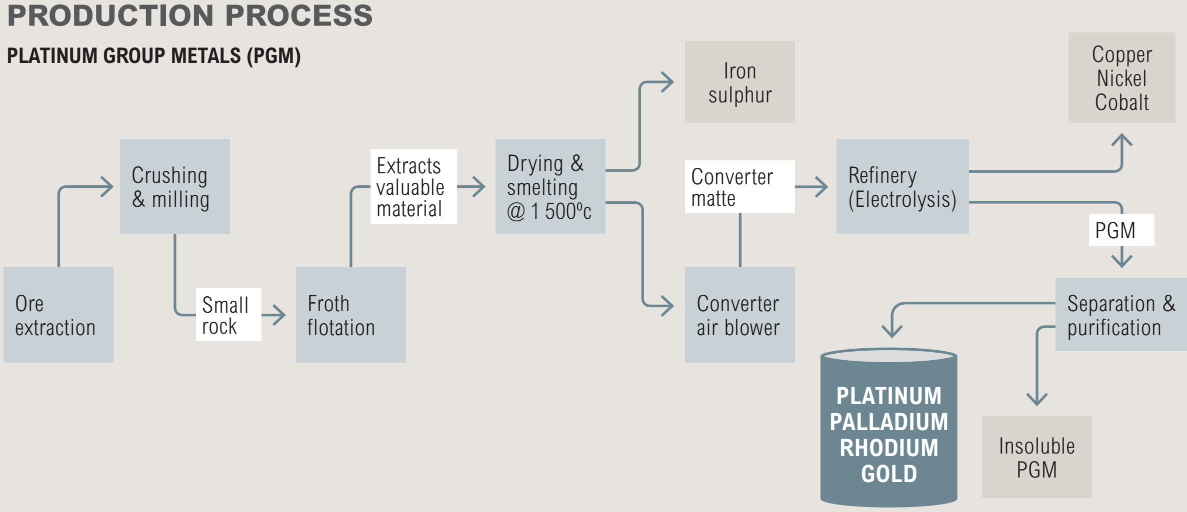
ARM PLATINUM

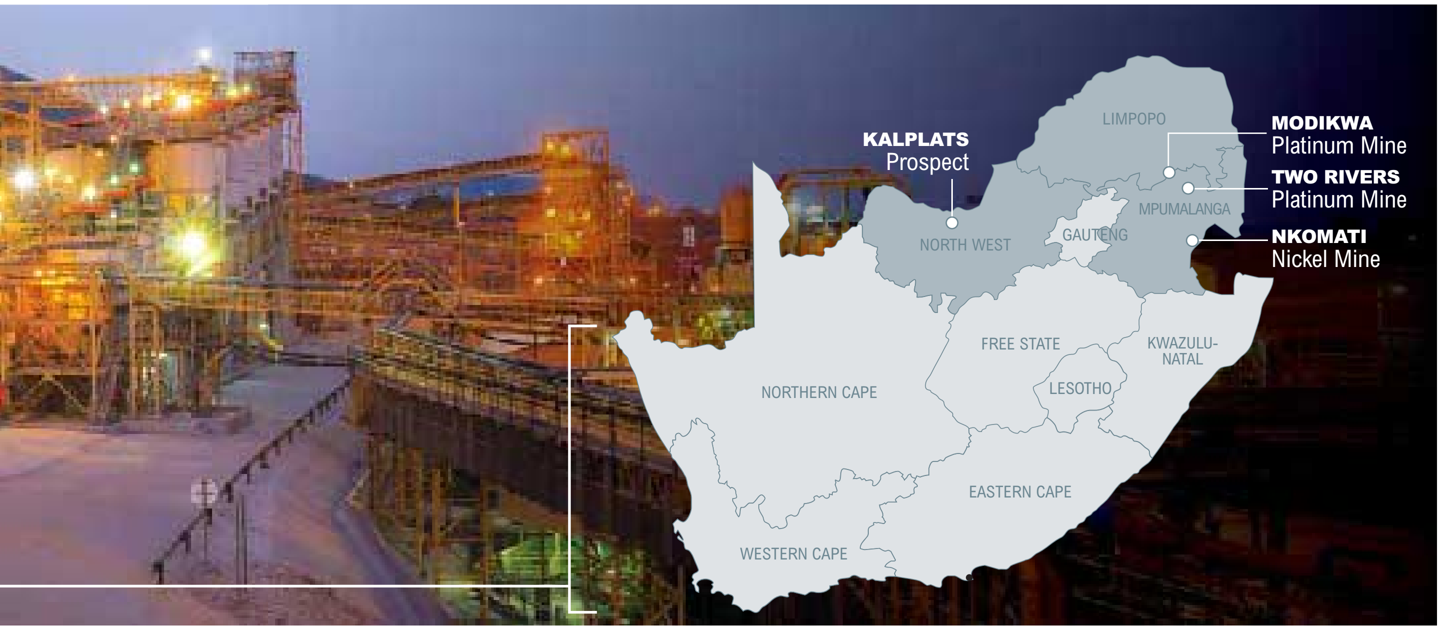


* *ARM and Implats reached an agreement to increase ARM's shareholding in Two Rivers Mine from 51% to 54%. Completion of the agreement is awaiting Section 11 consent to transfer ownership of mining assets from ARM to Two Rivers Mine.*

PRODUCTION PROCESS

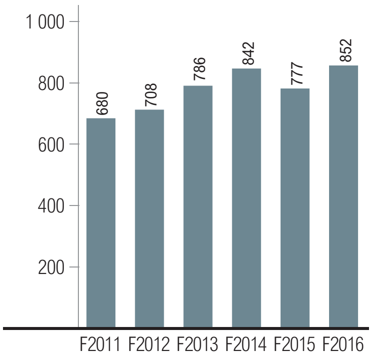
PLATINUM GROUP METALS (PGM)



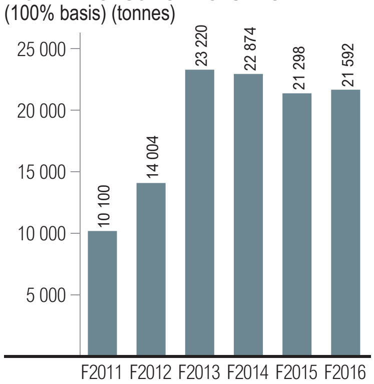


SALIENT FEATURES

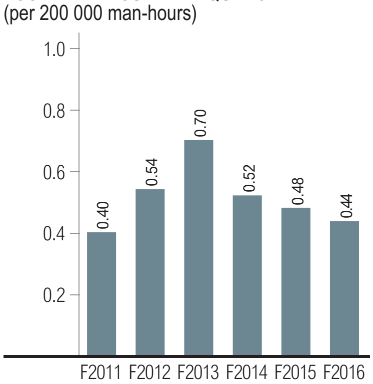
PGM PRODUCTION VOLUMES
(100% basis) (000 ounces)



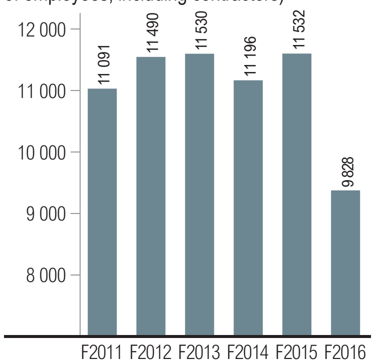
NICKEL PRODUCTION VOLUMES
(100% basis) (tonnes)



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



TOTAL LABOUR (average number of employees, including contractors)



HEADLINE LOSS
R10 million
(F2015: R405 million headline earnings)

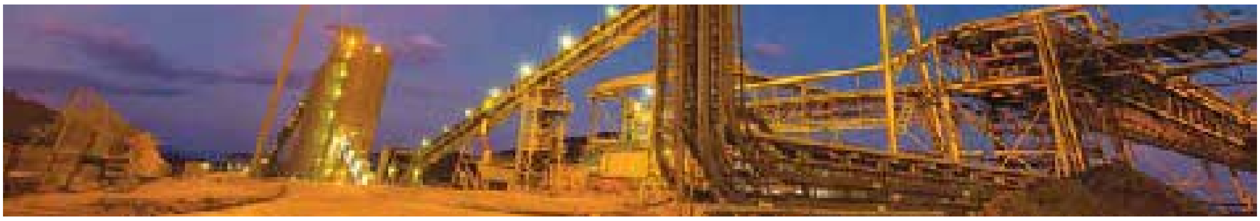
CASH INFLOW FROM OPERATING ACTIVITIES
R331 million
(F2015: R1 479 million)

CAPITAL EXPENDITURE
R667 million
(F2015: R933 million)

CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE (100% BASIS)
R22 million
(F2015: R35 million)

ARM PLATINUM continued

SCORECARD



MODIKWA

F2016 OBJECTIVES	F2016 PERFORMANCE	F2017 OBJECTIVES
Through the implementation of a recovery plan and management interventions, achieve 260 thousand 6E PGM ounces while improving Modikwa's position on the global PGM cost curve.	Modikwa achieved 293 604 6E PGM ounces and reduced operating unit cost.	Achieve 300 thousand 6E PGM ounces while continuing to improve Modikwa's position on the global PGM cost curve.
Continue South 2 Shaft ramp-up towards 60 thousand tonnes per month which will be achieved early in F2018.	Due to planned capital deferment to conserve cash, South 2 Shaft ramp-up has been extended by four months.	Continue South 2 Shaft ramp-up towards 60 thousand tonnes per month which will be achieved in F2018.

TWO RIVERS

F2016 OBJECTIVES	F2016 PERFORMANCE	F2017 OBJECTIVES
Produce 370 thousand 6E PGM ounces while maintaining Two Rivers' position on the cost curve.	Two Rivers achieved 400 722 6E PGM ounces while keeping unit costs well under control.	Produce 380 thousand 6E PGM ounces while maintaining Two Rivers' position on the cost curve.
Achieve sales of 240 thousand tonnes of chrome concentrate.	Two Rivers sold 283 765 tonnes of chrome concentrate.	Achieve sales volumes of 280 thousand tonnes of chrome concentrate.

NKOMATI

F2016 OBJECTIVES	F2016 PERFORMANCE	F2017 OBJECTIVES
Maintain recoveries and improve average milling rate to 300 thousand tonnes per month at the PCMZ plant.	The PCMZ plant achieved an average recovery of 72.5% and an average milling rate of 284 thousand per month.	Improve recoveries and the average milling rate to 300 thousand tonnes per month at the PCMZ plant.
Maintain milling rate and recoveries at the MMZ plant.	The MMZ plant achieved an average recovery of 73.5% and an average milling rate of 403 thousand per month.	Maintain milling rate and improve recoveries at the MMZ plant.
Continue with spot sales of chrome concentrate subject to market conditions. Achieve sales of 400 thousand tonnes of chrome concentrate.	Chrome concentrate continues to be sold on the spot market. Chrome concentrate sales decreased by 28% to 272 817 tonnes.	Continue with spot sales of chrome concentrate subject to market conditions. Achieve sales of 330 thousand tonnes of chrome concentrate.

OVERVIEW

OPERATIONAL OVERVIEW (ATTRIBUTABLE BASIS)			**F2016**	F2015	% change	Operational target F2017
Modikwa	– PGM production	ounces 6E	**146 802**	130 018	13	↑
Two Rivers*	– PGM production	ounces 6E	**204 368**	198 785	3	→
	– Chrome concentrate sold	000t	**145**	128	13	→
Nkomati	– Nickel production	tonnes	**10 796**	10 649	1	↓
	– PGM production	ounces	**78 799**	72 184	9	↑
	– Copper production	tonnes	**4 946**	4 833	2	→
	– Chrome concentrate sold	000t	**136**	188	(28)	↑

* *As from 6 February 2015, ARM's shareholding in Two Rivers decreased from 55% to 51% as the transfer of prospecting rights from Implats to the Two Rivers Mining Right in respect of portions of the farms Kalkfontein, Tweefontein and Buffelshoek was completed. ARM and Impala Platinum Holdings Limited subsequently 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.*

FINANCIAL OVERVIEW (ATTRIBUTABLE BASIS)		**F2016**	F2015	% change
EBITDA	R million	**1 025**	1 622	(37)
Headline earnings/(loss)	R million	**(10)**	405	(102)
Cash generated from operations	R million	**947**	1 479	(36)
Capital expenditure	R million	**667**	933	(29)

SUSTAINABILITY OVERVIEW (100% BASIS)***		**F2016**	F2015	% change
LTIFR*		**0.44**	0.48	(8)
CSR spend**	R million	**22**	35	(38)
Electricity consumption	000 MWh	**829**	824	1
Water consumption	million m^3	**6.7**	6.3	6
Total: Scope 1 and 2 emissions (attributable)	tCO_2e	**456 780**	424 622	8

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

** *CSR: Corporate Social Responsibility (includes both CSI and LED).*

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

OPERATIONAL AND FINANCIAL REVIEW

The ARM Platinum mines achieved 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). Nkomati Mine's nickel production increased marginally to 21 592 tonnes (F2015: 21 298 tonnes) as a result of increased milling volumes. Two Rivers Mine achieved record PGM production of 400 722 6E ounces (F2015: 372 592 6E ounces) and remains positioned at the bottom of the cost curve. The mine also achieved an 18% increase in chrome concentrate sales. Modikwa Mine PGM volumes increased by 13% to 293 604 6E ounces (F2015: 260 037 6E ounces).

Nkomati Mine's unit production costs were maintained at R295/t (F2015: R296/t) while the C1 unit cash cost net of by-products, decreased by 14% to US$4.18/lb (F2015: US$4.85/lb) of nickel produced. Two Rivers Mine managed to keep its unit cash cost well under control with only a 5% increase to R5 624/6E PGM ounce (F2015: R5 365/6E PGM ounce). Modikwa Mine's unit cash cost decreased by 3% to R8 244/6E PGM ounce (F2015: R8 481/6E PGM ounce).

The low PGM and nickel prices negatively impacted all the ARM Platinum operations. Two Rivers Mine delivered strong headline earnings while headline losses were recorded at both the Modikwa and Nkomati mines, resulting in an attributable headline loss of R10 million for the division (F2015: headline earnings of R405 million).

US Dollar prices for all the metals produced by ARM Platinum were significantly lower compared to the previous corresponding period. Despite a 27% weakening of the Rand against the US Dollar, Rand prices for all ARM Platinum metals were lower compared to F2015. The average Rand basket prices for both Modikwa and Two Rivers decreased by 6% to R315 748/kg (F2015: R336 699/kg) and R320 977/kg (F2015: R341 200/kg) respectively while the Rand nickel price decreased by 22%.

INTRODUCTION
MANAGEMENT REVIEW
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SUSTAINABILITY REVIEW
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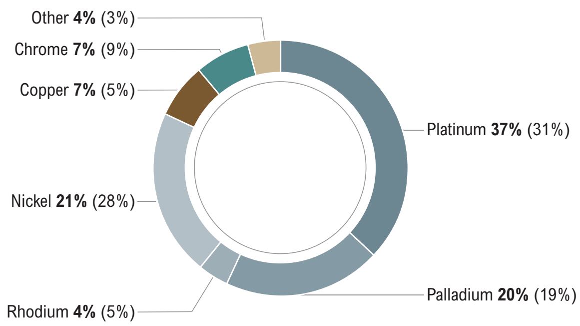
CORPORATE GOVERNANCE
FINANCIALS
INVESTOR RELATIONS
GLOSSARY
AGM NOTICE AND PROXY

ARM PLATINUM continued

ARM PLATINUM SALES PER COMMODITY
(100% basis) F2015 comparatives in brackets



MODIKWA MINE

Modikwa Mine's attributable headline loss for the period was R84 million (F2015: R64 million headline loss) mainly due to a 6% drop in the Rand basket price and R23 million of restructuring costs.

A 10% increase in milled tonnes, combined with a 2% increase in head grade, resulted in PGM production increasing by 13% to 293 604 6E ounces (F2015: 260 037 6E ounces). Consequently, unit costs decreased by 3% to R8 244/6E PGM ounce (F2015: R8 481/6E PGM ounce).

TWO RIVERS MINE

Attributable headline earnings at Two Rivers Mine remained flat. Tonnes milled increased by 4% while the head grade increased by 2%, resulting in PGM ounces increasing by 8%. Of the 3.51 million tonnes milled, 81 623 tonnes were toll treated at Modikwa Mine as part of Two Rivers' working capital reduction initiatives.

Unit costs increased by 5% to R5 624/6E PGM ounce (F2015: R5 365/6E PGM ounce) mainly as a result of an 11% increase in electricity cost. There was a 187 763 tonne decrease in the UG2 run of mine stockpile to a total of 372 558 tonnes of ore.

Two Rivers Mine increased chrome concentrate sales by 18% to 283 765 tonnes, contributing R130 million (F2015: R148 million) to cash operating profit (on a 100% basis).

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 Mine.

NKOMATI MINE

A 22% decline in the average Rand nickel price resulted in attributable negative mark-to-market adjustments of R242 million and an attributable headline loss of R244 million (F2015: R150 million headline earnings) for the period under review. Attributable earnings were also negatively affected by R41 million of restructuring costs, and a 19% increase in off-mine costs directly related to the weakening in the Rand/US Dollar exchange rate.

Chrome concentrate sales decreased by 28% to 272 817 tonnes (F2015: 376 832 tonnes), but still contributed R120 million to cash operating profit. The decrease in chrome production was as a result of the chrome washing plant being stopped in November 2015 due to the decline in chrome prices.

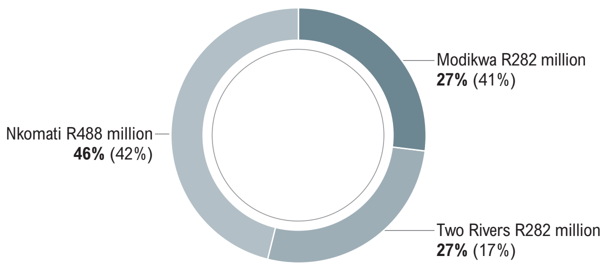
Nkomati Mine's total tonnes milled increased by 3% to 8.24 million tonnes. Nickel units produced increased by 1% to 21 592 tonnes (F2015: 21 298 tonnes).

Nkomati Mine's C1 unit cash costs net of by-products decreased by 14% to US$4.18/lb (F2015: US$4.85/lb) of nickel produced as a result of the weakening of the Rand/US Dollar exchange rate and increased by-product credits. Unit cost per tonne milled was maintained at R295/t (F2015: R296/t).

The Nkomati Mine has maintained on-mine unit production costs per tonne in the range of R285 to R310 per tonne in nominal terms for the past six years which is an excellent achievement.

CAPITAL EXPENDITURE

F2016 ARM PLATINUM CAPITAL EXPENDITURE
(100% basis) F2015 comparatives in brackets



Capital expenditure at ARM Platinum operations (on a 100% basis) reduced by 31% to R1.1 billion (F2015: R1.6 billion).

As previously reported, market conditions necessitated that Modikwa Mine's capital projects be reviewed to reduce capital expenditure without adversely affecting the mine's future ability to ramp up production. During F2016, the following actions were implemented:

> Deferral of capital expenditure at North Shaft 9 level;
> Restructuring of the South 1 and South 2 shafts to enable operational synergies and cost savings;
> Continuation of the capital project at South 2 Phase 1 to improve mining flexibility – stoping commenced in June 2015; and
> The redeployment of stoping labour from the high-cost South 1 Shaft to the lower cost South 2 Shaft which is in progress.

The above steps have reduced capital expenditure at Modikwa by 56% to R282 million during the period under review (F2015: R646 million).

Of the capital spent at Two Rivers Mine, 32% is associated with fleet replacement and refurbishment. The deepening of the Main and North declines, together with its electrical and mechanical installations, comprised 46% of the total capital expenditure.

Nkomati Mine's major capital expenditure items included a new cleaner bank for the MMZ Plant, the installation of an anchored pile wall, as well as the installation of a slope stability radar system. Due to the sharp decline in base metal prices, capital spending at Nkomati Mine was reduced substantially in the latter part of the reporting period and included a reduction in waste stripping for a period of three months. R351 million of the total capital expenditure related to capitalised waste stripping costs.

PROJECTS

MODIKWA MINE

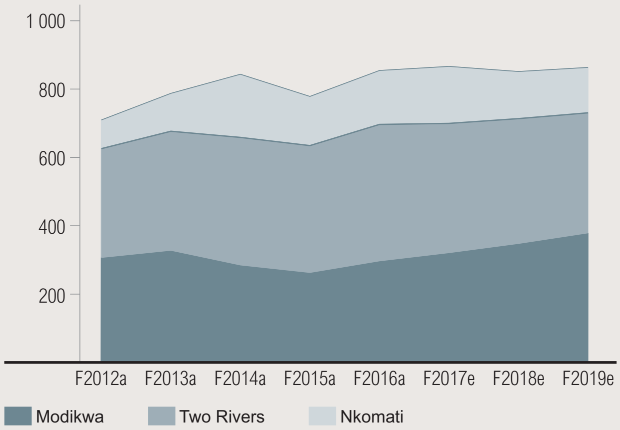
Due to a lack of mining flexibility, a decision was taken to deepen North Shaft and sink the new South 2 Shaft. The current status of these projects are detailed below:

> **Deepening of North Shaft** – This project entails the deepening of North Shaft from Level 6 to Level 9 thereby establishing three new mining levels. To curtail capital expenditure, portions of this project was deferred during F2016, resulting in current development being delayed at Level 9. Level 7 and 8 are both fully equipped with all the required mining infrastructure, and the chairlift installation to surface will be completed by September 2016.

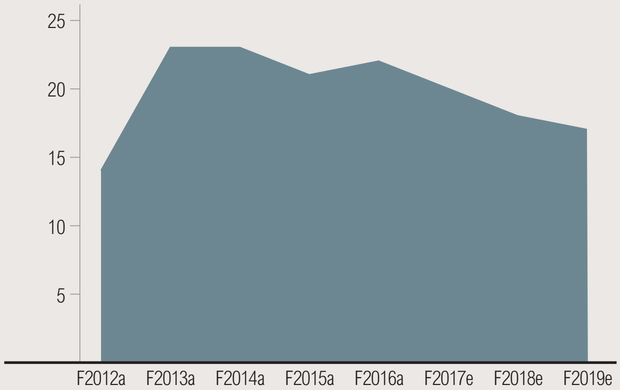
> **Sinking of South 2 Shaft** – This project entails the establishment of an additional new decline shaft system south of the current South Shaft Infrastructure. The first phase of the project will enhance mining flexibility while also contributing to the overall production build-up of the mine. Phase one of the project will be completed in September 2016 and it will take the production capacity to 50 thousand tonnes of ore per month. The second phase will follow and increase the design capacity of this shaft system to 100 thousand tonnes per month.

PRODUCTION AND SALES VOLUMES FROM F2012 TO F2019

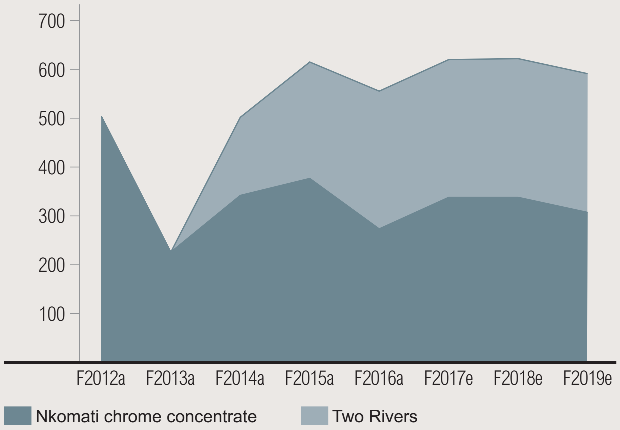
PGM PRODUCTION
(100% basis) (000oz)



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



CHROME SALES
(100% basis) (000t)

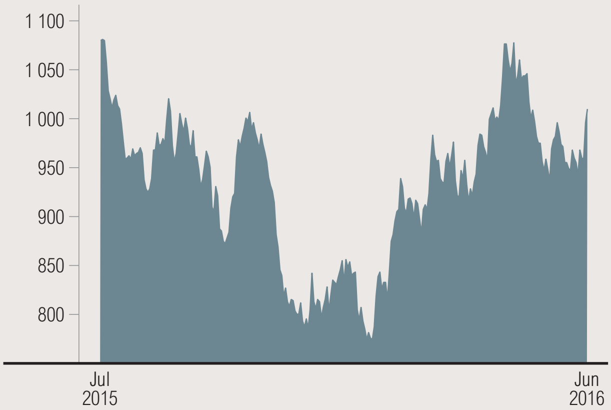


ARM PLATINUM continued

MARKET REVIEWS

PLATINUM

F2016 SPOT PLATINUM PRICES
(US$/oz)



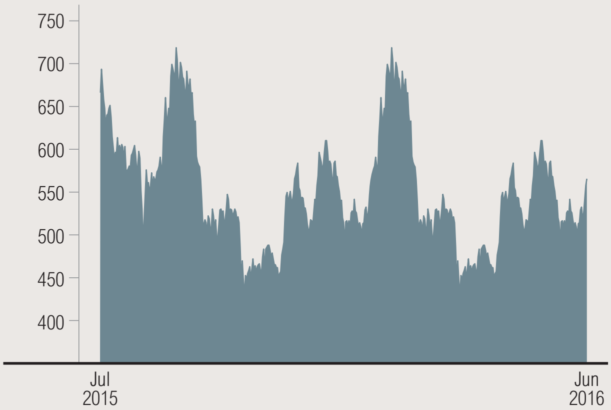
Source: INet Bridge

The platinum price started to recover in the final four months of the period under review, closing at US$1 025 per ounce at the end of June 2016. Euro 6 legislation continues to raise platinum use in autocatalysts and industrial utilisation is enhanced by unusually high chemical demand. ARM maintains its bullish view on platinum.

ARM Platinum achieved an average platinum price of US$953 per ounce for F2016 (F2015: US$1 246 per ounce).

PALLADIUM

F2016 SPOT PALLADIUM PRICES
(US$/oz)



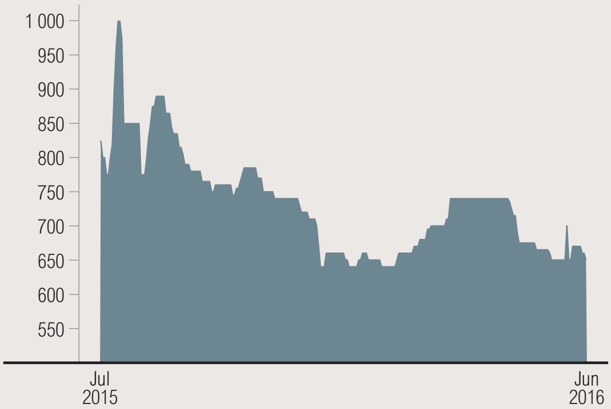
Source: INet Bridge

As with platinum, the palladium price improved steadily towards the end of F2016. Autocatalyst demand is increasing, as 11 Chinese provinces, including Beijing and Shanghai, implement China 5 emissions legislation.

The average price achieved in F2016 by ARM Platinum for palladium was US$578 per ounce (F2015: US$799 per ounce).

RHODIUM

F2016 SPOT RHODIUM PRICES
(US$/oz)



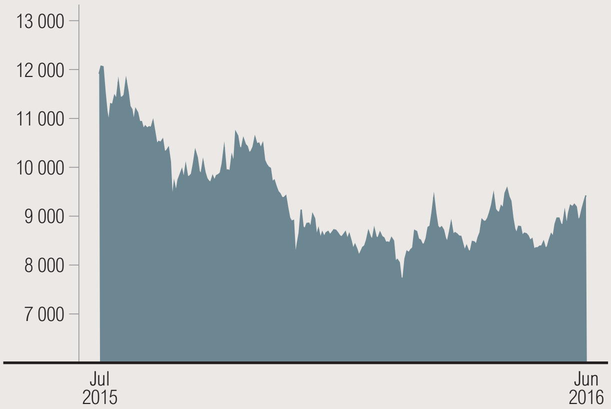
Source: INet Bridge

The rhodium price remains dampened, despite a short period of recovery during April 2016. In China, the introduction of tax incentives for purchasing smaller vehicles, combined with the implementation of China 5 emissions legislation, is expected to boost sales of gasoline cars, resulting in an increase in catalyst requirements. A current oversupply of rhodium will suppress prices in the short term.

ARM Platinum achieved an average rhodium price of US$684 per ounce (F2015: US$1 136 per ounce).

NICKEL

F2016 SPOT NICKEL PRICES
(US$/t)



Source: INet Bridge

The Rand nickel price declined by 22% during F2016. LME nickel stocks increased from approximately 100 000 tonnes in 2011 to levels in excess of 500 000 tonnes in 2016, while the Shanghai Futures Exchange accumulated 100 000 tonnes of refined nickel stocks. The nickel price has been well below the global marginal cost of production for most of the last 12 months, but little production was taken out of the market. With current events in the Philippines and Indonesia, the price has recovered to above US$10 500 per tonne, and it is expected to maintain these levels in the short to medium term.

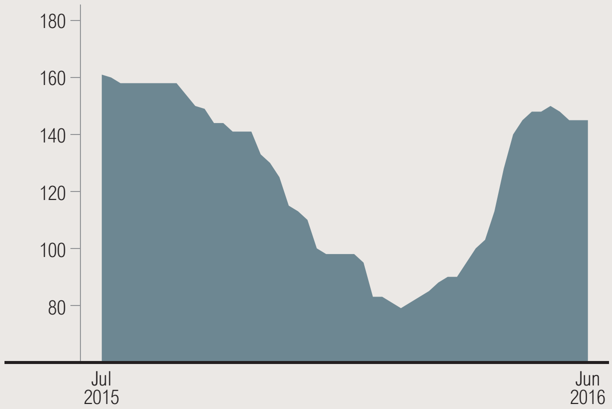
ARM Platinum achieved an average nickel price of US$9 275 per tonne (F2015: US$15 102 per tonne).

CHROME

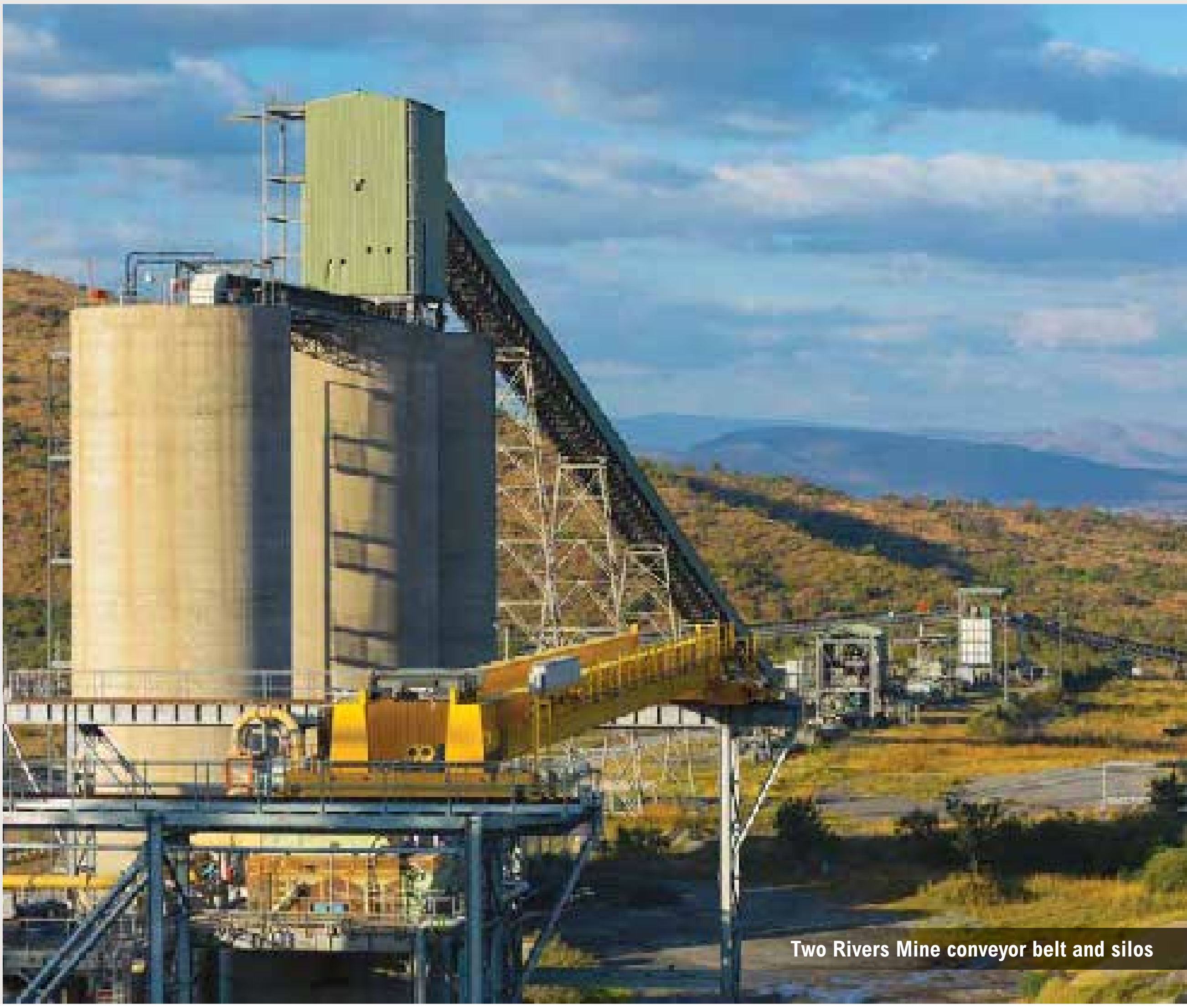
Global stainless steel production declined marginally in 2015 compared to the level for 2014. Chinese production levels reduced slightly and China remains the largest producer of stainless steel and accounts for more than half of the world stainless steel produced in 2015. Renewed stimulus in the Chinese economy fuelled stainless steel demand and Chinese production has already shown a year-on-year increase of nearly 4% for the first quarter of 2016. Relative low stocks in most regions should contribute to positive growth in stainless steel demand.

China is the largest market for chrome ore and represented 85% of world chrome ore trade in 2015. South Africa remains China's largest supplier of chrome ore and exported 7.6 million tonnes of ore in 2015, an increase of 32% compared to 2014. A combination of weak demand, an oversupplied market, as well as a depreciating Rand resulted in prices for 44% concentrate reaching the US$100/mt CIF China mark by early 2016. An improvement in demand as well as an appreciating Rand has assisted in a price recovery for chrome ore and by June 2016 the price for 44% concentrate improved to US$165/mt CIF. Port stocks of chrome ore has also reached a ten-year low level which should support chrome ore prices.

F2016 SPOT CHROME ORE SA UG2 40% PRICES CIF
(US$/t)



Source: INet Bridge



Two Rivers Mine conveyor belt and silos

ARM PLATINUM continued

OPERATIONAL STATISTICS

MODIKWA MINE

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

		Measured and Indicated Resources		Proved and Probable Reserves		
		Mt	g/t 4E	Mt	g/t 4E	M oz
Resources and Reserves (100% basis)	UG2	139.60	5.92	44.73	4.75	6.83
	Merensky	74.30	2.77	–	–	–
	4E = Platinum + Palladium + Rhodium + Gold					
Refining	All metal in concentrate produced is sold to Anglo American Platinum.					
F2016 average labour	4 656 employees including 919 contractors					

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

100% basis		F2013	F2014	F2015	F2016	% change
Metal production						
Platinum	ounces	128 142	111 310	100 593	**113 792**	13
Palladium	ounces	122 213	106 654	99 082	**111 507**	13
Rhodium	ounces	25 598	21 933	20 802	**23 605**	13
Gold	ounces	3 444	3 382	2 694	**3 011**	12
Ruthenium	ounces	36 544	31 065	29 762	**33 637**	13
Iridium	ounces	8 685	7 361	7 104	**8 051**	13
PGMs	ounces 6E	324 626	281 706	260 037	**293 604**	13
Nickel	tonnes	648	667	531	**597**	12
Copper	tonnes	400	409	321	**364**	13
Operational statistics						
Tonnes milled	Mt	2.33	2.10	1.86	**2.05**	10
Head grade	g/t 6E	5.35	5.06	5.17	**5.27**	2
Average number of permanent employees	employees	3 787	4 087	3 948	**3 737**	(5)
Average number of contractors	employees	1 076	1 198	1 030	**919**	(11)
Financial indicators						
Cash cost	R/tonne	876	1 010	1 187	**1 182**	(0)
Cash cost	R/Pt oz	15 897	19 095	21 924	**21 271**	(3)
Cash cost	R/PGM oz 6E	6 275	7 545	8 481	**8 244**	(3)
Cash cost	R/kg 6E	201 752	242 577	272 676	**265 046**	(3)
Basket price	R/kg 6E	287 424	322 789	336 699	**315 748**	(6)
Net sales revenue	R million	2 465	2 457	2 164	**2 409**	11
Cash operating cost	R million	2 037	2 125	2 205	**2 420**	10
Cash operating profit/loss	R million	428	332	(41)	**(11)**	(73)
Cash operating margin	%	17	14	(2)	**(0)**	
Capital expenditure	R million	286	570	646	**282**	(56)

Refer to pages 243 to 244 for the Modikwa Mine segmental information. IAR

TWO RIVERS MINE

Management: Managed by ARM.

		Measured and Indicated Resources		Proved and Probable Reserves		
		Mt	g/t 6E	Mt	g/t 6E	M oz
Resources and Reserves (100% basis)	UG2	72.76	5.13	43.25	3.56	4.95
	Merensky	60.57	3.11	–	–	–
	6E = Platinum + Palladium + Rhodium + Ruthenium + Iridium + Gold					
Refining	All metal in concentrate produced is sold to an Implats subsidiary, Impala Refining Services Limited (IRS).					
F2016 average labour	3 406 employees, including 999 contractors					

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

100% basis		F2013	F2014	F2015	F2016	% change
Metal production						
Platinum	ounces	162 182	175 065	173 544	**185 856**	7
Palladium	ounces	98 635	102 686	101 967	**110 943**	9
Rhodium	ounces	28 664	30 993	30 645	**33 098**	8
Gold	ounces	2 249	2 473	2 506	**2 695**	8
Ruthenium	ounces	47 696	51 432	51 815	**55 110**	6
Iridium	ounces	11 019	12 033	12 116	**13 020**	7
PGMs	ounces 6E	350 443	374 681	372 592	**400 722**	8
Nickel	tonnes	555	566	584	**648**	11
Copper	tonnes	242	249	267	**308**	15
Chrome concentrate sold	tonnes	–	160 951	240 411	**283 765**	18
Operational statistics						
Tonnes milled	Mt	3.17	3.28	3.36	**3.51**	4
Head grade	g/t 6E	4.02	4.01	3.98	**4.06**	2
Average number of permanent employees	number	2 410	2 329	2 398	**2 407**	–
Average number of contractors	number	1 296	1 087	889	**999**	12
Financial indicators						
Cash cost	R/tonne	579	602	595	**642**	8
Cash cost	R/Pt oz	11 331	11 271	11 519	**12 125**	5
Cash cost	R/PGM oz 6E	5 244	5 266	5 365	**5 624**	5
Cash cost	R/kg 6E	168 594	169 314	172 503	**180 802**	5
Basket price	R/kg 6E	298 384	330 214	341 200	**320 977**	(6)
Net sales revenue	R million	2 868	3 671	3 676	**3 917**	7
Cash operating cost	R million	1 838	1 973	1 999	**2 253**	13
Cash operating profit – Total	R million	1 011	1 486	1 418	**1 356**	(4)
Cash operating profit – PGMs	R million	1 011	1 424	1 270	**1 226**	(3)
Cash operating margin – Chrome	R million	–	62	148	**130**	(12)
Cash operating margin	%	35	40	39	**35**	
Capital expenditure	R million	498	317	277	**282**	2

Refer to pages 243 to 244 for the Two Rivers Mine segmental information. IAR

TAMBOTI

Management: 100% ARM interest.

		Measured and Indicated Resources	
		Mt	g/t 6E
Resources (100% basis)	UG2	15.20	6.19
	Merensky	14.39	4.31
	6E = Platinum + Palladium + Rhodium + Ruthenium + Iridium + Gold		

ARM PLATINUM continued

NKOMATI MINE

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

		Measured and Indicated Resources		Proved and Probable Reserves		
		Mt	Ni%	Mt	Ni%	
Resources and Reserves (100% basis)	Nickel (MMZ+PCMZ)	187.22	0.35	94.56	0.31	
	Nickel (PCMZ Stockpile)	–	–	2.92	0.20	
	Nickel (MMZ Stockpile)	–	–	0.08	0.30	
		Mt	Cr_2O_3%	Mt	Cr_2O_3%	
	Chromite (Oxidized)	0.18	25.97	0.14	23.18	
	Chromite (Un-Oxidized)	6.48	28.88	1.41	18.30	
	Chromite (PCMZ)	76.24	12.03	44.50	13.64	
	Chromite (Stockpiles)	–	–	2.53	19.83	
		Mt	g/t 4E	Mt	g/t 4E	M oz
	PGMs (MMZ+PCMZ)	187.22	0.95	94.56	0.89	2.70
	PGMs (PCMZ Stockpile)	–	–	2.92	0.72	0.07
	PGMs (MMZ Stockpile)	–	–	0.08	1.01	0.003
	4E = Platinum + Palladium + Rhodium + Gold					
Refining	All metals in concentrate produced (excluding chrome), are sold to Metal Trade Overseas AG. Chrome concentrates are sold on the spot market, through marketing agents, to various end users.					
F2016 average labour	1 766 employees, including 1 245 contractors					

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

100% basis		F2013	F2014	F2015	F2016	% change
Metal production						
Nickel	tonnes	23 220	22 874	21 298	**21 592**	1
Copper	tonnes	9 877	10 116	9 666	**9 893**	2
Cobalt	tonnes	1 101	1 133	1 116	**1 065**	(5)
PGMs	ounces	111 185	185 194	144 368	**157 598**	9
Chrome concentrate sold	000t	225	342	377	**273**	(28)
Operational statistics						
Tonnes milled	Mt	7.59	7.93	8.03	**8.24**	3
Head grade	% nickel	0.41	0.39	0.36	**0.36**	(0)
Average number of permanent employees	number	794	805	904	**521**	(42)
Average number of contractors	number	2 167	1 690	2 363	**1 245**	(47)
Financial indicators						
Nickel on-mine cash cost per tonne treated	R/tonne	292	308	296	**295**	–
Cash cost net of by-products	US$/lb	4.98	4.81	4.85	**4.18**	(14)
Net sales revenue	R million	4 488	6 063	5 372	**4 491**	(16)
Cash operating cost	R million	2 218	2 444	2 380	**2 435**	2
Cash operating profit – Total	R million	1 178	1 813	815	**(112)**	(114)
Cash operating profit – Nickel Mine	R million	1 054	1 656	537	**(232)**	(143)
Cash operating profit – Chrome Mine	R million	124	157	278	**120**	(57)
Cash operating margin	%	26	30	15	**–**	
Average nickel price	US$/t	16 245	15 488	15 102	**9 275**	(39)
Capital expenditure	R million	189	258	666	**488**	(26)

Refer to pages 243 to 244 for the Nkomati Mine segmental information. IAR

KALPLATS PGM PROSPECT

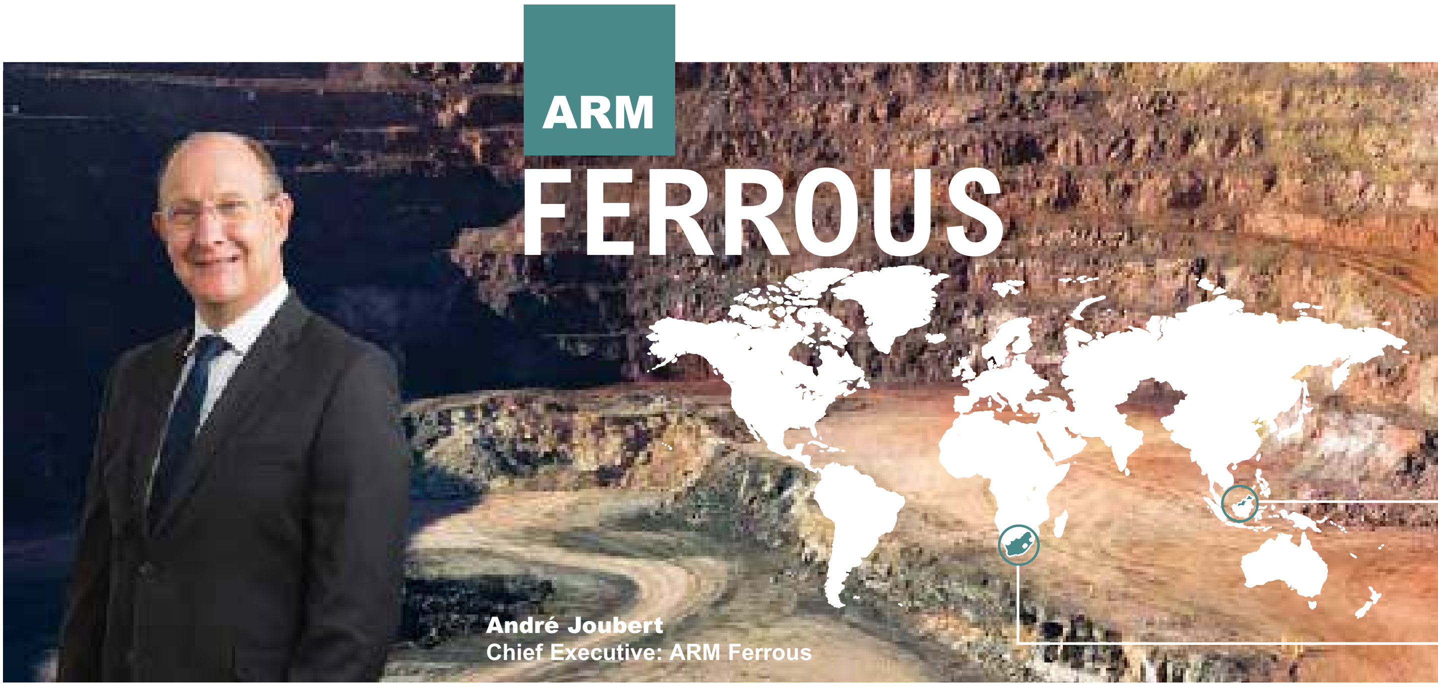
ARM Platinum completed its review of the revised Definitive Feasibility Study (DFS) submitted by Platinum Australia (PLA). The viability of a possible mining operation is adversely affected by the lack of Eskom power and the uncertainty regarding the timing of its delivery. An application for a Retention Permit was submitted in July 2012.

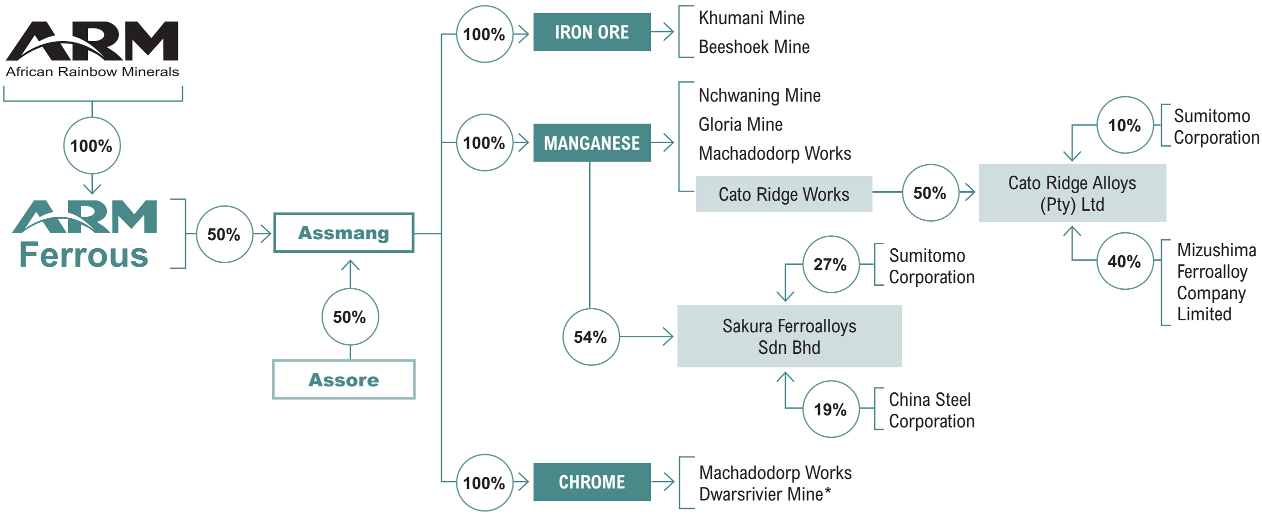
Management: Managed by PLA.

	Measured and Indicated Resources	
	Mt	g/t 3E
Resources (100% basis)	69.91	1.48
	3E = Platinum + Palladium + Gold	

Drill operator at Two Rivers Mine

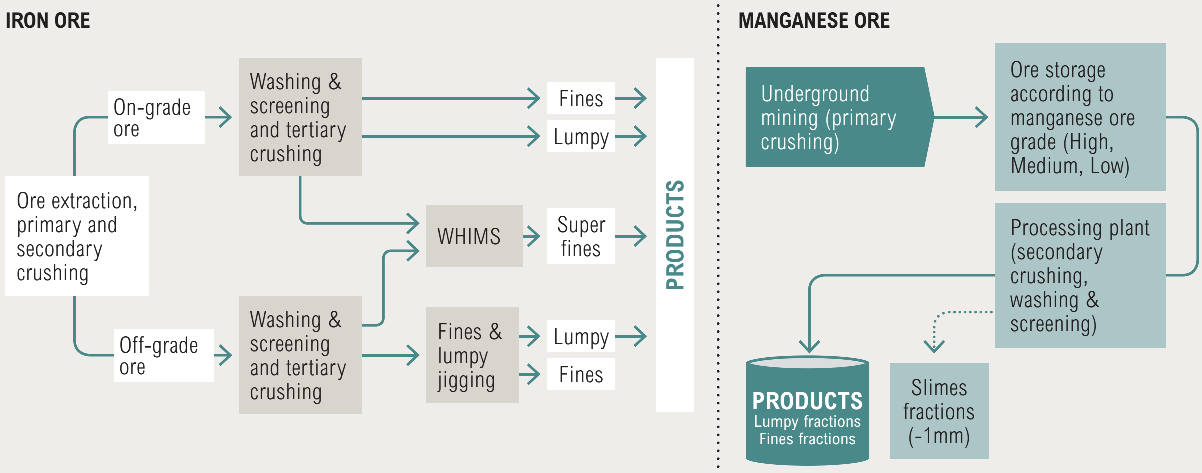
ARM FERROUS

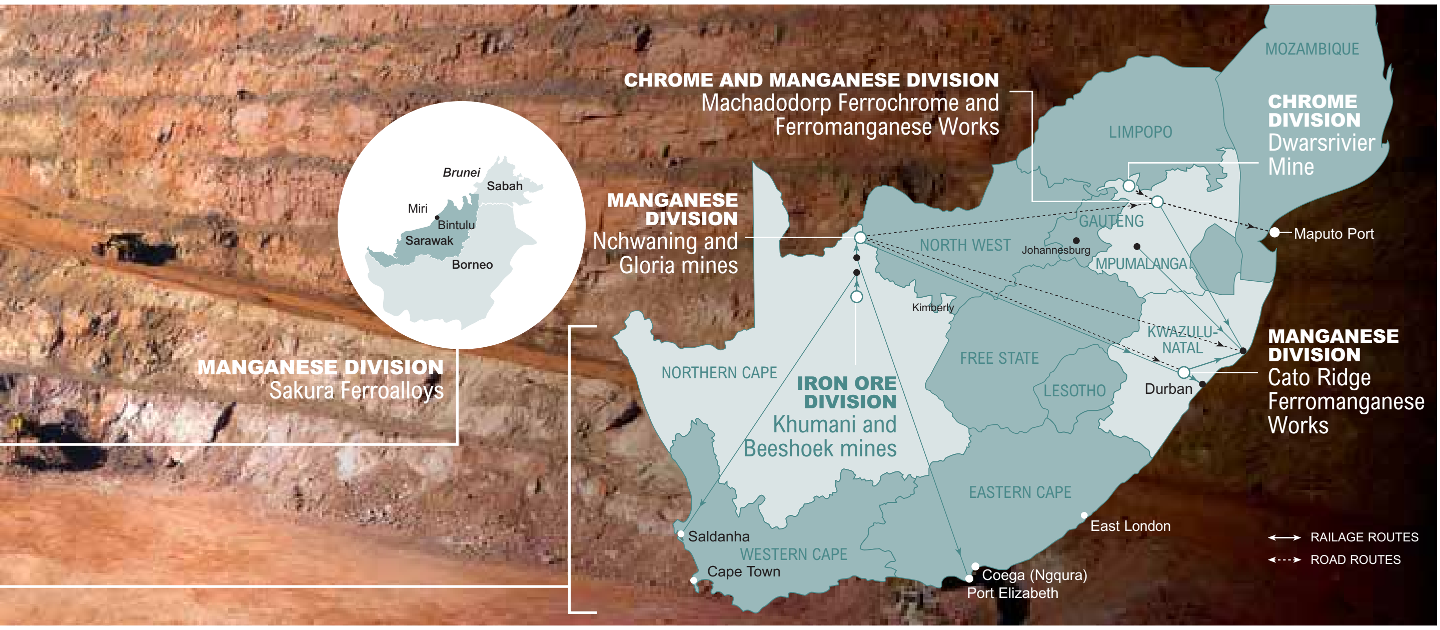




** ARM concluded an agreement to dispose of its 50% effective interest in Dwarsrivier Chrome Mine to Assore. The disposal was completed after year-end in July 2016.*

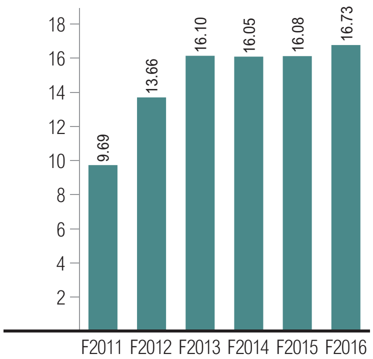
PRODUCTION PROCESSES



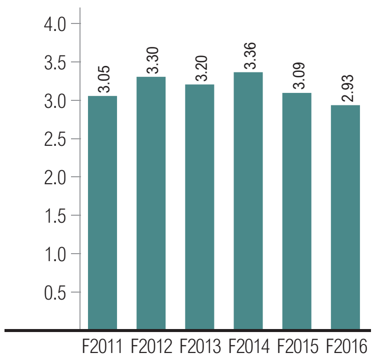


SALIENT FEATURES

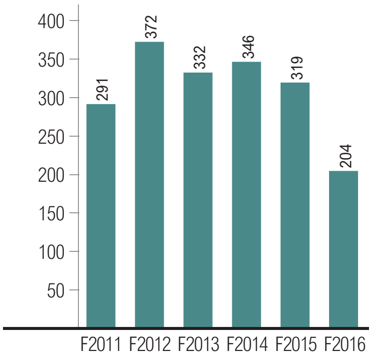
IRON ORE PRODUCTION VOLUMES
(100% basis) (Mt)



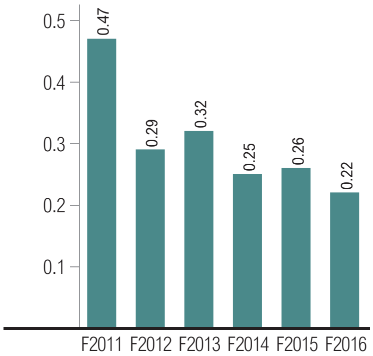
MANGANESE ORE PRODUCTION VOLUMES
(100% basis) (Mt)



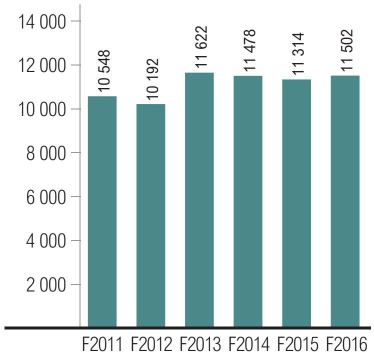
FERROMANGANESE PRODUCTION VOLUMES
(100% basis) (000t)



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



TOTAL LABOUR (average number of employees, including contractors)



HEADLINE EARNINGS
R1 441 million
(F2015: R1 588 million)

CASH INFLOW FROM OPERATING ACTIVITIES
R2 588 million
(F2015: R2 967 million)

CAPITAL EXPENDITURE
R1 422 million
(F2015: R1 830 million)

CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE (100% BASIS)
R73 million
(F2015: R107 million)

ARM FERROUS continued

SCORECARD

IRON ORE DIVISION

F2016 OBJECTIVES	F2016 PERFORMANCE	F2017 OBJECTIVES
> Increase total iron ore sales to 16.5 million tonnes. > Target export iron ore sales volumes of 13.5 million tonnes. > Target local iron ore sales volumes of 2.7 million tonnes. > Optimal utilisation of third party load-out station.	> Record total iron ore sales volumes of 17.0 million tonnes were achieved. > Export iron ore sales volumes of 14.1 million tonnes achieved. > Local iron ore sales volumes of 2.9 million tonnes achieved. > Assisted a third party to export 1.1 million tonnes through the Khumani Mine load-out facility.	> Maintain total iron ore sales volumes of 17.0 million tonnes per annum. > Target export iron ore sales of 14.0 million tonnes per annum. > Target iron ore sales for the local market of 3.0 million tonnes.

IRON ORE: KHUMANI MINE

F2016 OBJECTIVES	F2016 PERFORMANCE	F2017 OBJECTIVES
> Reduce operating expenses by R350 million for the financial year.	> Operating expenses were reduced by R280 million for the year.	
> Reduce the on-mine unit production costs by 15% on a nominal basis.	> On-mine unit production costs were reduced by 12% on a nominal basis.	> Contain year-on-year unit production costs escalation below inflation.
> Increase jig plant throughput from 12.8 million tonnes per annum to 13.5 million tonnes per annum.	> Jig plant capacity was increased to 13.7 million tonnes per annum.	> Increase Khumani Mine's saleable production volumes to 14.5 million tonnes per annum.
> Increase saleable output from the Wet High Intensity Magnetic Separation (WHIMS) Plant to 400 000 tonnes (from 160 000 tonnes).	> Saleable production from the WHIMS Plant increased by 181% to 422 000 tonnes.	> Improve the ultra-fines product recovery by 350 000 tonnes per annum.
> Enhance the mineral resource management process to yield more accurate predictions of on:off grade ratio, yield profiles and particle size distribution.	> Achieved the life of mine on: off grade ratio of 30:70 and increased the lumpy yield to 54%.	> Complete the evaluation of technology to upgrade low grade iron ore feed material.
> Improve operating efficiencies and productivity within the mining operations to sustain critical stockpile levels through the value chain.	> Khumani Mine production volumes increased by approximately 967 thousand tonnes to 13.6 million tonnes and on-site water consumption was improved reducing lost production due to water shortage.	> Secure a suitable off-set area for Khumani Mine.
> Upgrade or re-instate the design pump capacity at the Postmasburg pump station for all four pumps.	> Pump capacity re-instated successfully with the assistance of the Sedibeng Water Board and Kumba.	> Complete a water balance over the underground water resources within the Khumani lease area and surrounding properties.
> Conduct borehole pump tests to determine the underground water potential that could be sustainably abstracted.	> Borehole pump testing at Parsons Plant was successfully completed.	> Complete the drilling of five boreholes at Khumani Mine to improve water supply options to the mine.
> Complete a water balance over the underground water resources available within the Khumani lease area and surrounding properties.	> Formalised the process to establish and complete a water balance over the underground water.	
> Install a permanent borehole/pump system solution on Khumani Mine to supplement the water supply from Sedibeng Water Board.	> Not completed but several boreholes have been drilled and pump tests with hydrological impact assessment are being done.	> Install a permanent borehole/pump system solution on Khumani Mine to supplement the water supply from Sedibeng Water Board.
> Ensure that the water licence for Khumani is amended to reflect the changes in processes and extraction volumes required.	> Not completed, will be done once full assessments and hydrological studies are completed.	> Amend the water use licence for Khumani to reflect the changes in processes and extraction volumes required.

IRON ORE: BEESHOEK MINE

F2016 OBJECTIVES	F2016 PERFORMANCE	F2017 OBJECTIVES
> Review the Beeshoek Village Pit development schedule in line with the current business challenges.	> The Village Pit design was reviewed and the stripping ratio was reduced from 4.8:1 to 3:1.	
> Align all resources with the revised schedule for Beeshoek Village Pit.	> All resources were reviewed and matched to the reduced production profile of 3 million tonnes per annum.	
> Ramp up production from 3.2 million tonnes to 3.7 million tonnes per annum at Beeshoek Mine.	> Beeshoek production volumes were 3.1 million tonnes in line with the 3 million tonnes per annum agreement concluded with a South African steel producer for a period of three years.	> Sustain production output at 3 million tonnes per annum. > Accelerate the mining programme in East Pit for better stope stability. > Evaluate product recovery options for the Beeshoek Mine tailings stream.
> Critically review all iron ore resources within the Beeshoek mining lease area.	> Review of all resources in the mining area was successfully completed. The relocation of employees from Beeshoek Village to Postmasburg was completed.	

ARM FERROUS continued

SCORECARD

MANGANESE ORE DIVISION

F2016 OBJECTIVES	F2016 PERFORMANCE	F2017 OBJECTIVES
> Maintain the good safety performance achieved to date. > Complete the following as part of the Black Rock Project: – The Gloria Vent Shaft; – Installation of the Nchwaning II winder; – First phase of the Nchwaning II Shaft upgrade; – Nchwaning II underground mining development at shaft bottom; – Nchwaning I key underground infrastructure; – Rail balloon; – Earthworks of new stacker area and commencement with construction of load-out station and product reclaimer; – All potable and process water dams and integrate with existing systems; and – Continue with insourced mining development as planned.	> Improved the safety performance by 3% compared to F2015. > The following were completed: – The new Gloria Vent Shaft; – Nchwaning II winder building; – First phase of the Nchwaning II Shaft upgrade; – Nchwaning II underground mining development at shaft bottom was initiated; – Earthworks for the new stacker area and commencement with construction of load-out station; – Potable and process water dams are on schedule to be completed in F2017; and – Insourced mining development executed and is ongoing as planned.	> Maintain the good safety performance achieved to date. > Complete the following as part of the Black Rock Project: – Commissioning and licensing of the Nchwaning II winder; – Commissioning of the Nchwaning II Shaft upgrade; – Nchwaning II underground mining development at shaft bottom; – Nchwaning I key underground infrastructure development; – Construction and commissioning of the new rail balloon; – New stacker product reclaimer and load-out station; – Commissioning of new time attendance system; – Commissioning of Nchwaning surface plant; – Evaluation of Gloria underground infrastructure development; – Commissioning of new time-and-attendance system; and – Commissioning of Nchwaning II surface plant.

MANGANESE ORE: LOGISTICS

F2016 OBJECTIVES	F2016 PERFORMANCE	F2017 OBJECTIVES
> Receive allocation for the export of manganese ore from Transnet as part of the Manganese Export Capacity Allocation (MECA 2) expected to be applicable from 1 August 2015 until 31 March 2020.	> An agreement was reached with Transnet regarding the MECA 2 allocation.	> Alignment of the potential ramp-up of Black Rock Mine with the longer term MECA 3 process, which is ongoing.
> Ensure that the detail route allocation volumes and tariffs for MECA 2 are clarified with Transnet.	> Completed.	
> MECA 2 contract to be formalised and signed.	> In the final stages of completion. Terms of reference were signed in the interim.	
> Further engage Transnet to conclude the MECA 3 allocation process, applicable from 1 April 2020, onwards.	> Engagement with Transnet on MECA 3 is ongoing.	

MANGANESE ALLOY: CATO RIDGE

F2016 OBJECTIVES	F2016 PERFORMANCE	F2017 OBJECTIVES
> Complete the restructuring processes at Cato Ridge Works and operate only Furnaces 5 and 6 to convert the smelter to a refined alloy business.	> The restructuring process was completed at the end of March 2016. Furnace 5 and 6 continue to supply Cato Ridge Alloys for the production of refined alloy. > Furnace 2 was kept in operation, to dilute fixed costs sufficiently.	> Assess which of the furnaces is the lowest cost and operate that combination of furnaces. > Ladle carrying equipment will be tested so that it becomes possible to transfer hot metal from Furnace 2 to the refined alloy business. > Assess the use of self-reducing pellets to enhance furnace efficiencies.
> Progress selected technologies to improve the sustainability of the manganese smelters to feasibility, batch and pilot testing phases if found to be feasible.	> Proprietary technology was developed for the direct reduction of manganese ore and has been patented.	> Progress technology to pilot testing phase if feasible.

CHROME ORE DIVISION

F2016 OBJECTIVES	F2016 PERFORMANCE	F2017 OBJECTIVES
> Complete the Section 11 transfer of the Dwarsrivier Mineral Rights from Assmang to Assore. > Actively support the newly formed Dwarsrivier Executive Committee and assist Assore in the management of the mine.	> The applicable conditions precedent were fulfilled in July 2016 and the transaction was completed after year-end.	

ARM FERROUS continued

OVERVIEW

OPERATIONAL OVERVIEW (ATTRIBUTABLE BASIS)		**F2016**	F2015	% change	Operational target F2017
Iron ore sales	000t	**8 504**	8 092	5	→
– Khumani	000t	**6 815**	6 374	7	↑
– Beeshoek	000t	**1 688**	1 718	(2)	↓
Manganese ore sales	000t	**1 545**	1 368	13	↓
– Nchwaning*	000t	**1 280**	1 090	17	→
– Gloria*	000t	**265**	278	(5)	↓
Ferromanganese sales	000t	**87**	111	(22)	↓
– Cato Ridge	000t	**72**	88	(18)	→
– Machadodorp	000t	**15**	23	(35)	↓
Chrome sales					
– Dwarsrivier chrome ore*	000t	**574**	534	7	
– Machadodorp charge chrome	000t	**7**	9	(22)	↓

* *Excludes intra-company sales.*

FINANCIAL OVERVIEW (ATTRIBUTABLE BASIS)		**F2016**	F2015	% change
EBITDA	R million	**2 853**	2 964	(4)
Headline earnings	R million	**1 441**	1 588	(9)
Cash generated from operations	R million	**2 916**	2 967	(2)
Capital expenditure	R million	**1 489**	1 830	(19)

SUSTAINABILITY OVERVIEW (100% BASIS***)		**F2016**	F2015	% change
LTIFR*		**0.22**	0.26	(15)
CSR spend**	R million	**73**	107	(32)
Electricity consumption	000 MWh	**887**	1164	(24)
Water consumption	million m^3	**11.5**	10.8	7
Total: Scope 1 and 2 emissions (attributable)	tCO_2e	**615 843**	813 689	(24)

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

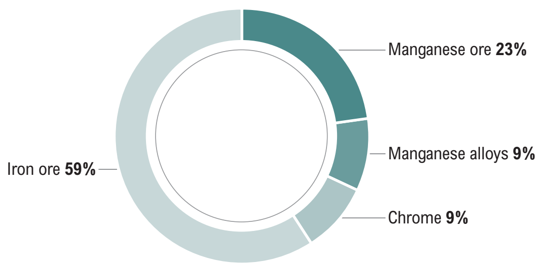

Truck driver training at Beeshoek Mine

OPERATIONAL AND FINANCIAL REVIEW

ARM Ferrous headline earnings were 9% lower at R1 441 million compared to R1 588 million in F2015. The lower earnings were mainly as a result of a 23% decline in US Dollar export iron ore prices and a 31% decrease in export manganese ore prices which was partly offset by the weakening of the Rand versus the US Dollar and higher iron ore and manganese ore sales volumes.

Unit production cost were well contained in ARM Ferrous with the iron ore division and manganese ore operations achieving a decrease in unit production costs.

ARM FERROUS SALES PER COMMODITY
(100% basis)



ASSMANG COST AND EBITDA MARGIN PERFORMANCE

Commodity group	Unit cost of sales change* %	On-mine unit production cost change* %	EBITDA margin %
Iron ore	(2)	(8)	37
Manganese ore	(5)	(6)	22
Manganese alloys	(10)	9	(2)
Chrome ore	13	7	9

* *Brackets refer to a decrease in unit costs while no brackets refer to an increase in unit costs in the table above.*

IRON ORE DIVISION

The Iron Ore Division contributed R2 429 million to the Assmang headline earnings and achieved record iron ore sales volumes of 17.0 million tonnes of which 14.1 million was sold in the export market and 2.9 million was sold locally. Iron ore production volumes were up 4% to 16.7 million tonnes.

Export sales from Khumani Mine increased by 7% from 12.8 million tonnes to 13.6 million tonnes while production volumes were up by 8% from 12.6 million tonnes to 13.6 million tonnes. In addition, Khumani Mine successfully completed several safety, operational efficiency and unit cost improvement initiatives during F2016. These initiatives yielded the following results:

> Lowering of the LTIFR by 42% to 0.17 per 200 000 man-hours;
> Increasing the off-grade plant yield from 62% to 66%;
> Improving the lumpy yield produced from 53% to 54%;
> Reducing on-mine unit production costs by 12% to R194.10 per tonne (F2015: R221.12 per tonne);
> Reducing unit cost of sales by 4% to R497.90 per tonne (F2015: R516.80 per tonne);
> Decreasing capital expenditure by R250 million. The decrease was mainly as a result of reviewing the waste stripping ratio of the mine without compromising its long-term sustainability; and
> Establishing on-site boreholes to reduce the dependence on water supply from the Sedibeng Water Board.

Khumani Mine also achieved a significant increase in the saleable production output of the WHIMS plant to 422 000 tonnes per annum. This contributed to the higher production volumes at Khumani Mine.

The pump capacity at the Postmasburg pump station was improved and the borehole pump testing at Parsons Plant was successfully completed. The water balance over the underground water resources available within the Khumani Mine lease area and surrounding properties has been completed.

Beeshoek Mine secured a 3 million tonne per annum off-take agreement with a South Africa steel producer for three years until December 2018. Beeshoek Mine's smaller customers exited the market due to a decline in local steel prices and are expected to remain out of the market for the foreseeable future. The overall implication is that Beeshoek Mine had to revise its annual saleable production profile down from 4 million tonnes to 3 million tonnes per annum. Part of this reduction included rescheduling of the exploitation rate of the Village Pit and a review of Beeshoek Mine's labour complement. This work was completed in early F2016 and a sustainable mine plan has been completed for Beeshoek Mine.

Beeshoek Mine production volumes decreased from 3.4 million tonnes to 3.1 million tonnes as part of the revised production profile while external sales volumes remained relatively flat at 3.4 million tonnes.

The relocation of employees from the Beeshoek Village to Postmasburg has been completed.

Beeshoek on-mine unit production costs increased 11% mainly due to the planned lower production volumes.

MANGANESE DIVISION

The Manganese Division's contribution to headline earnings was R396 million and was 31% lower compared to the previous financial year.

The manganese ore operations were able to increase sales volumes despite ongoing work on the modernisation of the Black Rock Mine. Sales volumes increased by 13% to 3.1 million tonnes of which 3.0 million tonnes were exported and 0.1 million tonnes sold locally. Manganese ore production volumes were 5% lower at 2.9 million tonnes.

Black Rock Mine's safety, operational efficiency and unit cost improvement initiatives yielded the following good results:

> Lowering the LTIFR to 0.35 per 200 000 man-hours;
> Decreasing on-mine unit production costs by 6% to R449.49 per tonne (F2015: R475.74 per tonne);
> Reducing the permanent workforce by 435 employees; resulting in an annualised cost saving of approximately R197 million;

ARM FERROUS continued

- Substantial productivity improvement (measured in tonnes produced per day) on all shaft complexes; and
- Increasing high-grade ore production.

Black Rock Mine has completed the right-sizing process to align the mine with the operational and efficiency improvements required to remain profitable. The new Gloria ventilation shaft, Nchwaning II winder building and the first phase of the Nchwaning II Shaft upgrade has been completed.

All potable and process water dams have been integrated with existing water systems to alleviate the water shortage experienced in the Northern Cape.

Challenging conditions in the manganese alloy market continued and as a result only three of the six furnaces at Cato Ridge are currently operating and producing high carbon ferromanganese. Medium carbon ferromanganese is being produced from Cato Ridge Alloys. Manganese alloy sales volumes were 22% lower than F2015 at 174 840 tonnes. Machadodorp Works is only recovering ferrochrome from the historical slag dump through the metal recovery plant which has approximately 12 months remaining. Once all the chrome slag has been processed the operation will recover ferromanganese slag through the metal recovery plant for approximately eight months. ARM and Assore are in the process of evaluating all available options for the future of Machadodorp Works.

A total impairment of R146 million after tax (on an attributable basis) was recorded at Cato Ridge and Machadodorp works.

Manganese alloys unit costs increased by 10% at Cato Ridge Works due to lower volumes produced and higher electricity tariffs. Cato Ridge Works has completed the right-sizing process to comply with its revised operational requirements.

CHROME DIVISION

Chrome ore produced at Dwarsrivier Mine was 8% higher at 1.2 million tonnes (F2015: 1.1 million tonnes). Chrome ore sales increased by 7% to 1.1 million tonnes while the unit production costs for chrome ore increased by 7% year-on-year.

In July 2016, ARM completed the disposal of its 50% effective interest in Dwarsrivier Chrome Ore Mine to Assore and received an amount of R450 million as the purchase consideration.

CAPITAL EXPENDITURE

Assmang capital expenditure (on a 100% basis) was R857 million lower at R2 978 million. This expenditure included R1.7 billion spent on the Black Rock Project.

Khumani Mine capital expenditure mainly comprised waste stripping at the Bruce and King pits, infill drilling required to enhance the geological block models of the various mineable pits, the purchase of replacement mining equipment and the establishment of alternative water resources on the mine.

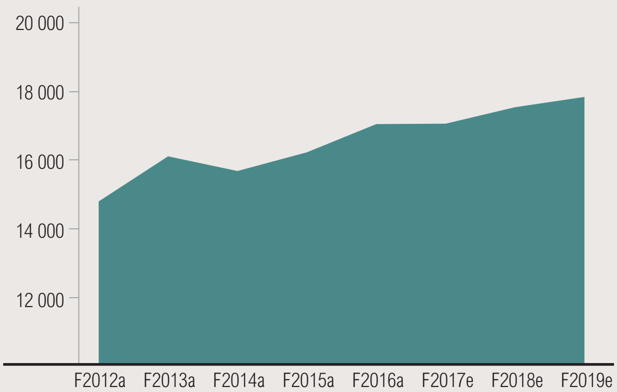
Beeshoek Mine capital expenditure mainly comprised the Village Pit waste stripping, vehicle proximity detection and replacement capital. This Village Pit will increase the life of mine of Beeshoek Mine from two to 12 years and will enable Beeshoek Mine to supply the product qualities and quantities as contracted.

The Black Rock Project (which is discussed in more detail below) represents the majority of Assmang's capital expenditure for F2016. The project will enable the mine to reduce its operating costs, become more flexible in terms of its grade and quality management and increase production from Seam 2. The project will also allow the Black Rock Mine to increase production volumes from 3.0 million tonnes to 4.6 million tonnes per annum depending on market demand and logistics capacity. Other capital items at Black Rock included underground mining equipment, water storage dams, ongoing replacement of mining equipment and various risk mitigating projects.

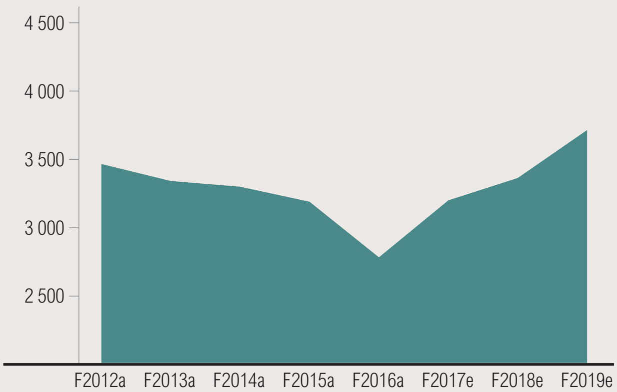
Dwarsrivier Mine's capital expenditure mainly comprised equipping the North Shaft underground development and the installation of new equipment in the beneficiation plant.

FERROUS SALES VOLUMES FROM F2012 TO F2018 (100% basis)

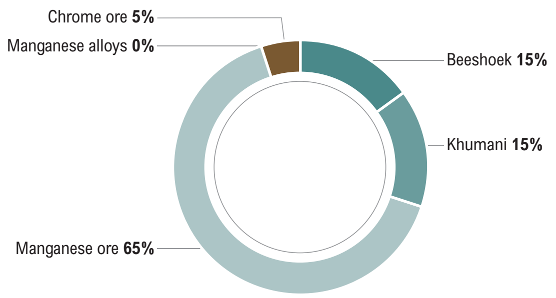
IRON ORE SALES VOLUMES: July 2011 – June 2019
(000t)



MANGANESE ORE SALES VOLUMES: July 2011 – June 2019
(000t)



ARM FERROUS CAPITAL EXPENDITURE PER DIVISION
(100% basis)



LOGISTICS

An agreement was reached with Transnet regarding the manganese ore export capacity as per the interim manganese export capacity allocation (MECA2) process. MECA2 tariffs were settled during the year. Three official routes were confirmed, namely the manganese ore terminal in Port Elizabeth and the multi-purpose terminals in Port Elizabeth and Saldanha Bay. Synchronisation of the ramp-up of the Black Rock Mine with the longer term (MECA3) process is ongoing.

Assmang continues to experience good service levels on its 14 million tonnes per annum iron ore export supply route from Transnet.

A new entrant was able to export 1.1 million tonnes using the Khumani Mine load-out facility.

PROJECTS

BLACK ROCK PROJECT

The capital requirement for the Black Rock Project was reduced from R6.7 billion to R6.0 billion without altering the scope of the project. The cost savings were achieved by streamlining the project management structure, optimising some of the designs and lay-outs and working with the contractors to optimise their costs and fees. By re-deploying Black Rock Mine employees, who may have otherwise been retrenched, to do most of the underground development work that would have been executed by specialist contractors, less job losses were incurred and additional savings were achieved.

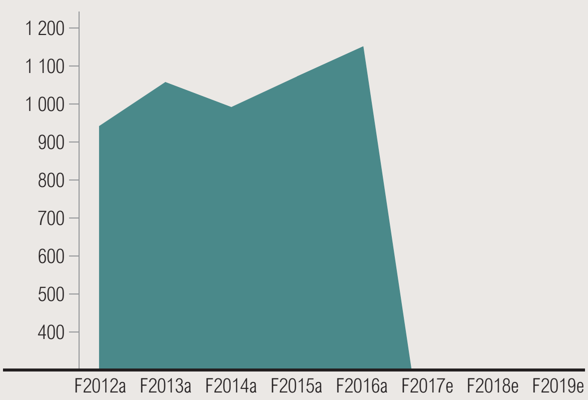
80% of the project budget has been committed to date and 56% of the project capital has been paid out to service providers, contractors and suppliers. The project is approximately 68% complete and good progress has been made with the construction of the planned surface infrastructure and the upgrade of the Nchwaning II Shaft. All indications are that the shaft will be re-commissioned on schedule by the end of November 2016.

Sinking of the Gloria Mine ventilation shaft was successfully completed in time and on budget.

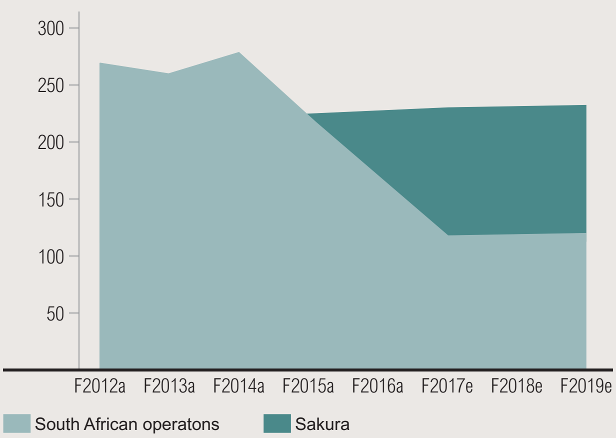
The primary focus of the Black Rock Project remains:

> The modernisation of the mine to optimise resource exploitation and to maximise utilisation of production hours, production fleet and mining equipment;
> The cost-efficient exploitation of Seam 1 and Seam 2 manganese resources at the Nchwaning mining complex, targeting the production of high-grade manganese products;
> The modernisation of the surface plant infrastructure to ensure the cost-efficient processing and separation of the various high-grade manganese products from the two seams;
> Creating the flexibility within the underground operations at the Nchwaning shafts to ensure that the mine can more effectively react to changes in market requirements;
> Creating the ability to exploit the high-grade ore within Nchwaning I; and
> Establishing the load-out capacity and efficiency required to meet the requirements as set by Transnet for the Nqura Port facility.

CHROME ORE SALES VOLUMES: July 2011 – June 2019
(000t)



MANGANESE ALLOYS SALES VOLUMES: July 2011 – June 2019
(000t)



ARM FERROUS continued

BEESHOEK VILLAGE PIT

The Beeshoek Village Pit Project is progressing on schedule and within budget. The first iron ore was extracted successfully from the pit in April 2016. The initial ore extracted conforms to the quality specifications derived from the geological drilling work which was completed as part of the motivation for the exploitation of the Village Pit. The Village Pit Project extends the life of mine for Beeshoek Mine from two years to 12 years at a sustainable production rate of 3 million tonnes per annum.

The mining schedules for Village Pit is continuously under review to align the mining programme to the production output of 3 million tonnes per annum planned for Beeshoek Mine, but also to ensure that the Village Pit is exploited as cost effectively as possible by minimising waste stripping rates while ensuring that the product qualities can be sustained. Work done during F2016 resulted in the stripping ratio for Beeshoek Mine being reduced from 4.8:1 to 3.1:1. This enables Beeshoek Mine to successfully compete in a low iron ore price environment.

SAKURA FERROALLOYS PROJECT

The project in Malaysia has progressed well with the first furnace being handed over to operations in April 2016. The first sale of alloy took place in June 2016. Construction of the second furnace was completed and handed over to operations. Hot commissioning was completed and first production was delivered from the furnace during September 2016.

The project remains within the original budget of US$328 million.

Iron ore stockpiling at Beeshoek Mine

MARKET REVIEWS

STEEL

Following six consecutive years of world crude steel production growth, a 2% decline was reported from 2014 to 2015. Even though crude steel production in China rebounded later in the second half of 2016, the consensus forecast remains that total production for 2016 would again be lower than the previous year.

Global steel demand is estimated to decrease by 0.8% to 1 488 million tonnes in 2016 following a contraction of 3.0% in 2015.

It is estimated that the global overcapacity for crude steel is currently at an all-time high of 250 million tonnes. This has led to increased protectionism for steel trade with Europe and North America increasing trade barriers against imports from China. It is anticipated that Chinese steel exports will intensify to Asian countries, especially South East Asia. Chinese steel exports has grown by 6.5% year-on-year and remains an important factor in forecasting crude steel production levels in China and the rest of the world.

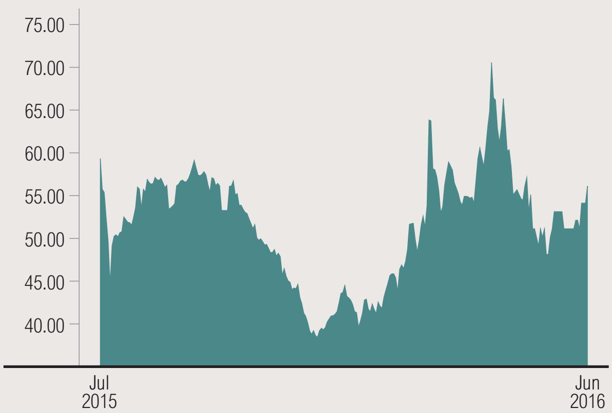
IRON ORE

The impact of increased supply and reduced demand for iron ore resulted in the price dropping below the US$40/t CFR China (Fe 62% fines) during December 2015. A combination of short-term supply disruptions from Australia and renewed stimulus in the Chinese economy resulted in a price spike to a level of just above US$70/t CFR China (Fe 62% fines) during April 2016. This price level attracted renewed supply from several high-cost miners and may extend the period of oversupply for iron ore. By the 2016 financial year-end, the price level had contracted to below US$60/t CFR China (Fe 62% fines).

Downward revisions to seaborne volumes by some of the Australian iron ore producers has led to a slight upward review of forecasted iron ore prices. The market, however, is expected to continue to be oversupplied and displacement of higher cost producers remains a requirement in rebalancing the iron ore market.

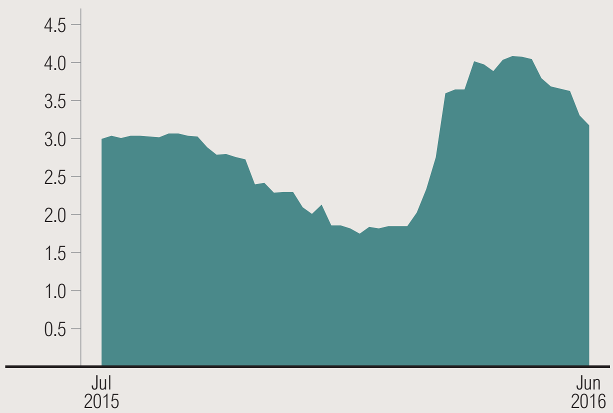
FERROUS PRICING TRENDS FOR F2016 (JULY 2015 TO JUNE 2016)

F2016 SPOT 62% IRON ORE FINES PRICES – CIF
(US$/t)



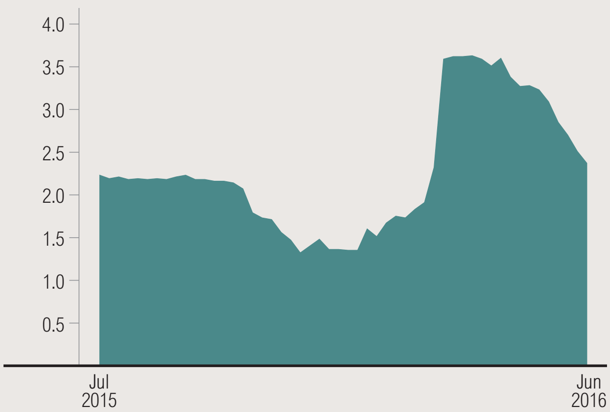
Source: INet Bridge

F2016 SPOT 44% MANGANESE ORE PRICES – CIF TIANJIN
(US$/mtu)



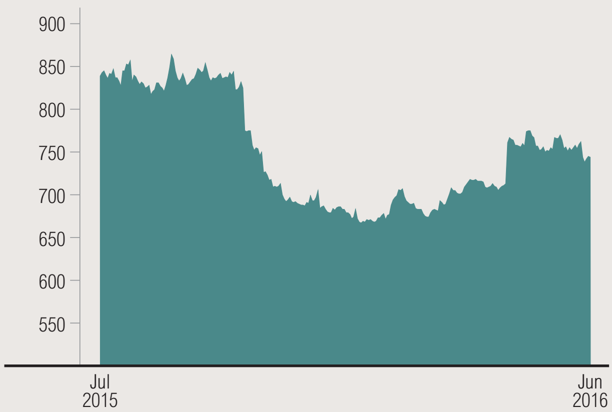
Source: INet Bridge

F2016 SPOT 37% MANGANESE ORE PRICES – FOB PORT ELIZABETH
(US$/mtu)



Source: INet Bridge

F2016 78% FERROMANGANESE SPOT PRICES
(US$t)



Source: INet Bridge

ARM FERROUS continued

The lumpy premium contributed to volatile pricing for iron ore. During December 2015, the premium dropped to below US$3/t with Chinese buyers opting for cheaper grade ores. Environmental regulations and the need for increased productivity by steel mills assisted in the premium recovering to above US$10/mt by the end of the financial year. Attempts by Chinese authorities to reduce emissions is expected to assist in keeping lumpy premiums high.

The dynamics in the ocean freight market remain unchanged with supply of vessels exceeding lower growth rates for commodities. Average rates for the year under review were slightly lower compared to the previous year.

Assmang continues to target higher net return sales, also considering the regional medium to long term sales strategies. Sales to Europe for the year under review reduced from 19% to 12% resulting in higher percentage sales to China and South Korea.

Sales to the domestic market remained at approximately 17% of total sales.

The introduction of import tariffs for certain steel products has assisted in supporting a more sustainable domestic steel industry. The economic outlook for South Africa remains weak and further assistance from regulators, such as minimum local content, will be required to ensure the survival of the domestic steel producers.

MANGANESE ORE

The manganese ore market was characterised by unprecedented volatility. Unpredictable sentiment driven and fairly rapid cycles of demand and lack thereof resulted in extreme price instability. China had the biggest influence on the seaborne market with Chinese demand being underpinned by internal factors, such as steel demand, government's interventions to curb pollution, electricity tariffs, etc.

The other major factor driving the volatility was the oversupply of semi-carbonate ores from South Africa, which has been growing steadily over recent years, as South African producers increased their production and export volumes. The Metal Bulletin Index for semi-carbonate ores dropped to US$1.36/mtu FOB South Africa towards the end of 2015, taking these products to unprofitable levels and prompting significant withdrawal of export volumes and production cuts. A cycle of high demand followed with prices recovering to US$3.60/mtu in April 2016. With increased supply, the prices collapsed again to US$2.37/mtu in June 2016.

The supply of high grade ores (oxide ores) was somewhat steadier; however, the price of high grade manganese ore inevitably followed the above-mentioned cycles due to the two types of ores being partly interchangeable and due to major suppliers competing aggressively to realise regular shipments in spite of the unsteady market conditions. The Metal Bulletin Index for 44% dropped to US$1.74/dmtu CIF China in early January 2016, rose to US$4.08/mtu in April 2016 and decreased to US$3.17/mtu in June.

The market conditions for the next financial year are likely to remain challenging. The impact of the cyclical demand will be somewhat mitigated by an ongoing sales strategy which minimises dependency on any particular geographical region, and capitalises on a diverse product portfolio.

MANGANESE ALLOYS

The past 12 months have been relentless as demand for manganese alloys has remained lacklustre due to oversupply. The manganese ore and alloys market have been progressively trying to adjust to this lower demand which can be seen by comparing new global projects and plant closures over the past 12 months. However, even with global manganese ore supply cuts of approximately 16% year-on-year (approximately 3.5 million tonnes compared to new projects of approximately 840 000 tonnes, showing more manganese capacity is being idled than built) driven by this deteriorating demand, plummeting prices and poor profitability the supply demand balance is yet to be restored within this industry.

Global crude steel capacity utilisation which reduced to below 70% have had a very negative impact on the supply of raw materials, such as manganese alloys. This phenomenon has been driven by increased exports of cheap Chinese steel imports into other markets resulting in most of these regions having to reduce its own domestic production as a result of these imports. As a result, manganese alloys demand has remained weak.

South 32's Metalloys plant in South Africa which had suspended production on three of its High carbon ferromanganese (HCFeMn) furnaces over the winter months of 2015 has yet to resume. Vales' plant in Brazil also suspended all its Medium carbon ferromanganese (MCFeMn) over most of this period.

As a result of this weak demand and oversupply, HCFeMn prices for the first half of the past period weakened by about 17%. However, on the back of a recent increase in the manganese ore price as well as the commencement of a stock drawdown it is expected that the slight increases seen in HCFeMn prices over the past few months will remain especially since producers cannot continue to produce profitably at the current low market prices.

MCFeMn prices have followed an almost similar trend to the HCFeMn prices. The margin however, between the medium carbon and high carbon ferromanganese prices remained high and as a result the risk factor remains that more MCFeMn is traded in the market, especially the two major seaborne markets being Europe and North America which would have an adverse effect on pricing.

ARM FERROUS OPERATIONAL STATISTICS

IRON ORE DIVISION

Beeshoek and Khumani mines (100% basis unless otherwise stated)

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

Resources **Measured and Indicated**	Beeshoek Khumani	107.71 million tonnes 571.14 million tonnes	64.06% iron 64.30% iron
Reserves **Proved and Probable**	Beeshoek – Stockpile Khumani – Stockpile	46.79 million tonnes 6.06 million tonnes 426.01 million tonnes 4.45 million tonnes	64.67% iron 55.15% iron 64.39% iron 60.00% iron
Total labour as at 30 June 2016	3 912 employees, including 1 592 contractors		

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

		F2013	F2014	F2015	F2016	% change
Attributable headline earnings	R million	2 766	3 178	1 247	**1 215**	(3)
Operating margin	%	47	46	25	**24**	
Total iron ore sales volumes	000t	16 070	15 640	16 185	**17 008**	5
Khumani Mine						
Iron ore produced	000t	13 167	12 930	12 649	**13 616**	8
Iron ore sold	000t	14 057	13 418	12 749	**13 631**	7
Sales revenue	R million	14 454	15 999	9 884	**10 152**	3
Total costs	R million	7 567	8 608	7 491	**7 509**	–
Operating profit	R million	6 887	7 391	2 393	**2 643**	10
Capital expenditure	R million	2 159	1 127	1 001	**464**	(54)
Beeshoek Mine						
Iron ore produced	000t	2 936	3 124	3 427	**3 110**	(9)
Iron ore sold	000t	2 013	2 223	3 436	**3 377**	(2)
Sales revenue	R million	1 236	1 668	2 313	**1 958**	(15)
Total costs	R million	656	726	1 615	**1 640**	2
Operating profit	R million	580	942	698	**318**	(54)
Capital expenditure	R million	550	931	645	**436**	(32)

Refer to pages 245 to 246 for the Iron Ore Divisions segmental information. IAR

Workers at Khumani Mine

ARM FERROUS continued

MANGANESE DIVISION

Nchwaning and Gloria Manganese Ore mines (100% basis unless otherwise stated)

Cato Ridge, Machadodorp and Sakura Ferromanganese works (100% basis unless otherwise stated)

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

		Million tonnes	Mn%	Fe%		Million tonnes	Mn%	Fe%
	Nchwaning				**Gloria**			
Resources Measured and Indicated	Seam 1	129.89	43.3	8.5	Seam 1	149.25	37.4	5.0
	Seam 2	179.78	42.3	16.0	Seam 2	32.04	28.3	9.4
Reserves – Proved and Probable	Seam 1	97.00	43.3	8.5	Seam 1	122.20	36.1	5.1
	Seam 2	124.00	41.5	16.1	Seam 2	–	–	–
	Black Rock							
Resources – Measured and Indicated	Seam 1	43.60	40.6	18.1				
	Seam 2	26.81	38.6	19.8				
Reserves – Proved and Probable	Seam 1	–	–	–				
	Seam 2	–	–	–				
Total labour as at 30 June 2016	4 173 employees, including 2 022 contractors							

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

MANGANESE DIVISION – OPERATIONAL STATISTICS

		F2013	F2014	F2015	**F2016**	% change
Attributable headline earnings	R million	470	529	289	**198**	(31)
Operating profit	%	21	18	10	**9**	
Manganese ore						
Manganese ore produced	000t	3 199	3 358	3 087	**2 934**	(5)
Manganese ore sold*	000t	2 856	2 708	2 736	**3 090**	13
Sales revenue*	R million	4 950	5 556	4 909	**4 841**	(1)
Total costs	R million	3 545	3 962	3 843	**4 140**	8
Operating profit	R million	1 405	1 594	1 066	**701**	(34)
Capital expenditure	R million	777	1 269	1 889	**1 939**	(3)
Manganese alloys: Cato Ridge						
Manganese alloys produced	000t	332	342	319	**204**	(36)
Manganese alloys sold	000t	260	279	223	**175**	(22)
Sales revenue	R million	2 486	2 730	2 219	**1 810**	(18)
Total costs	R million	2 337	2849	2 588	**1 930**	(25)
Operating profit	R million	149	(119)	(369)	**(120)**	68
Capital expenditure	R million	446	73	95	**(11)**	(112)

* *Excluding intra-group sales.*

Refer to pages 245 to 246 for the Manganese Divisions segmental information.

IAR

CHROME DIVISION

Dwarsrivier Chrome Mine and Machadodorp Ferrochrome Works (100% basis unless otherwise stated)

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

Resources Measured and Indicated	69.04 million tonnes at 38.06% Cr_2O_3
Reserves Proved and Probable	48.34 million tonnes at 33.07% Cr_2O_3
Total labour as at 30 June 2016	1 786 employees, including 593 contractors

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

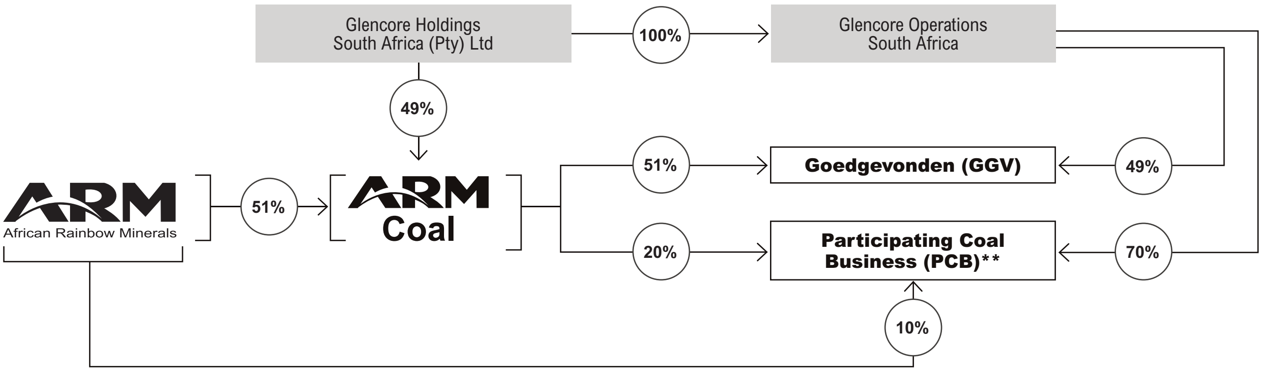
CHROME DIVISION – OPERATIONAL STATISTICS

		F2013	F2014	F2015	F2016	% change
Attributable headline earnings	R million	1	64	92	**55**	(40)
Operating profit	%	(10)	–	15	**9**	
Dwarsrivier chrome ore						
Chrome ore produced	000t	1 033	1 014	1 110	**1 200**	8
Chrome ore sold*	000t	1 054	988	1 068	**1 147**	7
Sales revenue*	R million	1 191	1 291	1 609	**1 727**	7
Total costs	R million	1 193	1 190	1 432	**1 578**	10
Operating profit	R million	(2)	101	177	**149**	(16)
Capital expenditure	R million	132	243	207	**149**	(28)
Machadodorp charge chrome						
Charge chrome produced	000t	23	22	21	**15**	(28)
Charge chrome sold	000t	77	32	18	**15**	(17)
Sales revenue	R million	685	317	189	**166**	(12)
Total costs	R million	862	234	103	**155**	50
Operating profit	R million	(177)	83	86	**11**	(87)
Capital expenditure	R million	–	–	–	**–**	–

* *Excluding intra-group sales.*

Refer to pages 245 to 246 for the Chrome Divisions segmental information. IAR

Machadodorp Works

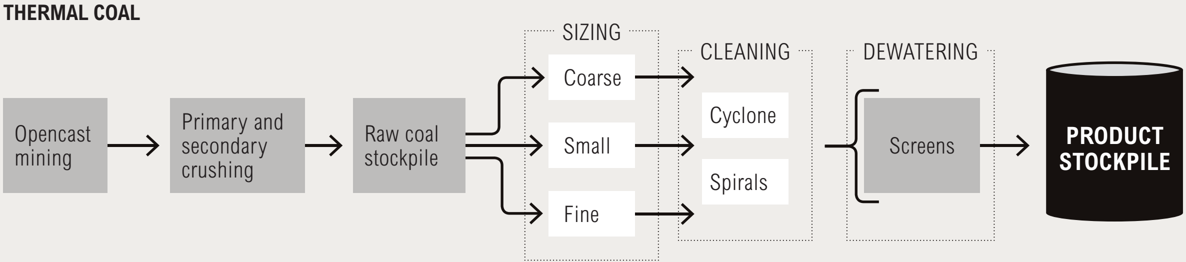


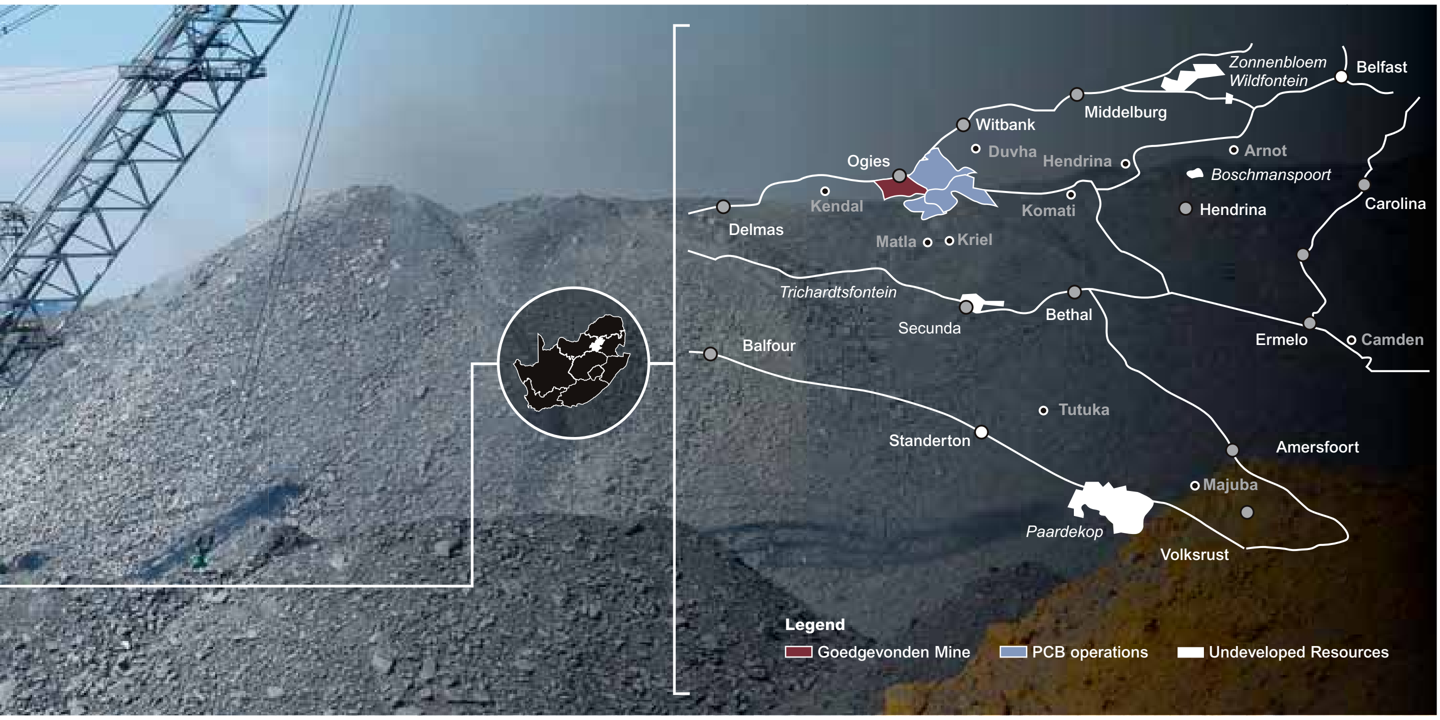
* ARM Coal holds the following:
– Access to Glencore Operations South Africa’s interest and entitlement in the Richards Bay Coal Terminal (RBCT); and
– An export entitlement of 3.2 Mtpa in the Phase V expansion at the RBCT.

** Participating Coal Business (PCB) refers to the Impunzi and Tweefontein operations.

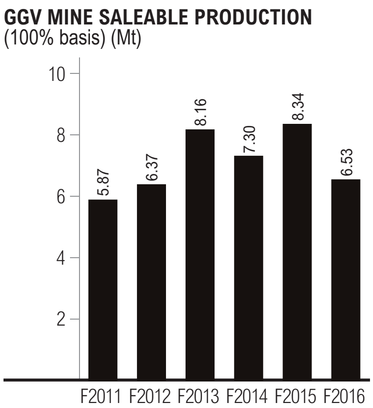
PRODUCTION PROCESS

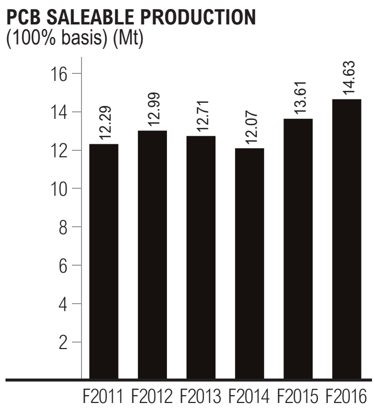
THERMAL COAL





SALIENT FEATURES





ATTRIBUTABLE HEADLINE LOSS

R297 million

(F2015: R93 million)

ATTRIBUTABLE CASH INFLOW FROM OPERATING ACTIVITIES

R236 million

(F2015: R372 million)

ATTRIBUTABLE CAPITAL EXPENDITURE

R185 million

(F2015: R372 million)

ARM COAL continued

SCORECARD

GOEDGEVONDEN (GGV) MINE

F2016 OBJECTIVES	F2016 PERFORMANCE	F2017 OBJECTIVES
Progress the Bankable Feasibility Study (BFS) to expand GGV Mine output.	This project has been put on hold until global coal prices recover sustainably.	

PARTICIPATING COAL BUSINESS (PCB)

F2016 OBJECTIVES	F2016 PERFORMANCE	F2017 OBJECTIVES
Complete the outstanding infrastructure and monitor performance of the Tweefontein Optimisation Project (TOP).	Project completed except for some minor infrastructure items.	
Monitor the export market conditions and review the Addcar operation.	Export prices remained depressed during the financial year and the Addcar operation is still on care and maintenance.	Continue to monitor export coal market conditions to evaluate the feasibility of starting up the Addcar operation.
Increase volumes railed in line with Transnet Freight Rail (TFR) capacity allocation and performance.	TFR's ramp up to 81 million tonnes per annum is slower than initially planned. Low export thermal coal prices have also had a negative impact on the coal volumes being exported from South Africa.	Monitor performance and continue engaging with TFR.

OVERVIEW

OPERATIONAL OVERVIEW (ATTRIBUTABLE BASIS)		F2016	F2015	% change	Operational target F2017
GGV sales	million tonnes	**1.80**	2.15	(16)	↑
Export thermal coal sales	million tonnes	**1.02**	1.34	(24)	↑
Eskom thermal coal sales	million tonnes	**0.78**	0.81	(4)	↑
PCB sales	million tonnes	**3.43**	2.73	26	↓
– Export thermal coal sales	million tonnes	**2.98**	2.17	37	↓
– Eskom thermal coal sales	million tonnes	**0.28**	0.35	(20)	→
– Local thermal coal sales	million tonnes	**0.17**	0.21	(19)	↓
ARM total sales	million tonnes	**5.23**	4.88	7	↓
– Export thermal coal sales	million tonnes	**4.00**	3.51	14	↓
– Eskom thermal coal sales	million tonnes	**1.06**	1.16	(9)	↓
– Other local thermal coal sales	million tonnes	**0.17**	0.21	(19)	↓

FINANCIAL OVERVIEW (ATTRIBUTABLE BASIS)		F2016	F2015	% change
Cash operating profit	R million	**601**	747	(20)
– GGV	R million	**204**	418	(51)
– PCB	R million	**397**	329	21
Headline earnings attributable to ARM	R million	**(297)**	(93)	>(200)
– GGV	R million	**(87)**	93	(194)
– PCB	R million	**(210)**	(186)	(13)

OPERATIONAL AND FINANCIAL REVIEW

ARM Coal's attributable headline loss increased by R204 million to R297 million mainly as a result of a decline in export coal prices, higher interest paid and an increase in the amortisation charge.

The export coal market remained in oversupply in the last 12 months resulting in US Dollar export coal prices declining by 25%. This decline was more pronounced in the second half of the financial year with average realised prices declining to US$38.44/t (1H F2016: US$43.54/t) for GGV Mine and US$38.64/t (1H F2016: US$44.68/t) for PCB. Lower quality export coal sold by both the GGV and PCB mines also contributed to the decline in US Dollar realised prices as this coal was sold at a discount. The 27% weakening of the Rand versus the US Dollar was not enough to offset the decline in US Dollar prices resulting in Rand export coal prices declining by 5% in F2016.

ARM Coal export coal sales volumes were 17% higher mainly driven by increased volumes from the PCB operations as the Tweefontein Optimisation Project (TOP) ramped up. GGV export sales volumes were 24% lower and were negatively affected by a 22% decrease in saleable production volumes. The lower volumes were mainly as a result of mining in a lower grade area and equipment availability.

Unit cost control measures were implemented at both the GGV and PCB operations; however, GGV Mine's on-mine unit production costs per saleable tonne increased above inflation as a result of the decline in saleable production volumes. The PCB operations achieved an 18% reduction in on-mine unit production costs per saleable tonne.

GGV MINE

GGV Mine's saleable production decreased by 22% compared to F2015. In the first half of F2016, the mine's operational performance was negatively impacted by production entering localised geological mineralisation discontinuity and pinching mining area (the Pre-Karoo area) together with a ten-day wage related strike. Production was further hampered by a delay in the issuance of the amended Environment Management Program (EMP) by the Department of Mineral Resources (DMR) which postponed mining in the lower strip ratio pit by four months. During this period, mining was concentrated in higher strip ratio pits.

In addition, the planned annual dragline maintenance over-ran by seven days during which time the Hitachi EX5500 overburden stripping shovel was also down for three weeks due to a major crack on the digging stick. Availability of the larger spare parts for this machine is limited as this is the only machine in the country.

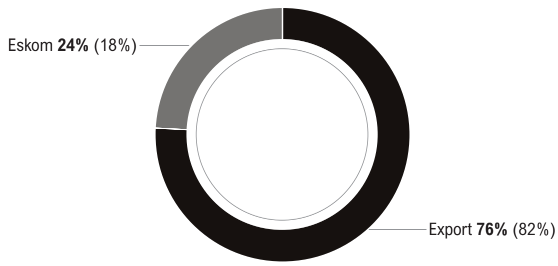
The impact of the delays in the new pit start-up and downtime in the overburden stripping machines impacted coal exposure which in turn resulted in lower run-of-mine, a reduction in saleable production and lower sales volumes, particularly export sales volumes.

On-mine costs per saleable tonne were 27% higher at R239/t as a result of the lower production volumes.

Attributable cash operating profit of R204 million was 51% lower than F2015 mainly as a result of a 24% decline in export sales volumes, combined with a 5% reduction in Rand prices. The lower prices and sales volumes were partly offset by the weaker Rand and higher Eskom sales prices.

The lower cash operating profit, increased finance costs of R183 million and higher amortisation charge of R128 million resulted in GGV recording an attributable headline loss of R87 million compared to headline earnings of R93 million for F2015.

GGV REVENUE SPLIT
(100% basis) F2015 comparative figures in brackets



PARTICIPATING COAL BUSINESS

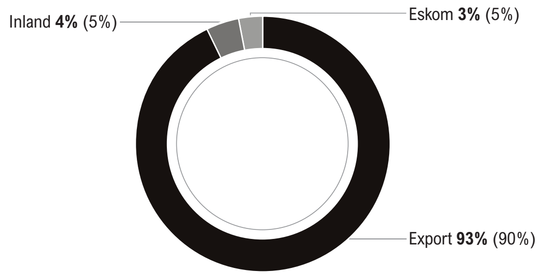
The mines comprising the PCB business reflected a 7% increase in saleable production for the year aided by the commissioning of the Tweefontein Optimisation Project (TOP). The attributable cash operating profit increased by 21% to R397 million mainly as a result of higher export sales volumes.

Export revenue was R1.02 billion higher than F2015 due to higher sales volumes (R514 million) and the weaker Rand (R502 million) but a 24% decline in US Dollar export prices impacted profits negatively by R582 million. Despite the increase in production volumes, total on-mine costs decreased by R111 million which, together with the increase in production, resulted in on-mine unit costs decreasing by 18% to R273 per tonne.

A 38% increase in export sales volumes resulted in a decrease in stock values of R208 million and an increase of R184 million in distribution costs. The amortisation charge increased by 17% due to the commissioning of the TOP Project.

PCB recorded an attributable headline loss of R210 million (F2015: R186 million).

PCB REVENUE SPLIT
(100% basis) F2015 comparative figures in brackets



ARM COAL continued

CAPITAL EXPENDITURE

The North Pit box which was completed during F2016 as well as some major equipment lifecycle replacements and refurbishments comprised the bulk of the capital expenditure at GGV Mine.

At the PCB operations the bulk of the capital expenditure related to TOP which has been commissioned and is now 99% complete.

PROJECTS

TOP

TOP comprises of opencast operations which include the mining of some pillars in the old underground operations and the construction of the new and more efficient Coal Handling and Processing Plant (CHPP).

As at 30 June 2016, 99% of the total project costs had been committed and spent. The project is in full production ramp-up with only some minor infrastructure items to be completed. A saving of R681 million was realised with the final project cost totalling R7.6 billion.

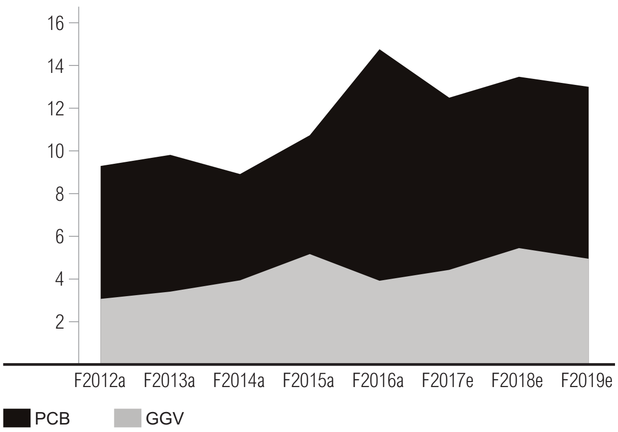
LOGISTICS

TFR's total volumes railed for their 2016 financial year (ended 31 March) was 72.33 million tonnes which was in line with their 2015 performance but well below their stated capacity of 81 million tonnes. The ramp up to 81 million tonnes per annum has been slower than planned and was impacted by locomotive crew availability, power outages, derailments and to a lesser extent the availability of coal by some of the major coal exporters.

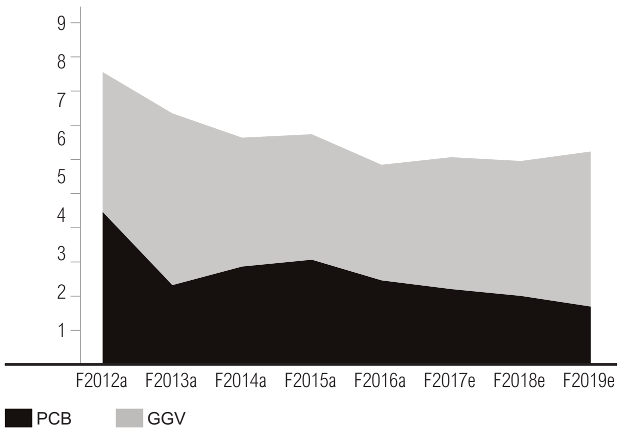
Despite TFR's underperformance, total tonnes railed by ARM Coal operations increased by 25% year-on-year.

For the period January to June 2016, TFR railed at a projected annualised rate of 68 million tonnes per annum with this rate expected to improve to above 70 million tonnes per annum for the second half of the 2016 calendar year following the annual rail maintenance which was completed in July 2016.

EXPORT THERMAL COAL SALES VOLUMES
(100% basis) (Mt)



LOCAL COAL SALES VOLUMES
(100% basis) (Mt)



MARKET REVIEW

EXPORT COAL MARKET

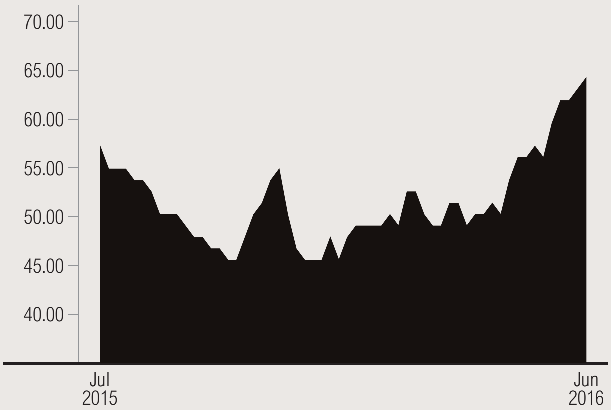
The continued oversupply of export thermal coal has seen export prices decline further during F2016. The majority of South African coal export is still to India which demands lower coal qualities. The lower coal qualities being supplied are impacting negatively on realised prices as lower qualities are sold at a discount. Despite the reduction in coal consumption in developed countries, the growth in the demand for coal as an energy source is still expected to grow in the medium to long term albeit at a lower rate than was experienced during the past ten years. Most of the growth is expected to come from Asia and Africa.

Indications are that more than 10% of global seaborne thermal coal supply is currently cash negative. It is expected that some of these loss making producers will exit the seaborne market.

DOMESTIC COAL MARKET

Coal-fired power stations still produce the bulk of electricity in South Africa; however, there is a clear decline in the quantities of coal being purchased and burnt by Eskom. A decline in the demand for electricity as a result of the economic downturn has also had a negative impact on the amount of coal that is being purchased by the utility hence, the 9% decrease in the quantity of coal that was sold by ARM Coal in F2016. Several major long term Eskom coal offtake agreements from the other suppliers based on cost plus mark-up are coming to an end as from 2018 and this may provide an opportunity for ARM Coal to supply additional coal in the medium to long term. Eskom has however not indicated how it will replace this supply.

F2016 SPOT API4 THERMAL COAL PRICES – FOB RICHARDS BAY (US$/t)



Source: INet Bridge

GGV Mine dragline

ARM COAL continued

GOEDGEVONDEN (GGV) MINE

Management: Governed by a management committee, controlled by ARM Coal, with four ARM representatives and three Glencore representatives. Operational management of the mine is contracted to Glencore.

Resources* – Measured and Indicated (100% basis)	568 million tonnes
Reserves – (Saleable) Proved and Probable (100% basis)	206 million tonnes
ARM's economic interest	26.01%
Total labour	1 090 employees, including 203 contractors

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

(100% basis)		F2016	F2015	% change
Total saleable production	million tonnes	**6.53**	8.34	(22)
Total thermal coal sales	million tonnes	**6.90**	8.26	(16)
Export thermal coal sales	million tonnes	**3.91**	5.16	(24)
Eskom thermal coal sales	million tonnes	**2.99**	3.10	(4)
Average price received				
Export (FOB)	US$/t	**40.99**	54.97	(25)
Eskom (FOR)	R/t	**235.95**	208.36	13
On-mine saleable cost per tonne	R/t	**239.00**	188.90	27
Cash operating profit	R million	**783**	1 606	(51)
Operating margin	%	**26**	41	
Capital expenditure	R million	**870**	1 011	(14)

ATTRIBUTABLE PROFIT ANALYSIS		F2016	F2015	% change
Cash operating profit	R million	**204**	418	(51)
Less: Interest paid	R million	**(183)**	(150)	(22)
Amortisation	R million	**(128)**	(120)	(7)
Fair value adjustments	R million	**(15)**	(19)	(21)
Profit before tax	R million	**(122)**	129	(195)
Tax	R million	**35**	(36)	197
Headline (loss)/earnings attributable to ARM	R million	**(87)**	93	(194)

Coal washing plant at GGV Mine

PARTICIPATING COAL BUSINESS (PCB)

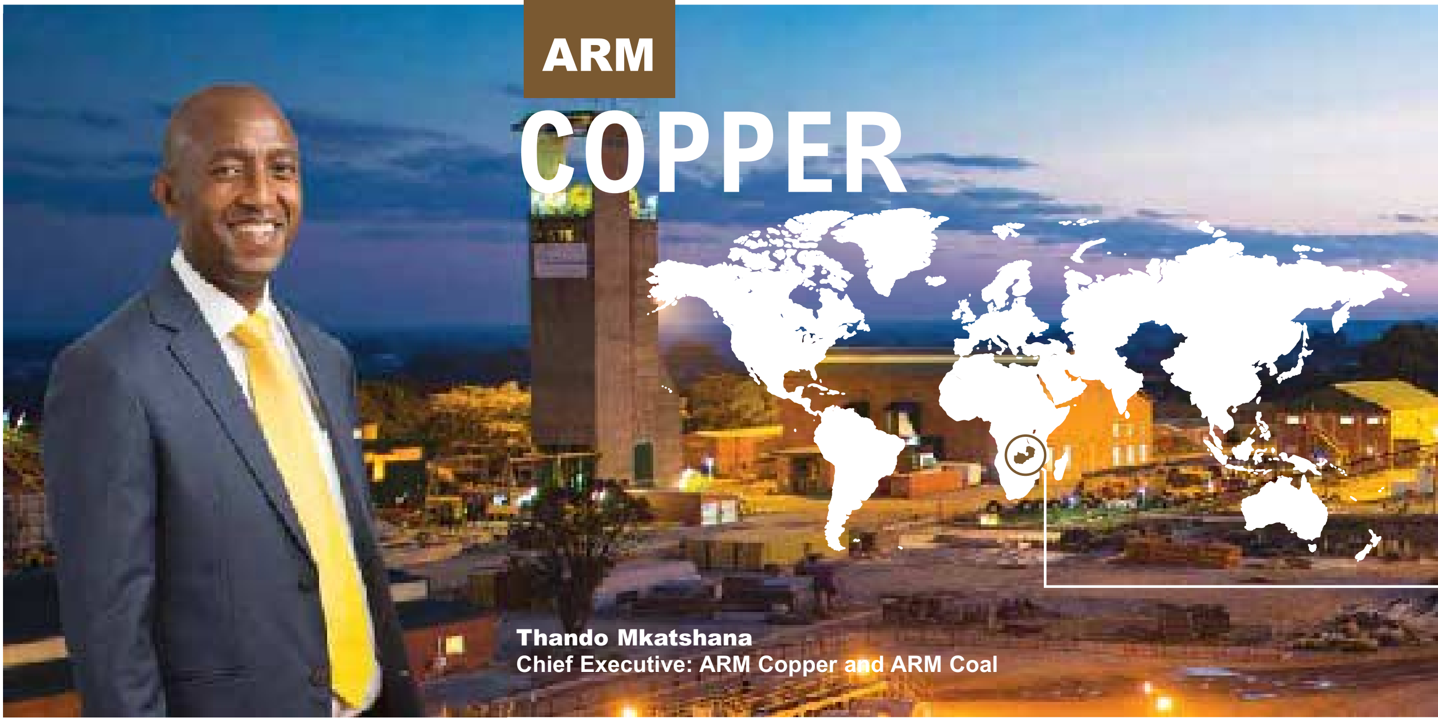
Management: Governed by a supervisory committee with five Glencore representatives and three ARM representatives. Operational management of the PCB mines is contracted to Glencore.

ARM's economic interest	20.2%

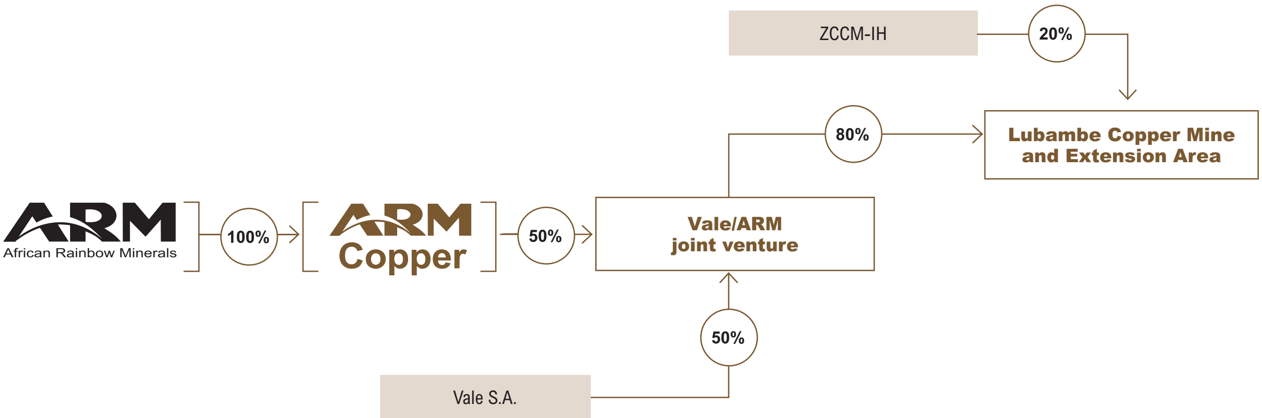
(100% basis)		F2016	F2015	% change
Total saleable production	million tonnes	**14.63**	13.61	7
Impunzi	million tonnes	**6.53**	6.3	4
South Stock	million tonnes	**0.41**	1.9	(78)
Tweefontein	million tonnes	**7.69**	5.4	42
Total sales	million tonnes	**16.98**	13.50	26
Export thermal coal sales	million tonnes	**14.76**	10.73	38
Eskom thermal coal sales	million tonnes	**1.39**	1.74	(20)
Other local thermal coal sales	million tonnes	**0.83**	1.03	(19)
Average price received				
Export (FOB)	US$/t	**41.66**	55.12	(24)
Eskom (FOR)	R/t	**223.13**	214.64	4
Domestic (FOR)	R/t	**384.24**	361.99	6
On-mine saleable cost per tonne	R/t	**272.60**	333.39	(18)
Cash operating profit	R million	**1 967**	1 629	21
Operating margin	%	**21**	22	
Capital expenditure	R million	**1 062**	2 759	(62)

ATTRIBUTABLE PROFIT ANALYSIS	F2016	F2015	% change
Cash operating profit	**397**	329	21
Less: Interest paid	**(308)**	(263)	(17)
Amortisation	**(321)**	(300)	(7)
Fair value adjustments	**(59)**	(25)	(136)
Profit before tax	**(291)**	(259)	(12)
Tax	**81**	73	11
Headline loss attributable to ARM	**(210)**	(186)	(13)

ARM COPPER

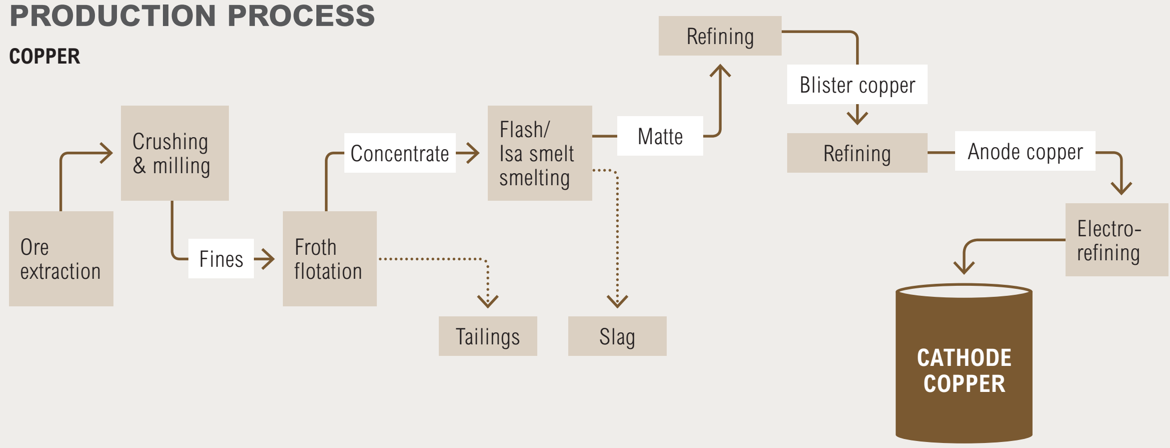


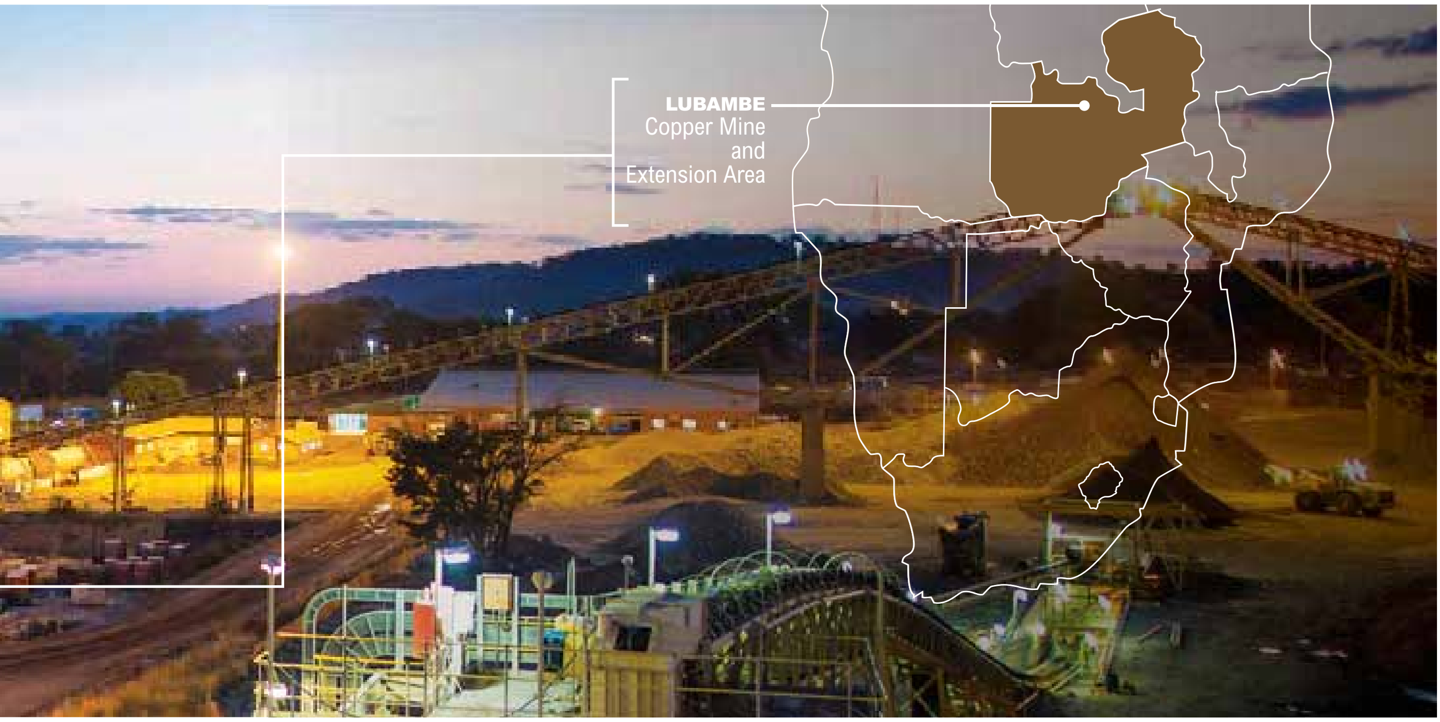
Thando Mkatshana
Chief Executive: ARM Copper and ARM Coal



PRODUCTION PROCESS

COPPER





SCORECARD

LUBAMBE COPPER MINE

F2016 OBJECTIVES	F2016 PERFORMANCE	F2017 OBJECTIVES
Continue to mine the East Limb at full production and evaluate mine design alternatives to access the South Limb ore and prepare the mine for ramp up to full production in F2019.	Due to low US Dollar copper prices a decision was taken to reduce production from the East Limb from 130 000 tonnes per month to 80 000 tonnes per month effective from 1 March 2016. This reduces cash funding requirements and preserves the mining reserves to be exploited during more favourable market conditions.	Continue to operate the mine at 80 000 tonnes per month while focusing on productivity gains and cost efficiency. Production unit costs will be optimised by focusing on quality mining and cost efficiency. This period is to be utilised to upgrade the underground water infrastructure to setup the mine for ramp up in more favourable copper market conditions.
Continue with the implementation of lessons learnt and operational improvements.	Implementation of lessons learnt and operational improvements enabled Lubambe to reduce C1 unit cost of production by 14% from US$2.80/lb to US$2.41/lb in the financial year under review.	Continue with implementation of cost and productivity efficiency improvements while focusing on quality mining.

LUBAMBE EXTENSION AREA

F2016 OBJECTIVES	F2016 PERFORMANCE	F2017 OBJECTIVES
Continue to hold off further drilling until conditions in the copper market improve.	The Lubambe Extension Area Project was put on hold.	Continue to hold off further drilling until conditions in the copper market improve.

ARM COPPER continued

OVERVIEW

OPERATIONAL OVERVIEW (ON 100% BASIS)		**F2016**	F2015	% change	F2017 target
Copper concentrate produced	tonnes	**51 391**	61 902	(17)	↓
Copper concentrate sold	tonnes	**51 315**	62 182	(17)	↓
Contained copper produced	tonnes	**20 973**	25 839	(19)	↓
Contained copper sold	tonnes	**20 936**	25 974	(19)	↓

FINANCIAL OVERVIEW (ATTRIBUTABLE BASIS)		**F2016**	F2015	% change
EBITDA	R million	**(230)**	(125)	(84)
Headline loss	R million	**(555)**	(430)	(29)
Cash outflow from operating activities	R million	**(154)**	(95)	(62)
Capital expenditure	R million	**75**	302	(125)

SUSTAINABILITY OVERVIEW (100% BASIS)***		**F2016**	F2015	% change
LTIFR*		**0.21**	0.21	–
CSR spend**	R million	**1.27**	2	(37)
Electricity consumption	000 MWh	**104**	114	(9)
Water consumption	million m^3	**0.85**	1.2	(29)
Total: Scope 1 and 2 emissions (attributable)	tCO_2e	**4 956**	7 409	(33)

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

OPERATIONAL AND FINANCIAL REVIEW

The ARM Copper headline loss increased by 29% to R555 million mainly owing to a 20% reduction in the average realised copper price from US$6 349 per tonne in F2015 to US$5 048 per tonne in F2016.

Production volumes at the Lubambe Mine reduced by 19% to approximately 21 000 tonnes copper as part of the revised mining plan to 80 000 tonnes per month. Despite the decline in production volumes, Lubambe Mine achieved a 14% decrease in C1 unit cash costs to US$2.41/lb of copper produced (F2015: US$2.80/lb). 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.

After a number of changes in the mineral royalty tax during 2015, the Government of the Republic of Zambia amended the mineral royalty tax in 2H F2016, to operate on a sliding scale from 4% to 8% as a function of the copper price.

In 1H F2016, ARM recorded an attributable impairment of R1 404 million after non-controlling interest (F2015: R784 million) for the Lubambe Mine assets.

THE LUBAMBE COPPER MINE

During 2H F2016, a number of production scenarios were evaluated with the objective of minimising cash funding requirements during the severely depressed copper market. Following the review process, it was agreed to reduce target production to 80 000 tonnes milled per month, effective from 1 March 2016.

The 80 000 tonnes per month plan minimises cash funding requirements while preserving the mine through the creation and build-up of mineable reserves in the high grade, long-life portion of the mine. In support of the reduced production plan, the following additional cost reduction measures were implemented:

- Effective 1 March 2016, expatriate labour was reduced by 66% from 47 to 16;
- Electricity costs were reduced with the shutdown of No 2 Shaft and the VS2C ventilation fan. This has allowed Lubambe Mine to reduce maximum demand and reduce the requirement for more expensive imported electrical power;
- Mining vehicles not required to support the 80 000 tonne per month plan, have been parked; and
- Suppliers were engaged to reduce costs of consumables and spares.

The implementation of the aforementioned cost saving initiatives resulted in an improvement in C1 cash cost from US$2.47/lb (year-to-date up to February 2016) to US$2.27/lb average for March to June 2016.

Due to the reduction in target production rate, however, contained copper production was 19% below F2015. The reduction in production was achieved without compromising the ore grade and it provided an opportunity for the mine to successfully complete the transition from contractor to owner operator and the costs have reduced accordingly.

Various mining and processing improvement initiatives, which commenced during F2015, resulted in an enhanced copper head grade and marginally better copper concentrator recoveries. These improvements were especially pronounced in the second half of the financial year which bodes well for the 2017 financial year. The milled head grade during the last four months was 2.06% total copper, which is above the revised plan and indications are that this improvement is sustainable.

Ore development was in line with revised targets while waste development was negatively impacted by greater than anticipated ground water inflows into underground workings. A substantial upgrade of the underground pumping infrastructure is underway and will increase pumping capacity from 6 000 m^3 per day to 20 000 m^3 per day. Subsequently, an additional upgrade, will increase pumping capacity to 40 000 m^3 per day. The implementation of this water infrastructure upgrade is currently on schedule and the first incremental benefits will be realised during 1H F2017.

During F2017, the mine will operate at the revised target of 80 000 tonnes per month, with the focus being on improving mining and cost efficiencies. This will be achieved through increased productivity and lower ore dilution through the implementation of revised development and stoping techniques.

Enhancements to stope methodology, mine design and extraction optimisation, which commenced in F2015, have been successfully implemented with a subsequent increase in copper head grade and cost reductions. Further improvements are anticipated as the new mining methods are refined. Future mine production is dependent on the ability to maintain a sustainable vertical deepening of the ramps, preventing net depletion of mining reserves. The ability to deepen the ramps at the required rate was impacted by the greater than anticipated influx of ground water into the ramps.

CAPITAL EXPENDITURE

Capital expenditure for the mine reduced by 85% from approximately US$53 million to US$8 million. During F2017, the largest portion of capital is expected to be expended on completing the underground water infrastructure upgrade which will increase water pumping capacity by more than 300% from 6 000 m^3 per day to more than 20 000 m^3 per day.

PROJECTS

LUBAMBE EXTENSION AREA PROJECT

The Lubambe Extension Project has been put on hold until the copper price recovers.

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

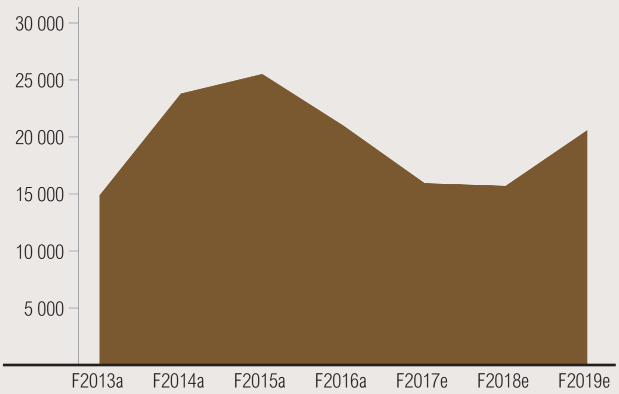
MARKET REVIEW

The copper market still reflects an oversupply despite some mine closures or production cuts. It is predicted that the oversupply will hold until after 2017 as there is new production coming on line out of Chile, Peru and Zambia while the cut-back from the existing producers is largely hindered by the drop in oil prices and the relatively stronger US Dollar seen in 1H 2016. The role of governments to protect jobs also makes it difficult to effect retrenchments and cut back production in developing countries. The average copper price realised at Lubambe reflected the market conditions dropping by 20% to US$2.29/lb (F2015: US$2.88/lb).

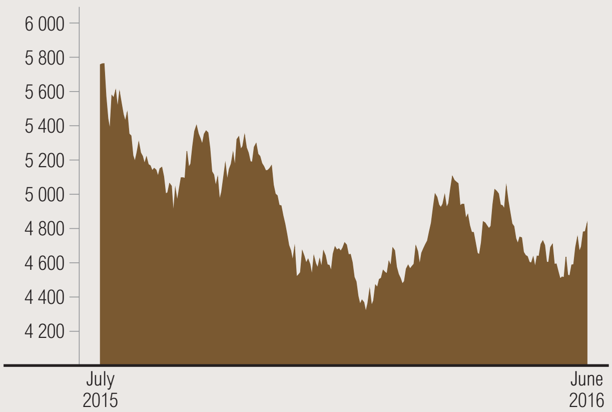
China recorded increased copper imports in the first half of F2016 which reflected in prices recovering as compared to 1H F2015. The LME stocks levels were reduced correspondingly by about 14% from 478 263 tonnes at end of December 2015 to 412 656 tonnes by end of June 2016. It is expected that this consumption will hold and it bodes well for the copper demand as China consumes approximately half of the world copper production.

The rest of the world demand is also forecast to increase, particularly in 2018 albeit it might be slower than the oversupply following additional production coming to the market. Copper prices will thus be dependent on how quickly could some of the production be taken out of the market.

COPPER PRODUCTION VOLUMES F2013 TO F2019
(100% basis) (tonnes)



F2016 SPOT COPPER PRICES
(US$/t)



Source: INet Bridge

ARM COPPER continued

ARM COPPER OPERATIONAL STATISTICS

LUBAMBE MINE

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

		Measured and Indicated Resources			Proved and Probable Reserves		
		Mt	TCu%	Mt contained Cu	Mt	TCu%	Mt contained Cu
Resources and Reserves (100% basis)	Lubambe Mine	50.7	2.55	1.29	45.4	2.18	1.00
	Lubambe Extension Target Area	90	3.73	3.36	–	–	–
Refining	The concentrate produced is being smelted and refined at Konkola Copper Smelter and Chambishi Copper Smelter.						
Total labour	1 671 employees, including 382 contractors.						

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

		F2016	F2015	% change
Waste development	metres	**2 691**	4 590	(41)
Ore development	metres	**4 636**	4 401	5
Ore development	tonnes	**249 361**	229 319	9
Ore stoping	tonnes	**971 957**	1 369 881	(29)
Ore tonnes mined	tonnes	**1 221 318**	1 599 200	(24)
Tonnes milled	thousand	**1 277 132**	1 650 476	(23)
Mill head grade	% copper	**2.01**	1.93	
Concentrator recovery	%	**81.5**	81.1	
Copper concentrate produced	tonnes	**51 391**	61 902	(17)
Copper concentrate sold	tonnes	**51 315**	62 182	(17)
Average realised copper price	US$/lb	**2.29**	2.88	(20)
C1 cash cost per pound of copper produced	US$/lb	**2.41**	2.80	(14)
Capital expenditure	US$000	**7 993**	52 814	(85)
Contained metal				
Copper produced	tonnes	**20 973**	25 839	(19)
Copper sold	tonnes	**20 936**	25 974	(19)
Headline loss attributable to ARM (40%)	R million	**(555)**	(430)	(29)

Refer to pages 241 to 242 for the ARM Copper segmental information.

IAR

ARM STRATEGIC SERVICES AND EXPLORATION

Jan Steenkamp
Chief Executive: ARM Strategic Services and Exploration

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

SCORECARD

EXPLORATION AND NEW BUSINESS

F2016 OBJECTIVES	F2016 PERFORMANCE	F2017 OBJECTIVES
Rovuma Resources Limitada		
ARM proposed that Rovuma secure a third party investor to fund the next phase of work. No agreement has been reached and no further work is presently being funded by ARM.	No further work was undertaken.	
Business Intelligence		
Detailed research of supply-side factors of certain commodities and their impact on demand and prices. Identification of non-core business commodities that may provide opportunities for ARM.	Presentations given and discussions held. Desktop studies and evaluations of targets identified completed. Database entry.	
Mineral Resources Management (MRM)		
Quality control and assurance of the quality of the resources database. Advanced modelling of resources and geostatistical evaluation and classification of reserves and resources of the operations and new business opportunities. Competent person sign-off for the resources and reserves declaration in the Integrated Annual Report.	Reviewed standard operating procedures pertaining to the value chain of resources. Checked and verified the reserve conversion factors and calculations.	Continue the review of the resources of individual operations and appoint an independent audit review.

F2016 OBJECTIVES	F2016 PERFORMANCE	F2017 OBJECTIVES
New business opportunities		
New minerals investment opportunities pursued, focussing on PGMs, base metals especially copper and nickel sulphides and related by-products, as well as good quality manganese and coal opportunities. Hyperion Strategic Finance used for life of mine evaluations of the ARM operations and financial modelling and economic evaluations of expansion projects, organic growth projects and new potential investment opportunities.	ARM undertook detailed due diligence reviews and evaluations of numerous platinum group metals opportunities. Site visits were undertaken. A significant database was built describing projects and opportunities.	Continue to identify new business opportunities, undertake site visits and evaluations.

PROJECT DEVELOPMENT

F2016 OBJECTIVES	F2016 PERFORMANCE	F2017 OBJECTIVES
Black Rock Mine Project		
Complete underground ventilation upgrade Commence with Nchwaning II Shaft and winder upgrade. Commence with product stacking, reclaiming and train loading system. Commence with underground development and ore handling system at Nchwaning II Commence with Nchwaning II silo feed and satellite tips. Complete Nchwaning II plant refurbishment.	Gloria ventilation shaft completed. Nchwaning II Shaft upgrade 90% complete. Nchwaning II underground development on schedule. Nchwaning II Plant refurbishment 90% complete.	Complete Nchwaning II Shaft and winder upgrade. Complete construction of product stacking, reclaiming and train loading system. Continue with underground development and ore handling system at Nchwaning II. Continue with Nchwaning II silo feed and satellite tips. Complete link-line construction.
Sakura Ferroalloy Project		
Complete construction furnaces 1 and 2. Commence commissioning of Furnace 1. Ramp-up of Furnace 1 to full production.	Furnace 1 and 2 construction complete. Commissioning of Furnace 1 complete.	Commissioning of Furnace 2. Ramp-up of Furnace 2 to full production. Complete construction of briquetting plant (BREX plant). Complete handover of project to operations.

STRATEGIC SERVICES & EXPLORATION continued

INFORMATION MANAGEMENT/TECHNOLOGY

F2016 OBJECTIVES	F2016 PERFORMANCE	F2017 OBJECTIVES
Risk Management		
Development of a governance framework measurement model. Ensure cybersecurity is a priority to limit the exposure of ARM and all system users.	Enhance and sustain the model and inputs on a continuous basis and align all mines and operations. Awareness, surveys and training of end users.	The process needs to be implemented and monitored within all ARM operations. Ongoing awareness, and training of end users.
Value Delivery		
Continuation of the HR initiatives for the Northern Cape operations.	Stabilise, and mature both systems and resources.	Complete all systems configurations, enhance where appropriate, and stabilise and mature all systems for the Human Resource functions in the Northern Cape operations.
Resource Management		
Redesign the Information Management Structure to minimise amount of resources required.	Reduce costs and eliminate external resources.	Eliminate external resources and ensure structure has only essential resources to run, maintain and support all systems within the ARM Group.

REVIEW OF THE YEAR

The Strategic Services and Exploration Division is multidisciplinary and integrated comprising skilled and experienced people that support the various ARM operations and growth strategy.

The Strategic Services and Exploration Division comprises of the following units:

> Exploration & New Business;
> Projects Development;
> Information Management/Information Technology;
> Strategic Support; and
> Technical Support.

Strategic Services and Exploration costs reduced by 54% to R23 million (F2015: R50 million). In the financial year under review, the division provided information technology, technical, strategic and project development support across the ARM operations and projects.

The division also evaluated a number of exploration and new business opportunities.

GOLD
HARMONY

OVERVIEW

		F2016	F2015
Gold produced	kg	**33 655**	33 513
	000oz	**1 082**	1 077
Cash operating costs	R/kg	**392 026**	369 203
	US$/oz	**841**	1 003
Financial performance			
Revenue	R million	**18 334**	15 435
Cost of sales	R million	**(15 786)**	(19 053)
Gross profit/(loss)	R million	**2 548**	(3 618)
Net profit/(loss) for the year	R million	**949**	(4 536)
Total headline earnings/(loss) per share	cents per share	**221**	(189)
Total capital expenditure	R million	**2 393**	2 593
Market performance			
Average gold price received	R/kg	**544 984**	449 570
	US$oz	**1 169**	1 222
Market capitalisation	R billion	**22.9**	6.8

HARMONY GOLD MINING COMPANY LIMITED (HARMONY)

Harmony operates and develops world-class gold assets in South Africa and Papua New Guinea (PNG). It has nine underground mines, one open pit operation and several surface sources in South Africa. Harmony also has a 50% joint venture in PNG with Newcrest Mining Limited, which includes the Hidden Valley open pit mine, the Golpu Exploration Project as well as other exploration properties. Harmony has additional, 100%-owned, PNG exploration areas. Harmony currently employs approximately 30 547 people (including contractors).

Harmony reported a net profit of R949 million for F2016 compared to a net loss of R4.5 billion in F2015. Headline earnings amounted to 221 cents per share compared to a headline loss of 189 cents per share for F2015.

In the financial year under review, Harmony's realised average Rand gold price increased by 21% to R544 984/kg (R449 570/kg in F2015) due to a 27% weakening of the Rand against the US Dollar which offset the 4% decrease in the average gold price received to US$1 169/oz.

Overall unit cost increases were lower than inflation, with all-in sustaining cost (AISC) for operations increasing by only 3% to R467 526/kg compared to R453 044/kg in F2015. In US Dollar terms the AISC decreased by 19% to US$1 003/oz compared to US$1 231/oz in F2015.

Having turned around the previous year's headline loss to headline earnings, Harmony reduced its net debt by 54% to R1.08 billion and declared a dividend of 50 cents per share after ARM's year-end. The gold and currency hedge put in place by Harmony secures the margins at some of the company's higher-cost operations, creates certainty for a portion of its future cash flows and enables Harmony to further reduce its debt and strengthen its financial position.

Harmony remains well positioned to continue benefiting from the improved Rand gold price.

The ARM Statement of Financial Position as at 30 June 2016 reflects a mark-to-market valuation of ARM's investment in Harmony of R3 339 million (F2015: R992 million) at a share price of R52.47 per share (F2015: R15.59 per share). Changes in the value of the investment in Harmony, to the extent that they represent a significant or prolonged decline below the cost of the investment, are adjusted through the Income Statement, net of tax. Gains are accounted for, net of deferred capital gains tax, through the Statement of Comprehensive Income. Dividends from Harmony are recognised in the ARM Income Statement on the last day of registration following dividend declaration.

Harmony's results for the year ended 30 June 2016 can be viewed on Harmony's website at **www.harmony.co.za**.

COMPETENT PERSON'S REPORT ON MINERAL RESOURCES AND MINERAL RESERVES

The report is issued as the annual update of the Mineral Resources and Reserves to inform shareholders and potential investors of the mineral assets held by African Rainbow Minerals Limited (ARM).

An extended version of this report is available on www.arm.co.za under the Mineral Resources and Reserves section

SALIENT FEATURES FOR F2016

ARM FERROUS

Khumani Mine

Production increased by 11% to 21.38 million tonnes (ROM) iron ore compared to 2015.

Beeshoek Mine

Measured and Indicated Mineral Resources for Village ore body remained unchanged at 51.53 million tonnes at a grade of 64.42% Fe. However, Measured and Indicated Resources for BN/BNN Pit decreased from 16.09 million tonnes at 63.17% Fe to 12.20 million tonnes at 63.11% Fe due to sterilisation of certain sections of the ore body after the discovery of an underground cave as well as mining depletion.

Black Rock Mine

Mineral Reserves for Gloria Seam 1 increased from 92.62 million tonnes at 36.8% Mn to 122.20 million tonnes at 36.1% Mn mainly due to the change in the mining cut applied on the seam which increased from 3.5 to 4.0 metres after completion of appropriate assessments.

ARM COAL

Goedgevonden Coal Mine

Measured and Indicated Coal Resources increased to 568 million tonnes from 555 million tonnes due to the inclusion of additional Number 2 and 4 seam resources next to the river diversion area.

ARM PLATINUM

Two Rivers Mine

Mineral Reserves for the UG2 increased from 41.86 million tonnes at 3.65g/t (6E) to 43.25 million tonnes at 3.56g/t (6E) mainly due to reduction in the geological loss factor at the Main Decline area.

Nkomati Mine

Mineral Reserves decreased from 103.79 million tonnes at 0.32% Ni to 94.56 million tonnes at 0.31% Ni mainly due to production.

Modikwa Mine

Measured and Indicated Resources tonnage increased by 2% to 139.60 million tonnes at 5.92g/t (4E) as a result of remodelling and estimation which upgraded some Inferred Resources.

ARM COPPER

Lubambe Mine

Mineral Reserves decreased by 7% to 45.4 million tonnes at 2.18% total copper (TCu) mainly due to mining depletion.

F2016 MINERAL RESOURCES AND MINERAL RESERVES SUMMARY

(Summaries below reflect the Measured and Indicated Resources and the corresponding Proved and Probable Reserves for each Mine or Project. Refer to the relevant sections of this report for details of Resources and Reserves.)

	Mineral Resources						Mineral Reserves						
	Measured		Indicated		Measured and indicated		Proved		Probable		Proved and Probable		
PLATINUM GROUP ELEMENTS	Mt	Grade g/t	Mt	Grade g/t	**Mt**	**Grade (g/t)**	Mt	Grade g/t	Mt	Grade g/t	**Mt**	**Grade (g/t)**	**Moz**
Two Rivers Mine													
UG2	14.87	5.52	57.89	5.03	**72.76**	**5.13(6E)**	11.72	3.76	31.53	3.48	**43.25**	**3.56(6E)**	**4.95(6E)**
Merensky			60.57	3.11	**60.57**	**3.11(6E)**							
Tamboti Platinum (Kalkfontein RE)													
UG2	0.09	5.89	15.11	6.19	**15.20**	**6.19(6E)**							
Merensky			14.39	4.31	**14.39**	**4.31(6E)**							
Modikwa Mine													
UG2	50.20	5.93	89.40	5.92	**139.60**	**5.92(4E)**	11.09	4.83	33.64	4.72	**44.73**	**4.75(4E)**	**6.83(4E)**
Merensky	18.55	2.93	55.75	2.72	**74.30**	**2.77(4E)**							
Nkomati Mine													
MMZ+PCMZ	90.70	0.92	96.52	0.98	**187.22**	**0.95(4E)**	62.93	0.88	31.63	0.89	**94.56**	**0.89(4E)**	**2.70(4E)**
MMZ Stockpiles							0.08	1.01			**0.08**	**1.01(4E)**	**0.003(4E)**
PCMZ Stockpiles							2.92	0.72			**2.92**	**0.72(4E)**	**0.07(4E)**
Kalplats PGM Prospect	14.04	1.59	55.88	1.46	**69.91**	**1.48(3E)**							

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

	Mineral Resources						Mineral Reserves					
	Measured		Indicated		Measured and Indicated		Proved		Probable		Proved and Probable	
NICKEL	Mt	Ni%	Mt	Ni%	**Mt**	**Ni%**	Mt	Ni%	Mt	Ni%	**Mt**	**Ni%**
Nkomati Mine												
MMZ+PCMZ	90.70	0.33	96.52	0.37	**187.22**	**0.35**	62.93	0.30	31.63	0.33	**94.56**	**0.31**
MMZ Stockpiles							0.08	0.30			**0.08**	**0.30**
PCMZ Stockpiles							2.92	0.20			**2.92**	**0.20**

The Mineral Resources are inclusive of those modified to produce Mineral Reserves.

	Mineral Resources						Mineral Reserves					
	Measured		Indicated		Measured and Indicated		Proved		Probable		Proved and Probable	
MANGANESE	Mt	Mn%	Mt	Mn%	**Mt**	**Mn%**	Mt	Mn%	Mt	Mn%	**Mt**	**Mn%**
Nchwaning Mine												
Seam 1	57.78	45.2	72.11	41.7	**129.89**	**43.3**	44.10	45.2	52.90	41.8	**97.00**	**43.3**
Seam 2	65.01	42.6	114.77	42.2	**179.78**	**42.3**	47.80	41.6	76.20	41.5	**124.00**	**41.5**
Black Rock (Koppie Area)												
Seam 1	9.03	40.3	34.57	40.7	**43.60**	**40.6**						
Seam 2	8.23	37.4	18.58	39.2	**26.81**	**38.6**						
Gloria Mine												
Seam 1	51.40	37.5	97.85	37.3	**149.25**	**37.4**	42.60	36.3	79.60	36.0	**122.20**	**36.1**
Seam 2			32.04	28.3	**32.04**	**28.3**						

The Mineral Resources are inclusive of those modified to produce Mineral Reserves.

F2016 MINERAL RESOURCES AND MINERAL RESERVES SUMMARY continued

	Mineral Resources						Mineral Reserves					
	Measured		Indicated		Measured and Indicated		Proved		Probable		Proved and Probable	
IRON ORE	Mt	Fe%	Mt	Fe%	**Mt**	**Fe%**	Mt	Fe%	Mt	Fe%	**Mt**	**Fe%**
Beeshoek Mine												
All Pits	98.08	64.09	9.63	63.81	**107.71**	**64.06**	42.94	64.74	3.85	63.95	**46.79**	**64.67**
Stockpiles									6.06	55.15	**6.06**	**55.15**
Khumani Mine												
Bruce	110.74	64.47	81.97	64.42	**192.71**	**64.45**	83.94	64.44	73.96	64.47	**157.90**	**64.46**
King	284.04	64.24	94.39	64.16	**378.43**	**64.22**	259.02	64.32	9.09	65.19	**268.11**	**64.35**
Stockpiles									4.45	60.00	**4.45**	**60.00**

The Mineral Resources are inclusive of those modified to produce Mineral Reserves.

	Mineral Resources						Mineral Reserves					
	Measured		Indicated		Measured and Indicated		Proved		Probable		Proved and Probable	
CHROMITE	Mt	Cr_2O_3%	Mt	Cr_2O_3%	**Mt**	**Cr_2O_3%**	Mt	Cr_2O_3%	Mt	Cr_2O_3%	**Mt**	**Cr_2O_3%**
Dwarsrivier Mine												
LG6 Chromitite Seam	28.38	37.56	40.66	38.41	**69.04**	**38.06**	18.01	32.81	30.33	33.23	**48.34**	**33.07**
Nkomati Mine												
PCMZ	36.90	12.00	39.34	12.05	**76.24**	**12.03**	30.65	13.69	13.85	13.52	**44.50**	**13.64**
Oxidized Massive Chromitite	0.18	25.97			**0.18**	**25.97**	0.10	23.79	0.04	21.67	**0.14**	**23.18**
Un-Oxidized Massive Chromitite	6.48	28.88			**6.48**	**28.88**	0.94	17.72	0.47	19.45	**1.41**	**18.30**
Chromite Stockpiles							2.53	19.83			**2.53**	**19.83**

The Mineral Resources are inclusive of those modified to produce Mineral Reserves.

	Coal Resources						Coal Reserves (ROM)						Coal Reserves (Saleable)	
	Measured		Indicated		Measured and Indicated		Proved		Probable		Proved and Probable		Proved and Probable	
COAL	Mt	CV (MJ/kg)	Mt	CV (MJ/kg)	**Mt**	**CV (MJ/kg)**	Mt	CV (MJ/kg)	Mt	CV (MJ/kg)	**Mt**	**CV (MJ/kg)**	**Mt**	**CV (MJ/kg)**
Goedgevonden Coal Mine	540	19.83	28	19.20	**568**	**19.80**	305	19.21	11	19.21	**316**	**19.21**	**206**	**23.99**

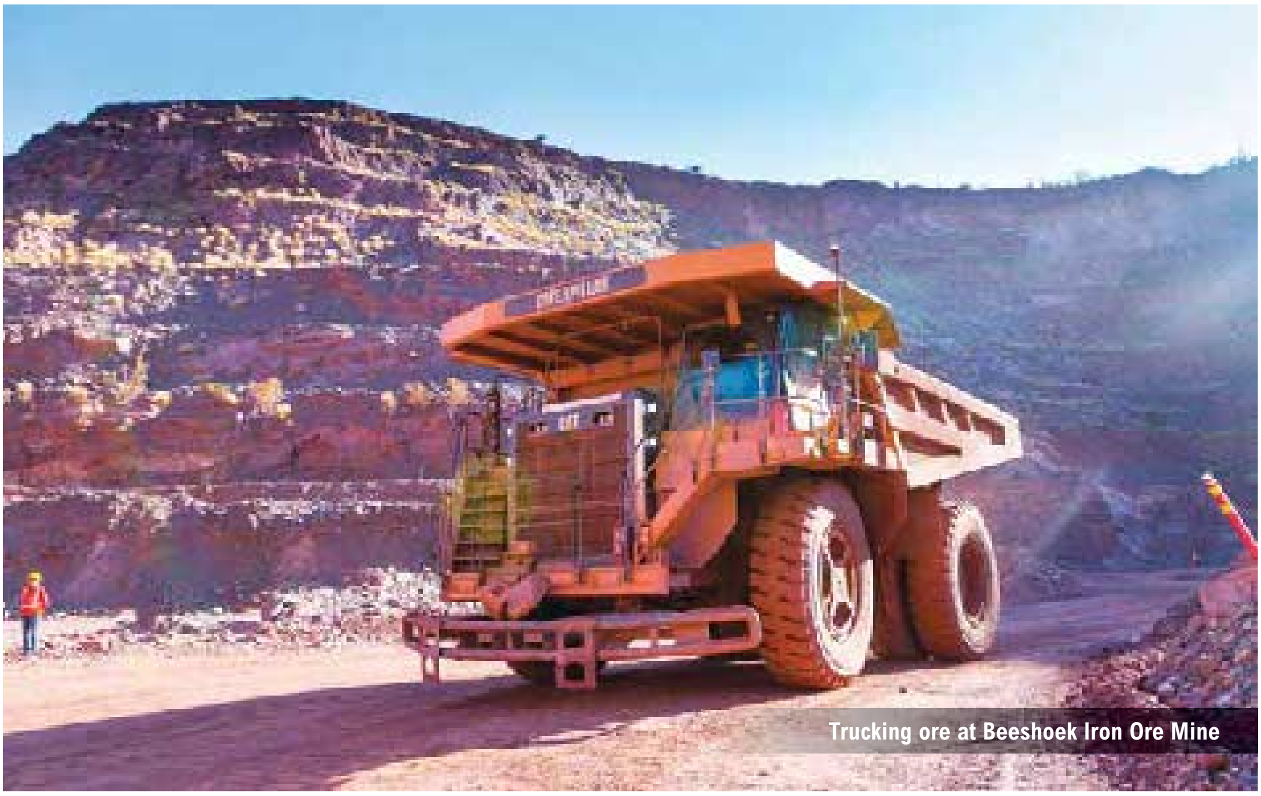
The Coal Resources are inclusive of those modified to produce Coal Reserves.

	Mineral Resources						Mineral Reserves					
	Measured		Indicated		Measured and Indicated		Proved		Probable		Proved and Probable	
COPPER	Mt	TCu%	Mt	TCu%	**Mt**	**TCu%**	Mt	TCu%	Mt	TCu%	**Mt**	**TCu%**
Lubambe Mine	6.3	2.57	44.4	2.55	**50.7**	**2.55**	5.4	2.22	40.0	2.18	**45.4**	**2.18**
Lubambe Extension Target Area			90.0	3.73	**90.0**	**3.73**						

The Mineral Resources are inclusive of those modified to produce Mineral Reserves.

GENERAL STATEMENT

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



Trucking ore at Beeshoek Iron Ore Mine

The Code sets out minimum standards, recommendations and guidelines for Public Reporting of Exploration Results, Mineral Resources and Mineral Reserves in South Africa. The new SAMREC Code 2016 was launched and adopted by the Johannesburg Stock Exchange (JSE Limited) in May 2016. The 2017 Mineral Resources and Reserves report will be based on the new SAMREC Code.

The convention adopted in this report is that the Measured and Indicated Mineral Resources are reported inclusive of that portion converted to a Mineral Reserve, except for Modikwa Platinum Mine where the Measured and Indicated Mineral Resources are reported exclusive of the Mineral Reserves. Inferred Mineral Resources have not been included in feasibility studies of Life of Mine Plans. Resources and Reserves are quoted as at 30 June 2016.

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

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

The Mineral Resources and Reserves are reported on a 100% basis and the attributable interest is noted in the tabulations. Maps, plans and reports supporting Resources and Reserves are available for inspection at ARM's registered office and at the relevant mines.

ARM operations have already had their conversions from Old Order Mining Licences to New Order Mining Rights approved and executed.

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

DEFINITIONS

The definitions of Mineral Resources and Reserves, quoted from the SAMREC Code (2007, as amended in July 2009), are as follows:

A 'MINERAL RESOURCE'

is a concentration or occurrence of material of economic interest in or on the earth's crust in such form, quality and quantity that there are reasonable and realistic prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a Mineral Resource are known, or estimated from specific geological evidence, sampling and knowledge interpreted from an appropriately constrained and portrayed geological model. Mineral Resources are subdivided, and must be so reported, in order of increasing confidence in respect of geoscientific evidence, into Inferred, Indicated or Measured categories.

A 'MEASURED MINERAL RESOURCE'

is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable information from exploration, sampling and testing of material from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

AN 'INDICATED MINERAL RESOURCE'

is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on information from exploration, sampling and testing of material gathered from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological or grade continuity but are spaced closely enough for continuity to be assumed.

AN 'INFERRED MINERAL RESOURCE'

is that part of a Mineral Resource for which volume or tonnage, grade and mineral content can be estimated with only a low level of confidence. It is inferred from geological evidence and sampling and assumed but not verified geologically or through analysis of grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that may be limited in scope or of uncertain quality and reliability.

A 'MINERAL RESERVE'

is the economically mineable material derived from a Measured or Indicated Mineral Resource or both. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a Pre-Feasibility Study for a project and a Life of Mine Plan for an operation must have been completed, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors (the modifying factors). Such modifying factors must be disclosed.

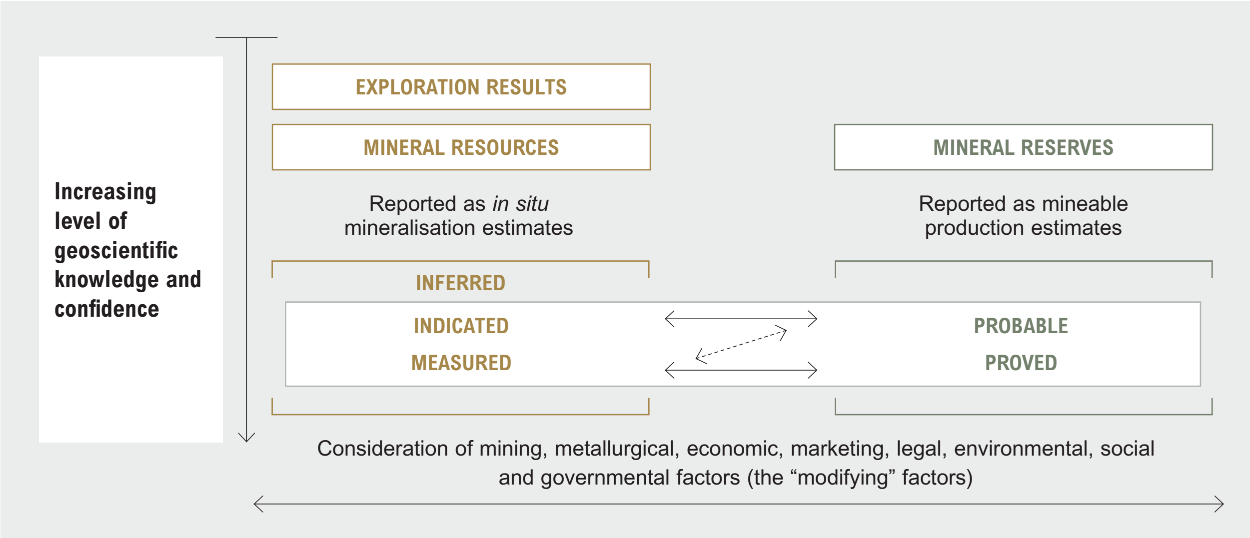
A 'PROVED MINERAL RESERVE'

is the economically mineable material derived from a Measured Mineral Resource. It is estimated with a high level of confidence. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a Pre-Feasibility Study for a project or a Life of Mine Plan for an operation must have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. Such modifying factors must be disclosed.

A 'PROBABLE MINERAL RESERVE'

is the economically mineable material derived from a Measured or Indicated Mineral Resource or both. It is estimated with a lower level of confidence than a Proved Mineral Reserve. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a Pre-Feasibility Study for a project or a Life of Mine Plan for an operation must have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. Such modifying factors must be disclosed.

RELATIONSHIP BETWEEN EXPLORATION RESULTS, MINERAL RESOURCES AND MINERAL RESERVES



COMPETENCE

The Competent Person with overall responsibility for the compilation of the 2016 Mineral Resources and Reserves Report is Shepherd Kadzviti, Pr.Sci.Nat, an ARM employee. He confirms that the information in this report complies with the SAMREC Code and that it may be published in the form and context in which it was intended.

Shepherd Kadzviti graduated with a BSc (Geology and Mathematics) and MSc in Exploration Geology from the University of Zimbabwe. He later completed a Graduate Diploma in Mining Engineering (GDE) at the University of the Witwatersrand. He worked at RioZim’s Renco Gold Mine for 14 years in various capacities of Geologist, Technical Services Superintendent and Mine Manager. In 2005, he joined Anglo American Platinum at Union Mine as an Evaluation Geologist with responsibilities for geological database management and mineral resource estimation. After two years at the mine, he was transferred to Anglo American Platinum corporate office where he was appointed Resource Geologist. He then joined African Rainbow Minerals (ARM) as Mineral Resources Specialist in 2008 where he was involved in the evaluation of the various mineral deposits for the Group. In 2012, he was appointed Group Mineral Resources Manager for ARM. He is registered with the South African Council for Natural Scientific Professions (SACNASP) as a Professional Natural Scientist (Pr.Sci.Nat) in the field of practice of geological science, registration number 400164/05, and as such is considered to be a Competent Person. SACNASP is based in the Management Enterprise Building, Mark Shuttleworth Street, Innovation Hub, Pretoria, 0087, South Africa.

All Competent Persons at the operations have sufficient relevant experience in the type of deposit and in the activity for which they have taken responsibility. Details of ARM’s Competent Persons are available from the Company Secretary on written request.

The following Competent Persons were involved in the estimation of Mineral Resources and Reserves. They are employed by ARM or its subsidiaries and joint venture (JV) partners:

Iron	**M A Burger** (Pr.Sci.Nat) **S v Niekerk** (Pr.Sci.Nat) **M Lukhele** (Pr.Sci.Nat) **M A J Burger** (Pr.Sci.Nat)
Manganese	**B Ruzive** (Pr.Sci.Nat) **S Zitha** (ECSA)
Chrome	**A Pretorius*** (Pr.Sci.Nat)
Nickel	**N Strydom** (Pr.Sci.Nat)
PGM#	**J de Kock** (SAIMM)
PGM	**M Cowell** (Pr.Sci.Nat)
Coal	**M Smith^** (Pr.Sci.Nat)
Copper	**AMEC**** **C Rose** (Pr.Sci.Nat)

* *External consultant.*
** *AMEC – AMEC E and C Services Inc.*
^ *Glencore Operations South Africa.*
\# *PGM – Platinum Group Metals.*
Anglo American Platinum and Glencore provide Mineral Resources and Reserves for Modikwa and Goedgevonden Mines respectively.

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

11 October 2016

ARM FERROUS

ASSMANG PROPRIETARY LIMITED (ASSMANG) OPERATIONS

ARM's attributable beneficial interest in Assmang operations is 50%. The other 50% is held by Assore Limited. Assmang operations comprise of Black Rock Manganese Mines, Khumani and Beeshoek Iron Ore Mines and Dwarsrivier Chrome Mine.

MANGANESE MINES

NCHWANING MINE: SEAM 1 MANGANESE MINERAL RESOURCES AND RESERVES

	Mineral Resources				Mineral Reserves		
ARM attributable interest: 50%	Mt	Mn%	Fe%		Mt	Mn%	Fe%
Measured	57.78	45.2	8.7	Proved	44.10	45.2	8.7
Indicated	72.11	41.7	8.3	Probable	52.90	41.8	8.4
Total Resources (Seam 1) 2016	**129.89**	**43.3**	**8.5**	**Total Reserves (Seam 1) 2016**	**97.00**	**43.3**	**8.5**
Total Resources (Seam 1) 2015	133.02	43.0	9.2	Total Reserves (Seam 1) 2015	104.21	42.7	9.6

The Measured and Indicated Mineral Resources are inclusive of those modified to produce Mineral Reserves.
Totals are rounded off.

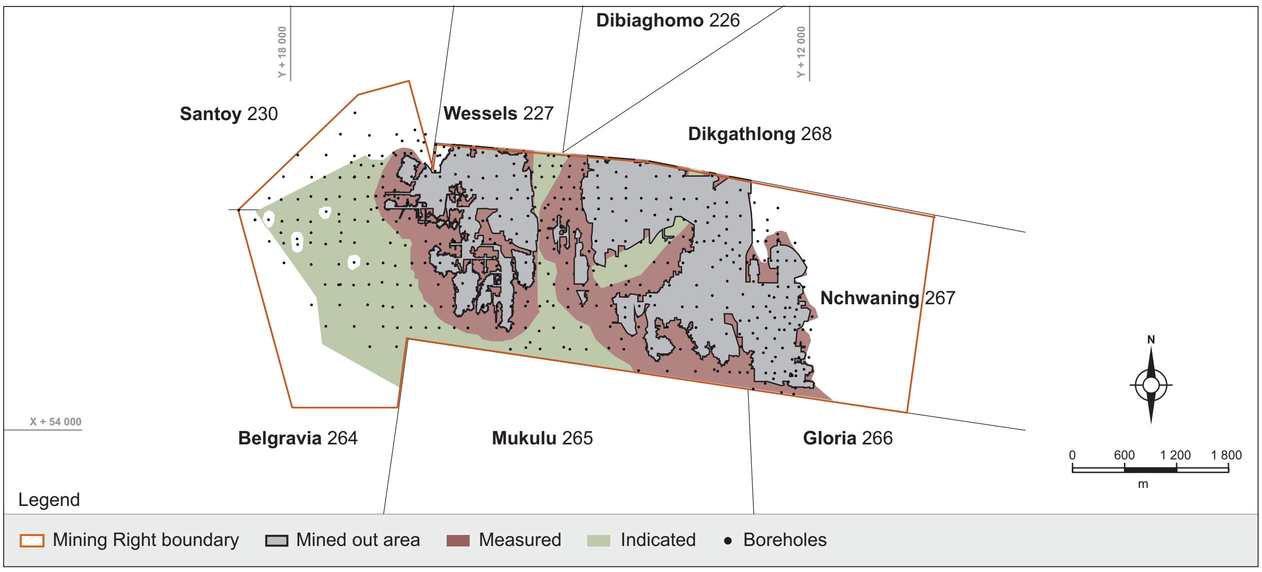
Key assumptions for Mineral Resources:

- *True thickness cut-off: 3.5 m – 4.5 m.*
- *Density: 4.3 t/m³.*

Modifying factors for the conversion of Mineral Resources to Reserves include:

Geological loss: 2%.	*Mining loss factor: 2%.*	*Mining dilution is minimal.*	*Plant recovery: 85% – 90%.*
Mine extraction factor: 78%.	*Price ranges: Based on market-related long-term view and customer contracts.*	*Exchange rate used: Market-related.*	*Grade cut-off: 38% Mn.*

NCHWANING MANGANESE SEAM 1 MINERAL RESOURCES CLASSIFICATION



NCHWANING MINE: SEAM 2 MANGANESE MINERAL RESOURCES AND RESERVES

	Mineral Resources				Mineral Reserves		
ARM attributable interest: 50%	Mt	Mn%	Fe%		Mt	Mn%	Fe%
Measured	65.01	42.6	16.3	Proved	47.80	41.6	15.9
Indicated	114.77	42.2	15.8	Probable	76.20	41.5	16.2
Total Resources (Seam 2) 2016	**179.78**	**42.3**	**16.0**	**Total Reserves (Seam 2) 2016**	**124.00**	**41.5**	**16.1**
Total Resources (Seam 2) 2015	184.16	40.8	17.0	Total Reserves (Seam 2) 2015	118.53	40.9	16.8

The Measured and Indicated Mineral Resources are inclusive of those modified to produce Mineral Reserves.
Totals are rounded off.

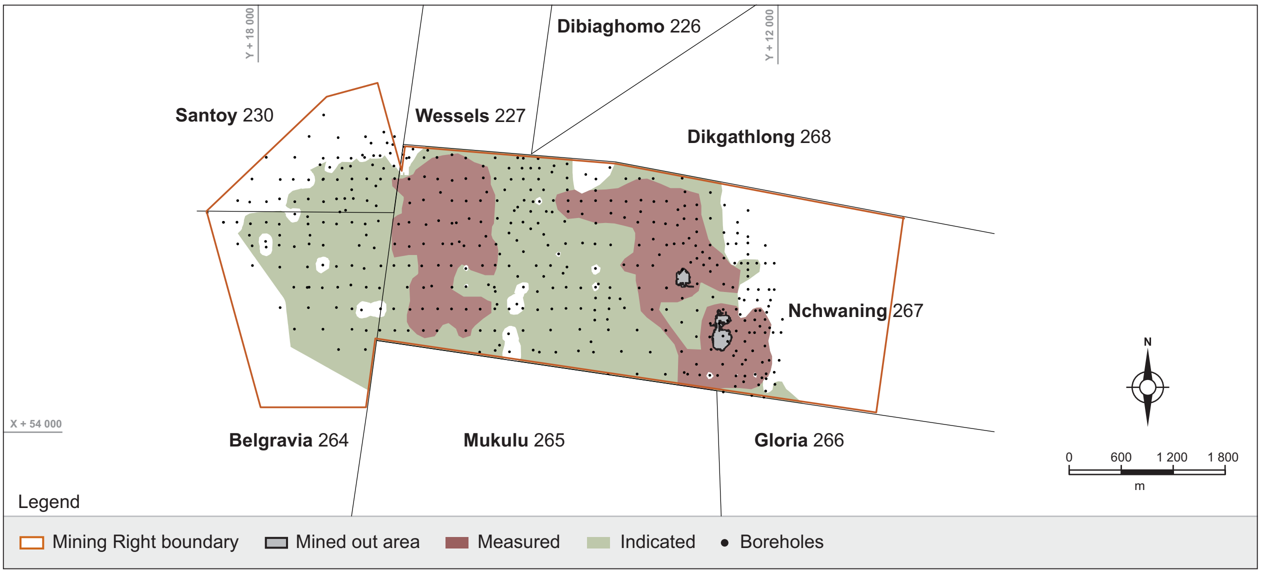
Key assumptions for Mineral Resources:

True thickness cut-off: 3.5 m.
Density: 4.3 t/m³.

Modifying factors for the conversion of Mineral Resources to Reserves include:

Geological loss: 2%.	*Mining loss factor: 2%.*	*Mining dilution is minimal.*	*Plant recovery: 85% – 90%.*
Mine extraction factor: 78%.	*Price ranges: Based on market-related long-term view and customer contracts.*	*Exchange rate used: Market-related.*	*Grade cut-off: 38% Mn.*

NCHWANING MINE: SEAM 2 MANGANESE MINERAL RESOURCES CLASSIFICATION



NCHWANING YEAR-ON-YEAR CHANGE

The Mineral Resources for Seam 1 reduced by 2% from 133.02 to 129.89 million tonnes at 43.3% Mn mainly due to mining depletion. Nchwaning Seam 2 Mineral Resources decreased from 184.16 to 179.78 million tonnes at a slightly higher grade of 42.3 % Mn due to remodelling of the seam.

Mineral Reserves tonnage for Nchwaning Seam 1 decreased from 104.21 to 97.00 million tonnes at 43.3% Mn. Mineral Reserves for Nchwaning Seam 2 increased by 5% due to re-estimation and updating of the Reserves, to 124.0 million tonnes at 41.5% Mn.

HISTORICAL MANGANESE PRODUCTION AT NCHWANING MINE

	ROM	Saleable
Financial year	Mt	Mt
2011/2012	2.94	2.46
2012/2013	2.79	2.40
2013/2014	3.15	2.69
2014/2015	3.05	2.48
2015/2016	2.91	2.39

ARM FERROUS continued

BLACK ROCK (KOPPIE AREA): SEAM 1 MANGANESE MINERAL RESOURCES

ARM attributable interest: 50%	Mt	Mn%	Fe%
Measured	9.03	40.3	18.1
Indicated	34.57	40.7	18.1
Total Resources (Seam 1) 2016	**43.60**	**40.6**	**18.1**
Total Resources (Seam 1) 2015	43.60	40.6	18.1

Totals are rounded off.

Key assumptions for Mineral Resources:

Density: 4.0 t/m^3	*Grade cut-off: 38% Mn*

BLACK ROCK (KOPPIE AREA): SEAM 2 MANGANESE MINERAL RESOURCES

ARM attributable interest: 50%	Mt	Mn%	Fe%
Measured	8.23	37.4	19.8
Indicated	18.58	39.2	19.8
Total Resources (Seam 2) 2016	**26.81**	**38.6**	**19.8**
Total Resources (Seam 2) 2015	26.81	38.6	19.8

Totals are rounded off.

Key assumptions for Mineral Resources:

Density: 4.0 t/m^3	*Grade cut-off: 38% Mn*

GLORIA MINE: SEAM 1 MANGANESE MINERAL RESOURCES AND RESERVES

	Mineral Resources				Mineral Reserves		
ARM attributable interest: 50%	Mt	Mn%	Fe%		Mt	Mn%	Fe%
Measured	51.40	37.5	5.1	Proved	42.60	36.3	4.9
Indicated	97.85	37.3	4.9	Probable	79.60	36.0	5.2
Total Measured and Indicated (Seam 1) 2016	**149.25**	**37.4**	**5.0**	**Total Reserves (Seam 1) 2016**	**122.20**	**36.1**	**5.1**
Total Measured and Indicated (Seam 1) 2015	126.45	36.9	5.1	Total Reserves (Seam 1) 2015	92.62	36.8	5.3
Inferred 2016	**29.02**	**36.2**	**6.1**				
Inferred 2015	42.81	35.7	5.3				

The Measured and Indicated Mineral Resources are inclusive of those modified to produce Mineral Reserves.
Totals are rounded off.

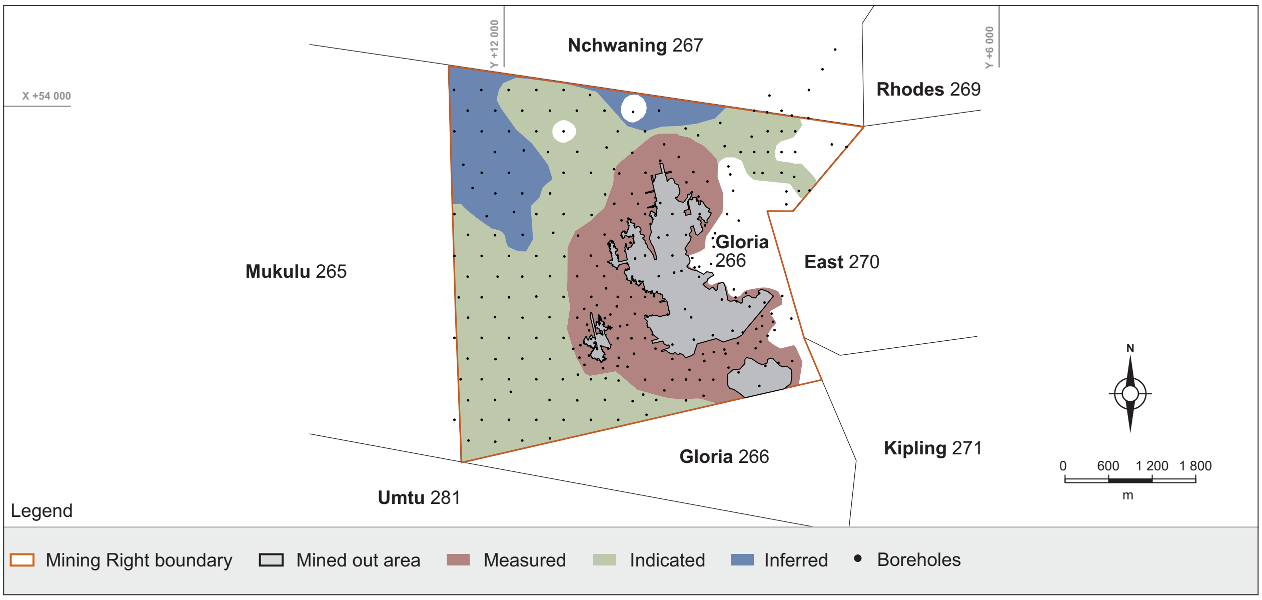
Key assumptions for Mineral Resources:

True thickness cut-off: 4.0 m.
Density: 3.8 t/m^3.

Modifying factors for the conversion of Mineral Resources to Reserves include:

Geological loss: 2%.	*Mining loss factor: 2%.*	*Mining dilution is minimal.*	*Plant recovery: 88% – 90%.*
Mine extraction factor: 84%.	*Price ranges: Based on market-related long-term view and customer contracts.*	*Exchange rate used: Market-related.*	*Grade cut-off: 36% Mn.*

GLORIA MANGANESE SEAM 1 MINERAL RESOURCES CLASSIFICATION



GLORIA MINE: SEAM 2 MANGANESE MINERAL RESOURCES

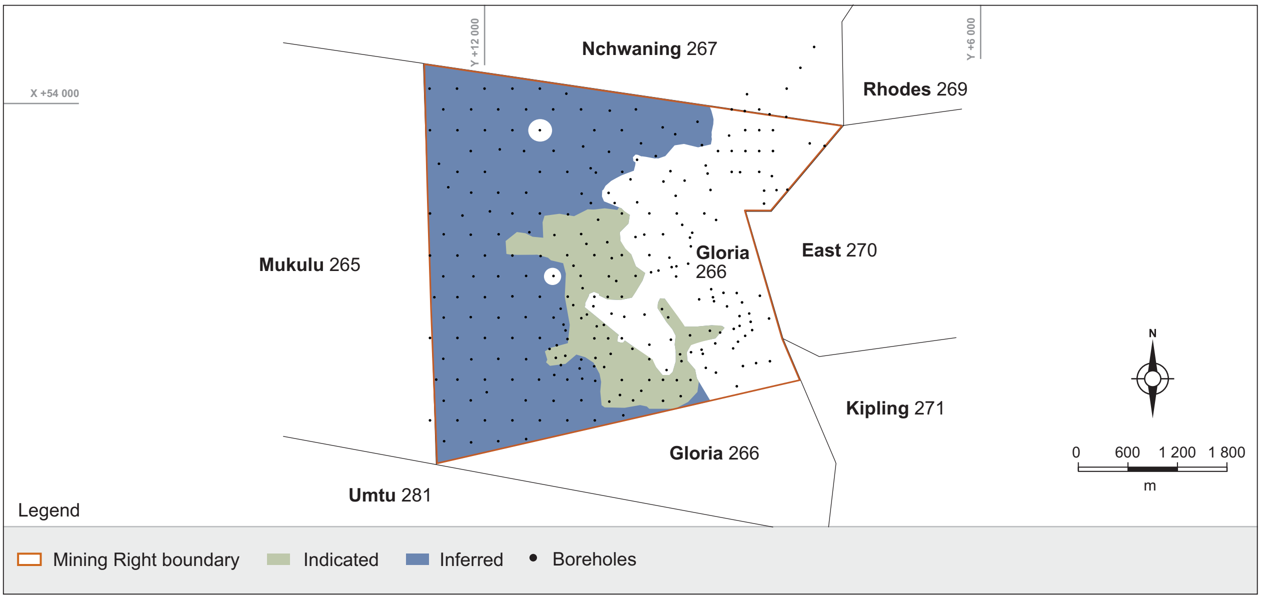
	Mineral Resources		
ARM attributable interest: 50%	Mt	Mn%	Fe%
Measured			
Indicated	32.04	28.3	9.4
Total Measured and Indicated (Seam 2) 2016	**32.04**	**28.3**	**9.4**
Total Measured and Indicated (Seam 2) 2015	30.73	28.0	9.7
Inferred 2016	**122.60**	**30.0**	**9.6**
Inferred 2015	130.08	28.2	11.3

Totals are rounded off.

Key assumptions for Mineral Resources:

True thickness cut-off: 4.0 m.	*Density: 3.8 t/m^3.*

GLORIA MANGANESE SEAM 2 MINERAL RESOURCES CLASSIFICATION



GLORIA YEAR-ON-YEAR CHANGE

New boreholes and assay data provided information that was sufficient for the upgrade of some Indicated to Measured Resources as well as portions of Inferred to Indicated Resources for Gloria Seam 1. The upgrades resulted in Measured Resources increasing by 5% to 51.40 million tonnes at 37.5% Mn and Indicated Resources increasing by 26% from 77.44 to 97.85 million tonnes at 37.3% Mn. Inferred Resources decreased from 42.81 to 29.02 million tonnes. Seam 2 Indicated Resources increased slightly due to remodelling.

Gloria Seam 1 Reserves are 32% higher than in 2015 at 122.20 million tonnes at a grade of 36.1% Mn. The increase can be attributed to the Resource upgrade mentioned above and the increase of optimum mining cut from 3.5 metres to 4 metres.

HISTORICAL MANGANESE PRODUCTION AT GLORIA MINE

	ROM	Saleable
Financial year	Mt	Mt
2011/2012	0.92	0.84
2012/2013	0.82	0.75
2013/2014	0.79	0.67
2014/2015	0.74	0.61
2015/2016	0.56	0.55

ARM FERROUS continued

IRON ORE MINES

BEESHOEK MINE: IRON ORE MINERAL RESOURCES AND RESERVES

ARM attributable interest: 50%	Measured Resources		Indicated Resources		Total Measured and Indicated Resources		Inferred Resources		Proved Reserves		Probable Reserves		Total Reserves	
Pit/Area	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%
BN Pit	12.20	63.11			12.20	63.11			7.07	63.41			7.07	63.41
HF/HB Pit	16.00	64.10			16.00	64.10			6.87	64.27			6.87	64.27
BF Pit	7.50	63.51	0.23	63.54	7.73	63.51	0.001	65.24	0.60	61.59			0.60	61.59
East Pit	5.27	65.03	0.03	64.50	5.30	65.03			2.72	65.10			2.72	65.10
Village Area	42.27	64.55	9.26	63.83	51.53	64.42			25.68	65.26	3.85	63.95	29.53	65.09
GF Pit	3.13	63.81	0.09	61.80	3.22	63.75								
HH Ext Pit	0.28	62.63			0.28	62.63								
HL Pit	1.98	64.82	0.02	65.21	2.00	64.82								
West Pit	9.45	63.19			9.45	63.19	0.050	61.88						
Detrital*							2.500	60.00						
Total 2016	**98.08**	**64.09**	**9.63**	**63.81**	**107.71**	**64.06**	**2.551**	**60.04**	**42.94**	**64.74**	**3.85**	**63.95**	**46.79**	**64.67**
Total 2015	104.10	64.07	9.63	63.81	113.73	64.05	2.551	60.04	47.64	64.63	3.86	63.95	51.50	64.58

The Measured and Indicated Mineral Resources are inclusive of those modified to produce Mineral Reserves.
Totals are rounded off.
* *Detrital is loose fragmented material occurring in various areas at Beeshoek.*

Key assumptions for Mineral Resources:

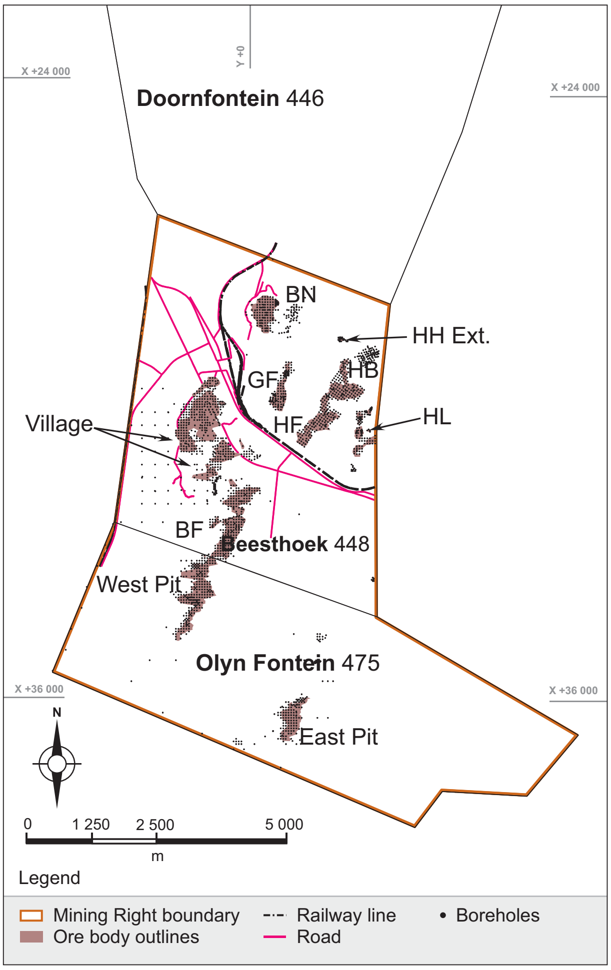
Grade cut-off: 60% Fe.

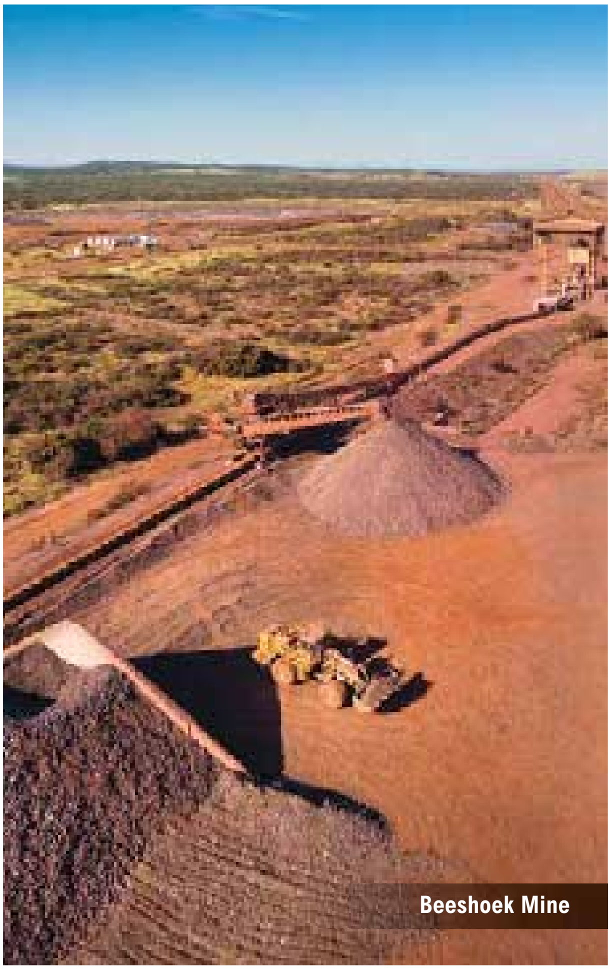
Modifying factors for the conversion of Mineral Resources to Reserves include: (applicable to Village Pit)

Grade cut-off: 60% Fe.	*Plant yield: 55% – 85% (depending on material type).*	*Mining dilution: 3%.*	*Exchange rate used: Market-related.*	*Price used for iron ore: Based on market-related long-term view and customer contracts.*
Stripping ratio: 3.77.	*Mining loss factor: 2%.*			

Iron ore stockpiling at Beeshoek Mine

BEESHOEK ORE BODY LOCALITY MAP





BEESHOEK MINE: STOCKPILES

	Proved Reserves		Probable Reserves		Total Reserves	
ARM attributable interest: 50%	Mt	Fe%	Mt	Fe%	Mt	Fe%
Total 2016 Stockpiles			**6.06**	**55.15**	**6.06**	**55.15**
Total 2015 Stockpiles			7.42	55.38	7.42	55.38

Stockpiles are beneficiated to produce saleable product.

BEESHOEK YEAR-ON-YEAR CHANGE

Measured and Indicated Resources for Beeshoek Mine decreased from 113.73 to 107.71 million tonnes mainly due to mining depletion and sterilisation of certain sections of the BN ore body (BNN) after the discovery of an underground cave.

HISTORICAL PRODUCTION AT BEESHOEK MINE

	ROM	Saleable
Financial year	Mt	Mt
2011/2012	1.98	2.10
2012/2013	2.88	2.94
2013/2014	2.06	3.12
2014/2015	3.35	3.43
2015/2016	3.05	3.11

ARM FERROUS continued

KHUMANI MINE: IRON ORE MINERAL RESOURCES AND RESERVES

ARM attributable interest: 50%	Measured Resources		Indicated Resources		Total Measured and Indicated Resources		Inferred Resources		Proved Reserves		Probable Reserves		Total Reserves	
Pit/Area	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%
Bruce A	37.57	64.37	63.40	64.66	100.97	64.55			34.64	64.35	58.90	64.72	93.54	64.58
Bruce B	61.74	64.54	18.57	63.59	80.31	64.32	1.73	61.19	45.77	64.47	15.06	63.51	60.83	64.23
Bruce C	11.43	64.41			11.43	64.41			3.53	65.03			3.53	65.03
Total for Bruce Pits	**110.74**	**64.47**	**81.97**	**64.42**	**192.71**	**64.45**	**1.73**	**61.19**	**83.94**	**64.44**	**73.96**	**64.47**	**157.90**	**64.46**
King/ Mokaning	284.04	64.24	94.39	64.16	378.43	64.22	11.67	62.96	259.02	64.32	9.09	65.19	268.11	64.35
Total 2016	**394.78**	**64.30**	**176.36**	**64.28**	**571.14**	**64.30**	**13.40**	**62.73**	**342.96**	**64.35**	**83.05**	**64.55**	**426.01**	**64.39**
Total 2015	420.62	64.30	179.63	64.26	600.25	64.29	14.39	62.74	365.07	64.32	82.88	64.45	447.95	64.34

The Measured and Indicated Mineral Resources are inclusive of those modified to produce Mineral Reserves.
Totals are rounded off.

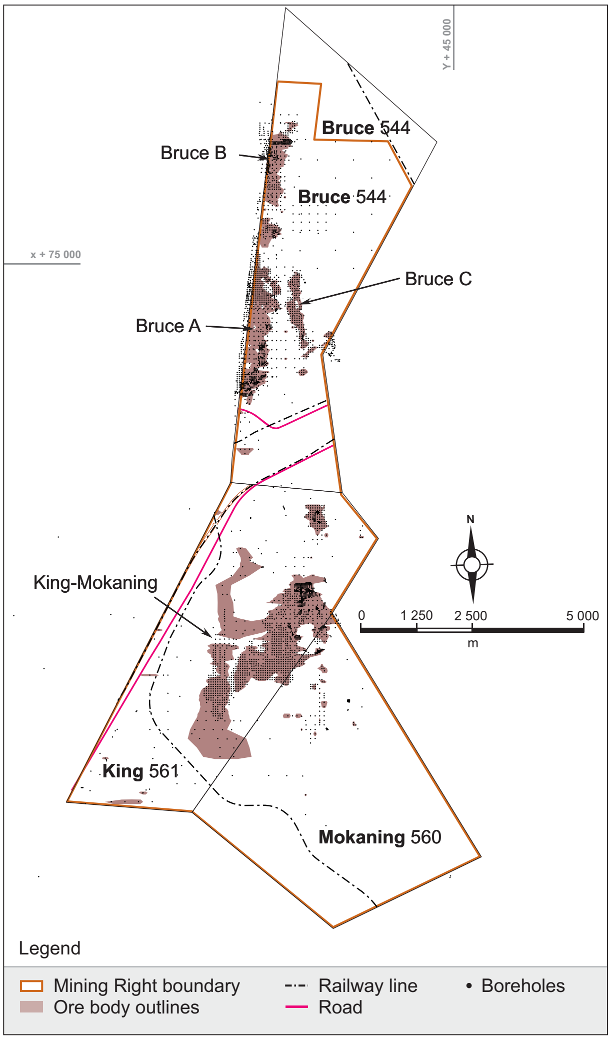
Key assumptions for Mineral Resources:

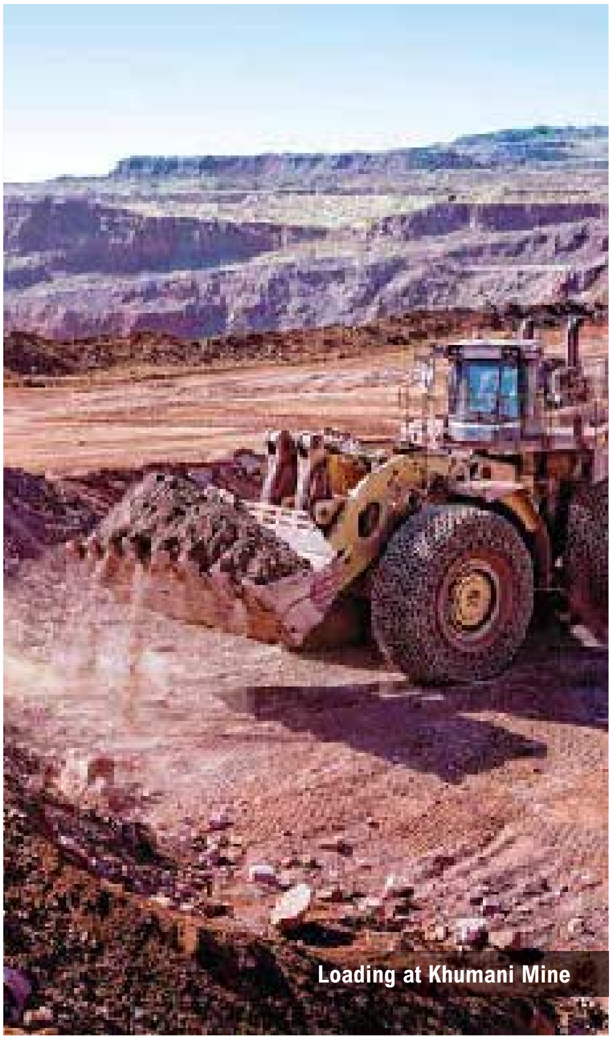
Grade cut-off: 60% Fe.

Modifying factors for the conversion of Mineral Resources to Reserves include:

Mining loss factor: 2%.	*Plant yield: 60% – 85% (depending on material type).*	*Mining dilution: 3%.*	*Stripping ratio: 2.41.*
Grade cut-off: 60% Fe.	*Price used for iron ore: Based on market-related long-term view and customer contracts.*	*Exchange rate used: Market-related.*	

KHUMANI ORE BODY LOCALITY MAP





Loading at Khumani Mine

KHUMANI MINE: STOCKPILES

ARM attributable interest: 50%	Proved Reserves		Probable Reserves		Total Reserves	
Area	Mt	Fe%	Mt	Fe%	Mt	Fe%
Bruce			2.10	60.00	2.10	60.00
King			2.35	60.00	2.35	60.00
Total 2016 Stockpiles*			**4.45**	**60.00**	**4.45**	**60.00**
Total 2015 Stockpiles			4.76	55.79	4.76	55.79

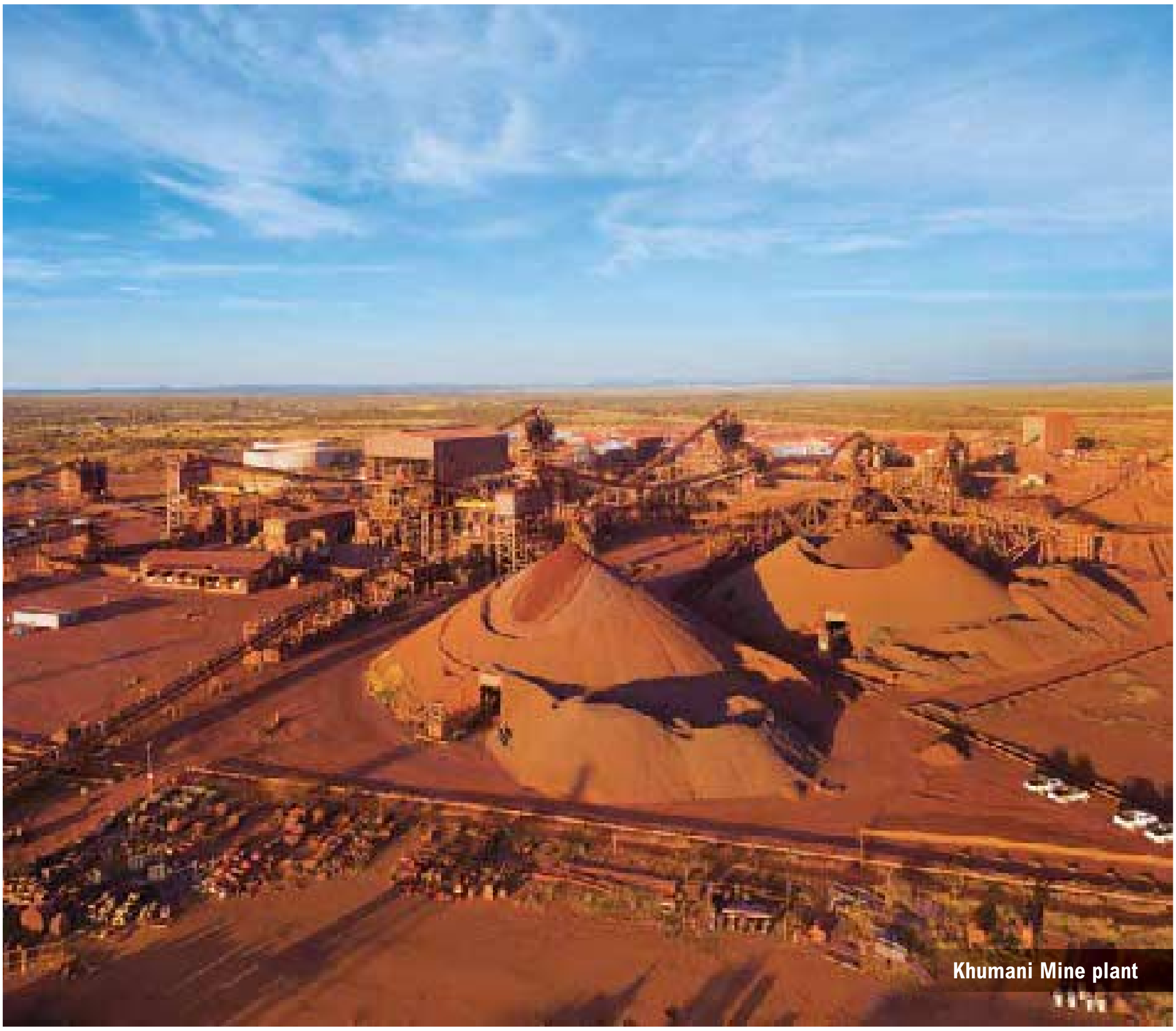
Totals are rounded off.
* *Stockpiles are beneficiated to produce a saleable product.*

KHUMANI YEAR-ON-YEAR CHANGE

Measured and Indicated Resources decreased by 29.11 million tonnes while Proved and Probable Reserves decreased by 21.94 million tonnes mainly due to mining depletion and minor pit designs' adjustments.

HISTORICAL PRODUCTION AT KHUMANI MINE

	ROM	Saleable
Financial year	Mt	Mt
2011/2012	14.89	11.60
2012/2013	19.33	13.17
2013/2014	19.12	12.93
2014/2015	19.06	12.65
2015/2016	21.38	13.62



Khumani Mine plant

ARM FERROUS continued

DWARSRIVIER CHROMITE MINE

DWARSRIVIER CHROMITE MINE: LG6 CHROMITITE MINERAL RESOURCES AND RESERVES

	Mineral Resources				Mineral Reserves		
ARM attributable interest: 50%	Mt	Cr_2O_3%	FeO%		Mt	Cr_2O_3%	FeO%
Measured	28.38	37.56	22.40	Proved	18.01	32.81	20.84
Indicated	40.66	38.41	22.70	Probable	30.33	33.23	21.04
Total Measured and Indicated 2016	**69.04**	**38.06**	**22.58**	**Total Reserves 2016**	**48.34**	**33.07**	**20.97**
Total Measured and Indicated 2015	53.07	37.89	22.82	Total Reserves 2015	37.60	34.28	21.67
Inferred 2016	**29.92**	**38.32**	**22.73**				
Inferred 2015	43.21	38.33	22.60				

The Measured and Indicated Mineral Resources are inclusive of those modified to produce Mineral Reserves.
Totals are rounded off.

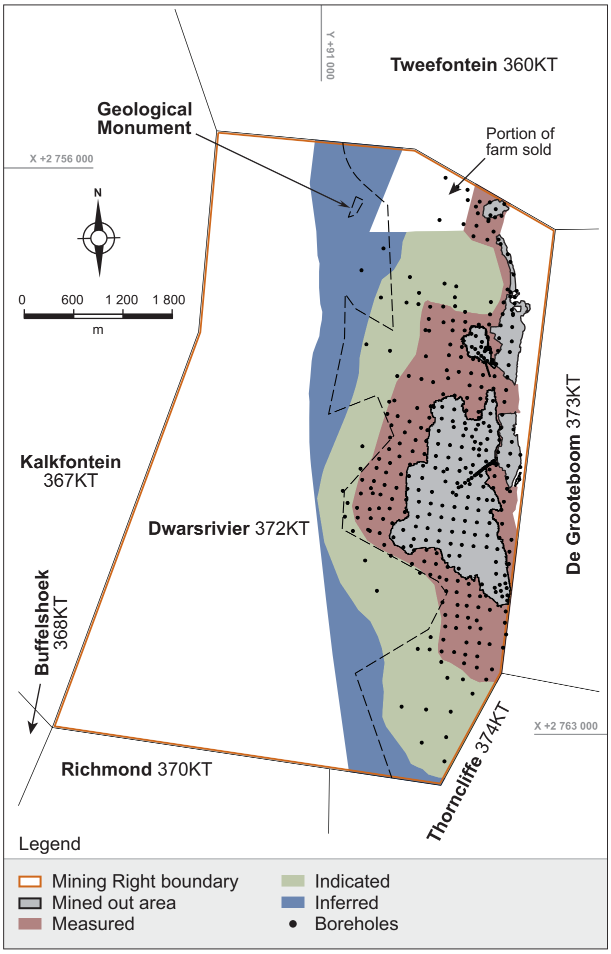
Key assumptions for Mineral Resources:

Geological loss factor applied: 15%.

Modifying factors for the conversion of Mineral Resources to Reserves include:

Mining loss factor: 5%.	*Plant yield: 61%.*	*Mining dilution: 21%.*
Mine extraction factor: 70%.	*Price ranges: Based on market-related long-term view.*	*Exchange rate used: Market-related.*

DWARSRIVIER MINE LG6 CHROMITITE MINERAL RESOURCES CLASSIFICATION



YEAR-ON-YEAR CHANGE

A total of 56 new boreholes were drilled in 2015 and 2016 and they provided information that was sufficient for the upgrade of some Indicated to Measured Resources as well as portions of Inferred to Indicated Resources. The upgrades resulted in Measured Resources increasing by 27% to 28.38 million tonnes at 37.56% Cr_2O_3 and Indicated Resources increasing by 32% to 40.66 million tonnes at 38.41% Cr_2O_3. The changes in the Mineral Reserves resulted in an increase of 10.74 million tonnes to 48.34 million tonnes at 33.07% Cr_2O_3.

HISTORICAL PRODUCTION AT DWARSRIVIER CHROMITE MINE

	ROM	Saleable
Financial year	Mt	Mt
2011/2012	1.50	1.01
2012/2013	1.60	1.03
2013/2014	1.61	1.07
2014/2015	1.77	1.11
2015/2016	1.96	1.20

ARM PLATINUM

NKOMATI NICKEL-COPPER-COBALT-PGM-CHROMITE MINE

ARM's attributable beneficial interest in the Nkomati operation is 50%. The other 50% is held by Norilsk Nickel Africa (Pty) Ltd.

NKOMATI MINE: MINERAL RESOURCES (NI, PGEs, CU, CO, CR_2O_3)

ARM attributable interest: 50%	Measured Resources						Indicated Resources						Total Resources (Measured and Indicated)						Inferred Resources					
	Mt	Ni%	Cu%	Co%	4E g/t	Cr_2O_3%	Mt	Ni%	Cu%	Co%	4E g/t	Cr_2O_3%	Mt	Ni%	Cu%	Co%	4E g/t	Cr_2O_3%	Mt	Ni%	Cu%	Co%	4E g/t	Cr_2O_3%
Underground																								
MMZ	10.04	0.57	0.20	0.03	1.19		37.37	0.48	0.21	0.02	1.19		47.41	0.50	0.21	0.02	1.19		6.30	0.41	0.20	0.02	1.26	
PCMZ	1.05	0.37	0.12	0.02	0.95	10.11	12.68	0.38	0.12	0.02	0.92	10.77	13.73	0.38	0.12	0.02	0.92	10.72	40.05	0.40	0.12	0.02	0.92	10.52
Open Pit																								
MMZ Pit 3	43.76	0.36	0.16	0.02	1.01		19.81	0.37	0.16	0.02	0.99		63.57	0.36	0.16	0.02	1.00							
PCMZ Pit 3	35.85	0.22	0.07	0.01	0.74	12.06	26.66	0.21	0.06	0.01	0.70	12.66	62.51	0.22	0.07	0.01	0.72	12.32						
Total 2016 Mineral Resources	**90.70**	**0.33**	**0.13**	**0.02**	**0.92**		**96.52**	**0.37**	**0.15**	**0.02**	**0.98**		**187.22**	**0.35**	**0.14**	**0.02**	**0.95**		**46.35**	**0.40**	**0.13**	**0.02**	**0.97**	
Total 2015 Mineral Resources	113.65	0.34	0.13	0.02	0.86		112.94	0.37	0.15	0.02	1.05		226.59	0.35	0.14	0.02	0.96		27.55	0.42	0.13	0.01	0.97	

4E = platinum + palladium + rhodium + gold.
The Measured and Indicated Mineral Resources are inclusive of those modified to produce Mineral Reserves.
Totals are rounded off.

Key assumptions for Mineral Resources:

Grade cut-off: Underground: 0.30% Ni MMZ and 0.30% Ni PCMZ.

Open Pit: 0.16% Ni MMZ and 0.16% Ni PCMZ.

NKOMATI MINE: CHROMITE MINERAL RESOURCES

	Measured Resources		Indicated Resources		Total Resources (Measured and Indicated)		Inferred Resources	
ARM attributable interest: 50%	Mt	Cr_2O_3%	Mt	Cr_2O_3%	Mt	Cr_2O_3%	Mt	Cr_2O_3%
Oxidized Massive Chromitite Pit 3 2016	**0.18**	**25.97**			**0.18**	**25.97**		
Un-oxidized (fresh) Massive Chromitite Pit 3 2016	**6.48**	**28.88**			**6.48**	**28.88**		
Oxidized Massive Chromitite Pit 3 2015	0.62	28.23			0.62	28.23		
Un-oxidized (fresh) Massive Chromitite Pit 3 2015	5.48	29.27			5.48	29.27		

The Measured and Indicated Mineral Resources are inclusive of those modified to produce Mineral Reserves.
Totals are rounded off.

Key assumptions for Mineral Resources:

Grade cut-off: 20% (Cr_2O_3).

Drilling at Nkomati Mine operations

ARM PLATINUM continued

NKOMATI MINE: MINERAL RESERVES (NI, PGEs, CU, CO, CR_2O_3)

ARM attributable interest: 50%	Proved Reserves						Probable Reserves						Total Reserves					
	Mt	Ni%	Cu%	Co%	4E g/t	Cr_2O_3%	Mt	Ni%	Cu%	Co%	4E g/t	Cr_2O_3%	Mt	Ni%	Cu%	Co%	4E g/t	Cr_2O_3%
Underground Mine																		
MMZ	0.32	0.43	0.16	0.02	1.05		10.91	0.47	0.21	0.02	1.12		11.23	0.47	0.21	0.02	1.12	
Open Pit																		
MMZ Pit 3	31.96	0.37	0.15	0.02	1.03		6.87	0.35	0.15	0.02	0.94		38.83	0.37	0.15	0.02	1.01	
PCMZ Pit 3	30.65	0.22	0.07	0.01	0.73	13.69	13.85	0.21	0.06	0.01	0.69	13.52	44.50	0.22	0.07	0.01	0.72	13.64
Total Mineral Reserves 2016	**62.93**	**0.30**	**0.11**	**0.02**	**0.88**		**31.63**	**0.33**	**0.13**	**0.02**	**0.89**		**94.56**	**0.31**	**0.12**	**0.02**	**0.89**	
Total Mineral Reserves 2015	73.66	0.30	0.11	0.02	0.84		30.14	0.36	0.13	0.02	1.13		103.79	0.32	0.12	0.02	0.92	

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

Modifying factors for the conversion of Mineral Resources to Reserves include:

Mining extraction factor: Underground: 68%. Open Pit: 100%	*Average plant recovery: 75%*	*Price ranges (US\$): Ni: 9 935 – 13 871/t; Cu: 4 824 – 5 463/t; Co: 11.78 – 12.68/lb; Pt: 1 041 – 1 226/oz; Pd: 619 – 750/oz; Au: 1 218 – 1 222/oz*	*Exchange rate (R/US\$): 13.00 – 15.33*	*Grade cut-off: Underground: 0.35% Ni MMZ. Open Pit: 0.16% Ni MMZ and 0.16% Ni PCMZ*

NKOMATI MINE: MMZ STOCKPILE MINERAL RESERVES

ARM attributable interest: 50%	Proved Reserves						Probable Reserves						Total Reserves					
	Mt	Ni%	Cu%	Co%	4E g/t	Cr_2O_3%	Mt	Ni%	Cu%	Co%	4E g/t	Cr_2O_3%	Mt	Ni%	Cu%	Co%	4E g/t	Cr_2O_3%
MMZ Stockpiles 2016	**0.08**	**0.30**	**0.15**	**0.02**	**1.01**								**0.08**	**0.30**	**0.15**	**0.02**	**1.01**	
MMZ Stockpiles 2015	0.17	0.29	0.10	0.01	0.65								0.17	0.29	0.10	0.01	0.65	

***4E** = platinum + palladium + rhodium + gold.*
Totals are rounded off.
Grade cut-off: 0.16% Ni.

NKOMATI MINE: PCMZ STOCKPILE MINERAL RESERVES

ARM attributable interest: 50%	Proved Reserves						Probable Reserves						Total Reserves					
	Mt	Ni%	Cu%	Co%	4E g/t	Cr_2O_3%	Mt	Ni%	Cu%	Co%	4E g/t	Cr_2O_3%	Mt	Ni%	Cu%	Co%	4E g/t	Cr_2O_3%
PCMZ Stockpiles 2016	**2.92**	**0.20**	**0.06**	**0.01**	**0.72**	**13.89**							**2.92**	**0.20**	**0.06**	**0.01**	**0.72**	**13.89**
PCMZ Stockpiles 2015	3.63	0.21	0.05	0.01	0.52	13.98							3.63	0.21	0.05	0.01	0.52	13.98

***4E** = platinum + palladium + rhodium + gold.*
Totals are rounded off.
Grade cut-off: 0.16% Ni.

NKOMATI MINE: CHROMITE MINERAL RESERVES

	Proved Reserves		Probable Reserves		Total Reserves	
ARM attributable interest: 50%	Mt	Cr_2O_3%	Mt	Cr_2O_3%	Mt	Cr_2O_3%
Oxidized Massive Chromitite Pit 3 2016	**0.10**	**23.79**	**0.04**	**21.67**	**0.14**	**23.18**
Un-oxidized (Fresh) Massive Chromitite Pit 3 2016	**0.94**	**17.72**	**0.47**	**19.45**	**1.41**	**18.30**
Oxidized Massive Chromitite Pit 3 2015	0.18	25.42	0.39	25.25	0.57	25.30
Un-oxidized (Fresh) Massive Chromitite Pit 3 2015	0.81	19.56	0.40	22.62	1.21	20.57

Totals are rounded off.

Modifying factors for the conversion of Mineral Resources to Reserves include:

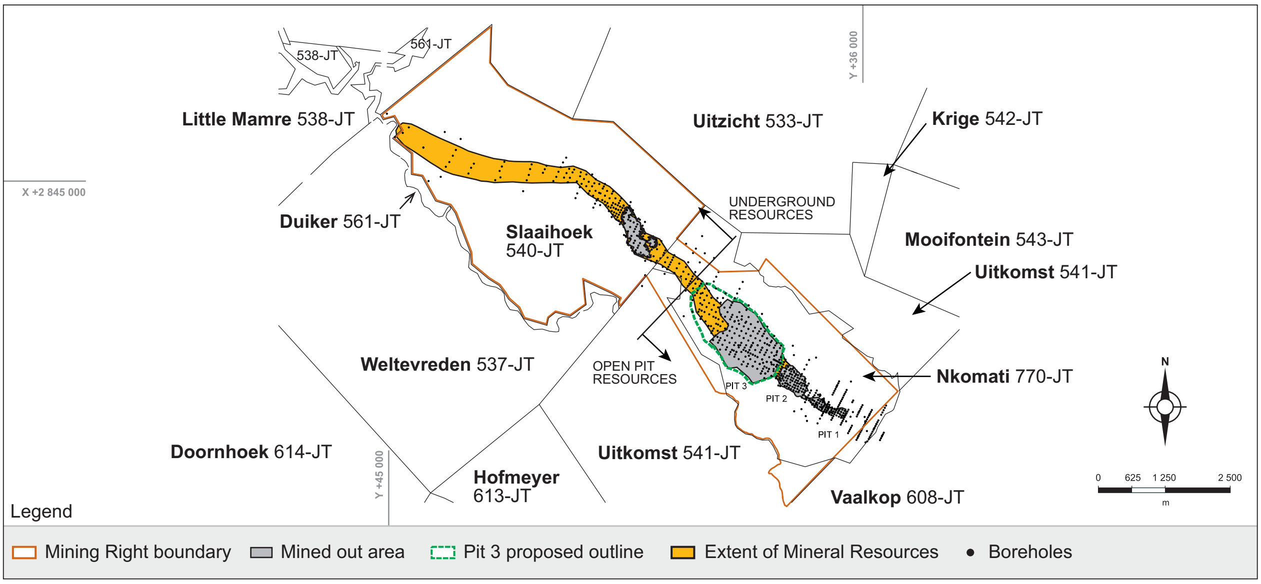
Grade cut-off: 20% (Cr_2O_3).	*Price ranges (US\$/t): Cr Concentrate: 123 – 145.*	*Exchange rate (R/US\$): 13.00 – 15.33.*

NKOMATI MINE: CHROMITE STOCKPILE MINERAL RESERVES

	Proved Reserves		Probable Reserves		Total Reserves	
ARM attributable interest: 50%	Mt	Cr_2O_3%	Mt	Cr_2O_3%	Mt	Cr_2O_3%
PCR Stockpile	2.30	19.20			2.30	19.20
Uncrushed ROM Stockpile	0.10	31.38			0.10	31.38
Other Chrome Stockpiles	0.13	22.15			0.13	22.15
Total Stockpiles Reserves 2016	**2.53**	**19.83**			**2.53**	**19.83**
Total Stockpiles Reserves 2015	2.62	20.53			2.62	20.53

Totals are rounded off.
Grade cut-off: 20% (Cr_2O_3).

NKOMATI MINE MINERAL RESOURCES LOCALITY MAP



YEAR-ON-YEAR CHANGE

The Measured and Indicated Mineral Resources (MMZ and PCMZ) reduced from 226.59 million tonnes at 0.35% Ni to 187.22 million tonnes at 0.35% Ni mainly due to reclassification of some underground Mineral Resources and mining depletion.

Mineral Reserves (MMZ and PCMZ) reduced from 103.79 million tonnes at 0.32% Ni in 2015 to 94.56 million tonnes at 0.31% Ni in 2016 mainly due to mining depletion of 7.61 million tonnes (ROM) and the remodelling.

HISTORICAL PRODUCTION AT NKOMATI MINE (MMZ AND PCMZ)

	ROM	Saleable
Financial year	Mt	Mt
2011/2012	8.15	6.39
2012/2013	11.74	7.59
2013/2014	7.01	7.93
2014/2015	7.35	8.03
2015/2016	7.61	8.24

ARM PLATINUM continued

TWO RIVERS PLATINUM MINE

ARM's attributable beneficial interest in Two Rivers Platinum Mine (TRP) operation is 51%. The other 49% is held by Impala Platinum.

TWO RIVERS PLATINUM MINE: UG2 REEF MINERAL RESOURCES

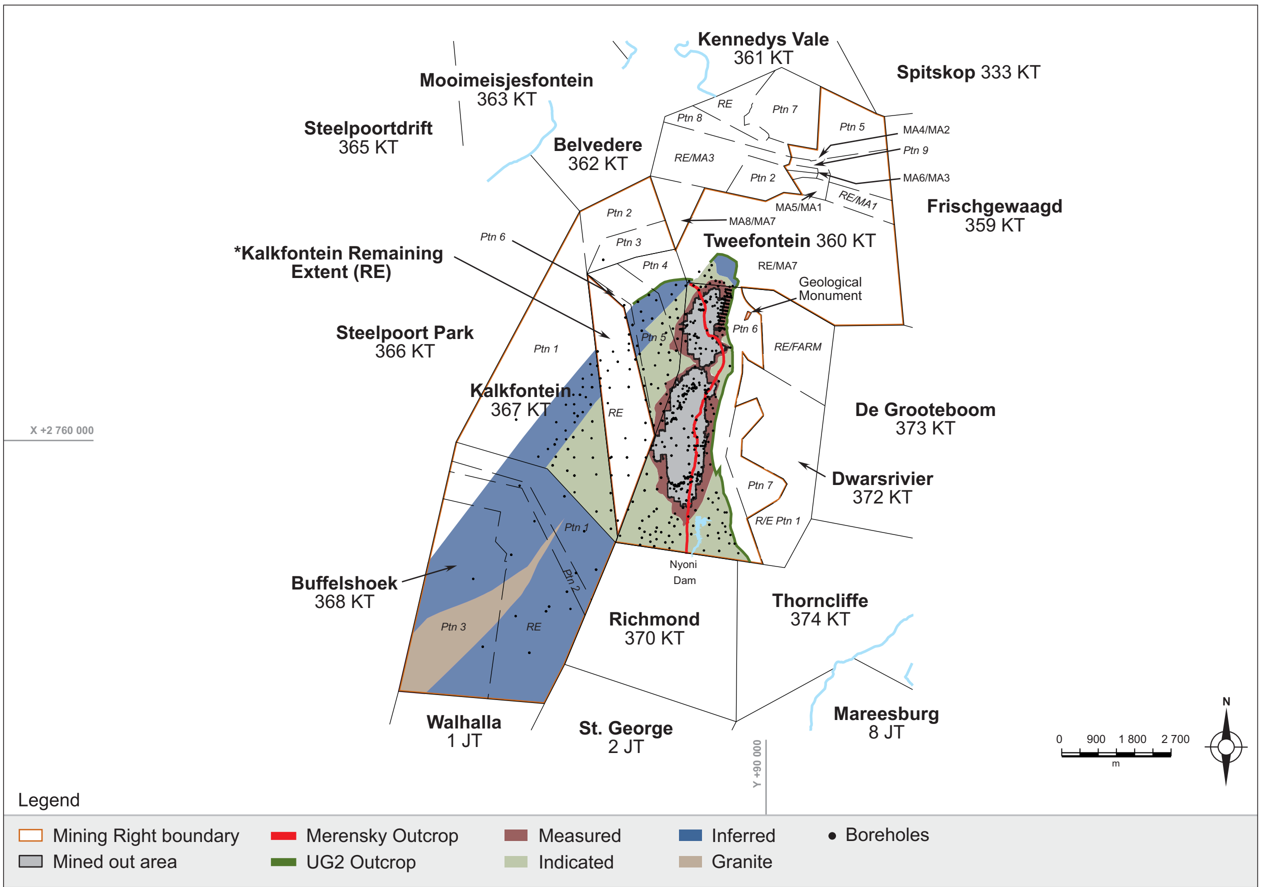
	Mineral Resources								
ARM attributable interest: 51%	Mt	Pt g/t	Pd g/t	Rh g/t	Au g/t	4E g/t	6E g/t	Pt Moz	6E Moz
Measured	14.87	2.64	1.38	0.49	0.04	4.54	5.52	1.26	2.64
Indicated	57.89	2.31	1.39	0.43	0.05	4.17	5.03	4.30	9.35
Measured and Indicated 2016	**72.76**	**2.38**	**1.39**	**0.44**	**0.05**	**4.25**	**5.13**	**5.56**	**11.99**
Measured and Indicated 2015	74.94	2.39	1.40	0.44	0.04	4.28	5.16	5.76	12.42
Inferred 2016	**117.83**	**2.52**	**1.82**	**0.47**	**0.06**	**4.86**	**5.75**	**9.56**	**21.77**
Inferred 2015	117.83	2.52	1.82	0.47	0.06	4.86	5.75	9.54	21.77

***4E** = platinum + palladium + rhodium + gold.*
***6E** = platinum + palladium + rhodium + iridium + ruthenium + gold.*
The Measured and Indicated Mineral Resources are inclusive of those modified to produce Mineral Reserves.
Totals are rounded off.

Key assumptions for Mineral Resources:

Geological loss factor applied: 22% – 30%.

TWO RIVERS PLATINUM MINE: UG2 REEF MINERAL RESOURCES CLASSIFICATION



* *Kalkfontein Remaining Extent (RE), currently 100% owned by ARM, was acquired as part of the Tamboti Platinum (Pty) Ltd transaction. The Mineral Resources for this portion are reported under Tamboti Platinum on pages 145 to 146 of this report.*

TWO RIVERS MINE: UG2 REEF MINERAL RESERVES

	Mineral Reserves								
ARM attributable interest: 51%	Mt	Pt g/t	Pd g/t	Rh g/t	Au g/t	4E g/t	6E g/t	Pt Moz	6E Moz
Proved	11.72	1.77	0.96	0.33	0.03	3.09	3.76	0.67	1.42
Probable	31.53	1.60	0.94	0.30	0.02	2.87	3.48	1.63	3.53
Total Reserves 2016	**43.25**	**1.65**	**0.95**	**0.31**	**0.02**	**2.93**	**3.56**	**2.30**	**4.95**
Total Reserves 2015	41.86	1.70	0.97	0.31	0.03	3.00	3.65	2.27	4.92

4E = platinum + palladium + rhodium + gold.
6E = platinum + palladium + rhodium + iridium + ruthenium + gold.
Totals are rounded off.

Modifying factors for the conversion of Mineral Resources to Reserves include:

Mining loss factor: 5%.	*Plant recovery: 87% (6E).*	*Mine call factor: 98%.*	*Mining dilution: on average 15 cm on hangingwall and 35 cm on footwall.*
Mine extraction factor: 68% – 89%.	*Price ranges (US\$/oz): Pt: 1 012 – 1 095; Pd: 616 – 715; Rh: 844 – 1 020; Ru: 30 – 42; Ir: 495 – 520; Au: 1 180 – 1 218.*	*Exchange rate (R/US\$): 13.00 – 15.33.*	*Reserve cut-off grade: 2.64 g/t (6E).*

TWO RIVERS PLATINUM MINE: MERENSKY REEF MINERAL RESOURCES

	Mineral Resources								
ARM attributable interest: 51%	Mt	Pt g/t	Pd g/t	Rh g/t	Au g/t	4E g/t	6E g/t	Pt Moz	6E Moz
Indicated 2016	**60.57**	**1.68**	**0.88**	**0.10**	**0.19**	**2.85**	**3.11**	**3.27**	**6.05**
Indicated 2015	60.57	1.68	0.88	0.10	0.19	2.85	3.11	3.27	6.05
Inferred 2016	**99.19**	**2.09**	**1.15**	**0.13**	**0.25**	**3.61**	**3.92**	**6.67**	**12.51**
Inferred 2015	99.19	2.09	1.15	0.13	0.25	3.61	3.92	6.67	12.51

4E = platinum + palladium + rhodium + gold.
6E = platinum + palladium + rhodium + iridium + ruthenium + gold.
Totals are rounded off.

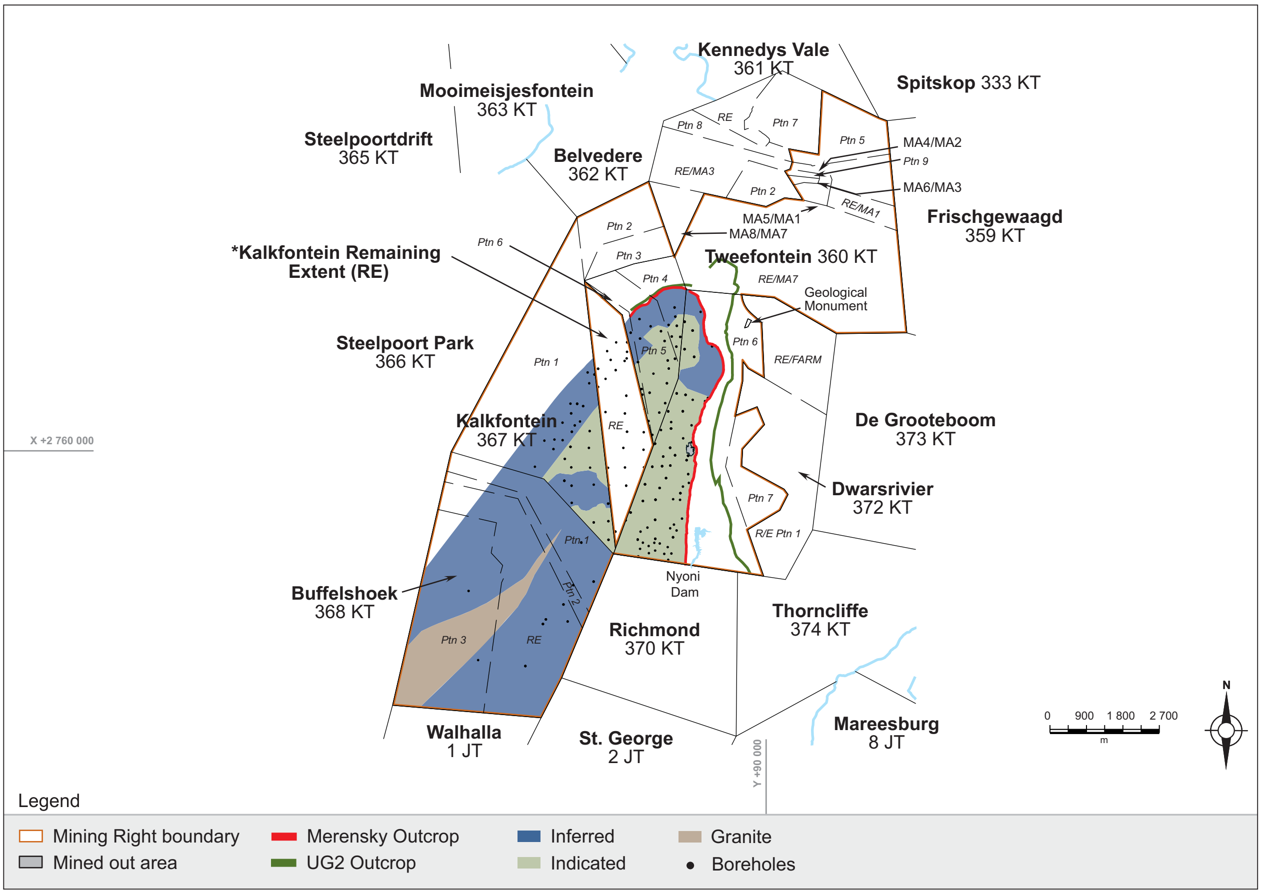
Key assumptions for Mineral Resources:

Geological loss factor applied: 30%.

Truck offloading at the Two Rivers Mine

ARM PLATINUM continued

TWO RIVERS PLATINUM MINE MERENSKY REEF MINERAL RESOURCES CLASSIFICATION



* *Kalkfontein Remaining Extent, currently 100% owned by ARM, was acquired as part of the Tamboti Platinum (Pty) Ltd transaction. The Mineral Resources for this portion are reported under Tamboti Platinum on pages 145 to 146 of this report.*

YEAR-ON-YEAR CHANGE

UG2 Measured and Indicated Mineral Resources at Two Rivers Platinum Mine decreased by 3% to 72.76 million tonnes at 5.13 g/t (6E) mainly due to mining depletion. Merensky Mineral Resources remained the same as in 2015 as the models for 2015 were still used in the 2016 evaluation.

Mineral Reserves for the UG2 Reef increased from 41.86 million tonnes at 3.65 g/t (6E) to 43.25 million tonnes at 3.56 g/t (6E) mainly due to reduction in the geological loss factor at the Main Decline area.

HISTORICAL PRODUCTION AT TWO RIVERS MINE

	ROM	Milled
Financial year	Mt	Mt
2011/2012	3.29	3.10
2012/2013	3.33	3.17
2013/2014	3.27	3.28
2014/2015	3.44	3.36
2015/2016	3.37	3.51

TAMBOTI PLATINUM

ARM's interest in Tamboti Platinum is 100% following the acquisition of Tamboti Platinum (Pty) Ltd, holder of a Mining Right over the Kalkfontein Remaining Extent (RE) adjacent to Two Rivers Mine. An agreement has been reached with Implats and approvals are awaited to transfer this property into the Two Rivers Mine Mining Right.

TAMBOTI PLATINUM (KALKFONTEIN RE): UG2 REEF MINERAL RESOURCES

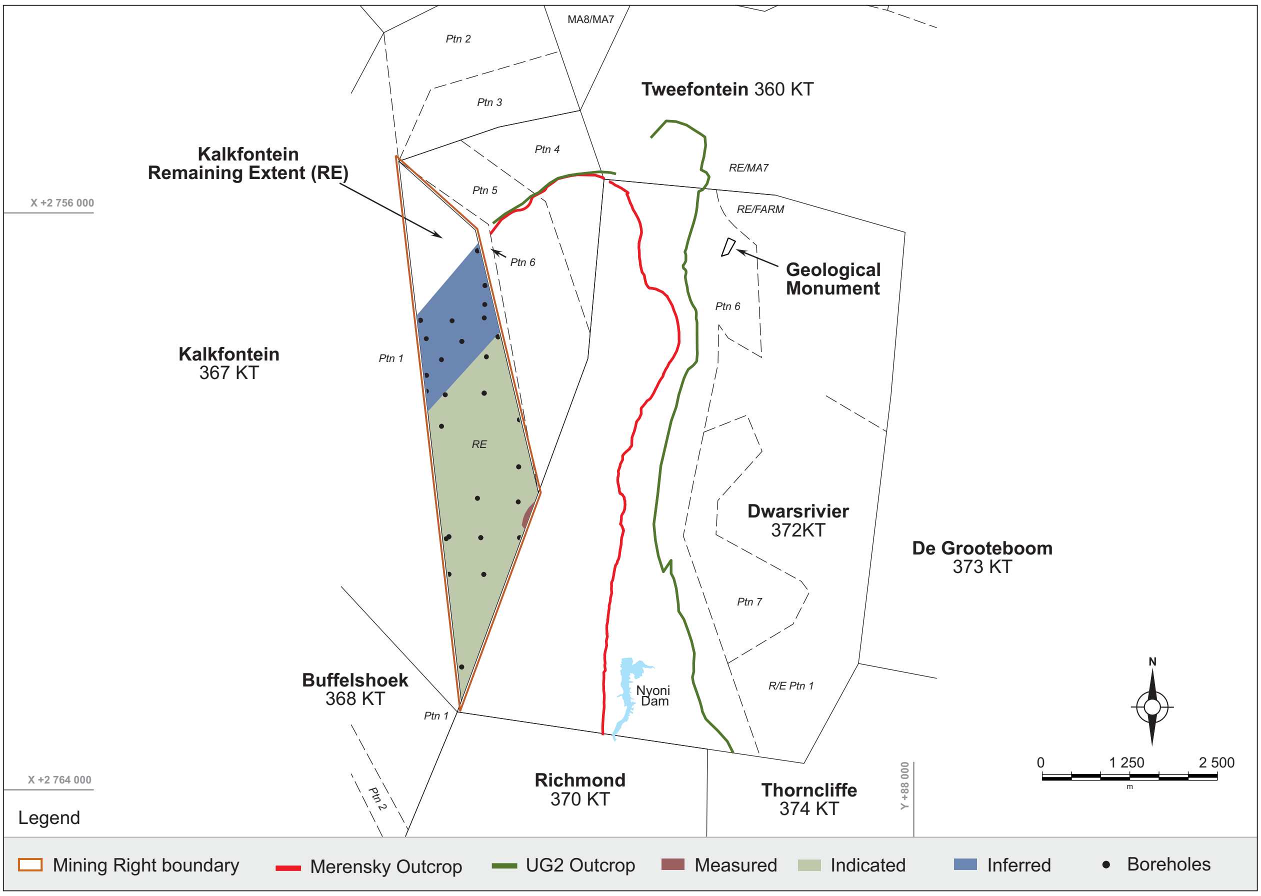
	Mineral Resources								
ARM interest: 100%	Mt	Pt g/t	Pd g/t	Rh g/t	Au g/t	4E g/t	6E g/t	Pt Moz	6E Moz
Measured	0.09	2.87	1.42	0.51	0.04	4.84	5.89	0.01	0.02
Indicated	15.11	2.84	1.74	0.51	0.05	5.14	6.19	1.38	3.01
Measured and Indicated 2016	**15.20**	**2.84**	**1.74**	**0.51**	**0.05**	**5.14**	**6.19**	**1.39**	**3.02**
Measured and Indicated 2015	15.20	2.84	1.74	0.51	0.05	5.14	6.19	1.39	3.02
Inferred 2016	**5.18**	**3.05**	**1.83**	**0.56**	**0.06**	**5.50**	**6.69**	**0.51**	**1.11**
Inferred 2015	5.18	3.05	1.83	0.56	0.06	5.50	6.69	0.51	1.11

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

Key assumptions for Mineral Resources:

Geological loss factor applied: 30%.

TAMBOTI PLATINUM (KALKFONTEIN RE) UG2 MINERAL RESOURCES CLASSIFICATION



ARM PLATINUM continued

TAMBOTI PLATINUM (KALKFONTEIN RE): MERENSKY REEF MINERAL RESOURCES

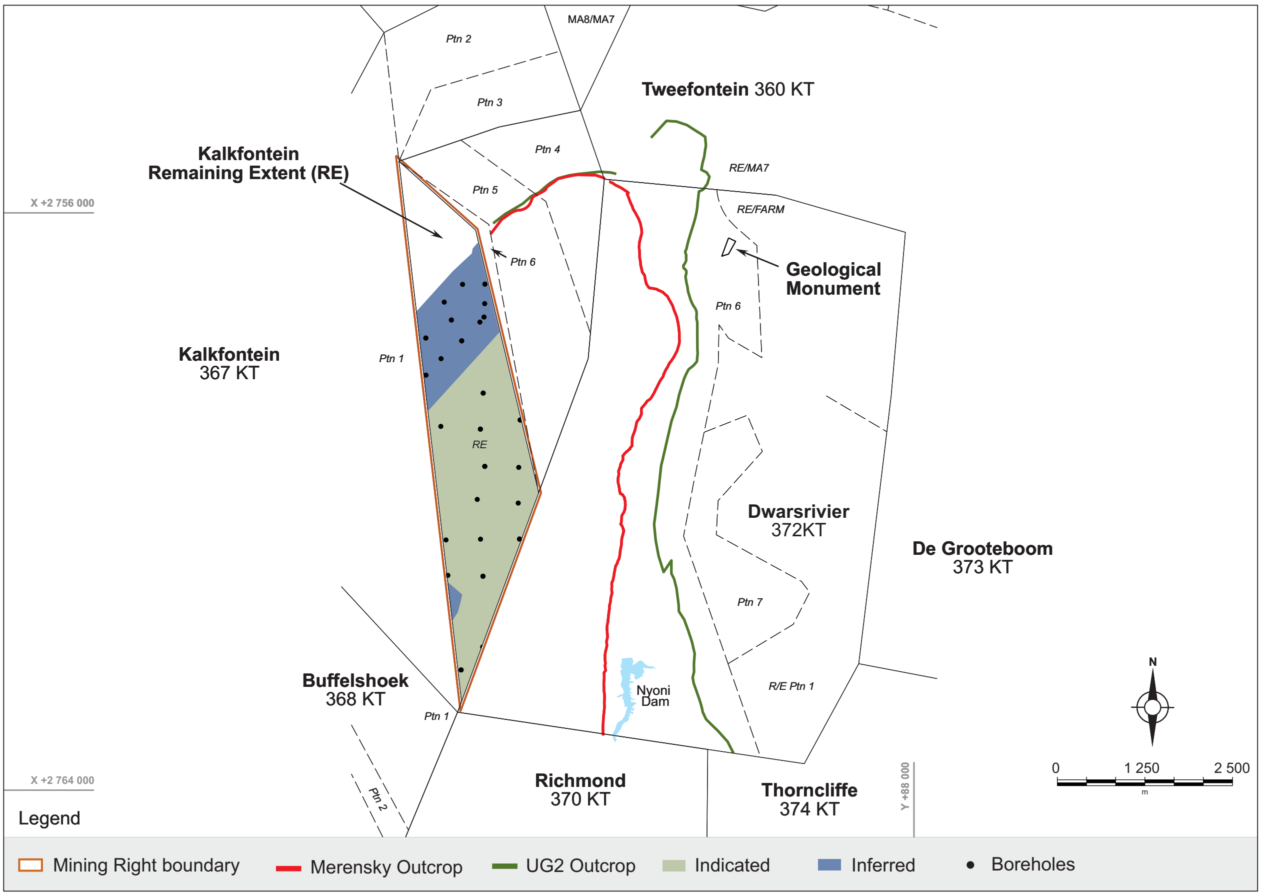
	Mineral Resources								
ARM interest: 100%	Mt	Pt g/t	Pd g/t	Rh g/t	Au g/t	4E g/t	6E g/t	Pt Moz	6E Moz
Indicated 2016	**14.39**	**2.37**	**1.20**	**0.13**	**0.28**	**3.98**	**4.31**	**1.10**	**1.99**
Indicated 2015	14.39	2.37	1.20	0.13	0.28	3.98	4.31	1.10	1.99
Inferred 2016	**5.50**	**1.94**	**0.91**	**0.11**	**0.22**	**3.18**	**3.44**	**0.34**	**0.61**
Inferred 2015	5.50	1.94	0.91	0.11	0.22	3.18	3.44	0.34	0.61

4E *= platinum + palladium + rhodium + gold.*
6E *= platinum + palladium + rhodium + iridium + ruthenium + gold.*
Totals are rounded off.

Key assumptions for Mineral Resources:

Geological loss factor applied: 30%.

TAMBOTI PLATINUM (KALKFONTEIN RE) MERENSKY REEF MINERAL RESOURCES CLASSIFICATION



YEAR-ON-YEAR CHANGE

The Mineral Resources for Tamboti Platinum remained as reported in 2015.

MODIKWA PLATINUM MINE

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

*MODIKWA PLATINUM MINE: UG2 REEF MINERAL RESOURCES AND RESERVES

	Mineral Resources				Mineral Reserves		
ARM attributable interest: 41.5%	Mt	4E g/t	4E Moz		Mt	4E g/t	4E Moz
Measured	50.20	5.93	9.57	Proved	11.09	4.83	1.72
Indicated	89.40	5.92	17.02	Probable	33.64	4.72	5.10
***Total Measured and Indicated 2016**	**139.60**	**5.92**	**26.59**	**Total Reserves 2016**	**44.73**	**4.75**	**6.83**
*Total Measured and Indicated 2015	136.70	5.91	25.99	Total Reserves 2015	48.13	4.66	7.21
Inferred 2016	**77.70**	**6.21**	**15.51**				
Inferred 2015	75.90	6.21	15.15				

__4E__ = platinum + palladium + rhodium + gold.
* *The Measured and Indicated Mineral Resources are* ***exclusive*** *of those modified to produce Mineral Reserves.*
Totals are rounded off.

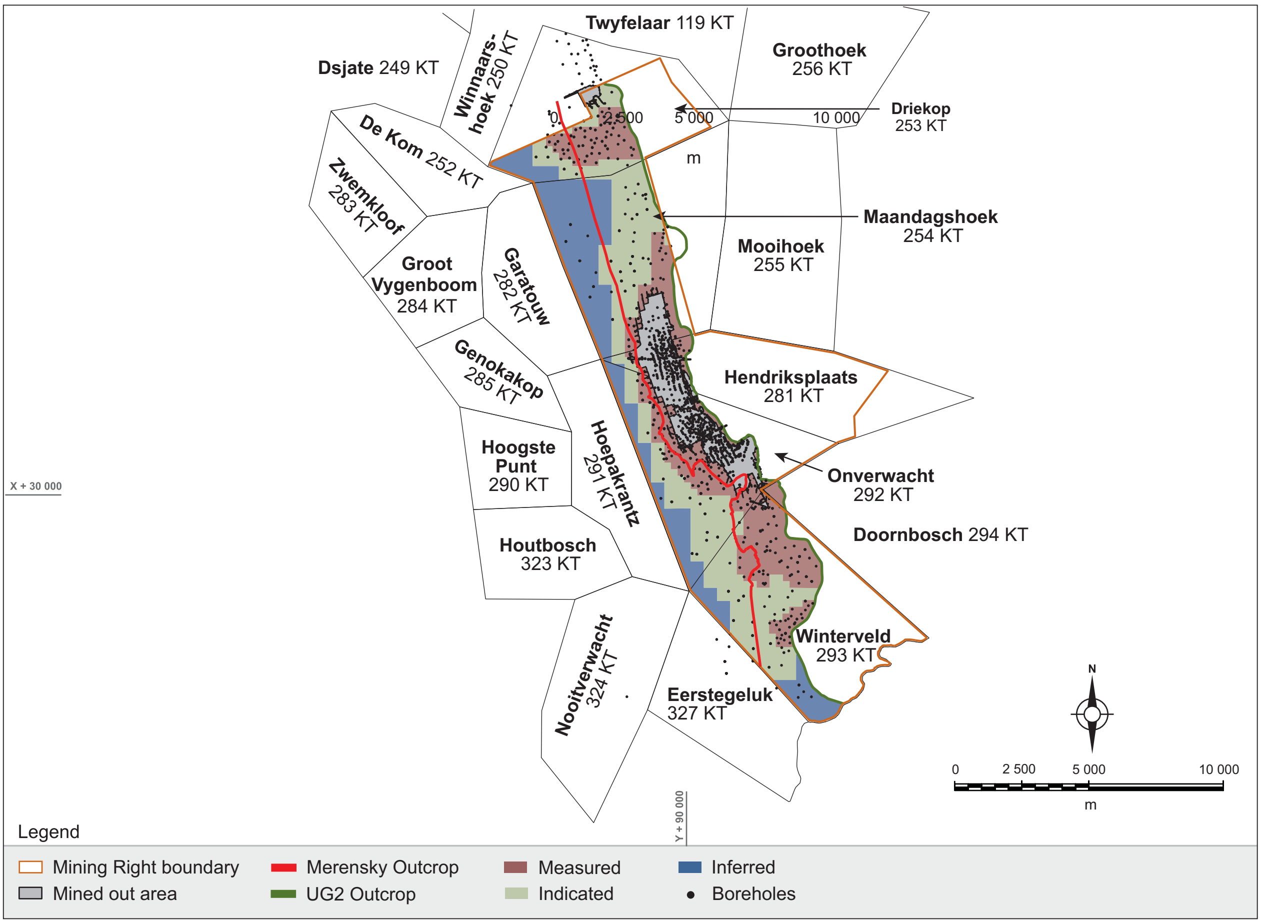
Key assumptions for Mineral Resources:

Geological loss factor applied: 14% – 35%.
Grade and thickness cut-off: 3.66 g/t (4E) and 1.02 metres.

Modifying factors for the conversion of Mineral Resources to Reserves include:

Mining loss factor: 1.2%.	*Plant recovery: 87% (4E).*	*Mine call factor: 95%.*
Price ranges (US\$/oz): Pt: 1 012 – 1 095; Pd: 616 – 715; Rh: 844 – 1 020; Ru: 30 – 42; Ir: 495 – 520; Au: 1 180 – 1 218.	*Exchange rate (R/US\$): 13.00 – 15.33.*	*Reserve cut-off grade: 3.66 g/t (4E).*

MODIKWA MINE: UG2 REEF MINERAL RESOURCES CLASSIFICATION



ARM PLATINUM continued

MODIKWA MINE: MERENSKY REEF MINERAL RESOURCES

	Mineral Resources		
ARM attributable interest: 41.5%	Mt	4E g/t	4E Moz
Measured	18.55	2.93	1.75
Indicated	55.75	2.72	4.88
Total Measured and Indicated 2016	**74.30**	**2.77**	**6.62**
Total Measured and Indicated 2015	72.00	2.78	6.44
Inferred 2016	**139.85**	**2.65**	**11.92**
Inferred 2015	136.84	2.65	11.66

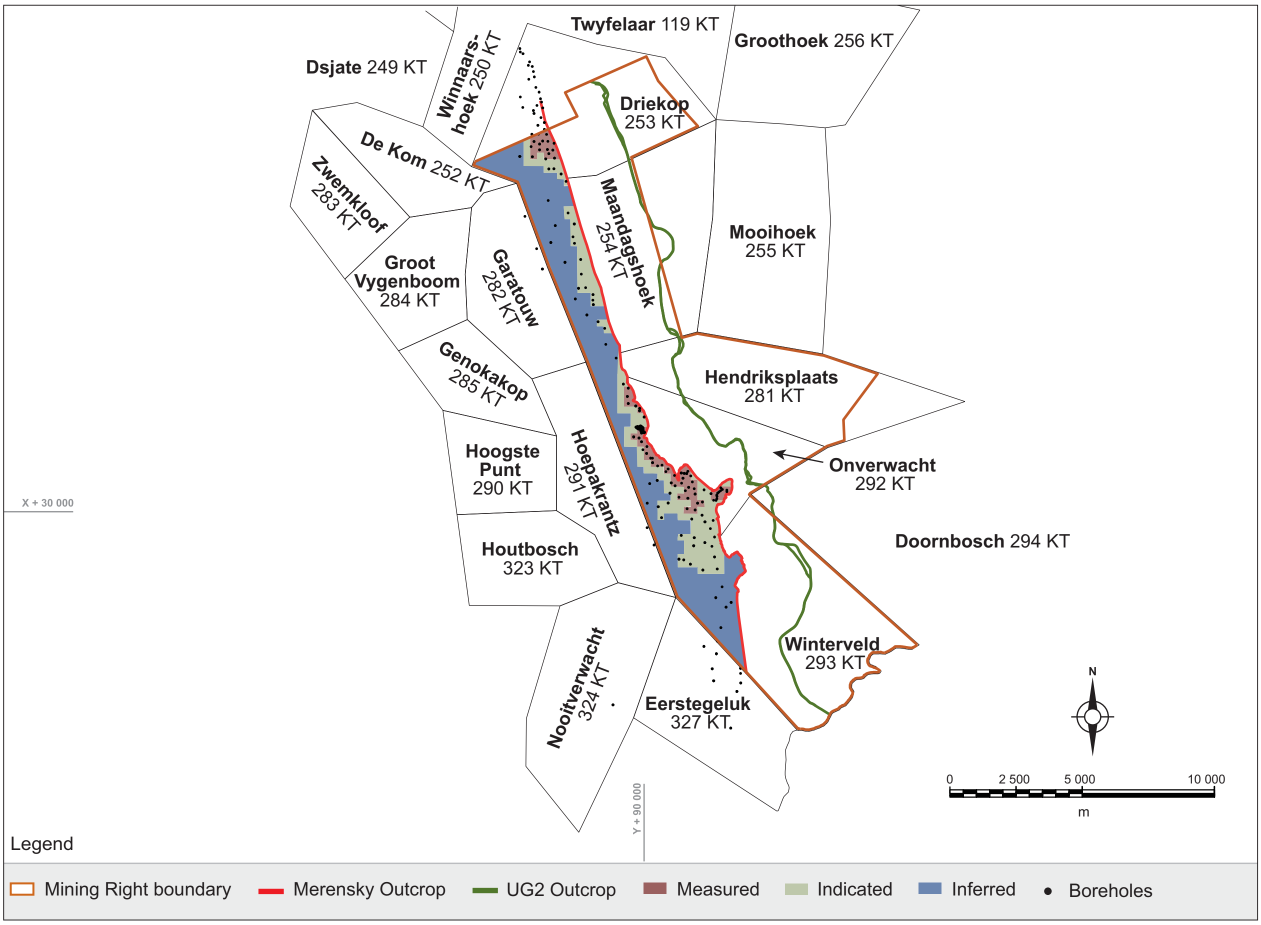
4E = platinum + palladium + rhodium + gold.
Totals are rounded off.

Key assumptions for Mineral Resources:

Geological loss factor applied: 14% - 35%.

Grade and thickness cut-off: 1.44 g/t (4E).

MODIKWA MINE: MERENSKY REEF MINERAL RESOURCES CLASSIFICATION



YEAR-ON-YEAR CHANGE

The Measured and Indicated UG2 Reef Mineral Resources increased from 136.70 million tonnes at 5.91 g/t (4E) to 139.6 million tonnes at 5.92 g/t (4E) due to re-evaluation. Mineral Reserves decreased from 48.13 million tonnes at 4.66 g/t (4E) to 44.73 million tonnes at 4.75 g/t (4E) mainly due to production, design changes and modifying factor changes.

Merensky Measured and Indicated Mineral Resources marginally increased by 3% to 74.30 million tonnes at 2.77 g/t (4E) due to a refinement of the geological losses.

HISTORICAL PRODUCTION AT MODIKWA MINE

	ROM	Milled
Financial year	Mt	Mt
2011/2012	1.91	2.18
2012/2013	2.20	2.33
2013/2014	1.94	2.11
2014/2015	1.86	1.86
2015/2016	2.08	2.05


Modikwa Mine decline

ARM PLATINUM continued

KALPLATS PGM PROSPECT

Kalplats PGM Prospect – ARM Platinum's attributable beneficial interest is 46%. Platinum Australia Limited (PLA) holds 44% and Anglo American Prospecting Services 10%.

Kalplats Extended Prospect – ARM Platinum's attributable beneficial interest is 50%. The other 50% is held by PLA.

KALPLATS MINERAL RESOURCES

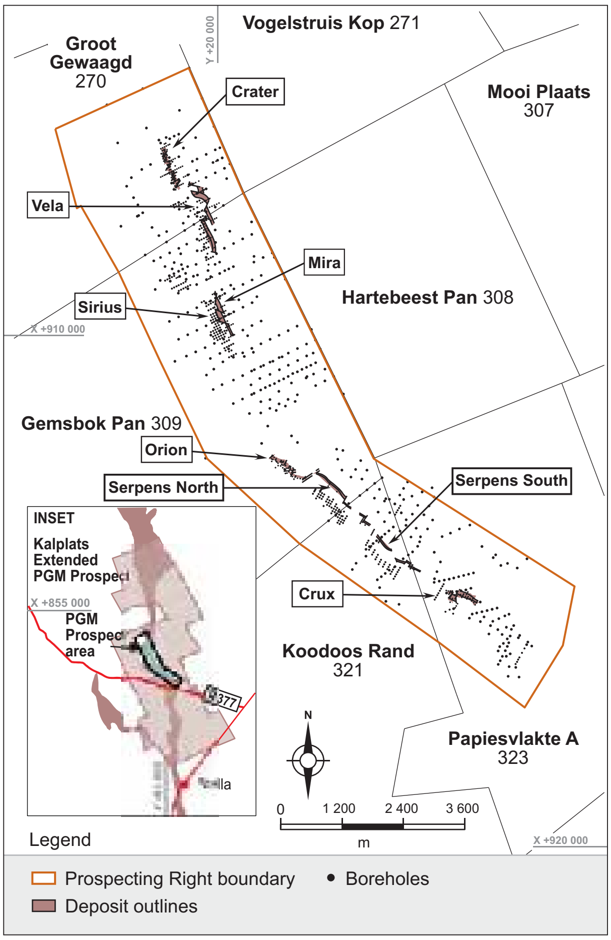
ARM attributable interest: 46%	Measured Resources		Indicated Resources		Total Measured and Indicated Resources			Inferred Resources	
	Mt	3E g/t	Mt	3E g/t	Mt	3E g/t	3E Moz	Mt	3E g/t
Crater	1.34	1.89	6.22	1.85	7.55	1.86	0.45	18.66	2.11
Orion	4.20	1.57	4.01	1.56	8.21	1.57	0.41	3.64	1.61
Crux	7.70	1.55	10.88	1.40	18.58	1.46	0.87	9.46	1.35
Sirius	0.80	1.52	5.31	1.49	6.11	1.49	0.29	3.38	1.27
Mira			2.71	1.42	2.71	1.42	0.12	3.93	1.44
Vela			21.79	1.36	21.79	1.36	0.95	14.87	1.32
Serpens N			4.96	1.41	4.96	1.41	0.22	2.74	1.47
Serpens S								10.76	1.34
Total 2016	**14.04**	**1.59**	**55.88**	**1.46**	**69.91**	1.48	**3.33**	**67.44**	**1.57**
Total 2015	14.04	1.59	55.88	1.46	69.91	1.48	3.33	67.44	1.57

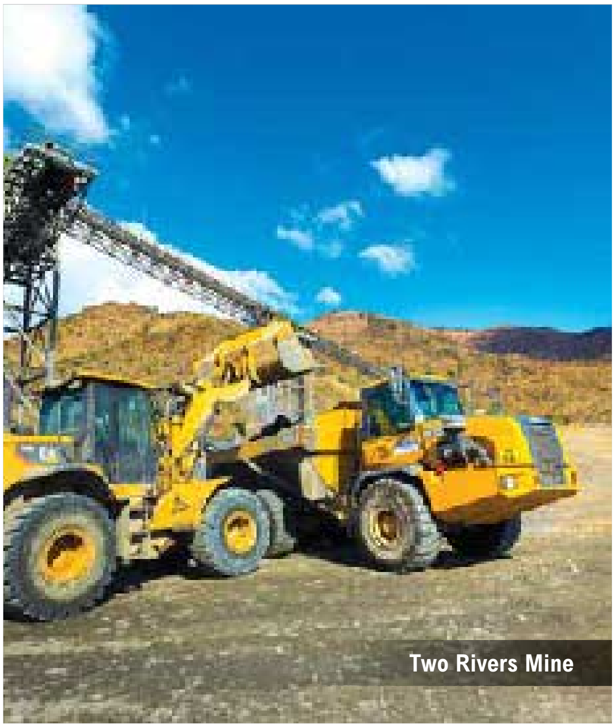
3E = platinum + palladium + gold.
Totals are rounded off.
Resources include UM, UUM, LM, MR, LG, MMW and the Main Reef Residual layers, which is the total mineralized width for all seven layers.

Key assumptions for Mineral Resources:

Grade cut-off: 0.5 g/t.

KALPLATS PGM PROSPECT ORE BODY LOCALITY MAP





YEAR-ON-YEAR CHANGE

There were no changes to the Measured, Indicated and Inferred Mineral Resources in comparison to 2015.

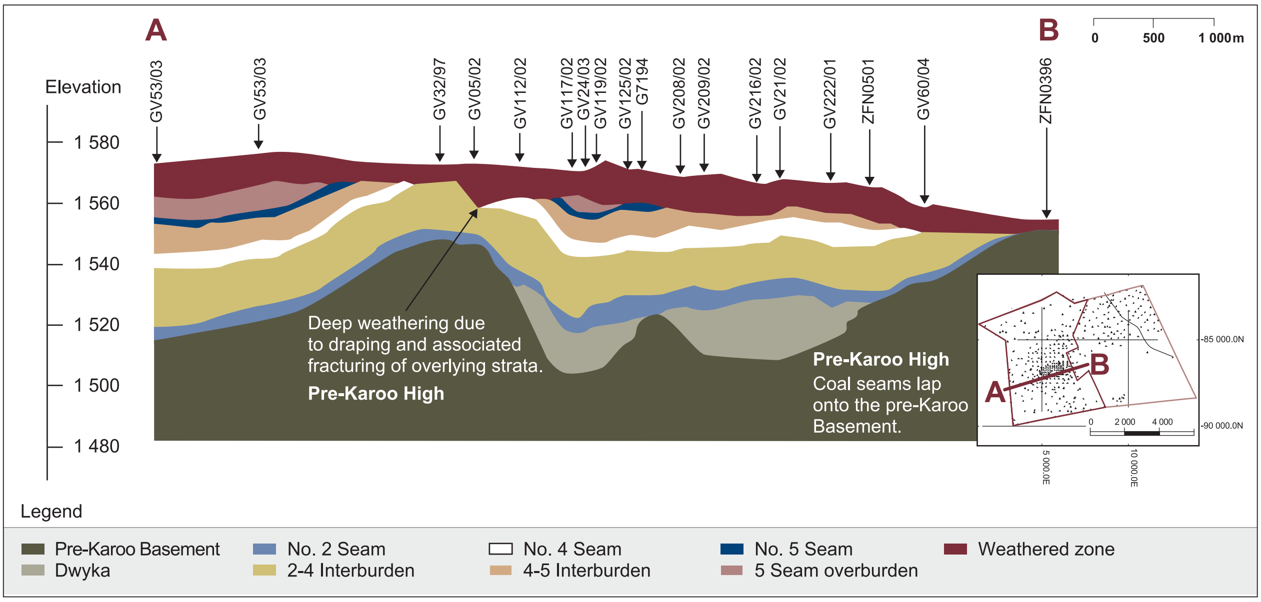
ARM

COAL

GOEDGEVONDEN COAL MINE

ARM's attributable beneficial interest in Goedgevonden's operations is 26%. The other 74% is held by Glencore Operations South Africa. The joint venture with Glencore also includes other coal operations in South Africa, Participating Coal Business (PCB), in which ARM has an economic interest of 20.2%.

SECTION SHOWING GOEDGEVONDEN COAL SEAMS



GOEDGEVONDEN MINE: COAL RESOURCES

ARM attributable interest: 26%	Coal Type and Qualities	Coal Resources Measured	Indicated	Measured and Indicated	Inferred
Total 2016	**Thermal Coal (Mt)***	**540**	**28**	**568**	
	CV (MJ/kg)	**19.83**	**19.20**	**19.80**	
	Ash (%)	**32.46**	**30.82**	**32.38**	
	VM (%)	**21.87**	**21.17**	**21.84**	
	S (%)	**1.17**	**0.83**	**1.15**	
Total 2015	Thermal Coal (Mt)*	530	25	555	1
	CV (MJ/kg)	19.76	19.73	19.76	13.86
	Ash (%)	32.56	31.74	32.52	48.49
	VM (%)	21.77	20.96	21.73	18.09
	S (%)	1.15	0.82	1.14	0.80

Coal Resources are inclusive of those modified to produce Coal Reserves.
Mining method is open-cut.
CV – Calorific Value; VM – Volatile Matter; S – Sulphur
Totals are rounded off.

Key assumptions for Mineral Resources:

** Coal Resources quoted on a Gross In-Situ (GTIS) basis.*	*Coal Resources qualities are reported on an air dried moisture basis.*	*Geological loss: 6%.*
Density ranges: 1.3 – 1.8 g/cm^3.	*Seam thickness cut-off: 1 m (seams 2 and 4); 0.5 m (seams 1 and 5).*	*Qualities cut-off: Ash: 50%; VM: 20% (DAF Vols); S: 3%.*

ARM COAL continued

GOEDGEVONDEN MINE: COAL RESERVES

ARM attributable interest: 26%	Coal Type and Qualities	Coal Reserves (ROM) Proved	Probable	Total Reserves	Coal Type and Qualities	Coal Reserves (Saleable) Proved	Probable	Total Reserves
Total 2016	**Thermal Coal (Mt)**	**305**	**11**	**316**	**Thermal Coal (Mt)**	**200**	**6**	**206**
	CV (MJ/kg)			**19.21**				
	Ash (%)			**31.20**	**Export (Mt)**			**89**
	VM (%)			**20.62**	***Export CV (Kcal/kg)**			**6 000**
	S (%)			**1.06**	**Domestic (Mt)**			**117**
					Domestic CV (MJ/kg)			**21.50**
Total 2015	Thermal Coal (Mt)	320	11	331	Thermal Coal (Mt)	200	6	206
	CV (MJ/kg)			19.90				
	Ash (%)			32.33	Export (Mt)			89
	VM (%)			21.80	Export CV (MJ/kg)			5 900
	S (%)			1.10	Domestic (Mt)			117
					Domestic CV (MJ/kg)			21.50

Totals are rounded off.
* *Export coal CV reported in kCal/kg.*
Mining method is open-cut.
CV – Calorific Value; VM – Volatile Matter; S – Sulphur

Modifying factors for the conversion of Coal Resources to Reserves include:

Coal Reserves qualities are reported on an air dried moisture basis.	*Plant yields: **Export** – 15%; **Domestic** – 45%.*	*Price used: **Short term** – based on the API4; **Long term** – Based on market-related long-term view and customer contracts.*
Mining loss factor: 6%.	*Seam thickness cut-off: 1 m (seams 2 and 4); 0.5 m (seam 5).*	*Qualities cut-off: **Domestic:** CV: 18%; Ash: 35%; VM: 20% (DAF Vols); S: 1.5%. **Export:** All coal beneficiated.*
Exchange rate (R/US$): Market-related.		

YEAR-ON-YEAR CHANGE

Coal Resources changed due to the following reasons:

- Depletion due to mining (-16.8 Mt).
- Additional No. 4 and No. 2 Seam resources next to river diversion included (+32.2 Mt).
- No. 4 and No. 2 Seam Resources around Pre-Karoo sterilized due to spoils (-1.9 Mt).
- Coal losses due to geological structures (-1.2 Mt).
- Evaluation of No. 2 Seam pillars resulted in a gain in pillar resources due to a decrease in the original extraction factor (+1.2 Mt).
- Seam thickness and footprint gain due to drilling and remodelling (+4 Mt).

Coal Reserves changed as follows:

- Depletion due to mining (-11.7 Mt).
- Alignment of mine planning assumptions to reflect optimised mining sequence and practice, resulting in a net loss of -5.3 Mt ROM.

However, there was an increase of 0.4 Mt Saleable Coal Reserves. An additional gain of 11.1 Mt of saleable production was realised through fines beneficiation.

HISTORICAL PRODUCTION AT GOEDGEVONDEN MINE

Financial year	ROM Mt	Saleable Mt
2011/2012		6.4
2012/2013		8.2
2013/2014		7.3
2014/2015	11.9	8.3
2015/2016	9.9	6.5

ARM
COPPER

LUBAMBE COPPER MINE

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

LUBAMBE MINE: COPPER MINERAL RESOURCES

	Mineral Resources			
ARM attributable interest: 40%	Mt	*TCu%	*ASCu%	Mt Contained Cu
South Limb				
Measured	3.6	2.44	0.51	0.09
Indicated	20.0	2.37	0.46	0.47
Measured and Indicated	**23.6**	**2.38**	**0.47**	**0.56**
Inferred	15.1	2.17	0.40	0.33
East Limb				
Measured	2.7	2.74	0.31	0.07
Indicated	24.4	2.70	0.37	0.66
Measured and Indicated	**27.1**	**2.70**	**0.36**	**0.73**
Inferred	7.8	2.31	0.24	0.18
Lubambe Mine Total Resources				
Total Measured	6.3	2.57	0.42	0.16
Total Indicated	44.4	2.55	0.41	1.13
Total Measured and Indicated 2016	**50.7**	**2.55**	**0.41**	**1.29**
Total Measured and Indicated 2015	52.8	2.65	0.43	1.40
Total Inferred 2016	**22.9**	**2.22**	**0.35**	**0.51**
Total Inferred 2015	21.9	2.19	0.37	0.48

The Measured and Indicated Mineral Resources are inclusive of those modified to produce Mineral Reserves.
Totals are rounded off.
**TCu – Total Copper; *ASCu – Acid Soluble Copper.*

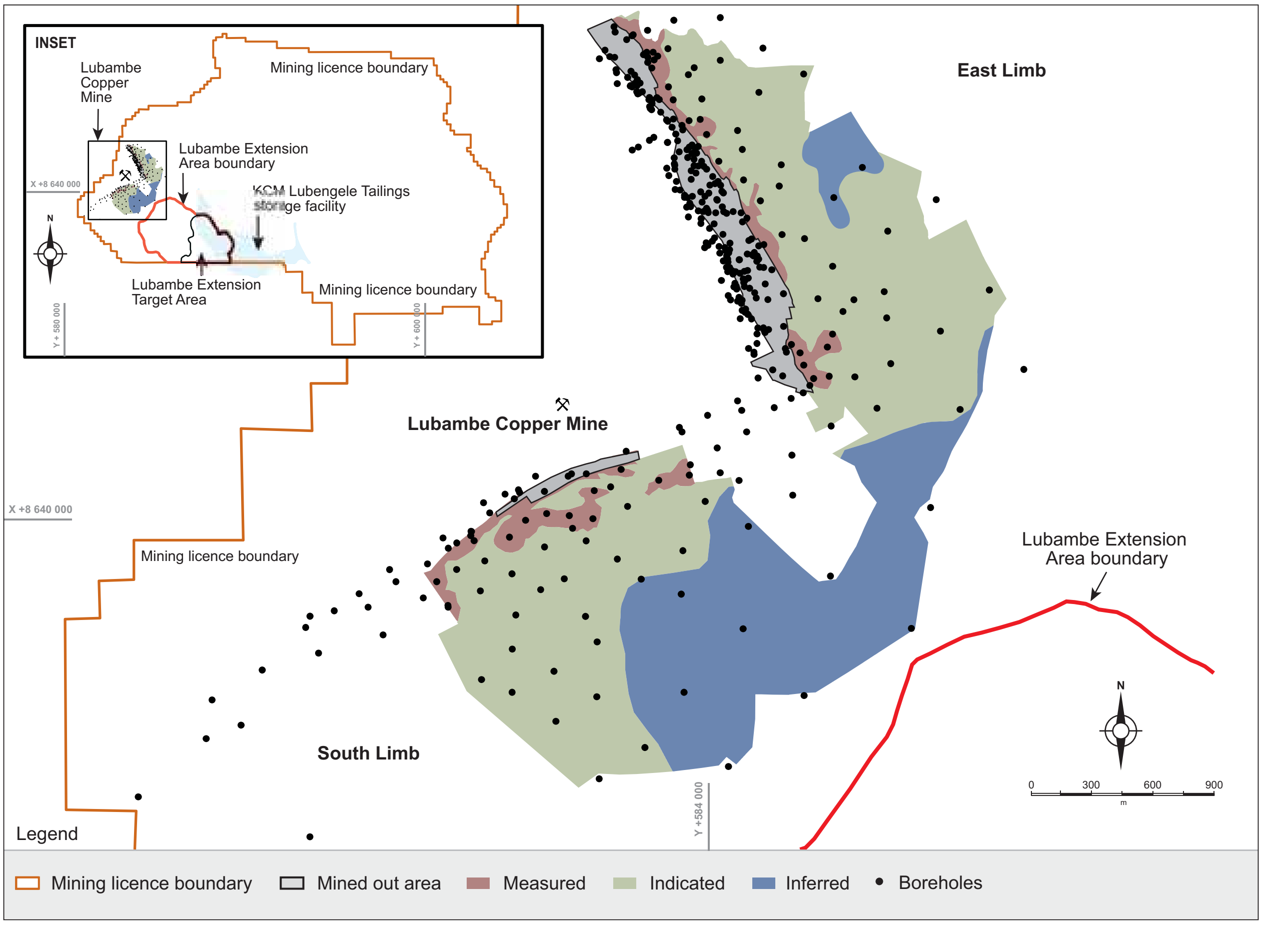
Key assumptions for Mineral Resources:

Geological loss factor applied: 5%.	*Grade and true thickness cut-off: 1.5% (TCu) and 2 metres.*	*Density: 2.57 g/cm^3.*

Maintenance of machinery at Lubambe Mine

ARM COPPER continued

LUBAMBE COPPER MINE MINERAL RESOURCES CLASSIFICATION



LUBAMBE MINE: COPPER MINERAL RESERVES

ARM attributable interest: 40%	Mineral Reserves Mt	*TCu%	*ASCu%	Mt Contained Cu
South Limb				
Proved	3.1	2.12	0.36	0.07
Probable	18.9	1.99	0.32	0.38
Proved and Probable 2016	**22.0**	**2.01**	**0.33**	**0.45**
East Limb				
Proved	2.3	2.35	0.33	0.05
Probable	21.1	2.35	0.31	0.50
Proved and Probable 2016	**23.4**	**2.35**	**0.31**	**0.55**
Lubambe Mine Total Reserves				
Total Proved 2016	5.4	2.22	0.35	0.12
Total Probable 2016	40.0	2.18	0.31	0.88
Total Reserves 2016	**45.4**	**2.18**	**0.32**	**1.00**
Total Reserves 2015	48.6	2.25	0.34	1.10

Totals are rounded off.
**TCu – Total Copper; *ASCu – Acid Soluble Copper.*

Modifying factors for the conversion of Mineral Resources to Reserves include:

Mining loss factor: 10% – 20%.	*Plant recovery: 83% (Average).*	*Mine extraction factor: 73% (Longitudinal Room and Pillar); 81% (Cut and Fill).*	*Stoping dilution: 20%.*
Price (US$/t): Cu: 6 614.	*Exchange rate (ZMW/US$): 10.0.*	*Reserve-cut off grade: 1.5% TCu.*	*Reserve cut off thickness: 2 m.*

LUBAMBE EXTENSION AREA: COPPER MINERAL RESOURCES

	Mineral Resources			
ARM attributable interest: 40%	Mt	*TCu%	*ASCu%	Mt Contained Cu
****Lubambe Extension Target Area**				
Indicated 2016	**90.0**	**3.73**	**0.56**	**3.36**
Indicated 2015	90.0	3.73	0.56	3.36
Inferred 2016	**44.0**	**4.78**	**0.29**	**2.10**
Inferred 2015	44.0	4.78	0.29	2.10
Lubambe Extension (Outside Target Area)				
Inferred 2016	**79.0**	**2.8**	**1.44**	**2.21**
Inferred 2015	79.0	2.8	1.44	2.21

*** Lubambe Extension Target Area is the area currently under feasibility studies and is a portion of the Lubambe Extension Area.*
Totals are rounded off.
**ASCu – Acid Soluble Copper; *TCu – Total Copper.*

Key assumptions for Mineral Resources:

Geological loss factor applied: 5%.	*Grade and true thickness cut-off: 1.5% (TCu) and 4 metres.*	*Density: 2.57 g/cm^3.*

YEAR-ON-YEAR CHANGE

The Measured and Indicated Resources for Lubambe Copper Mine decreased from 52.8 million tonnes at 2.65% TCu to 50.7 million tonnes 2.55% TCu mainly due to mining depletion, and re-evaluation.

The Mineral Reserves decreased to 45.4 million tonnes at a grade of 2.18% TCu compared to 48.6 million tonnes at 2.25% TCu in 2015 due to mining depletion and the change in applicable modifying factors. The latter was necessitated by additional geological losses and bad ground conditions which had not been anticipated in the initial modifying factors. These conditions are limited to the current mining area and are not expected to extend to other areas.

Lubambe Extension Mineral Resources remained unchanged as no additional drilling was undertaken in the area.

HISTORICAL PRODUCTION AT LUBAMBE MINE

	ROM
Financial year	Mt
2011/2012	0.14
2012/2013	0.96
2013/2014	1.56
2014/2015	1.60
2015/2016	1.22

GOLD

HARMONY

ARM owns 14.6% of Harmony's issued share capital. Harmony is separately run by its own management team. Mineral Resources and Reserves of the Harmony mines are the responsibility of the Harmony team and are published in Harmony's Annual Report.

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

APPLICABLE GOVERNING FRAMEWORKS

The Company complies with the JSE Listings Requirements, applicable statutes, regulatory requirements and other authoritative directives regulating its conduct. The principal applicable frameworks include:

JSE LISTINGS REQUIREMENTS

ARM is a public company listed on the JSE Limited (JSE) and is subject to the JSE Listings Requirements.

www.jse.co.za

KING III

The King Report on Corporate Governance for South Africa 2009 and the King Code of Governance Principles (collectively, King III).

www.iodsa.co.za

COMPANIES ACT

The Companies Act 71 of 2008, as amended, by the Companies Amendment Act 3 of 2011 (the Companies Act), and the Regulations promulgated thereunder (the Companies Regulations) came into effect on 1 May 2011.

www.acts.co.za

INTERNATIONAL <IR> FRAMEWORK

The International Integrated Reporting Framework came into effect in December 2013.

www.theiirc.org

MINING CHARTER

ARM is committed to the Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry (the Mining Charter), revised in September 2010.

www.dmr.gov.za

ADDITIONAL EXTERNAL SUSTAINABILITY AND MANAGEMENT SYSTEMS, STANDARDS AND PRINCIPLES

See the Sustainability Review commencing on page 36 and the 2016 Sustainability Report available on ARM's corporate website: www.arm.co.za

SR

ADDITIONAL EXTERNAL FINANCIAL STANDARDS, POLICIES, REPORTING GUIDELINES AND PRINCIPLES

See the accounting policies in the notes to the financial statements on pages 227 to 240.

IAR

ARM supports the implementation of integrated reporting to enhance the assessment and understanding of value creation and the sustainability of global markets through integrated thinking, greater connectivity between risks and outcomes, the promotion of accountability and increased transparency. ARM has been on a journey of integrated reporting since it published its first integrated report in 2010 and continues to embed integrated thinking into its business practice. ARM continues to strive for excellence in reporting and the further integration of the International <IR> Framework principles remains a priority.

KING III COMPLIANCE

ARM supports the principles and practices set out in King III. ARM has taken steps to ensure that it applies the principles set out in King III. The Company conducts gap analyses on an ongoing basis to assess its compliance level in respect of King III and to identify areas that require improvement. ARM also uses developments and governance trends as opportunities to review its governance structures. With this objective, provisions impacting the divisions and operations have been and are being identified, assessed and addressed. Gaps, if any, are addressed through action plans and regular monitoring and reporting to the appropriate governance structures. Ongoing progress reports in this regard are presented to the Audit and Risk Committee and the divisional audit committees.

Adhering to the highest standards of corporate governance is fundamental to the sustainability of ARM's business. ARM's business practices are conducted in good faith, in the interests of the Company and all its stakeholders, with due observance of the principles of good corporate governance. The unitary Board of Directors (the Board) is the foundation of ARM's corporate governance system and is accountable and responsible for ARM's performance. The Board retains effective control of the business of ARM through a clear governance structure and has established Committees to assist it in accordance with the provisions of ARM's Board Charter. The Board recognises that delegating authority does not reduce the responsibility of Directors to discharge their statutory and common law fiduciary duties. We continue to review our governance structures to ensure that they support effective decision-making, provide robust controls and are aligned to evolving local and global best practice. It is expected that the King IV Report, which responds to global and local corporate governance and regulatory developments, will be issued on 1 November 2016.

CORPORATE GOVERNANCE continued

GOVERNANCE FRAMEWORK

Shareholders and other stakeholders

STRATEGIC

BOARD OF DIRECTORS

Determines the Company's purpose and values, developing strategies in relation thereto, and provides strategic direction and leadership aligned to the Company's value system to ensure the sustainability of the business

Company Secretary

Audit and Risk Committee
Provides oversight of the Integrated Annual Report and financial reporting, internal controls and risk management and monitors the maintenance and safeguarding of assets as well as the financial sustainability of the Company.

Investment Committee
Examines proposed investments, potential acquisitions and disposals and capital projects above executive management's authority levels prior to recommendation to the Board.

Nomination Committee
Ensures that the Board is appropriately structured to enable it to execute its functions effectively.

Non-executive Directors' Committee
Considers sensitive issues which may not expediently be discussed at Board meetings and affords Non-executive Directors with the opportunity to debate issues at length and to formulate their views before taking them to Board meetings.

Remuneration Committee
Monitors the Company's remuneration policies and ensures that the Company has the optimal remuneration strategy to attract, retain and motivate employees and Non-executive Directors.

Social and Ethics Committee
Monitors and reviews the Company's safety, health and environmental activities, social and economic development, efforts to combat fraud and corruption, labour practices and the Company's approach to transformation.

TACTICAL

EXECUTIVE MANAGEMENT

Executive Committee
Assists the Executive Chairman to implement the strategy and objectives for and vision of ARM

Steering Committee
Assists the Chief Executive Officer with the implementation of management policy and considers other operational matters

Growth & Strategic Development Committee
Evaluates investment opportunities aligned with the ARM Board strategy.
Refer to the ARM strategic objectives on pages 7 to 9.

Management Risk and Compliance Committee
Assists the Audit and Risk Committee and the Social and Ethics Committee with monitoring the implementation of the enterprise risk management policy and annual plan, and with identifying the principal risks, opportunities and challenges facing the Company.
Refer to the Risk Report on pages 174 to 184.

Information Technology Steering Committee
Ensures the effective management of information technology and the integrity of financial and other information by supporting the Company to cost-effectively achieve its objectives.
Refer to the IT Steering Committee summary on pages 168 to 170.

Treasury Committee
Ensures the effective management of the Company's financial capital.
Refer to the Financial Director's Report on pages 22 to 31.

Refer to the financial statements on pages 222 to 290.

Employment Equity and Skills Development Committee
Ensures the attraction and development of human capital to enable and support the Company's long-term strategy.
Refer to the Sustainability Review on pages 36 to 71.

OPERATIONAL

DIVISIONAL/OPERATIONAL

Various departmental, regional, specialist, operational and project committees and forums

Comment from IBIS Consulting "As part of our Independent Third Party Assurance processes, IBIS Environmental Social Governance Consulting South Africa (Pty) Ltd (IBIS Consulting) conducted an assessment of ARM's compliance with the 75 principles contained within the 3rd version of the King Report on Governance for South Africa 2009 and the King Code of Governance Principles (collectively, King III), and found no concerns relative to ARM's assertions that all of the 75 individual King III principles have been deemed 'Apply" with reasonable evidence to support each assertion, including progress over prior year performance."

See the complete King III checklist on ARM's corporate website: www.arm.co.za
IBIS Consulting's comprehensive assurance statement may be found in ARM's 2016 Sustainability Report available on ARM's corporate website: www.arm.co.za

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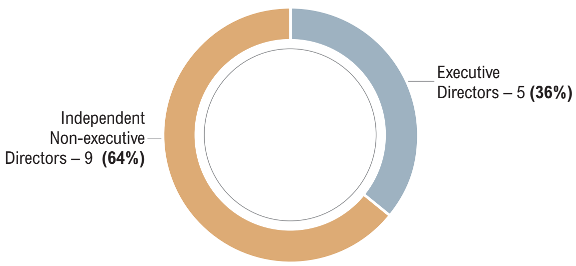
BOARD COMPOSITION

ARM has a unitary Board comprising 14 Directors, the majority of whom are Independent Non-executive Directors.

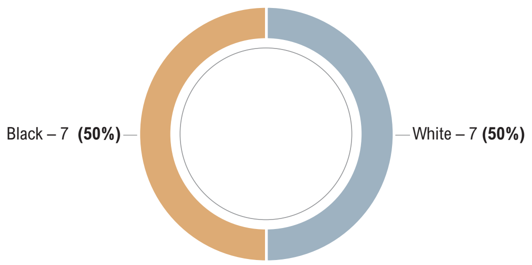
MIX OF DIRECTORS



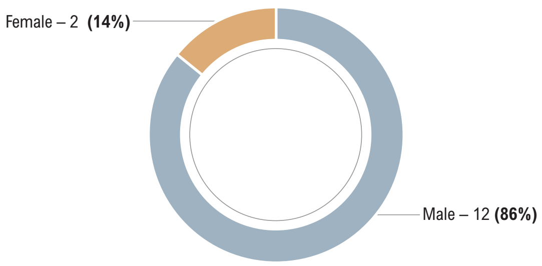
Curricula vitae **of the Board members are provided on pages 200 to 203.**

IAR

DIVERSITY



GENDER OF DIRECTORS



INDEPENDENCE

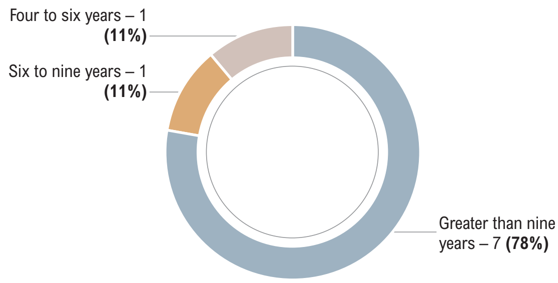
The Board believes that the Independent Non-executive Directors of the Company are of the appropriate calibre, diversity and number for their views to carry significant weight in the Board's deliberations and decisions.

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

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

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

LENGTH OF TENURE: INDEPENDENT NON-EXECUTIVE DIRECTORS



Non-executive Directors are not considered independent if they were executives of the Company or a subsidiary within the preceding three financial years.

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

The independence of Mr W M Gule, who also receives consultancy fees, was considered. Mr Gule, a former Executive Director of the Company, became a Non-executive Director on 1 July 2013 and on 1 August 2016 became an Independent Non-executive Director. The fees paid to Mr Gule for these services are market-related and are not, in the opinion of the Board, material and as such, the Board is satisfied that this aspect does not impair his independence.

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

CORPORATE GOVERNANCE continued

EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Executive Chairman and the Chief Executive Officer are separate and distinct. Contrary to the independence requirements of King III, Mr P T Motsepe is the Executive Chairman of the Company and a director of African Rainbow Minerals & Exploration Investments (Pty) Ltd (ARMI) and Botho-Botho Commercial Enterprises (Pty) Ltd (BBCE). As at 30 June 2016, Mr Motsepe, ARMI and BBCE held 40.80% of the Company's issued share capital. The shares of ARMI and BBCE are all held indirectly by trusts, all of which, with the exception of The Motsepe Foundation, hold those shares for the benefit of Mr Motsepe and his immediate family. The Motsepe Foundation applies the benefits emanating from its indirect shareholding in ARM for philanthropic purposes. ARM is satisfied that the non-independence of the Executive Chairman is properly addressed by the composition of the Board and particularly by the appointment of the Lead Independent Non-executive Director, Mr A K Maditsi, in accordance with and as required by King III.

In addition to the general requirements for the re-election of Directors set out in the Company's Memorandum of Incorporation (the MOI) and discussed below, the Executive Chairman is required to be elected by the Board annually. Mr Motsepe was re-elected as Executive Chairman for a period of one year commencing on 1 January 2016. The Chief Executive Officer is appointed by the Board.

BOARD CHARTER

The Board Charter was most recently amended by the Board in June 2016 to ensure compliance with King III and the Companies Act. The Board Charter provides guidelines to Directors in respect of, *inter alia*, the Board's responsibilities, authority, composition, meetings and the need for performance evaluations.

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

> determining the Company's purpose, values and identifying its stakeholders and developing strategies in relation thereto;
> being the focal point for and custodian of good corporate governance by managing the Board's relationship with management, the shareholders of the Company and other stakeholders;
> providing strategic direction and leadership which is aligned to the Company's value system by reviewing and approving budgets, plans and strategies for ARM and monitoring the implementation of such strategic plans and approving the capital funding for such plans;
> ensuring that ARM's business is conducted ethically and monitoring the ethics performance of ARM;
> approving business plans, budgets and strategies which are aimed at achieving ARM's long-term strategy and vision;
> annually reviewing the Board's work plan;
> monitoring the operational performance of ARM, including financial and non-financial aspects relating to such performance;
> ensuring the sustainability of ARM's business;
> reporting in ARM's Integrated Annual Report on the going concern status of ARM and whether ARM will continue to be a going concern in the next financial year;
> determining, implementing and monitoring policies, procedures, practices and systems to ensure the integrity of risk management and internal controls in order to protect ARM's assets and reputation;
> identifying and monitoring key performance indicators of ARM's business and evaluating the integrity of the systems used to determine and monitor such performance;
> monitoring and ensuring compliance with the Company's policies, codes of best business practice, the recommendations of King III and all applicable laws and regulations;
> adopting and annually reviewing the Information Technology Governance Framework and receiving independent assurance on such framework;
> considering, through the Audit and Risk Committee, specific limits for the levels of risk tolerance;
> defining levels of materiality, thereby reserving certain powers for itself and delegating other matters to the management of the Company;
> ensuring that the Company's annual financial statements are prepared and are presented before a duly convened Annual General Meeting of the Company;
> ensuring that a communications policy is established, implemented and reviewed annually and, in addition to its statutory and regulatory reporting requirements that such policy contains accepted principles of accurate and reliable reporting, including being open, transparent, honest, understandable, clear and consistent in ARM's communications with stakeholders;
> considering recommendations made to the Board by the Nomination Committee in regard to the nomination of new Directors and the re-appointment of retiring Directors, both as Executive Directors and Non-executive Directors;
> ensuring that the competency and other attributes of the Directors are suitable for their appointment as Directors and the roles which they are intended to perform on the Board and that they are not disqualified in any way from being appointed as Directors;
> ensuring that appointments to the Board are formal and transparent and comply with all prescribed procedures;
> ensuring that a succession plan for the Executive Directors and senior management is implemented;

- selecting and appointing suitable candidates as members of Committees of the Board and the Chairmen of such Committees;
- ensuring that annual performance evaluations are conducted in respect of the Board, the Executive Chairman, the Chief Executive Officer, other individual Directors and Board Committees and their respective Chairmen; and
- ensuring that the Board comprises an appropriate balance of Executive and Non-executive Directors, with the majority of Non-executive Directors being independent and ensuring that the Directors are persons who have the relevant knowledge, skills and experience required for governing the Company efficiently.

The Board Charter also provides for a clear division of responsibilities to ensure a balance of power and authority so that no one Director has unfettered powers of decision-making.

ELECTION, INDUCTION, SUCCESSION AND ASSESSMENT

ELECTION AND RE-ELECTION

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

Messrs F Abbott, T A Boardman and W M Gule are required to retire by rotation. They have made themselves available for re-election at the Annual General Meeting to be held on Friday, 2 December 2016.

Directors appointed by the Board between Annual General Meetings, either to fill a casual vacancy or as an addition to the existing Board, hold office only until the next Annual General Meeting and are eligible for election (but are not included in determining the number of Directors who are to retire by rotation). When appointing Directors upon the recommendation of the Nomination Committee, the Board considers, *inter alia*, whether the candidates have the necessary skills and experience. Mr W M Gule became an Independent Non-executive Director with effect from 1 August 2016. Therefore, Mr Gule is required to stand for re-election at the Annual General Meeting to be held on Friday, 2 December 2016.

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

The Directors' *curricula vitae* are available on pages 200 to 203.

IAR

INDUCTION AND CONTINUING EDUCATION

All newly-appointed Directors receive a comprehensive information pack, including the Memorandum of Incorporation, the Board Charter, Terms of Reference of the Committees of the Board, Board policies and other documents relating to the Company; key legislation and regulations; as well as corporate governance, financial and reporting documents, including minutes and documents of an administrative nature.

Directors are encouraged to attend courses providing information and training relating to their duties, responsibilities, powers and potential liabilities. Regulatory and legislative updates are provided regularly. The Company holds an annual budget planning workshop and a strategy Bosberaad with senior management and the Board to, *inter alia*, inform Directors about the Company's business. Given the dynamics of the current market, updates on the current market were held in F2016. Regular education sessions are held with Directors and in F2016 these included updates on the amendments to the BBBEE Codes and the Company's sponsors provided an update on amendments to the JSE Listings Requirements.

Site visits for Non-executive Directors are typically conducted. No site visits for Non-executive Directors were held in F2016 due to operational considerations.

SUCCESSION

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

The Nomination Committee, together with the Executive Chairman, deals with the succession planning for Non-executive Directors and monitors the succession planning for Executive Directors.

For additional information regarding the succession process, see page 165.

IAR

ASSESSMENT

The Board is committed to transparency in assessing the performance of the Board, its Committees and individual Directors as well as the governance processes that support Board activities. The effectiveness of the Board and its Committees is assessed annually. Independent external advisors assisted the Nomination Committee with the evaluation of the Board, its Committees, the Executive Chairman and the Company Secretary.

CORPORATE GOVERNANCE continued

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

Matters considered in the assessments focus on the effectiveness of the Board, including:

> Board composition
> Board meetings and content
> Roles of the Executive Chairman and the Company Secretary
> Board accountability
> Appointment, induction and training and succession planning
> Performance evaluation and remuneration
> Board Committees
> Interaction: communication and relationships
> Board dynamics and leadership
> Board focus and function: strategy and compliance
> Risk management and internal controls
> Information Technology governance
> Accounting and audit
> Non-financial (sustainability) performance
> Balance of power and authority
> Ethics

Performance assessments of all of the Executive Directors, including the Executive Chairman and the Chief Executive Officer are undertaken annually and form the basis of their remuneration as discussed in Part I of the Remuneration Report starting on page 185.

IAR

In the assessment process consideration is also given to the Board's diversity, size and demographics. The findings of the F2016 assessment were considered by the Board in 2016 and copies of the findings were provided to the external auditor in terms of King III.

Disclosure of the Company's sustainability performance in terms of GRI G4 may be found in the 2016 Sustainability Report available on ARM's corporate website: www.arm.co.za

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BOARD MEETINGS

The Board meets at least four times a year to consider the business and strategy of the Company. The Board reviews reports of the Chief Executive Officer, the Financial Director, divisional chief executives and other senior executives, chairmen of the Committees and independent advisors. During the financial year ended 30 June 2016, five Board meetings were held. The quorum for Board meetings is the majority of the Directors.

Members of the Board and senior executives of the Company consider the budget and review the Company's three-year financial plan. During the strategy sessions, the Company's future strategy is considered in detail. The Company's annual budget workshop was held in July 2016 as part of the eighth annual Bosberaad (strategy meeting) for Directors and senior management.

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

ADVICE AND INFORMATION

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

MEETING ATTENDANCE

An F2016 meeting attendance summary is shown below:

	Board	Audit and Risk Committee	Investment Committee	Nomination Committee	Non-executive Directors' Committee	Social and Ethics Committee	Remuneration Committee
Number of meetings per year	5	7	1	3	4	4	3
P T Motsepe (Executive Chairman)	5	–	–	3^	–	–	–
M P Schmidt (Chief Executive Officer)	5	6^	1^	3^	–	4^	3^
F Abbott	4+	3*	1	–	3+	–	3
M Arnold	5	7^	1^	3^	–	–	3^
M M M Bakane-Tuoane, Dr	5	7	–	3	4	4	3
T A Boardman	5	7	–	–	4	–	3
A D Botha	5	7	1	–	4	–	3
J A Chissano	4+	–	–	1+	3+	–	–
W M Gule	5	–	–	–	4	–	–
A K Maditsi	5	7	1	3	4	4	3
H L Mkatshana	5	7^	1^	–	–	4^	–
R V Simelane, Dr	5	7	–	3	4	4	–
Z B Swanepoel	5	7	1	–	3+	–	–
A J Wilkens	5	4^	–	2^	–	1^	3^

^ *Attended as an invitee.*
\+ *Absent with leave of the Board or Committee, as the case may be.*
* *Mr F Abbott was appointed to the Audit and Risk Committee by the shareholders of the Company on 4 December 2015.*

COMPANY SECRETARY

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

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

The Board appointed the Company Secretary in accordance with the requirements of the Companies Act. The JSE Listings Requirements provide that boards must consider and satisfy themselves annually regarding the competence, qualifications and experience of the company secretary. Therefore, in September 2016, upon the recommendation of the Nomination Committee, the Board considered details regarding the Company Secretary's competence, qualifications and experience, the salient details of which are set out below as required by the JSE Listings Requirements:

Competence	Qualifications	Experience
Competence evaluation by the Nomination Committee and by the Board	BCom, LLB and LLM	> Ten years' experience as a Barrister and Solicitor > Three years' experience as a General Counsel at a listed company > Eleven years' experience as a Company Secretary

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

BOARD COMMITTEES

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

The Committees have Terms of Reference, which are reviewed annually. They set out the Committees' roles and responsibilities, functions, scope of authority and composition. The annual review takes into account amendments to applicable legislation and

CORPORATE GOVERNANCE continued

developments in international best practices. Committees report to the Board at each Board meeting and make recommendations in accordance with their Terms of Reference.

In F2016, the Terms of Reference were reviewed by the Committees and, in some instances, minor housekeeping amendments to the Terms of Reference were approved by the Board.

The membership of the Board Committees currently consists solely of Independent Non-executive Directors. Each Committee is chaired by an Independent Non-executive Director.

Attendance schedules for Committee meetings held in F2016 are included in the meeting attendance summary on page 163 of this report. IAR

The Committee Chairmen attend Annual General Meetings of shareholders to answer any questions.

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

AUDIT AND RISK COMMITTEE

Members:

T A Boardman (Chairman)

F Abbott (appointed by shareholders of the Company on 4 December 2015)

Dr M M M Bakane-Tuoane

A D Botha

A K Maditsi

Dr R V Simelane

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

The Report of the Audit and Risk Committee is available on pages 208 to 210. IAR

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

Minor amendments to the Audit and Risk Committee Terms of Reference were made by the Board in F2016.

Based on the Terms of Reference, a comprehensive agenda framework work plan is prepared to ensure that all tasks assigned to the Audit and Risk Committee are considered at least once a year.

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

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

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

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

Upon the recommendation of the Audit and Risk Committee at the Annual General Meeting, shareholders will be requested to re-appoint Ernst & Young Inc. (EY) as external auditor of the Company. Mr L I N Tomlinson was identified through the partner rotation and succession process in 2015 and in December 2015 was appointed as the designated individual auditor by shareholders of the Company. The Audit and Risk Committee will recommend that Mr Tomlinson be re-appointed as the designated individual auditor for the 2017 financial year. EY and Mr Tomlinson are registered with the JSE in accordance with the JSE Listings Requirements.

The Audit and Risk Committee meets with the internal and external auditors on a regular basis to discuss the results of their examinations, their evaluation of the Company's internal controls and the overall quality of the Company's financial reporting. The Committee also discusses the overall scope and plans for the respective audits of the Company's internal and external auditors. The internal and external auditors are invited to attend Audit and Risk Committee meetings.

The principles for the use of external auditors for non-audit services are set out in the formal policy on non-audit services.

The Financial Director is authorised to engage the external auditor for non-audit services for which the fee would not exceed R150 000. Matters for which the fee will exceed R150 000 must be pre-approved by the Audit and Risk Committee. The policy also prescribes permitted non-audit services.

In accordance with the JSE Listings Requirements, the Company has a Financial Director, Mr Michael (Mike) Arnold, who was appointed to the Board with effect from 1 August 2009. The Audit and Risk Committee reviews the Financial Director's qualifications and experience annually and, following the 2016 review, is satisfied that the Financial Director has experienced finance executives reporting to him, that the finance function is adequately resourced and that Mr Arnold has the necessary experience and expertise to discharge his responsibilities.

The Management Risk and Compliance Committee reports to the Audit and Risk Committee and its report is included on page 167 and pages 174 to 184 of this Corporate Governance Report. IAR

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

The Audit and Risk Committee acts as a forum for communication between the Board, management and the external and internal auditors. It is required to meet at least six times a year. Seven meetings were held during F2016.

See the meeting attendance summary on page 163 of this Corporate Governance Report. IAR

INVESTMENT COMMITTEE

Members:

Z B Swanepoel (Chairman)

F Abbott

A D Botha

A K Maditsi

The Investment Committee comprises four Independent Non-executive Directors.

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

The Terms of Reference of the Investment Committee were reviewed without amendment in F2016.

The Investment Committee is required to meet at least once a year. One meeting was held during F2016.

See the meeting attendance summary on page 163 of this Corporate Governance Report. IAR

NOMINATION COMMITTEE

Members:

A K Maditsi (Chairman)

Dr M M M Bakane-Tuoane

J A Chissano

Dr R V Simelane

The Nomination Committee comprises four Independent Non-executive Directors.

For additional information in this regard, refer to the section entitled "Board Committees" on pages 163 and 164 of this Corporate Governance Report. IAR

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

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

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

The Nomination Committee reviews, from time to time, the structure, composition and size of the Board and makes recommendations to the Board regarding any changes that are considered necessary to enhance the effectiveness of the Board, including recommendations on the general composition of the Board and the balance between Executive and Non-executive Directors appointed to the Board. The Nomination Committee deals with succession planning for the Executive Chairman, the Chief Executive Officer and other Directors.

For additional information regarding the succession process, please refer to page 161. IAR

CORPORATE GOVERNANCE continued

The Terms of Reference of the Nomination Committee were reviewed in 2016 and minor amendments were made by the Board.

In line with JSE Listings Requirements, the Nomination Committee is chaired by the Lead Independent Non-executive Director, Mr A K Maditsi. Mr Motsepe, the Executive Chairman, attends Nomination Committee meetings as an invitee.

In terms of the Terms of Reference of the Nomination Committee at least one meeting must be held per year. During F2016, three meetings were held.

See the meeting attendance summary on page 163 of this Corporate Governance Report. IAR

NON-EXECUTIVE DIRECTORS' COMMITTEE

Members:

A K Maditsi (Chairman)

Dr M M M Bakane-Tuoane

F Abbott

T A Boardman

A D Botha

J A Chissano

W M Gule

Dr R V Simelane

Z B Swanepoel

The Non-executive Directors' Committee comprises all of the Non-executive Directors and meets formally on a quarterly basis without management. The meetings are chaired by the Lead Independent Non-executive Director, Mr A K Maditsi.

Terms of Reference of the Non-executive Directors' Committee were approved by the Board in F2011 and reviewed without amendment in F2016. The Committee provides a forum for the Non-executive Directors of the Company to consider and discuss issues of importance to ARM, including the promotion of increased investor confidence, stimulating business growth, reducing fraudulent practices through effective business leadership, fostering sustainable long-term growth in both the social and economic arenas and cultivating and promoting an ethical corporate culture within ARM.

Four meetings were held during F2016.

See the meeting attendance summary on page 163 of this Corporate Governance Report. IAR

REMUNERATION COMMITTEE

The Remuneration Report, Part I is available on pages 185 to 196. The Remuneration Report, Part II is available in the Directors' Report on pages 215 to 221. IAR

SOCIAL AND ETHICS COMMITTEE

Members:

Dr R V Simelane (Chairman)

Dr M M M Bakane-Tuoane

A K Maditsi

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

Additional information is available in the Report of the Social and Ethics Committee on pages 197 to 198 of this report, in the Sustainability Review on pages 36 to 71 of this report and in the 2016 Sustainability Report available on ARM's corporate website: www.arm.co.za IAR SR

The purpose of the Social and Ethics Committee is to monitor and report on the manner and extent to which ARM protects, enhances and invests in the economy, society and the natural environment in which ARM operates in order to ensure that its business practices are sustainable. The Social and Ethics Committee also reviews and considers the efficacy of ARM's systems to promote Local Economic Development opportunities to enable Historically Disadvantaged South Africans to develop economically while meeting the requirements of Mineral Rights conversions and other requirements detailed in the Mineral and Petroleum Resources Development Act 28 of 2002, as amended, and other applicable legislation.

The Social and Ethics Committee's Terms of Reference were amended by the Board in May 2011 in compliance with King III. The Sustainable Development Committee was renamed the Social and Ethics Committee in August 2011. The Terms of Reference of the Social and Ethics Committee were most recently reviewed by the Board in 2016 and minor amendments were made.

The Social and Ethics Committee is responsible for:

> Monitoring activities having regard to relevant legislation and other legal requirements and codes of best practice;
> Drawing relevant matters to the attention of the Board; and
> Reporting to the shareholders of the Company at Annual General Meetings.

In particular, the Social and Ethics Committee is responsible for monitoring:

> Social and economic development;
> Good corporate citizenship;
> Environmental management, occupational health and wellness and employee safety;
> Consumer relationships, as applicable; and
> Labour and employment.

The Social and Ethics Committee's Terms of Reference provide that the Committee must have a minimum of three members, the majority of whom must be Independent Non-executive Directors. Currently, the Social and Ethics Committee comprises three Non-executive Directors, all of whom are independent. Invitees include the Chief Executive Officer of the Company, the divisional chief executives, the Executive: Business Development, the Executive: Sustainable Development, the Group Executive: Human Resources, the Group Executive: Compliance and Stakeholder Relations and the Group Risk Manager.

Four meetings were held during F2016.

See the meeting attendance summary on page 163 of this Corporate Governance Report.

IAR

AD HOC BOARD COMMITTEES

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

MANAGEMENT COMMITTEES

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

See page 158 for a summary of how these Committees support the business.

IAR

EXECUTIVE COMMITTEE

The Executive Committee was formed in January 2012 and its members met six times in F2016. The Executive Committee is chaired by the Executive Chairman. Standard items on the agenda include strategic matters, reports from the Chief Executive Officer, the Financial Director, the divisional chief executives and other senior executives.

MANAGEMENT RISK AND COMPLIANCE COMMITTEE

Members:

M P Schmidt (Chairman) (Executive Director)
M Arnold (Executive Director)
N Botes-Schoeman
J M Bräsler
P W Coetzee
W H Graham
A Joubert
B R Mashiane
H L Mkatshana (Executive Director)
J M Pistorius
J C Steenkamp
P S Thwala
F A Uys
A J Wilkens (Executive Director)

In F2016, the name and scope of the Management Risk Committee was changed to the Management Risk and Compliance Committee.

The Management Risk and Compliance Committee, a management sub-committee of the Audit and Risk Committee, assists the Audit and Risk Committee in discharging its duties relating to risk matters by implementing, coordinating and monitoring a risk management plan, policy and processes to ensure that broader strategic and significant business risks are identified and quantified with attendant controls and management assurance. The Management Risk and Compliance Committee's Terms of Reference are reviewed annually and were most recently amended in F2016.

The Management Risk and Compliance Committee is chaired by the Chief Executive Officer and its membership includes the Financial Director, the chief executives of the divisions, the Group Risk Manager, the Executive: Sustainable Development, the Chief Information Officer and the Chief Compliance Officer. The internal auditor is invited to attend one meeting per year. The Chairman of the Management Risk and Compliance Committee and the Group Risk Manager attend Audit and Risk Committee meetings and report on the activities of the sub-committee. The Chief Executive Officer and the Chairman of the Audit and Risk Committee report on risk matters to the Board. The Group Risk Manager and the Executive: Sustainable Development are also invited to attend Board meetings to respond to any risk-related matters raised by the Directors.

The Management Risk and Compliance Committee had four meetings during F2016 as well as the annual Corporate Risk Workshop.

Additional information regarding the risk management programme is available in the Risk Report on pages 174 to 184.

IAR

STEERING COMMITTEE

The Steering Committee implements management policy and considers other operational matters. The Steering Committee is chaired by the Chief Executive Officer and its membership includes Executive Directors and senior management. It meets quarterly, or more often as required. All Steering Committee members are invited to attend the annual Bosberaad.

The Steering Committee members are listed on pages 204 to 205.

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GROWTH AND STRATEGIC DEVELOPMENT COMMITTEE

The Growth and Strategic Development Committee evaluates growth opportunities. The Committee, which is chaired by the Executive Director: Growth and Strategic Development, meets fortnightly, or as often as required. Its members include the Chief Executive Officer, the Financial Director, the Executive Director and Chief Executive: ARM Copper and ARM Coal, the Chief Executive: ARM Strategic Services and Exploration, the Executive: Business Development, the Executive: Legal Compliance and Stakeholder Relations and the Executive: Corporate Development. The other divisional chief executives attend meetings by invitation.

CORPORATE GOVERNANCE *continued*

EMPLOYMENT EQUITY AND SKILLS DEVELOPMENT COMMITTEE

The Employment Equity and Skills Development Committee considers employment equity, transformation and skills development strategies throughout the Company. The Company took a decision to combine the Employment Equity Committee and the Skills Development Management Committee eight years ago as the Committees had common goals and addressed issues which are interrelated. The Committee is chaired by Mr H L Mkatshana, an Executive Director and the Chief Executive of ARM Copper and ARM Coal. Its members include the Chief Executive Officer, the Financial Director, the Group Executive: Human Resources, the divisional chief executives, the Executive: ARM Platinum Corporate Affairs, the Group Executive: Compliance and Stakeholder Relations, the Leader: Transformation and other senior executives. The Committee meets quarterly, or more often as required. The Committee Chairman and the Group Executive: Human Resources attend and report at Social and Ethics Committee and Board meetings.

TREASURY COMMITTEE

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

INFORMATION TECHNOLOGY STEERING COMMITTEE

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

INFORMATION MANAGEMENT/ TECHNOLOGY GOVERNANCE WITHIN THE ARM GROUP

INTRODUCTION

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

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

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

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

GOVERNANCE OF INFORMATION MANAGEMENT

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

The business of IM is conducted in accordance with international standards, such as those embodied in the Information Systems Control Association's IT Governance Institute and CoBiT (Control Objectives for Information Technology) frameworks. The Chief Information Officer oversees the day-to-day IM operations and the Board has delegated responsibility to the Audit and Risk Committee for overseeing it.

INFORMATION MANAGEMENT

STRATEGIC ALIGNMENT

Strategic alignment focuses on ensuring the linkage of business and IM plans; defining, maintaining and validating the IM value proposition; and aligning IM operations with enterprise operations.

VALUE DELIVERY

Value delivery is about executing the value proposition throughout the delivery cycle, ensuring that IM delivers the promised benefits against the strategy, concentrating on optimising costs and proving the intrinsic value of IM.

PERFORMANCE MANAGEMENT

Performance measurement tracks and monitors strategy implementation, process performance and service delivery.

RESOURCE MANAGEMENT

Resource management is about the optimal investment in, and the proper management of, critical IM resources: applications, information, infrastructure and people.

RISK MANAGEMENT

Risk management requires risk awareness by senior corporate officers, a clear understanding of the enterprise's appetite for risk, understanding of compliance requirements, transparency about the significant risks to the enterprise and embedding of risk management responsibilities into the organisation.

¤ In hand timeline/impact
≈ Needs ongoing focus
* Important area of focus

CORPORATE GOVERNANCE continued

REVIEW OF F2016

During F2016, the Information Management department focused on a number of key strategic initiatives within ARM as per the objectives that were set for the period. Due to the economic climate and the pressure on commodity pricing a decision was taken to limit the capital expenditure on projects and to focus on stabilising, enhancing and maturing the current systems and applications, including the users of these systems. The initiatives for the period being:

- Cybersecurity – awareness sessions and surveys held within the Group regarding various aspects of cybercrime as a priority, due to the worldwide escalation in this regard.
- Continuation of the Human Resources Systems in the Northern Cape operations, focusing on stabilising and enhancing the current systems, which were recently installed.
- Supporting and maturing the operations in terms of the JD Edwards environment with internal support resources. The support effectiveness is monitored and reported on a monthly basis.
- Due to the economic climate redesign of the structure to run, maintain and support all systems within the Group.

A number of the objectives in the table below commenced prior to the 2016 reporting period and can be influenced in terms of planned delivery dates, due to external factors such as the current financial affordability of the business given the commodities market, availability of resources from the business, which might cause objectives to be delayed or to re-appear in future reports.

INFORMATION MANAGEMENT GOVERNANCE DIMENSION	OBJECTIVES AND PERFORMANCE F2016	OBJECTIVES F2017
Risk management	**Objective:** Development of a Governance framework measurement model. **Performance:** Enhance and sustain the model and inputs on a continuous basis and align all mines and operations.	The process needs to be implemented and monitored within all ARM operations.
Risk management	**Objective:** Ensure cybersecurity is a priority to limit the exposure of ARM and all system users. **Performance:** Awareness, surveys and training of end users.	Ongoing awareness, and training of end users.
Value delivery	**Objective:** Continuation of the HR initiatives for the Northern Cape operations. **Performance:** Stabilise, and mature both systems and resources.	Complete all systems configurations, enhance where appropriate, stabilise and mature all systems for the human resources functions in the Northern Cape operations.
Value delivery	**Objective:** ARM Infrastructure and Applications. **Performance:** ARM IM has reduced the budgets for 2016/2017 and all expenditure is scrutinised.	Further opportunities to contain costs to be investigated. All systems will remain in a mode of care and maintenance. All licensing and support agreements of applications are being optimised, consolidated and reduced as far as possible.

Abbreviations

CTID *Culture, Team and Individual Development*
IM *Information Management*
RIFA *Reliable Information For ARM*
CoBit *Control Objectives for Information Technology*
IT *Information Technology*
WAN *Wide Area Network*
ERP *Enterprise Resource Planning*
MAPP *Managing ARM's People Potential*

The Board affirms its responsibility for the governance of IM within the Group. The IM governance model reflects both business and IM requirements, focusing on strategic alignment of IM and business, the value delivered by IM, IM risk management (including information security, IM resilience and legislative and health and safety compliance), resource management and performance management.

IM within ARM's mission remains, "The implementation and continuous improvement of appropriate, standardised, proven and integrated Information Technology and software applications, which provide user-specific information to support all ARM's objectives and enhance its business and safe mining strategy".

ETHICS

The Company is committed to high moral, ethical and legal standards in dealing with all of its stakeholders. All Directors and employees are required to maintain high ethical standards so that the Company's business is conducted honestly, fairly and legally and in a reasonable manner, in good faith and in the best interests of the Company. These principles are set out in ARM's Code of Conduct (the Code), which was previously known as the Code of Ethics. The Code was amended in F2011 to reflect the Company's obligations under King III and the Companies Act, and most recently updated in F2016. A Code of Conduct online training programme has been rolled out at the corporate office, the ARM Platinum operations and the ARM Ferrous operations.

The Code of Conduct is available on ARM's corporate website: www.arm.co.za.

WHISTLEBLOWERS' FACILITY

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

Comment from Sustainability Assurance Provider:

"As part of the scope of work to provide Independent Third Party Assurance over ARM's sustainability reporting, IBIS Consulting conducted an assessment of ARM's ethics policies and procedures, in line with King III recommendations. Based on our review, including observations and interviews during visits to selected sites, it appears that ARM employs a comprehensive set of policies (e.g. the Code of Conduct), procedures, systems and controls to meet reasonable expectations for the monitoring and management of ethical compliance throughout its operations."

For more information, go to IBIS Consulting's comprehensive assurance statement within ARM's 2016 Sustainability Report available on ARM's corporate website: www.arm.co.za

SR

CONFLICTS OF INTEREST

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

DISCLOSURE

The Code includes a policy regarding communications which encourages complete, accurate and timely communications with the public. The Chief Executive Officer, the Financial Director, the Head of Investor Relations and the Company Secretary oversee compliance with the disclosure requirements contained, *inter alia*, in the JSE Listings Requirements.

INTERNAL CONTROL AND INTERNAL AUDIT

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

GOING CONCERN

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

The Report of the Audit and Risk Committee is available on pages 208 to 210.

IAR

RISK MANAGEMENT PROGRAMME

The Risk Report is available on pages 174 to 184.

IAR

LEGAL COMPLIANCE

The Company has a legal and regulatory compliance policy. Internal and external legal compliance and operational audits are regularly conducted at all operations and any instances of non-compliance with regulatory requirements are reported to management for corrective action.

In addition, ARM Corporate initiates external biennial audits of Safety, Health and Environmental (SHE) performance at those operations over which ARM has joint management control. The most recent external SHE audits commenced in June 2016 and are expected to be completed by the end of November 2016.

At the end of 2014, Two Rivers Platinum received a notification of intent to issue a pre-directive in terms of Section 53 of the National Water Act from the DWS for unlawful water use pertaining to the construction of a lapa with associated ablution facilities on the wall of the Inyoni Dam. A comprehensive geohydrological investigation and risk assessment report was presented to the DWS in April 2015 and the matter is still under consideration.

In the case of the Khumani Housing Development Company Proprietary Limited, a subsidiary of Assmang Proprietary Limited, its appeal against the administrative fine in terms of section 24G of the National Environmental Management Act, which was lodged in the 2014 financial year, remains unresolved.

Refer to the Sustainability Review on pages 46 to 49 for additional information about safety.

IAR

CORPORATE GOVERNANCE continued

MINING CHARTER

ARM is committed to the Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry (the Mining Charter). The Mining Charter was developed to effect sustainable transformation, growth and development of the mining industry, through a consultative process between government, labour and the mining industry. The Mining Charter was ratified in October 2007 and revised in September 2010. Measures for assessing the contribution of mining companies to the socio-economic goals of the Mining Charter were developed.

These include the mining scorecard and focus on nine key elements: ownership, procurement and enterprise development, beneficiation, employment equity, human resources development, mine community development, housing and living conditions, sustainable development and growth of the mining industry and reporting (monitoring and evaluation).

Amendments were proposed to the Mining Charter in March 2016; however, such amendments have not been finalised.

A section describing the progress ARM has made to comply with the requirements of the revised Mining Charter is provided in the 2016 Sustainability Report available on ARM's corporate website: www.arm.co.za

SR

DEALINGS IN SECURITIES AND INSIDER TRADING POLICY

ARM enforces closed periods in compliance with legislation and regulations. During these times, Directors, officers and designated persons are precluded from dealing in ARM securities. All Directors and employees were provided with relevant extracts from applicable legislation and the Company's procedures in this regard. Directors and employees are reminded of their obligations in terms of insider trading and the penalties for contravening the regulations. No amendments to the policy were made in F2016.

The complete policy governing dealings in Company securities and insider trading is available on ARM's corporate website: www.arm.co.za

DONATIONS TO POLITICAL PARTIES

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

INVESTOR RELATIONS AND COMMUNICATION WITH STAKEHOLDERS

ARM is committed to transparent, comprehensive and objective communication with its stakeholders. The Company maintains a website, which provides information regarding the Company's operations, financial performance and other information. Further to the commitment to transparent stakeholder communication, the Company has an Executive: Business Development, an Executive: ARM Platinum Corporate Affairs, a Group Executive: Compliance and Stakeholder Relations and an Executive Legal: Compliance and Stakeholder Relations.

Shareholders are encouraged to attend the Annual General Meeting and to use it as an opportunity to engage with the Board and senior management. Summaries of the results of decisions taken at shareholders' meetings are disclosed on the Stock Exchange News Service (SENS) and the Company's website following the meetings.

The Company's stakeholder communication policy is included in the Code.

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

Additional information regarding our engagement with key stakeholders is available on pages 32 to 33 and in the 2016 Sustainability Report available on ARM's corporate website: www.arm.co.za

IAR

ANNUAL GENERAL MEETING

The Notice of Annual General Meeting is available on pages 305 to 310.

IAR

SPONSOR

Deutsche Securities (SA) Proprietary Limited is the Company's sponsor.

RISK REPORT

RISK MANAGEMENT

INTERNAL CONTROL AND ENTERPRISE RISK MANAGEMENT POLICY

ARM's risk management philosophy is committed to developing, embedding, cost-effectively implementing and continually reviewing systems of internal control and Enterprise Risk Management at all levels within the Company.

ARM's overriding policy and philosophy is that management of risk is the responsibility of management at every level in ARM. It forms an integral part of the process of managing resources and opportunities within our risk appetite in order to provide reasonable assurance regarding the achievements of our objectives.

To implement this policy, ARM:

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

ARM's Board of Directors has committed ARM to a process of risk management and to sound and effective systems of internal control.

These are aligned with the principles of King III and comply with the Companies Act and all relevant codes and regulations. The objective of these systems and processes is the management and minimising of short-, medium- and long-term risk at all of ARM's operations.

ARM expects all subsidiaries, joint arrangements (including joint ventures and joint operations), strategic alliances, strategic and functional areas, business units, operations, projects and processes to be subject to this Internal Control and Enterprise Risk Management Policy.

THE ENTERPRISE RISK MANAGEMENT PROCESS

ARM's annual Risk Management Plan is approved by the Audit and Risk Committee, on behalf of the Board, executed by management in collaboration with ARM Risk Management and monitored by the Management Risk and Compliance Committee, the Audit and Risk Committee and Social and Ethics Committee on a quarterly basis. This Plan ensures the implementation within the Company of the Enterprise Risk Management process.

ARM's Enterprise Risk Management (ERM) process uses a unitary framework of identification and quantification of risks (marginally amended to create focus on physical risks) at all levels within the Company. To meet and exceed the risk management standards, ARM measures, monitors and benchmarks the effectiveness of mitigation and control performance against its own and international best practice.

The ERM process, which is consistent with ARM's "We do it better" management style, is designed to achieve an ongoing improvement of risk preparedness and effective corporate governance.

ARM's risk profile requires that it adopts a prudent approach to corporate risk and ARM's decisions regarding risk tolerance and risk mitigation reflect this.

ARM selects its controls, mitigating actions and risk interventions, based on their potential to increase the likelihood of ARM fulfilling its stakeholder commitments. Sound management of risks provides ARM with the flexibility to anticipate and respond to changes in its business environment and make informed decisions in uncertain times.

To ensure ARM's responses to risk remain current and dynamic, ARM continues to embed ERM and internal control processes in business systems and processes.

Mike Schmidt
Chief Executive Officer

12 October 2016

ENTERPRISE RISK MANAGEMENT (ERM)

ENTERPRISE RISK MANAGEMENT POLICY AND PROCEDURAL GUIDE

During the year, the ARM Risk Management and Compliance Committee developed an Enterprise Risk Management Policy, which codefied existing practice, and a separate Enterprise Risk Management Procedural Guide to replace the previous Enterprise Risk Management Framework.

The approved Enterprise Risk Management Policy sets out the governance approach for risk management within ARM and includes the following:

> Aims to provide a framework within which management can function in order to embed an informed and proactive Enterprise Risk Management culture throughout ARM which places significant emphasis on the integration of risk and assurance;
> Enables competent management assurance of the control environment across risks/opportunities and processes throughout the Company;
> Defines risk as "uncertainties that must be identified, understood and proactively managed to achieve its objectives and add value";
> Defines the governance structures around risk management from Corporate to Operational level;
> Defines the roles and responsibilities of the Governance Structures and Management from Corporate to Operational level and emphases that management of risk is the responsibility of management at every level in ARM;
> Defines the process and integration of assurance providers with business and reporting processes performed by ARM's external auditors, internal auditors and specialist independent assurance providers to provide comprehensive (but balanced) combined assurance on ARM's preparedness to manage risks and challenges and to exploit opportunities;
> Strives to provide guidance to inculcate an appropriate Enterprise Risk Management culture across the Company;
> Promotes the optimisation of the enterprises' risk management efforts; and
> Ensures that the risk management programme and processes are based on generally accepted risk management practices that enhance value for all stakeholders.

The revised Enterprise Risk Management Policy was approved by the Board of Directors.

ENTERPRISE RISK MANAGEMENT PROCESS

The objective of ARM's ERM process is to ensure that ARM is proactive and appropriately prepared for potential risk, challenges and opportunities.

The ERM process (recorded in the diagram on pages 176 and 177) sets out ARM's risk management philosophy and policy; the management and reporting functions; processes, roles and responsibilities; provides standards and guidelines; and identifies risk appetite and risk tolerance levels (periodically reviewed by the Management Risk and Compliance Committee and approved by the Audit and Risk Committee) for operations, divisions and the Company.

The ERM process, which incorporates elements of the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Framework, International Organisation for Standardisation (ISO) 31 000 and risk management requirements of South Africa's King III Code:

> places significant emphasis on the integration of risk and assurance;
> provides an effective and efficient management tool for continuous improvement of controls and mitigation strategies;
> provides evidence of meaningful management assurance that can be relied on by all stakeholders;
> facilitates the ongoing process of moving from exception reporting to performance of controls;
> identifies risks (from long-term strategic planning to process level risks) with the specific objective of reviewing and ensuring that appropriate levels of control and mitigation are in place;
> sets ARM performance standards and grading/rating performance of control and mitigation strategies (refer ARM Dashboard Standards on page 176);
> constantly reassesses risk management initiatives to ensure that they are relevant and that they anticipate emerging risks and opportunities;
> adds value to the efficiency and effectiveness of ARM's risk preparedness; and
> continues to meet and exceed corporate governance requirements.

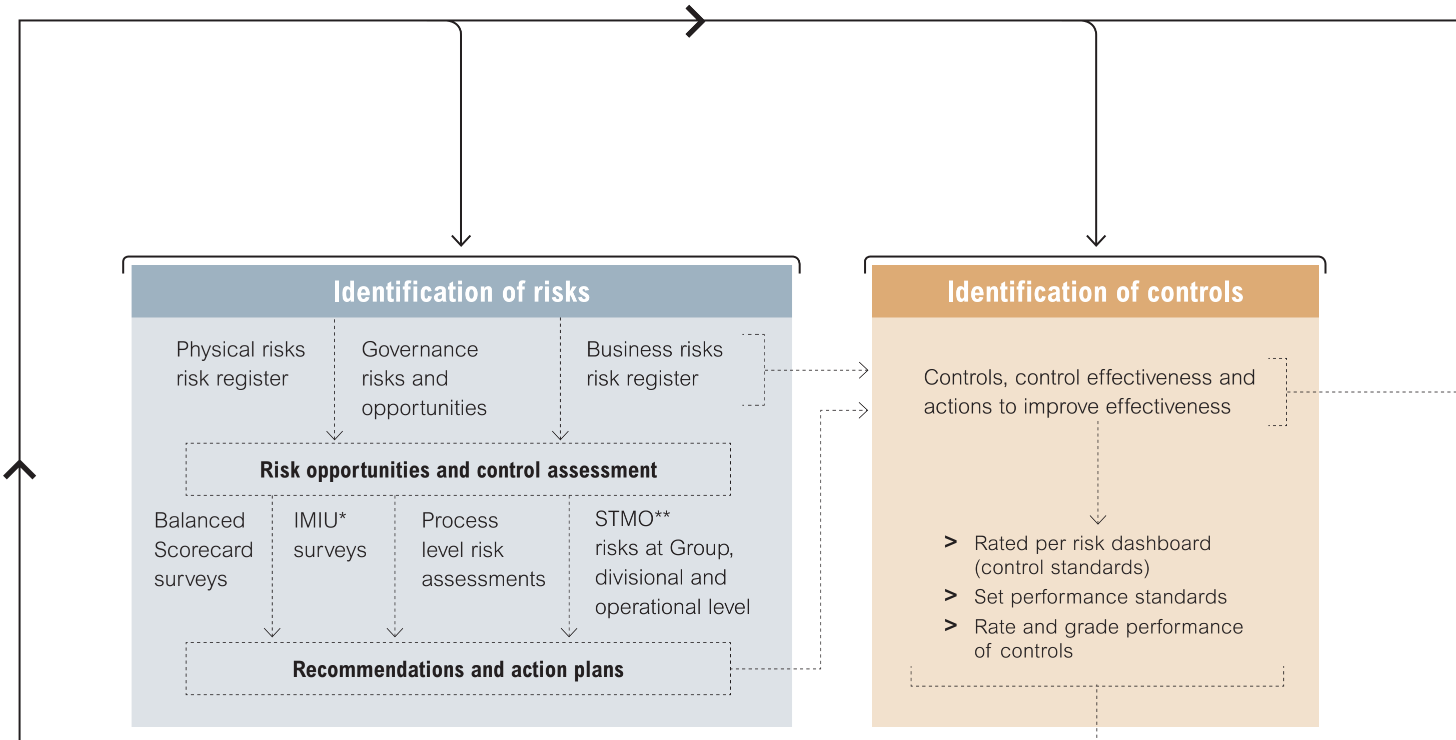
ARM recognises that the field of risk management is dynamic and thus ARM's Enterprise Risk Management Policy will continue to evolve to meet the challenges and changes faced by ARM, its divisions and operations.

The ERM process, guided by the Internal Control and Enterprise Risk Management Policy, executed in terms of the annual Risk Management Plan and reported in terms of the formalised reporting structure, seeks to:

- **Focus on the ongoing identification and recording of risks, challenges and opportunities** across the spectrum from long-term strategic planning to process level risks
- **Ensure that** efficient and effective controls and/or mitigation/elimination strategies are recognised, benchmarked, established and practised
- **Benchmark control performance** in respect of the various processes involved at all our operations
- **Monitor and encourage improvement in control performance/mitigation strategies** consistent with ARM's "We do it better" management style, to provide all levels of management with appropriate assurance of the effectiveness of existing controls and/or improvement initiatives

CORPORATE GOVERNANCE continued

THE ERM PROCESS



* ***IMIU*** *= International Mining Industry Underwriters.*
** ***STMO*** *= Strategic, tactical and major operational risks.*

ARM DASHBOARD STANDARDS

USE OF RISK AND CONTROL DASHBOARD AND OTHER METRICS IN THE ERM PROCESS

ARM makes extensive use of risk and control dashboards and metrics with consistent rating criteria. These provide an appropriate and consistent approach to the presentation of performance of specific controls and the overall control environment.

ARM RATING %	CONTROL EFFECTIVENESS	DESCRIPTIONS
90 – 100	OPTIMAL	Adequate control framework, minor control effectiveness deficiencies, regarded as housekeeping
80 – 89	GOOD	Adequate control framework, controls regarded as effective, but improvements were identified (Group standard)
70 – 79	SATISFACTORY	Adequate control framework, but improvements required in the effectiveness of certain key control areas
60 – 69	INADEQUATE	Inadequate control framework, improvements required in the effectiveness of key control areas. If not addressed, may cause an exposure
BELOW 59	POOR/WEAK	Inadequate control framework, controls ineffective. If not addressed, may cause a material exposure. Urgent executive management attention

Acceptance or financing of risk

Governance and continuous improvement processes

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

Annual internal audit plan
(Risk-based audit approach)

Annual Risk Management Plan

Internal audits

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

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

Combined assurance

Reporting, monitoring and assurance on governance, risk and controls

Risk and control reporting

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

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

Physical risk management
- Balanced Scorecard
- IMIU ratings

Risk financing/risk acceptance

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

CORPORATE GOVERNANCE continued

MANAGEMENT OF RISK IN ARM

ACCOUNTABILITY STRUCTURE

The ARM Board tasks the Audit and Risk Committee with the oversight of risk management. In terms of the Board Charter, the Management Risk and Compliance Committee has been established as a sub-committee of the Audit and Risk Committee to assist it with the management of and reporting on risk management processes and procedures. The Audit and Risk Committee Chairman reports to the ARM Board.

The Chief Executive Officer chairs the Management Risk and Compliance Committee and its members include the divisional chief executives, the Financial Director, the Executive: Sustainable Development, the Chief Information Officer, the Group Risk Manager and members of the ARM Steering Committee.

The Group Risk Manager reports quarterly to the Management Risk and Compliance Committee, the Audit and Risk Committee and Social and Ethics Committee, as well as reporting quarterly to divisional and joint venture operational committees, divisional audit committees, and divisional social and ethics/sustainable development committees, with the exception of the ARM Coal audit committee.

ARM ANNUAL RISK MANAGEMENT PLAN

The Risk Management Plan, approved annually by the Audit and Risk Committee, provides emphasis for ARM's ERM initiatives for that financial year and ensures implementation of the Internal Control and Enterprise Risk Management Policy.

The Plan's initiatives and emphases are determined through an integrated combined assurance review. This review encompasses risk and assurance processes; discussions with internal audit, external audit and independent assurance providers; and is guided by any business imperatives and changes in governance and compliance requirements.

APPROACH TO INTEGRATED COMBINED ASSURANCE

ARM believes that the focused approach to the integration of risk and assurance, coupled with its ongoing ERM activities, ensures that a comprehensive integrated combined assurance base is established upon which relevant and appropriate analysis of the overall control environment can be assessed and reported.

In order to enhance the integration and alignment of management assurance, ARM developed its Combined Assurance Model providing clarity to its "three lines of defence" defining that which constitutes management assurance relative to these three lines of defence.

The "three lines of defence" model (summarised here) defines formal assurance into that provided by:

Management
Policies, procedures, systems, processes, strategies

Internal assurance
Assurance processes internal to ARM but external to the individual operation

External assurance
Assurance provided by external assurance providers, including specialists and subject matter experts

This combined assurance process assists in identifying potential gaps and duplication in assurance, providing further input into establishing a control environment that is appropriately related to ARM's risk appetite. The continuing development of integrated combined assurance enables comprehensive and appropriate management assurance reporting to the divisional and operational audit committees and to the Management Risk and Compliance Committee and, through the Audit and Risk Committee, to joint venture partners and Board structures.

ARM continues to refine its integrated combined management assurance approach and reporting to ensure that the approach is practical, cost-efficient and is effectively integrated with ARM's ERM and management assurance processes in order to provide a comprehensive risk-based and robust assurance process.

REPORTING STRUCTURE

Risk management initiatives and emphases are incorporated into the annual Risk Management Plan and reported on within the structured reporting areas of the:

Risk register process

Addresses emerging and existing business risks, controls and action plans for improvement.

Refer to page 179. IAR

Physical risk management

Addresses physical risks, controls and action plans/recommendations for improvement set against cost-effective international standards.

Refer to page 179. IAR

Risk financing/insurance

Addresses the financing and/or insurance of risks retained.

Refer to page 180. IAR

Risks, opportunities and challenges

Addresses risk issues arising out of corporate governance and the Code of Conduct.

Refer to page 180. IAR

RISK REGISTER PROCESS

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

The aim of the risk register process is to ensure the identification and recording of relevant risks, challenges and opportunities and in respect of each risk/opportunity to identify and record corresponding controls and mitigation strategies. The efficacy of these controls is considered and rated against ARM's Control Standards during the process.

The inclusion and consistent use of value drivers in the identification of risks, challenges and opportunities and their corresponding controls assists in ensuring focus and alignment with the independent assurance provided by ARM's internal audit function (outsourced to KPMG).

The Enterprise Risk Management specific software captures detailed risk information in a consistent manner and provides a powerful database to enable interrogation of risks, controls and actions captured through the risk register process.

ACTION PLANS TO REDUCE RISK

Where improvement in the control environment is considered necessary, the risk register process requires that appropriate action plans or mitigation strategies be identified and implemented to reduce the risk profile and improve the control environment.

This approach to risk ties in with ARM's "We do it better" management approach, which incorporates the principle of continuous improvement.

RATING OF CONTROL EFFECTIVENESS

ARM's focus on rating the effectiveness of controls and ensuring the implementation of appropriate mitigating actions and strategies corresponds with the move towards reporting on the performance of controls (measured in terms of risk and control dashboards) and the move away from exception reporting.

USING THE RISK REGISTER AND DASHBOARD PROCESS TO ENSURE A FOCUSED ANNUAL INTERNAL AUDIT PLAN AND MAINTAIN THE FOCUS ON CONTINUOUS IMPROVEMENT

The detailed information in the risk registers, assurance results in the dashboard and assurance detail available in the Combined Assurance status reports are provided to and discussed at least annually with ARM's internal auditors to:

> plan internal audit coverage to ensure that it is comprehensive and provides focus on considering identified high-risk areas for particular attention;

> enhance the integration of the risk and internal audit functions by reviewing the process level risk assessments during the annual audit programme as well as the effectiveness of the controls and mitigation strategies associated with the identified risks; and

> review the strategic, tactical and major operational (STMO) risks and their appropriate controls' relevancy and accuracy.

Inclusion and use of value drivers in the identification of risks and their appropriate controls is intended to further integrate and align the independent assurance by KPMG (ARM's outsourced internal auditors) on controls to the benefit of the control environment within ARM.

USING THE RISK REGISTER TO EMBED ERM PROCESS

The consistent approach to the completion and updating of risk registers and the integration of appropriate management assurance and compliance reporting plays an integral part in the embedding of the ERM process. This process of embedding ERM includes:

> quarterly risk workshops and reviews;

> quarterly updates of risk registers;

> quarterly presentations of risks and controls;

> annual internal audit planning process;

> use of external consultants' reports on risk, control and control effectiveness;

> reviews by internal audit of the Enterprise Risk Management process and the Internal Control and Enterprise Risk Management Policy; and

> incorporation of combined assurance processes into the ERM process.

PHYSICAL RISK MANAGEMENT

ARM addresses and reports on physical risk, control and mitigation strategies separately from business risks to ensure specific and focused attention. These risks and controls are also captured in the risk register process.

It is through independent focused Balanced Scorecard and benchmarking processes implemented by ARM that the necessary emphasis is encouraged to ensure that physical risk and control initiatives are progressed, monitored and reported.

While ARM's risk management approach (recorded in the Internal Control and Enterprise Risk Management Policy) emphasises that ARM's general managers are directly accountable for the management of risk in the area under their individual control, ARM recognises that independent specialist expertise is necessary to guide and assist management in this area.

Appointed external consultants assist ARM's operations with objective independent reports which identify risks, rate and benchmark risk performance and provide appropriate risk improvement recommendations as follows:

BALANCED SCORECARD PROGRAMME

The physical risk scorecard, developed from a strategic planning and general management application, grades operations against international best practice standards for risks associated with fire and explosion, flooding, mechanical engineering, electrical engineering, planned maintenance, security and risk management organisation.

CORPORATE GOVERNANCE continued

The Balanced Scorecard is designed to meet ARM's risk management requirements, ensures alignment and consistency with the risk dashboard rating process and makes possible consistent monitoring and reporting of management assurance to all relevant internal and external stakeholders.

BENCHMARKING PROGRAMME

The benchmarking surveys, conducted by the International Mining Industry Underwriters, measure each operation against an international benchmark of risk preparedness.

The value of the Balanced Scorecard surveys and benchmarking surveys to ARM's continuous improvement programme includes:

> providing a reliable measurement of control performance, mitigation strategies and risk protection standards against which ARM can compare risk management performance;

> allowing ARM and its operations to focus on high-risk areas;

> helping to continually develop physical risk standards to international norms and ensures that ARM operations continue to meet and exceed international risk standards; and

> focusing attention on risk protection systems – both automatic and manual – to promote consistency with recognised internationally accredited fire standards.

RISK FINANCING/INSURANCE

ARM's risk financing strategy has remained constant over many years and continues to be aggressive in considering the extent of risk self-retained by both the operations and the Company as a whole.

This requires a mature approach to the management of controls and mitigation strategies in order to limit exposure to loss-producing events. This approach is both required and expected of management at all levels and is consistent with ARM's risk management philosophy.

The risk financing strategy focuses on delivering a cost-effective risk financing mechanism that will protect ARM (and its divisions and operating entities) against the financial consequences flowing from chance risk events.

Its aim is to increase the likelihood of ARM succeeding in reducing both the probability of failure and/or uncertainty around achieving its overall objectives.

ARM remains committed to mutually beneficial long-term relationships with its risk partners/underwriters and to continually developing relationships with responsible and financially sound risk carriers.

Processes and principles in place to achieve ARM's strategy:

> identify and quantify each operation's Maximum Potential Loss (MPL) exposures and risk profiles (frequency and severity exposures);

> ensure the availability of detailed and reliable risk and loss information;

> use appropriate forecasting techniques to determine levels of predictability and optimal structure;

> consider potential increased self-assumption of risk (by operations and ARM) to ensure efficient risk financing at all levels;

> remove non-Group risk carriers from all but catastrophe exposures;

> provide broad-based insurance protection with appropriate limits, to achieve a consistent approach to risk; and

> use accumulated reserves (within captive and risk financing structures) with innovative structuring, to finance self-retained exposures and, where appropriate, to carry risks of a non-traditional nature.

RISKS, OPPORTUNITIES AND CHALLENGES

In order to make informed decisions and take appropriate action, ARM and its stakeholders identify the issues material to the sustainability of the business. ARM determines these issues at board, executive and operational levels by considering financial and non-financial information, the issues driving the Company's sustainability and their possible impact on ARM and its stakeholders.

Having determined these material issues, ARM's comprehensive ERM process includes a detailed identification of risks ranging from process level risk assessments at individual operations, through to strategic, tactical and major operational risks at operational, divisional and Company level.

Quarterly reviews of strategic, tactical and major operational risks include a specific focus on the efficacy of controls (and mitigating strategies) relating to the identified risks; actions that may be required to improve the control effectiveness; record of any change to risk profiles; recognising new and emerging risks and any increased risk velocity (risks that require immediate management focus).

A graphical representation of risks regarded as principal risks, opportunities and challenges is presented on pages 181 to 184 providing ARM's view of Inherent Risk (before the application of controls), control effectiveness and the resultant Residual Risk profile (after application of controls/mitigation strategies).

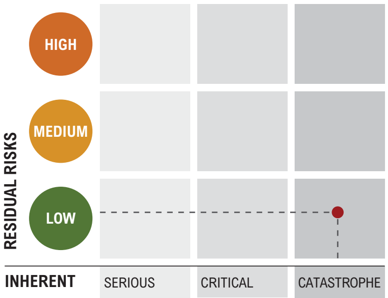
Also see Our Most Material Matters which are summarised on pages 10 to 13.

IAR

PRINCIPAL RISKS FOR ARM

SAFETY AND HEALTH

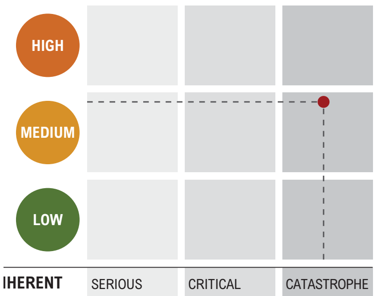
CONTROL EFFECTIVENESS: GOOD



ARM is acutely aware of the risks associated with our mining and smelting operations. We value the health and wellbeing of all our employees, and the effectiveness of our safety and health management and reporting structures is paramount. Each divisional chief executive is tasked with ensuring the safety and health of all of our employees and that our contractors are appropriately managed. Leading the effectiveness of this function is our Executive: Sustainable Development, who reports directly to our Chief Executive Officer.

LONG-TERM BUSINESS STRATEGY

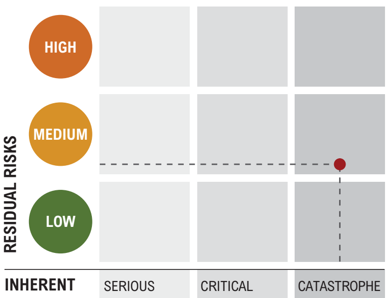
CONTROL EFFECTIVENESS: GOOD



To mitigate any risk that our long-term strategic planning may present, ARM has robust but flexible strategy and growth management processes in place. These include a Growth and Strategic Development Committee, whose members are all senior executives of ARM. Specialist consultants are periodically involved, where appropriate, to provide input, focus and assurance. The ARM Board reviews strategy at an annual Bosberaad and budget workshop and also reviews actual results against plans at each Board meeting.

REGULATORY AND LEGAL COMPLIANCE

CONTROL EFFECTIVENESS: GOOD

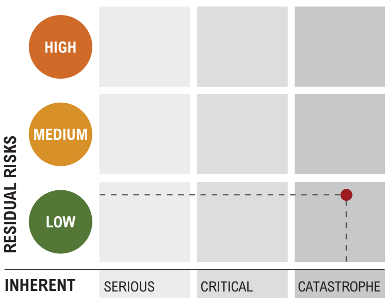


ARM recognises that ensuring regulatory and legal compliance requires ongoing detailed attention in all areas. To formalise and improve monitoring and reporting of legal compliance, a legal compliance function is in place and is monitored by the Management Risk and Compliance Committee and the relevant areas of responsibility reported to the Audit and Risk Committee and Social and Ethics Committee. The Code of Conduct sets out the requirement of legal compliance for all employees and provides for the implementation of the Legal and Regulatory Compliance Policy.

A Combined Assurance Model is in place and various assurance providers are engaged to provide assurance on legal compliance.

KEY SKILLS/EXPERIENCE

CONTROL EFFECTIVENESS: GOOD

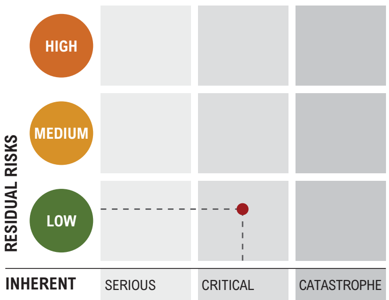


ARM recognises that its success depends on our ability to attract, retain and develop suitably skilled and qualified employees. To achieve this, we have attractive short-term and long-term incentive schemes which we regularly review and improve. We also have appropriate retention policies, graduate professional programmes and the focused training of artisans for the development of key technical skills we require. ARM continues to strive to be an employer of choice and has been acknowledged as a leading employer in the Global "Top Employer" awards. See pages 42 to 45 of the Sustainability Review.

CORPORATE GOVERNANCE continued

CLIMATE CHANGE

CONTROL EFFECTIVENESS: GOOD

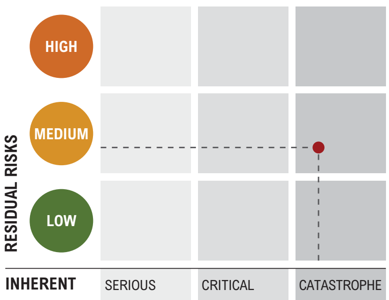


The Executive: Sustainable Development monitors and provides guidance on SHEQ issues. Action plans include a strategic review of the Group's climate change risks, initiatives and approach. We are aligning our climate change policy with International Council on Mining and Metals climate change developments. In developing our climate change policy we are also considering the possible impact of climate change on ARM with the aim of developing a policy that will address its potential long-term impacts.

The risk has reduced substantially due to the reduction in the number of furnaces operating at our smelting operations.

STAKEHOLDER RELATIONSHIPS

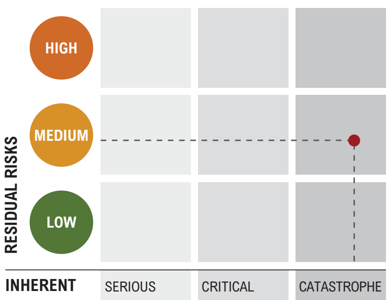
CONTROL EFFECTIVENESS: SATISFACTORY



ARM recognises the risk to its business environment of having ineffective relationships with our various stakeholders. We identify, develop and maintain multiple relationships with various stakeholders at all levels within ARM. See Our Key Stakeholders on pages 32 to 33.

LABOUR RELATIONS

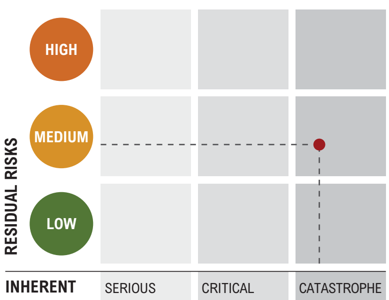
CONTROL EFFECTIVENESS: SATISFACTORY



Stakeholder engagement processes associated with labour relations enjoy focused attention and this, together with our approach of regularly engaging with trade unions from national to branch level, has helped us foster positive labour relations. Specific actions we have taken that have contributed to sound labour relations include ensuring resolution of grievances and concerns; having employment practices that recognise and deliver on transformation imperatives; and providing well-structured competitive remuneration packages. ARM has multi-year wage agreements in place at most operations. See additional information regarding ARM's "Top Employer" status, on page 44 of the Sustainability Review.

PRESSURE ON MARGINS/CONTINUED COST ESCALATION

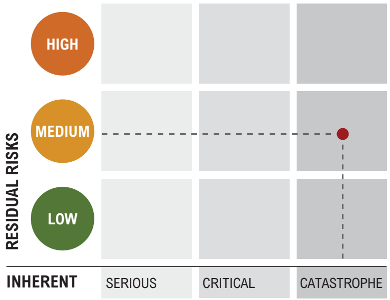
CONTROL EFFECTIVENESS: SATISFACTORY



Continued cost escalation pressures place considerable pressure on margins. ARM counters this with productivity improvements, various cost reduction and efficiency initiatives and increased oversight by operational and executive management through ongoing review of production, costs and control initiatives. ARM's objective is that all operations should be below the 50th percentile of the global cost curve (based on steady-state production) and we benchmark our operations against the global cost curve. See pages 11 and 15 for additional information about the position of ARM's commodities on the cost curve.

CAPITAL ALLOCATION

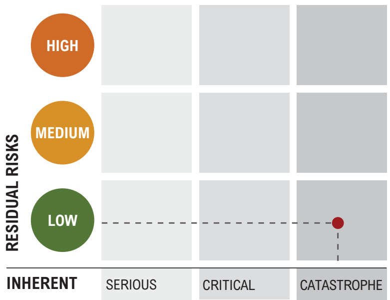
CONTROL EFFECTIVENESS: GOOD



Capital expenditure across all operations continues to be reviewed with the aim of reducing or deferring capital expenditure. Due consideration is given to ensure that capital expenditure deferrals or reductions do not adversely affect operations or negatively impact value in the long term. ARM's Investment Committee considers substantial investments, including mining projects, acquisitions and disposals of assets and makes recommendations to the ARM Board.

EFFECTIVE TRANSFORMATION

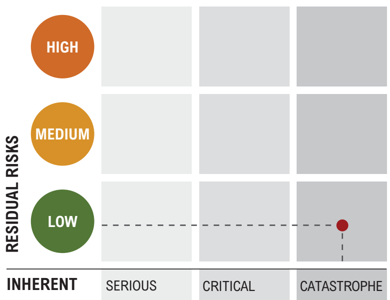
CONTROL EFFECTIVENESS: GOOD



Transformation is one of ARM's core values and we actively strive to make a meaningful contribution to transformation in the South African mining industry. We have Social and Labour Plans (SLPs), Corporate Social Investment (CSI), Local Economic Development (LED) and enterprise development budgets in place as well as transformation plans and projects. We have introduced improved compliance monitoring of our SLPs. Our smelter operations have approved transformation plans and our mining operations have defined and submitted their SLPs as part of their mining licences. See Corporate Social Responsibility on pages 58 and 59 of the Sustainability Review.

ETHICS AND REPUTATION

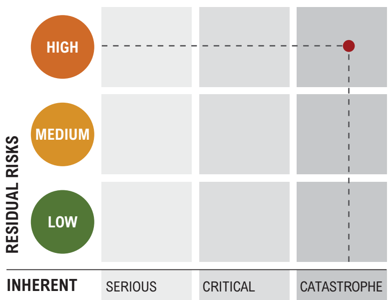
CONTROL EFFECTIVENESS: GOOD



ARM's strong commitment to ethical behaviour and the steps we take to encourage and monitor ethical behaviour throughout our operations are summarised on page 171 of the Corporate Governance Report.

COMMODITY PRICES AND GLOBAL DEMAND

CONTROL EFFECTIVENESS: LESS CONTROL



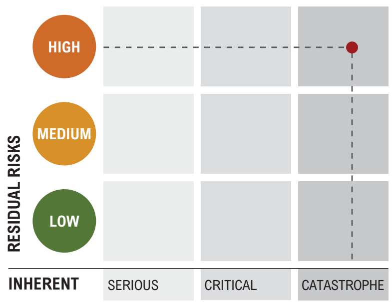
Global commodity markets continue to be challenging as evidenced by low commodity prices which have persisted over the past couple of years. In recent months US Dollar prices for most commodities have been increasing, the benefit of which has been offset by the strengthening of the Rand versus the US Dollar. The recovery in commodity prices is expected to be relatively slow.

ARM manages the impact of lower commodity prices by proactively focusing on the areas within management's control. These include improving operational efficiencies and reducing unit costs, prudently deferring or reducing capital expenditure without negatively impacting the long-term value of operations, optimising working capital and restructuring loss-making operations.

CORPORATE GOVERNANCE continued

EXCHANGE RATE FLUCTUATION

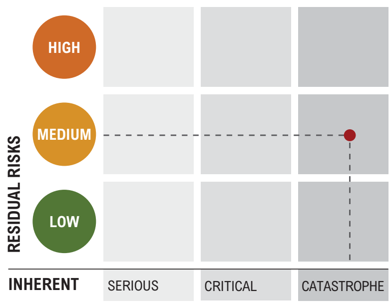
CONTROL EFFECTIVENESS: LESS CONTROL



Changes in the Rand/US$ exchange rate are a risk/opportunity affecting revenue. ARM does not engage in currency hedging other than for the purchase of long lead-time capital equipment and where necessary for project funding.

RESOURCE NATIONALISM, POLITICAL AND FISCAL RISKS

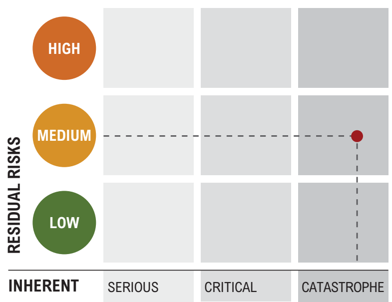
CONTROL EFFECTIVENESS: LESS CONTROL



The risk/opportunity associated with potential changes in legislation, regulations, taxes or royalties affecting the mining industry continue to be considered and monitored by ARM. We maintain relationships with key stakeholders, and are involved in initiatives and represented by the Chamber of Mines on issues associated with the mining industry. Our approach to our relationship with stakeholders associated with these risks is explained under Our Key Stakeholders on pages 32 and 33.

INFRASTRUCTURE ACCESS AND CAPACITY: RAIL AND PORT LOGISTICS

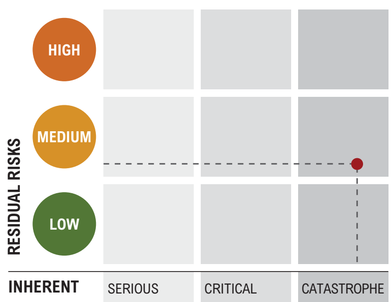
CONTROL EFFECTIVENESS: LESS CONTROL



Logistics constraints and access to rail and port capacity are challenges/opportunities which can affect our ability to meet demand for our commodities and may have a material impact on the timing of strategic export growth initiatives planned for our manganese, iron ore and coal operations. ARM is actively involved in commodity and logistics industry initiatives, including being an active member of a commodity-specific steering committee which regularly meets with Transnet on these issues.

SECURITY OF ENERGY SUPPLY

CONTROL EFFECTIVENESS: LESS CONTROL



The security of supply of electricity (both in respect of cost and current and future capacity) presents a challenge particularly in relation to our ferromanganese smelters which are intensive users of electricity albeit that many smelters have been placed on care and maintenance. Our operations continue to implement energy-efficiency plans and to explore co-generation opportunities and other alternative energy sources. The ARM Ferrous Division (Assmang) is a member of the Energy Intensive User Group.

REMUNERATION REPORT

The Remuneration Committee acknowledges its responsibility to apply remuneration strategy to ensure a balance in attracting and retaining human capital through competitive remuneration practices, while creating shareholder value. The Remuneration Committee does so by formulating a remuneration policy designed to give effect to the remuneration strategy, support the business objectives within the larger operating environment and offer a balanced remuneration mix within the Company's financial constraints. In so doing, the Remuneration Committee actively engages with best practice corporate governance principles, with specific reference to the principles contained in the King III Report on Corporate Governance for South Africa and the King Code of Governance Principles (collectively, King III). Supporting a progressive Remuneration Policy are ARM's talent management, succession planning, human resources development and workforce planning processes, which aim to ensure the appointment of competent and experienced individuals to realise the Company's expectations and strategy. This forms a critical component of the total Employee Value Proposition and ARM's objective to be an employer of choice. ARM endeavours to achieve commitment and engagement with all employees. Remuneration and benefits significantly contribute towards this proposition.

The elements are discussed in more detail in the 2016 Sustainability Report available on ARM's corporate website: www.arm.co.za

SR

OBJECTIVES

ARM recognises that its strategic objectives can only be delivered with the foresight, dedication and hard work of management and employees. It also recognises that the Company competes in a small talent pool and for a limited set of competencies within the global and South African mining industries.

ARM's goal to retain and attract the best employees is only possible with an attractive Employee Value Proposition with focused attention given to elements such as the Company's values, culture, talent management, workforce planning and competitive benefits and remuneration. This can only be achieved with a solid employer brand within the market.

In 2016, ARM participated in the Global "Top Employer" Certification programme ranking its employee standards against international benchmarks. ARM was again certified as a "Top Employer" South Africa 2016. The performance score included a rating for compensation and benefits.

This indicates that ARM's remuneration and benefits policies and practices compare well against South African and international practices.

COMPANY PERFORMANCE

The financial results are presented in detail elsewhere in the Integrated Annual Report. In summary, the ARM financial position remains sound despite a 40% decrease in headline earnings to R1 051 million (F2015: R1 744 million). Very good unit cost control was achieved at most operations. The fall in headline earnings is primarily due to the decrease in US Dollar commodity prices partially offset by the weaker Rand/US$ exchange rate.

With the exception of ARM Ferrous, divisional profit targets were not met. Nonetheless, the increased focus on cost reduction yielded very good results at all operations.

Safety targets were met by each division. Therefore, a safety modifier of 10% was applicable to ARM Ferrous, ARM Copper and ARM Coal, and a safety modifier of 6% was applicable to ARM Platinum. The net overall result was that bonuses were payable based on the achievement of the applicable profit, cost and safety targets.

Bonuses are discussed in greater detail on pages 190 and 191 of Part I of the Remuneration Report and on page 215 of Part II of the Remuneration Report.

IAR

The Board acknowledges the current economic climate and has approved a below Consumer Price Index (CPI) increase of 4% for senior executives and other employees at the corporate office, with effect from 1 July 2016.

STAKEHOLDER ENGAGEMENT

The Remuneration Committee recognises the importance of stakeholder engagement with regard to the Remuneration Policy and implementation thereof. Therefore, the Remuneration Committee remains committed to proactively maintaining regular, transparent and informative dialogue with ARM's stakeholders. As a result, the Remuneration Committee also considered and addressed feedback received from investors during the financial year.

In response to developments in global best practice and queries raised by investors, the Remuneration Committee reviewed the use and application of performance criteria in the long-term incentive schemes. Five recommendations were made to and adopted by the Board:

(1) The Company Total Shareholder Return (TSR), instead of Market Price Appreciation (MPA), and the 20-day volume weighted average price (VWAP) as performance vesting conditions for the settlement of any performance shares which have not vested.

See pages 191 and 192 of the Remuneration Report for additional detail.

IAR

(2) Determination of the criteria to be used to ascertain the constituent members of the JSE Limited Mining Resources Sector Index to be used in the measurement of performance criteria for the performance shares, given the termination of the RESI 10 in December 2015.

See page 191 of the Remuneration Report for additional detail.

IAR

(3) Shareholders also requested greater clarity regarding the disclosure of specific performance targets for performance shares. In response to shareholders' concerns and upon the advice of the Company's remuneration consultants, this Remuneration Report has been restructured to include more detailed disclosure to provide greater transparency in this area.

CORPORATE GOVERNANCE: REMUNERATION REPORT continued

See pages 191 and 192 of the Remuneration Report for additional detail. IAR

(4) To increase the alignment of the actions of senior executives with the interests of shareholders, the Board has agreed that an Executive Director, who waived his bonus in respect of the F2016 Company performance, will be granted 100% bonus shares of equivalent value and the matching number of performance shares.

See page 193 of the Remuneration Report for additional detail. IAR

(5) Senior executives are offered the opportunity, before the end of March each year, to elect that a portion of any cash bonus calculated at the end of the performance year, be deferred and converted into an equivalent value of deferred bonus shares and the matching equivalent number of performance shares. With effect from F2017, senior executives may defer 25%, 33%, 50%, 75% or 100% of their cash bonus.

See pages 192 and 193 of the Remuneration Report for additional detail. IAR

OTHER DECISIONS

Other decisions and changes to Remuneration Policy included the following:

> In respect of the F2017 bonus, the Board approved the removal of the caps on cash bonuses; however, the required out-performance to achieve the maximum bonus payable is achieved when the performance targets are exceeded by 200%.

See page 190 of the Remuneration Report for additional detail. IAR

ABOUT THE REMUNERATION REPORT

The Remuneration Committee Report includes two parts: Part I, which is set out on pages 187 to 196, explains the Remuneration Policy; and Part II explains the implementation of the Remuneration Policy in F2016. Part II is reviewed by the external auditors and is included in the Directors' Report on pages 215 to 221. This approach has been adopted in line with emerging best remuneration disclosure practices.

NON-BINDING ADVISORY VOTE

Chapter 2 of King III, which deals with "Boards and directors", requires that a company tables at its annual general meetings its remuneration policy for shareholders of the company, to voice their confidence in it through a non-binding advisory vote. This vote enables shareholders to express their views on a company's remuneration policy and on its implementation.

Ordinary resolution number 6, which pertains to Part I of this Remuneration Report, including the Company's Remuneration Policy, included in the Notice of Annual General Meeting, is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing arrangements. At the 2015 Annual General Meeting of the Company, the non-binding advisory vote on the Company's Remuneration Policy was passed by the Company's shareholders by 86.90% of the ordinary shares in issue at the voting record date.

COMMITMENT

The Remuneration Committee and ARM remain committed to continuously monitoring the effectiveness and implementation of the Remuneration Policy, strategy and practices, and are confident that the Remuneration Policy will generate real long-term value for ARM's shareholders.

On behalf of the Remuneration Committee

Dr M M M Bakane-Tuoane
Chairman of the Remuneration Committee

12 October 2016

REMUNERATION REPORT: PART I – REMUNERATION POLICY

REMUNERATION GOVERNANCE FRAMEWORK

COMPOSITION OF THE REMUNERATION COMMITTEE

Members:
Dr M M M Bakane-Tuoane (Chairman)
F Abbott
T A Boardman
A D Botha
A K Maditsi

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

FUNCTIONS OF THE REMUNERATION COMMITTEE AND TERMS OF REFERENCE

Purpose

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

FUNCTIONS AND RESPONSIBILITIES

The Remuneration Committee performs the functions and responsibilities necessary to fulfil its purpose as stated in the previous paragraph. Amendments to its Terms of Reference were approved by the Board in F2016. The Remuneration Committee's mandate includes the following:

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

CORPORATE GOVERNANCE: REMUNERATION REPORT continued

- reviewing the results of benchmarking surveys of the fees payable to Non-executive Directors; ensuring that Non-executive Directors do not receive remuneration contingent upon the performance of ARM; and
- upon being notified by management of the terms of any consulting agreement with any Non-executive Director, making recommendations, if required, to senior executives or to the Board regarding such agreement. It is also the responsibility of the Remuneration Committee to ensure alignment with the remuneration guidelines of King III. After reviewing the remuneration strategy and policy as well as the implementation thereof, the Remuneration Committee is satisfied that the Company is indeed so aligned.

REMUNERATION COMMITTEE ACTIVITIES

The Remuneration Committee met three times during F2016.

See the meeting attendance summary on page 163 of the Corporate Governance Report. IAR

Overview of activities and decisions:

The scheduled work plan was followed with the normal cycle of activities that included, but was not limited to, the following:

In F2016:

- the recommendation to the Board of the annual increases in the base salaries of Executive Directors and other senior executives;
- the recommendation to the Board of the short-term incentives (i.e. cash bonuses) payable to Senior Executives;
- the recommendation to the Board of the Board retainer and Board and Committee meeting attendance fees for Non-executive Directors, for submission to shareholders;
- the review of the deferred bonus/co-investment awards in terms of the Share Plan;
- the review of the waived bonus elections and requests in respect of the F2015 bonuses;
- the review of the Remuneration Policy; and
- preparation of the Remuneration Report.

In F2017 to date:

- the determination of the criteria to be used to ascertain the constituent members of the JSE Limited mining sector index to be used in the measurement of performance criteria given the termination of the RESI 10 in December 2015;
- the recommendation to the Board of the annual increases in the base salaries of Executive Directors and other senior executives;
- the recommendation to the Board of the Board retainer and Board and Committee meeting attendance fees for Non-executive Directors, for submission to shareholders;
- the review of deferred bonus/co-investment awards in terms of the Share Plan;
- the recommendation of the new deferred bonus/co-investment thresholds to be applicable from F2017;
- the recommendation to the Board of the corporate bonus parameters for F2017;
- the review of the Remuneration Policy; and
- preparation of the Remuneration Report.

The Chief Executive Officer, Financial Director and Executive Director: Growth and Strategic Development attend Remuneration Committee meetings by invitation and assist the Remuneration Committee in its deliberations, except when issues relating to their own remuneration are discussed. No invitees vote at the meetings.

No Director was involved in deciding his or her remuneration. The Chairman of the Remuneration Committee attends Annual General Meetings to answer any questions from shareholders regarding ARM's Remuneration Policy and the implementation thereof.

ADVISORS TO THE REMUNERATION COMMITTEE

In F2016, the Remuneration Committee was advised by remuneration consultants, namely PwC, which provided, *inter alia,* advice on and assistance with the design, implementation and verification of calculations pertaining to offers and awards pursuant to the short-term and long-term incentive schemes. The comparator group for the benchmarking was selected through a rigorous selection process, in order to ensure the overall competitiveness of ARM's remuneration.

All short-term and long-term incentive calculations are audited by either the Company's internal auditor (KPMG) or at financial year-end by the external auditor, Ernst & Young Inc.

REMUNERATION PHILOSOPHY AND POLICY: EXECUTIVE REMUNERATION

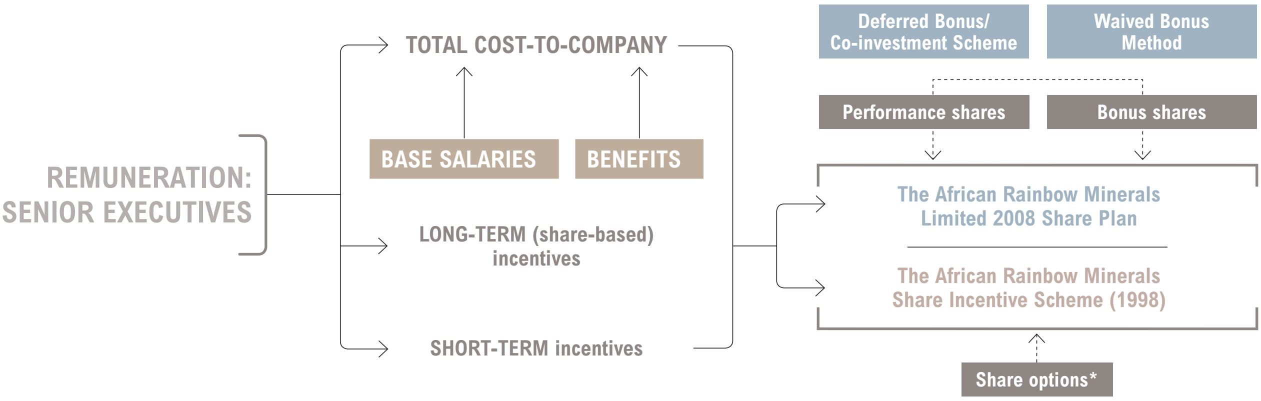
Principles of executive remuneration

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

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

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

ELEMENTS OF TOTAL EXECUTIVE REMUNERATION



* *No share options have been allocated since F2014.*

The policies relating to the four elements of total executive remuneration are summarised in the table below:

POLICIES RELATING TO THE FOUR COMPONENTS OF SENIOR EXECUTIVE REMUNERATION

TOTAL COST-TO-COMPANY		
BASE SALARY	**POLICY**	> Benchmarked against market practices of other South African mining companies that are comparable in size, business complexity and international scope. > Generally, reflects market median levels based on the role and individual skills and experience.
	IMPLEMENTATION	> Paid monthly in cash. > Reviewed annually, with changes taking effect on 1 July. > Increases are determined by, *inter alia*, market conditions, Company performance, individual performance and changes in responsibilities. > Salary increases of 4% approved for F2017. > Forms part of and is the key component of a total cost-to-company (TCTC) package, which also includes benefits. The Company participates in industry-wide surveys from time-to-time. Participation in short-term and long-term incentive schemes is determined on the basis of and in addition to the TCTC package.
PENSION FUND	**POLICY**	> Membership of the ARM Pension Fund is compulsory. Senior executives, if already members of a recognised industrial pension/retirement fund, such as Sentinel, may remain members, if they so elect.
	IMPLEMENTATION	> Contributions are made by senior executives from the base salary. Total contribution to the fund, including risk benefits such as life and disability cover, is 22.5% of pensionable salary. > The ARM Pension Fund is: – Managed by eight trustees of whom 50% are appointed by ARM and 50% are elected by the members. – Administered by Alexander Forbes. – A defined contribution fund.
MEDICAL SCHEME	**POLICY**	> It is compulsory to belong to a medical scheme.
	IMPLEMENTATION	> Executives may participate in any managed medical aid plan of their choice. > Contributions are made by senior executives from their base salary.
OTHER BENEFITS AND CONDITIONS OF EMPLOYMENT		> All other conditions of employment are comparable to those of companies in the mining and mineral resources sector. No special or extraordinary conditions are applicable to senior executives.

CORPORATE GOVERNANCE: REMUNERATION REPORT continued

SHORT-TERM INCENTIVES

POLICY

Short-term incentives (*i.e.* cash bonuses) are determined in terms of an out-performance bonus scheme, which rewards senior executives for sustained out-performance of cost and profitability targets set annually for the Company's business and safety performance. Senior executives are provided the opportunity to defer part of their bonus or may elect to waive all of their bonus, and to be allocated the equivalent value in bonus shares matched with the same number of performance shares (see the Deferred Bonus/Co-investment Scheme and the Waived Bonus Method below).

INSTRUMENT

Cash in terms of the Out-performance Bonus Scheme.

BONUS PERCENTAGES

The short-term incentive on-target cash bonus percentages and the related maximum bonus potential due to a cap on cash bonuses payable are shown below:

Position	Paterson grade	F2015 % on-target bonus of TCTC	F2015 Maximum bonus as % of TCTC	F2016 % on-target bonus of TCTC	F2016 Maximum bonus as % of TCTC
Executive Chairman	**FU**	**62%**	**186%**	**62%**	**62%**
Chief Executive Officer	**FU**	**50%**	**150%**	**50%**	**50%**
Senior executives	**FL**	**45%**	**135%**	**45%**	**45%**
Operational senior executives in ARM Ferrous, ARM Coal, ARM Copper and ARM Platinum	**FL**	**45%**	**135%**	**45%**	**45%**

In respect of the F2016 bonus, the Board introduced caps to the maximum bonuses payable, before any adjustments for the safety modifier, as reflected in the table above. The cap was introduced as profit targets are much smaller in a low commodity price environment and are extremely sensitive to small changes revenue. In such circumstances the normal limits on bonuses could lead to unfair and costly results.

In respect of the F2017 bonus, the Board agreed to remove the caps; however, the required out-performance to achieve the maximum bonus as a percentage of the total is reflected in the table below:

Position	Paterson grade	F2017 % on-target bonus of TCTC	F2017 Maximum bonus as % of TCTC*
Executive Chairman	**FU**	**62%**	**186%**
Chief Executive Officer	**FU**	**50%**	**150%**
Senior executives	**FL**	**45%**	**135%**
Operational senior executives in ARM Ferrous, ARM Coal, ARM Copper and ARM Platinum	**FL**	**45%**	**135%**

* *The maximum bonus may only be achieved when the annual Profit from Operations is 200% more than the performance target.*

SHORT-TERM INCENTIVES continued	
PERFORMANCE MEASURES	**For the Executive Chairman, the Chief Executive Officer and other senior executives (excluding those from ARM Ferrous, ARM Platinum, ARM Copper and ARM Coal)** financial performance indicators are calculated as follows: > 50% – Profit from Operations; and > 50% – Unit Cost of Sales (a weighted scorecard). **For operational senior executives,** financial performance indicators are calculated as follows, in respect of each division: > 25% – ARM overall Profit from Operations against Target; > 25% – ARM overall Unit Cost of Sales against Target (a weighted scorecard); > 25% – Divisional Profit from Operations against Target; and > 25% – Divisional Unit Cost of Sales against Target (a weighted scorecard). The combined percentage (achieved by each senior executive) is applied to the senior executives' TCTC to determine the potential cash bonus.
SAFETY MODIFIER	To encourage sustainability, a safety modifier was introduced in F2015, which can impact the potential cash bonus. After a cash bonus has been calculated for each senior executive, a safety modifier is applied, which is the Lost-Time Injury Frequency Rate (LTIFR) for each division or operation, as the case may be. In F2016, the Board amended the methodology of applying the safety modifier. If the safety target is met, the participants will received an additional 5% of their cash bonus. There was a sliding scale for out-performance or under performance. If participants outperformed their targets by 10% or more, the participants would receive an additional 10% of their cash bonus. If safety targets were not met, between 1% and 10% would be deducted for each percentage point below target, to a maximum 10% deduction.
TARGETS	The targets for each metric are in accordance with the Board-approved one-year business plan, and the measures are reviewed annually to ensure that they are appropriate, given the economic climate and the performance expectations for the Company.
PERFORMANCE THRESHOLDS	See Bonus Percentages above.
LONG-TERM INCENTIVES	
PERFORMANCE SHARES	
POLICY	To closely align the interests of shareholders and senior executives by rewarding superior performance and by encouraging senior executives to build up a shareholding in the Company. The performance criteria incentivise the creation of shareholder value.
INSTRUMENT	Performance shares in terms of The African Rainbow Minerals Limited 2008 Share Plan (the Share Plan).
AWARD POLICY AND VESTING PERIOD	Performance shares are conditional rights to shares which are typically awarded on an annual basis in order to reduce the risk of unanticipated outcomes arising out of share price volatility and cyclical factors. Performance shares vest and are settled between three and four years, subject to the achievement of predetermined performance criteria.
PERFORMANCE CRITERIA	Prior to May 2015, the performance criteria used to determine the number of performance shares which had vested was Market Price Appreciation (MPA) in terms of the RESI 10 and the 20-day volume weighted average price (VWAP). With effect from May 2015, Total Shareholder Return (TSR) in terms of the RESI 10 was used to determine the number of performance shares which vest. The RESI 10 ceased to exist with effect from December 2015. Therefore, the Board, upon the recommendation of the Remuneration Committee, agreed that with effect from December 2015, the TSR in terms of the top 10 companies in the JSE Mining Resources Sector Index be used to determine the number of performance shares which vest and the 20-day VWAP would be used to determine the price. If a senior executive leaves due to a fault termination (e.g. resignation or dismissal), all unvested awards are forfeited. If a senior executive leaves due to a no-fault termination (e.g. retirement), all performance shares awarded prior to December 2014 are settled *pro rata*. From 2015, retirement does not accelerate the vesting period in respect of new performance share awards.

CORPORATE GOVERNANCE: REMUNERATION REPORT continued

LONG-TERM INCENTIVES continued	
PERFORMANCE SHARES continued	
PERFORMANCE MEASUREMENT	Vesting is based on a sliding scale of the achievement of the performance criteria as determined by an independent third party, the Company's remuneration consultants. In respect of the F2016 settlements, which vested on 11 October 2015, 10 November 2015 and 4 April 2016, ARM ranked 6th, 7th and 6th respectively, against its peer companies in terms of market price appreciation and therefore one times (1x) the targeted number of performance shares were settled.
VESTING PERIOD	Refer to pages 219 and 220 of the Directors' Report.
AMENDMENTS	The amendments made to the performance criteria in F2016 upon the advice of the Company's remuneration consultants are in line with current practice within the South African context.
COMPANY AND INDIVIDUAL LIMITS	The aggregate limits are indicated on page 195 of the Remuneration Report.
BONUS SHARES	
POLICY	To closely align the interests of shareholders and senior executives by rewarding superior performance and by encouraging senior executives to build up a shareholding in the Company. The performance criteria incentivise the creation of shareholder value.
INSTRUMENT	Bonus shares in terms of the Share Plan.
AWARD POLICY AND VESTING PERIOD	Bonus shares are conditional rights to shares which were allocated annually, which allocations were determined according to a specified ratio of the annual cash incentive accruing to senior executives. Bonus shares vest and are settled between three and four years, subject to continued employment. Other than bonus shares awarded in terms of the Bonus Share/Co-Investment Scheme Method and the Waived Bonus Method, no bonus shares have been awarded since 2015.
PERFORMANCE CRITERIA	If a senior executive leaves due to a fault termination (e.g. resignation or dismissal), all unvested awards are forfeited. If a senior executive leaves due to a no-fault termination (e.g. retirement), all bonus shares awarded prior to December 2014 are settled in full.
VESTING PERIOD	Refer to pages 219 and 220 of the Directors' Report.
AMENDMENTS	There have been no annual allocations of bonus shares since the October 2014 annual grant. Bonus shares are still awarded to senior executives in terms of the Deferred Bonus/Co-Investment Scheme. From 2015, retirement does not accelerate the vesting period in respect of new bonus share awards.
COMPANY AND INDIVIDUAL LIMITS	The aggregate limits are indicated on page 195 of the Remuneration Report.
DEFERRED BONUS/CO-INVESTMENT SCHEME	
POLICY	To closely align the interests of shareholders and senior executives by rewarding superior performance and by encouraging senior executives to build up a shareholding in the Company and to enhance the retention characteristics of the current reward of senior executives. The Company is of the view that the deferral of a portion of immediate cash bonuses demonstrates a heightened commitment to performance and shareholder alignment, and promotes the retention of key employees and enhances the performance and shareholder alignment characteristics of the Share Plan.
INSTRUMENT	Bonus shares (for the deferred bonus) and performance shares (for matching shares) in terms of the Share Plan.
OPERATION	Commencing in February 2011, senior executives may invest in additional bonus shares which are matched by the Company with the equivalent number of performance shares under the existing terms and conditions of the Share Plan.

LONG-TERM INCENTIVES continued	
DEFERRED BONUS/CO-INVESTMENT SCHEME continued	
AWARD POLICY	Senior executives are offered the opportunity, before the end of March each year, to elect that a portion of any cash bonus calculated at the end of the performance year, be deferred and converted into an equivalent value of deferred bonus shares. To encourage senior executives to take up the deferral(s), the deferred bonus shares are matched with the equivalent number of performance shares. The remainder of the deferred cash bonus, after any deferral, will accrue to senior executives and be paid out in cash. Scheme to F2016: Senior executives could defer 25%, 33% or a maximum of 50%. Scheme with effect from F2017: Senior executives may defer 25%, 33%, 50%, 75% or 100%.
PERFORMANCE CRITERIA	See Performance Shares and Bonus Shares above.
PERFORMANCE MEASUREMENT	See Performance Shares and Bonus Shares above.
VESTING PERIOD	The vesting periods of the deferred bonus shares and the matching equivalent number of performance shares are three years.
COMPANY AND INDIVIDUAL LIMITS	The aggregate limits are indicated on page 195 of the Remuneration Report.
WAIVED BONUS METHOD	
POLICY	To closely align the interests of shareholders and senior executives by rewarding superior performance and by encouraging senior executives to build up a shareholding in the Company, and to enhance the retention characteristics of the current reward of senior executives.
INSTRUMENT	Bonus shares (for 100% of the value of the waived F2015 bonus) and performance shares (for matching equivalent number of shares) in terms of the Share Plan.
AWARD POLICY	In advance of the F2015 bonus being quantified or declared, and before any such bonus accrued, the Executive Directors and Prescribed Officers elected to waive and receive delivery of 100% of the value of any cash bonus which might accrue to them in respect of F2015 performance year, on a pre-tax basis, in the form of 100% of the value of the waived F2015 bonus in bonus shares and the matching equivalent number of performance shares. In advance of the F2016 bonus being quantified or declared, and before any such bonus accrued, the Executive Chairman elected to waive and receive delivery of 100% of the value of any cash bonus which might accrue to him in respect of the F2016 performance year, on a pre-tax basis, in the form of 100% of the value of the waived F2016 bonus in bonus shares and the matching equivalent number of performance shares.
SHARE OPTIONS	
POLICY	To align the interests of shareholders and senior executives by encouraging senior executives to build up a shareholding in the Company.
INSTRUMENT	Share options in terms of The African Rainbow Minerals Share Incentive Scheme (the Scheme).
AWARD POLICY	Between F2008 and F2014, annual allocations of share options were made on a much reduced scale due to the adoption of the Share Plan. No share options have been allocated since the end of F2014.
NET SETTLEMENT	The Scheme was amended in December 2010 to allow the Company to offer participants the opportunity to net settle share options when they exercise such options.
VESTING PERIOD	Share options vest in total on the third or fourth anniversary of their allocation. Senior executives may elect to defer exercising any share option until the eighth anniversary of its allocation after which it lapses.
COMPANY AND INDIVIDUAL LIMITS	The aggregate limits are indicated on page 195 of the Remuneration Report.

For additional information regarding the implementation of the above policies, please refer to Part II of the Remuneration Report in the Directors' Report on pages 215 to 220.

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CORPORATE GOVERNANCE: REMUNERATION REPORT continued

Total remuneration design

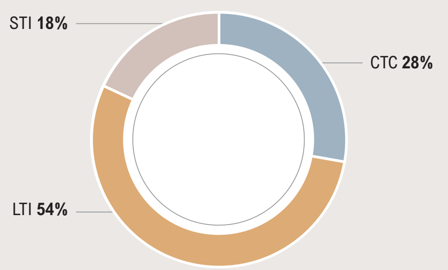
The Remuneration Committee seeks to ensure an appropriate balance between the fixed and performance-related elements of executive remuneration and between those aspects of the package linked to short-term financial performance and those linked to long-term shareholder value creation. The Remuneration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

For additional information regarding Executive Directors' emoluments for F2016, please refer to Part II of the Remuneration Report included in the Directors' Report on pages 215 to 220. IAR

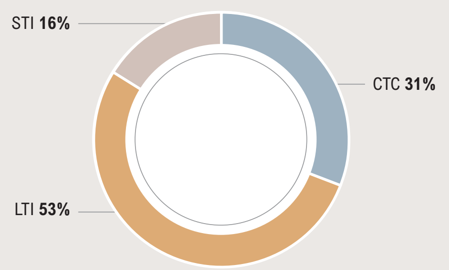
Pay mix

The graphs below represent the on-target total remuneration packages of the senior executives, wherein the total cost-to-company, short-term incentives and long-term incentives are expressed as a percentage of total remuneration. The pay mix for senior executives is reviewed regularly by the Remuneration Committee to ensure it supports the Company's Remuneration Policy and the Company's strategic objectives.

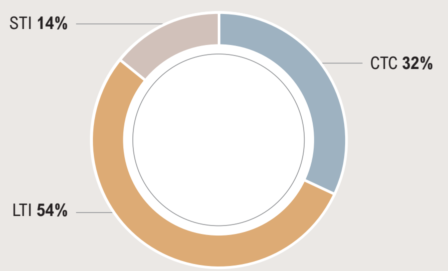
EXECUTIVE CHAIRMAN



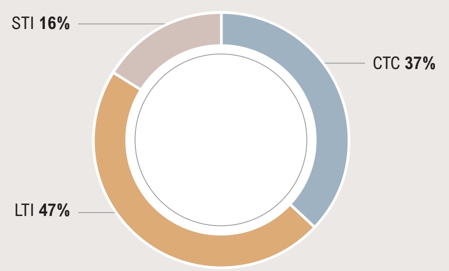
CHIEF EXECUTIVE OFFICER



FINANCIAL DIRECTOR



DIVISIONAL CHIEF EXECUTIVES (AVERAGE)



STI = Short-term incentives. LTI = Long-term incentives. CTC = Cost-to-company.

Shareholding targets for Executive Directors and Prescribed Officers

In order to further align management's interests directly with those of shareholders and to encourage long-term commitment to the Company, Executive Directors and Prescribed Officers will be expected to accumulate a holding of shares in the Company.

Therefore, senior executives will be required to build a minimum shareholding in ARM shares over three years to October 2018, equivalent to one times his or her pensionable salary determined at the date of allocation. This will be followed immediately by another period of three years to October 2021 to build a further shareholding of one time pensionable salary. Senior executives will be required to maintain the number of shares during employment.

Company and individual limits

At the 2014 Annual General Meeting, shareholders of the Company approved an increase to the aggregate number of shares that may be acquired by all eligible participants through the Scheme together with the Share Plan for the period up to 31 December 2019 from 10 581 294 to 15 581 294, and to increase the aggregate number of shares that may be acquired by each eligible participant for the period up to 31 December 2019 from 1 058 129 shares to 1 558 129 shares.

Employment contracts

Employment agreements have been entered into between the Company and Executive Directors, namely Messrs P T Motsepe (Executive Chairman), M P Schmidt (Chief Executive Officer), M Arnold (Financial Director), H L Mkatshana (Chief Executive: ARM Copper and ARM Coal) and A J Wilkens (Executive Director: Growth and Strategic Development). Employment agreements have also been entered into between the Company and the Prescribed Officers, namely Messrs A Joubert, J C Steenkamp and F A Uys. These contracts are subject to one calendar month's termination notice period by either party. None of these employment contracts is a fixed-term contract. Executive agreements do not include restraint provisions applicable upon termination.

The remuneration paid in terms of the executive employment agreements with the Executive Directors and Prescribed Officers is set out in detail in Part II of the Remuneration Report on page 215 of the Directors' Report. IAR

Executive Directors and Prescribed Officers only receive remuneration in terms of their employment relationship with the Company and do not earn fees for services. As recommended in King III, the Company has not concluded any agreements with its Executive Directors and Prescribed Officers to pay a fixed sum of money on termination of employment, or to make "balloon payments" in recognition of service to the Company without any performance conditions attached. There is also no automatic entitlement to short-term or long-term incentives in the event of resignation or termination because of a disciplinary procedure for terminations due to other reasons. Executive Directors and Prescribed Officers are subject to the same rules that apply to all participants in the Share Plan and the Scheme. There are no other service contracts between the Company and its Executive Directors and Prescribed Officers.

REMUNERATION POLICY: NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-executive Directors' fees

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

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

Board retainers and Board and Committee meeting attendance fees are paid quarterly and in arrears. The remuneration for Independent Non-executive Directors does not include remuneration from the short-term or long-term (share-based) incentive schemes.

Full details regarding the fees paid to Non-executive Directors in F2016 are provided in Part II of the Remuneration Report included in the Directors' Report on page 221. IAR

Increase in Non-executive Directors' fees

Board retainers and per meeting attendance fees

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

Board attendance fees are paid for *ad hoc* Board meetings, site visits and seminars, and other *ad hoc* meetings in respect of Board matters. The Company reimburses reasonable travel, subsistence and accommodation expenses to attend meetings; however, office costs, including telecommunication costs, are deemed to be included in the Board retainers.

The Board recommends a proposed 4% per annum increase (rounded to the nearest R50) in retainer fees and Board meeting attendance fees to be paid to Non-executive Directors. The proposed increase would be effective 1 July 2016.

CORPORATE GOVERNANCE: REMUNERATION REPORT continued

ANNUAL BOARD RETAINERS AND MEETING ATTENDANCE FEES

	Proposed 2016/2017 fees (Rand)*		2015/2016 fees (Rand)^	
	Annual	**Per meeting**	Annual	Per meeting
Lead Independent Non-executive Director	**508 300**	**19 450**	488 750	18 700
Independent Non-executive Director	**405 500**	**19 450**	389 900	18 700
Non-executive Director	**324 500**	**19 450**	312 000	18 700

* *Effective 1 July 2016, should the increase be approved by shareholders at the Annual General Meeting.*
^ *Effective 1 July 2015.*

Committee meeting attendance fees

On the advice of the Remuneration Committee, the Board recommends for approval by shareholders an increase in the Committee meeting attendance fees payable to Non-executive Directors of 4% per annum (rounded to the nearest R50) for all Committees, as set out in the table below. The proposed increases would be effective 1 July 2016. The fees provide remuneration for preparation for and attendance at Committee meetings as well as *ad hoc* Committee and Committee planning meetings.

	Proposed 2016/2017 per meeting attendance fees (Rand)*	2015/2016 per meeting attendance fees (Rand)^
Audit and Risk Committee		
Chairman	**101 350**	97 450
Member	**40 550**	39 000
Investment Committee, Nomination Committee, Remuneration Committee and Social and Ethics Committee		
Chairman	**39 800**	38 250
Member	**26 500**	25 500

* *Effective 1 July 2016, should the increase be approved by shareholders at the Annual General Meeting.*
^ *Effective 1 July 2015.*

The proposed increases in Non-executive Directors' fees will be put to a vote by shareholders in special resolutions at the Annual General Meeting scheduled to be held on Friday, 2 December 2016. Only once these shareholders' resolutions have been passed, will the proposed fees be paid. The below CPI increase will ensure that ARM retains the skills and experience of its Non-executive Directors.

Please refer to the Notice of Annual General Meeting on pages 306 to 307 for the shareholders' resolutions in respect of the remuneration of Non-executive Directors. IAR

Service contracts: Non-executive Directors

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

Agreements have been entered into between the Company and Messrs J A Chissano and W M Gule to perform services on behalf of the Company. The contracts may be renewed annually, subject to one calendar month's termination notice period by either party.

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

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

Details regarding amounts paid in F2016 in terms of service contracts with Non-executive Directors are provided in Part II of the Remuneration Report included in the Directors' Report on page 221. IAR

REPORT OF THE SOCIAL AND ETHICS COMMITTEE

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

COMPOSITION AND TERMS OF REFERENCE

This statutory Committee was established on 23 August 2011. It was previously called the Sustainable Development Committee. With effect from 1 May 2012, the Committee's Terms of Reference were amended by the Board of Directors (the Board) to elaborate on the Committee's role and responsibilities in terms of the Companies Act. Pursuant to the 2016 annual review, minor amendments were made to the Committee's Terms of Reference. The Committee monitors and oversees those functions set out in the Companies Act, as well as assumes responsibility for those matters assigned to it by the Board.

Information on the composition of the Social and Ethics Committee, its Terms of Reference and its procedures are set out more fully in the Corporate Governance Report on pages 166 and 167 of the 2016 Integrated Annual Report, of which this report forms a part.

IAR

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

PURPOSE AND FUNCTIONS

LEGISLATION AND CODES OF GOOD PRACTICE

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

- discharged those regulatory obligations of a social and ethics committee as prescribed by Regulation 43(5) of the Companies Regulations;
- monitored complaints received via ARM's whistleblowers' hotline, including complaints or concerns regarding sustainable development matters;
- considered reports provided by management regarding compliance with legal and regulatory requirements in terms of the Company's Legal and Regulatory Compliance Policy;
- received reports regarding the ongoing Competition Act compliance online training programme and annual compliance certification as well as the Competition Act Compliance Workshop for the Steering Committee;
- participated in training provided by independent parties in respect of the amendments to the B-BBEE Codes of Good Practice;
- received reports regarding compliance with the National Environmental Management Act, the National Water Act and other safety, health and environmental legislation;
- monitored risk areas affecting the sustainability of the business, together with the Audit and Risk Committee, and received a report about the findings of the annual Corporate Risk Workshop.
- monitored compliance with the Mining Charter and the Department of Trade and Industry targets as well as the Company's status in respect of standards of best practice, including International Council on Mining and Metals Guidelines and membership requirements; and
- received training on the proposed amendments to the Mining Charter.

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

The Company reviewed its initiatives to counteract risks of fraud, bribery and corruption. As more fully described on page 171 of the Corporate Governance Report, the Company has a whistleblowers' policy and the Committee received reports regarding the results of investigations of calls made to the independent whistleblowers' hotline facility.

SOCIAL AND ECONOMIC DEVELOPMENT

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

- Corporate Social Responsibility;
- Local Economic Development, including infrastructure, enterprise development, and community development projects committed to under the Social and Labour Plans; and
- the ARM Broad-Based Economic Empowerment Trust projects.

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

HUMAN CAPITAL

ARM is committed to fair labour practices and freedom of association. The Company's policies are aimed at eliminating unfair discrimination and promoting equality in line with, *inter alia*, the South African Constitution, the Labour Relations Act, the Employment Equity Act and the Broad-Based Black Economic Empowerment Act, and all other applicable legislation and the industry charter that governs employment relationships taking cognisance of the Universal Declaration on Human Rights, United Nations Global Compact, the Fundamental Human Rights Conventions of the International Labour Organisation and the International Labour Organisation Protocol on decent work and working conditions.

CORPORATE GOVERNANCE: REPORT OF THE SOCIAL AND ETHICS COMMITTEE continued

The Committee monitored and reviewed the implementation of labour policies, including:

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

SAFETY, HEALTH AND ENVIRONMENT

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

> safety performance;
> occupational health and wellness; and
> tuberculosis and HIV & Aids.

The most significant environmental issues confronting ARM are climate change and the management of natural resources.

The Committee monitored and reviewed the management of, among others:

> environmental management;
> tailings storage facilities;
> water management;
> land use management (rehabilitation and biodiversity management);
> climate change effects; and
> the status of ARM's participation in the Carbon Disclosure Project and the Water Disclosure Project.

Additional information is available in the Sustainability Review on pages 36 to 71 of this report and in the 2016 Sustainability Report available on ARM's corporate website: www.arm.co.za

SR

ASSURANCE

In terms of the Committee's Terms of Reference and King III, the Committee (on behalf of the Audit and Risk Committee), had oversight of the Company's appointment of an independent external sustainability assurance provider to provide assurance in respect of material elements of the 2016 Sustainability Report and of the sustainability section of the 2016 Integrated Annual Report, and reported to ARM's Audit and Risk Committee that the appointment was made.

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

On behalf of the Social and Ethics Committee

Dr Rejoice V Simelane
Chairman of the Social and Ethics Committee

12 October 2016

BOARD OF DIRECTORS

PATRICE MOTSEPE

(54) Executive Chairman

BA (Legal), LLB

Appointed to the Board in 2003. Patrice Motsepe became Executive Chairman of ARM during 2004. Patrice was a partner in one of the largest law firms in South Africa, Bowman Gilfillan Inc. He was a visiting attorney in the USA with the law firm, McGuire Woods Battle and Boothe. In 1994 he founded Future Mining, which grew rapidly to become a successful contract mining company. He then formed ARMgold in 1997, which listed on the JSE in 2002. ARMgold merged with Harmony in 2003 and this ultimately led to the merger with Anglovaal Mining Limited.

In 2002 Patrice was voted South Africa's Business Leader of the Year by the chief executive officers of the top 100 companies in South Africa. In the same year, he was the winner of the Ernst & Young Best Entrepreneur of the Year Award. Patrice is a recipient of numerous other business and leadership awards including:

- World Economic Forum Global Leader of Tomorrow, 1999;
- Afrikaanse Handelsinstituut, MS Louw Award for Exceptional Business Achievement, 2003;
- South African Jewish Report, Special Board Members Award for Outstanding Achievement, 2004;
- African Business Roundtable, USA, Entrepreneur & Freedom of Trade Award, 2009;
- McGuire Woods Outstanding Alumnus Awards, 2009; and
- BRICS (Brazil, Russia, India, China, South Africa) Business Council, Outstanding Leadership Award, 2014.

Patrice is also the Non-executive Chairman of Harmony and the Deputy Chairman of Sanlam Life Insurance Limited. He is also a member of the International Business Council of the World Economic Forum, which is made up of 100 of the most highly respected and influential chief executives from all industries. He is a member of the JP Morgan International Council and the Harvard Global Advisory Council. His past business responsibilities include being the chairman of the BRICS Business Council for 2013 and founding president of Business Unity South Africa, the representative voice of organised business in South Africa, from January 2004 to May 2008. He is also President of Mamelodi Sundowns Football Club.

In January 2013, Patrice and his wife, Precious, joined the Giving Pledge, which was initiated by Warren Buffett and Bill and Melinda Gates. Patrice committed to give half of the wealth of the Motsepe family to the poor during his lifetime and beyond and that of his wife.

MIKE SCHMIDT

(58) Chief Executive Officer

Mine Managers Certificate, MDP, Pr. Cert. Eng

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

MIKE ARNOLD

(59) Financial Director

BSc Eng (Mining Geology), B Compt (Hons), CA(SA)

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

THANDO MKATSHANA

(47) Executive Director and Chief Executive: ARM Copper and ARM Coal

NHD (Coal Mining), BSc Eng (Mining), MDP and MBA

Appointed to the Board in 2015. Thando Mkatshana has more than 25 years of experience in the mining industry. His career started with Anglo American Coal in 1988, where he gained extensive experience working in production at various Anglo American collieries. He joined Xstrata Coal South Africa (Pty) Ltd in 2003, where he was responsible for the development from feasibility to implementation of the Goedgevonden Colliery (a flagship greenfields project which is a joint venture between ARM Coal (Pty) Ltd and what is now Glencore Operations South Africa (Pty) Ltd). Thando worked for Kalagadi Manganese (Pty) Ltd and AccelorMittal South Africa Limited before joining ARM in 2011 as Executive: Coal Operations. He was appointed Chief Executive: ARM Coal in 2012 and assumed the additional responsibilities of Chief Executive: ARM Copper in 2015.

ANDRÉ WILKENS

(67) Executive Director: Growth and Strategic Development

Mine Managers Certificate of Competency, MDPA (Unisa), RMIIA, Mini-MBA (Oil and Gas Executives)

Appointed to the Board in 2004. André Wilkens was appointed the Chief Executive Officer of ARMgold in 1998. He was then appointed the Chief Operating Officer of Harmony following the merger of ARMgold with Harmony in 2003. André subsequently served as Chief Executive of ARM Platinum, a division of ARM. André was appointed as Chief Executive Officer of ARM in 2004 and appointed to its Board in the same year. With the appointment of Mike Schmidt as ARM's Chief Executive Officer on 1 March 2012, André became the Executive Director: Growth and Strategic Development based in the office of the Executive Chairman. The balance of André's 44 years' mining experience was gained with Anglo American Corporation of South Africa, where he commenced his career in 1969, culminating in his appointment as Mine Manager at Vaal Reefs in 1991. André is also a director of African Rainbow Energy & Power (Pty) Ltd.

FRANK ABBOTT

(61) Independent Non-executive Director and a Member of the Audit and Risk Committee, Investment Committee, the Non-executive Directors' Committee and the Remuneration Committee

BCom, CA(SA), MBL

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

DR MANANA BAKANE-TUOANE

(68) Independent Non-executive Director, Chairman of the Remuneration Committee and a Member of the Audit and Risk Committee, the Nomination Committee, the Non-executive Directors' Committee and the Social and Ethics Committee

BA (Economics and Statistics), MA (Econ), PhD (Econ)

Appointed to the Board in 2004. Dr Manana Bakane-Tuoane served as ARM's Lead Independent Non-executive Director from 2009 to 2015. Manana has extensive experience in the Economics field. Her 20-year career in the academic field included lecturing at various institutions, including the University of Botswana, Lesotho and Swaziland (UBLS), National University of Lesotho (NUL), University of Saskatchewan (Sectional Lecturer), and the University of Fort Hare, as Head of Department and Associate Professor. During this part of her career, she was seconded to work in the public service, where she has held various senior management positions since 1995. Concurrent with the above, Manana has been a member and office bearer of several international organisations, including Winrock International and the African Economic Research Consortium (AERC). She serves as a Non-executive Director of Sanlam Limited and a trustee of certain Sanlam trusts. Manana was the Special Advisor to the Minister of Social Development, Minister of Water and Environmental Affairs as well as Minister of Environmental Affairs from 2009 until 31 January 2015.

BOARD OF DIRECTORS continued

TOM BOARDMAN

(66) Independent Non-executive Director, Chairman of the Audit and Risk Committee and a Member of the Non-executive Directors' Committee and the Remuneration Committee

BCom, CA(SA)

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

ANTON BOTHA

(63) Independent Non-executive Director and a Member of the Audit and Risk Committee, the Investment Committee, the Non-executive Directors' Committee and the Remuneration Committee

BCom (Marketing), BProc, BCom (Hons), SEP (Stanford)

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

JOAQUIM CHISSANO

(76) Independent Non-executive Director and a Member of the Nomination Committee and the Non-executive Directors' Committee

PhD

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

ALEX MADITSI

(54) Lead Independent Non-executive Director, Chairman of the Nomination Committee and of the Non-executive Directors' Committee, and a Member of the Audit and Risk Committee, the Investment Committee, Remuneration Committee and the Social and Ethics Committee

BProc, LLB, H Dip Co Law, LLM

Appointed to the Board in 2004. Alex Maditsi became the Lead Independent Non-executive Director in 2015. Alex is the Managing Director of Copper Moon Trading (Pty) Ltd. Previously, he was employed by Coca-Cola South Africa as a Franchise Director for South Africa. He was Country Manager for Kenya, Senior Director: Operations Planning and Legal Director for Coca-Cola Southern and East Africa. Prior to joining Coca-Cola, Alex was the Legal Director for Global Business Connections in Detroit, Michigan. He also spent time at Lewis, White and Clay, The Ford Motor Company and Schering-Plough in the USA, practising as an attorney. Alex was a Fulbright Scholar and a member of the Harvard LLM Association. Alex's directorships include Bidvest Group Limited and Sterling Debt Recoveries (Pty) Ltd.

DR REJOICE SIMELANE

(64) Independent Non-executive Director, Chairman of Social and Ethics Committee and a Member of the Audit and Risk Committee, the Nomination Committee and the Non-executive Directors' Committee

BA (Economics and Accounting), MA, PhD (Econ), LLB (UNISA)

Appointed to the Board in 2004. Dr Rejoice Simelane commenced her career at the University of Swaziland, as a lecturer in Economics. Between 1998 and 2001, she worked at the National Department of Trade and Industry and at the National Treasury. She later served in the capacity of Special Adviser, Economics, to the then Premier of Mpumalanga until mid-2004, when she assumed the position of Chief Executive of Ubuntu-Botho Investments. Rejoice's current board directorships include Sanlam Limited and Mamelodi Sundowns Football Club. A recipient of a CIDA Scholarship and a Fulbright Fellow, she also served as a member of the Presidential Economic Advisory Panel (PEAP) under former President Mbeki until 2009 and also served on the Board of the Council for Medical Schemes from 2008 to 2011.

MANGISI GULE

(64) Independent Non-executive Director and Member of the Non-executive Directors' Committee

BA (Hons)(Wits), P & DM (Wits Business School)

Appointed to the Board in 2004. Mangisi Gule was appointed Chief Executive of ARM Platinum on 27 February 2005 and in May 2007 he was appointed Chief Executive of ARM Coal, a role which he held until August 2012. Mangisi was Executive Director: Corporate Affairs until 30 June 2013. He has been a Non-executive Director of the Company since 1 July 2013. He is now and Independent Non-executive Director of ARM. Mangisi has extensive experience in the field of management, training, human resources, communications, corporate affairs and business development. Apart from his qualifications in business management from Wits Business School, Mangisi has proven experience in leadership and mentorship. He has been a lecturer, as well as Chairman of various professional bodies and a member of various executive committees and associations. He has also been an Executive Director and Board member for ARMgold as well as an Executive Director and Board member of Harmony.

BERNARD SWANEPOEL

(55) Independent Non-executive Director, the Chairman of the Investment Committee and a Member of the Non-executive Directors' Committee

BSc (Min Eng), BCom (Hons)

Appointed to the Board in 2003. Bernard Swanepoel started his career with Gengold in 1983, culminating in his appointment as General Manager of Beatrix Mines in 1993. He joined Randgold in 1995 as Managing Director of the Harmony Mine. He was appointed Chief Executive Officer of Harmony in 1997. In August 2007, he left Harmony to start To-the-Point Growth Specialists. Bernard is a Non-executive Board member of Eqstra Limited. He is a Director of various companies, including Zimplats Limited and Impala Platinum Holdings Limited.

STEERING COMMITTEE

MIKE SCHMIDT
Chief Executive Officer

MIKE ARNOLD
Financial Director

THANDO MKATSHANA
Executive Director and Chief Executive: ARM Copper and ARM Coal

ALYSON D'OYLEY
Company Secretary

ANDRÉ JOUBERT
Chief Executive: ARM Ferrous

BENNY BOSHIELO
Executive: ARM Platinum Corporate Affairs

BUSI MASHIANE
Group Executive: Human Resources

HENRY GRAHAM
Group Risk Manager

CLAUS SCHLEGEL
Executive: Exploration and New Business, ARM Exploration

DIRECTOR MATLALA
Leader: Transformation

FRANCOIS UYS
Chief Executive: ARM Platinum

IMRHAN PARUK
Executive: Corporate Development

JAN STEENKAMP
Chief Executive: ARM Strategic Services and Exploration

JOHAN PISTORIUS
Chief Information Officer

JONGISA MAGAGULA
Corporate Development and Head of Investor Relations

MARK BRÄSLER
Executive: Operations Support

NERINE BOTES-SCHOEMAN
Executive: Sustainable Development

PIERRE JOUBERT
Executive: Technology – Mining

PRINCESS THWALA
Group Executive: Compliance and Stakeholder Relations

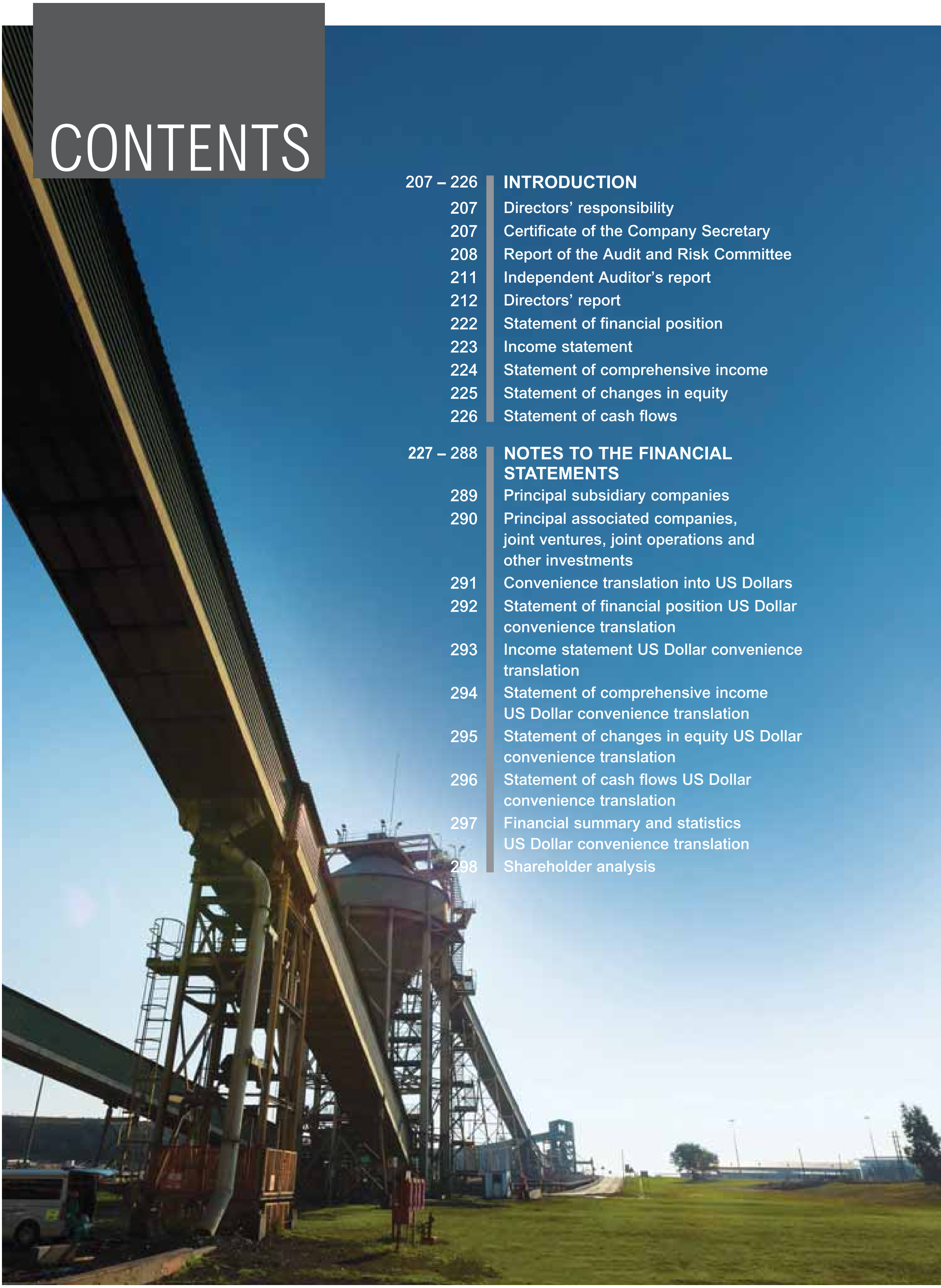
RILETTE AVENANT-BUYS
Executive: Logistics

SANDILE LANGA
Executive Legal: Compliance and Stakeholder Relations

VUSI KHUMALO
Executive Operations: ARM Platinum

STOMPIE SHIELS
Executive: Business Development

ZANDILE MOSEKE
Human Resources Manager: Corporate



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DIRECTORS' RESPONSIBILITY

DIRECTORS' RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

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

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

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

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

The consolidated annual financial statements on pages 207 to 299 were approved by the Board and are signed on its behalf by:

Patrice Motsepe
Executive Chairman

Mike Schmidt
Chief Executive Officer

Johannesburg
12 October 2016

CERTIFICATE OF THE COMPANY SECRETARY

In my capacity as Company Secretary, I hereby confirm, to the best of my knowledge and belief, that in terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, for the year ended 30 June 2016, the Company has lodged with the Commissioner of the Companies and Intellectual Property Commission all such returns and notices which are required for a public company in terms of this Act, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

Alyson D'Oyley
Company Secretary

Johannesburg
12 October 2016

REPORT OF THE AUDIT AND RISK COMMITTEE

This report is provided by the Audit and Risk Committee appointed in respect of the F2016 financial year of ARM in compliance with Section 94 of the Companies Act 71 of 2008, as amended (the Companies Act).

Information on the membership and composition of the Audit and Risk Committee, its Terms of Reference and its procedures is described more fully in the Corporate Governance Report on pages 164 to 165 of this Integrated Annual Report, of which the consolidated annual financial statements form a part.

EXECUTION OF FUNCTIONS OF THE AUDIT AND RISK COMMITTEE

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

During the year under review:

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

> identified Mr L I N Tomlinson through the partner rotation and succession process to succeed Mr E A L Botha as the designated auditor and recommended to shareholders that Mr Tomlinson be appointed as the designated auditor for the financial year ended 30 June 2016;
> recommended to shareholders that Ernst & Young Inc. be re-appointed as the external auditor and that Mr L I N Tomlinson be re-appointed as the designated auditor for the financial year ending 30 June 2017;
> ensured that the appointment of the external auditor complied with the Companies Act and all applicable legal and regulatory requirements for the appointment of the external auditor. The Audit and Risk Committee confirmed that the external auditor and designated auditor are accredited by the JSE;
> approved the external audit plan and the budgeted audit fees payable to the external auditor;
> reviewed and evaluated the effectiveness of the external auditor and its independence;
> obtained and accepted an annual written statement from the auditor that its independence was not impaired;
> determined the nature and extent of all non-audit services provided by the external auditor; and
> pre-approved all permissible non-audit services provided by the external auditor in terms of its Policy on the Approval of Audit Services and the Pre-approval of Non-Audit Services.

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

> confirmed the going concern status of the Group as the basis of preparation of the interim, provisional and annual financial statements;
> examined and reviewed the interim, provisional and annual financial statements, as well as all financial information disclosed to the public prior to submission and approval by the Board;
> ensured that the annual financial statements fairly present the financial position of the Group as at the end of the financial year and the results of operations and cash flows for the financial year of the Group, in accordance with International Financial Reporting Standards and the requirements of the Companies Act;
> considered accounting treatments, significant unusual transactions and accounting judgements;
> considered the appropriateness of the accounting policies adopted and changes thereto;
> reviewed the Independent Auditor's Report;
> in terms of the letter from the JSE Limited on the Proactive Monitoring Process dated 15 February 2016, considered the JSE's report entitled "Reporting Back on Proactive Monitoring of Financial Statements of 2015";
> considered any problems identified and reviewed any significant legal and tax matters that could have a material impact on the financial statements;
> considered management's recommendation to the Board on the dividend paid to shareholders; and
> met separately with management, the external auditor and the internal auditor.

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

> reviewed and approved the annual internal audit plan and evaluated the independence, effectiveness and performance of the internal auditor;
> reviewed significant issues raised by the internal audit process and the adequacy of corrective action in response to significant internal audit findings;
> considered the reports of the internal auditor and external auditor on the Group's systems of internal control, including financial controls, business risk management and maintaining effective internal control systems:
  – the internal auditor's report on internal financial controls for the year ended 30 June 2016, based on negative assurance, delivered an assessment of "Acceptable with room for improvement". The internal auditor specifically confirmed that, based on the scope of their assignment, no material breakdown in internal financial controls had come to their attention; and
  – the internal auditor's report on internal controls and enterprise risk management for the year ended 30 June 2016, based on negative assurance, delivered an assessment of "Acceptable with room for improvement". Based on their scope, the internal auditor confirmed that no material breakdown in internal controls had come to their attention.
> has considered the effectiveness of the systems of internal financial controls of the Group taking into consideration reports by management and the above-mentioned reports by the internal auditor thereon and have also considered the reports by the external auditor on the annual financial statements; and

- based on the above, concluded that nothing had come to its attention that would suggest that the internal financial controls were not effective for the year ended 30 June 2016. In addition, the Audit and Risk Committee has considered the accounting practices and the annual financial statements of the Group and consider these to be fair and reasonable.

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

- reviewed the Enterprise Risk Management Framework setting out ARM's policies and processes on risk assessment and risk management and implementation thereof throughout the Group;
- ensured that the Group has applied a Combined Assurance Model in support of a coordinated approach to all assurance activities;
- reviewed the communication of risks to stakeholders in the Integrated Annual Report; and
- considered and reviewed the findings and recommendations of the Management Risk and Compliance Committee.

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

- reviewed with management and, to the extent deemed necessary, internal and/or external counsel, legal matters that could have a material impact on the Group;
- discharged those statutory obligations of an audit committee as prescribed by Section 94 of the Companies Act;
- monitored complaints received via ARM's whistleblowers' hotline, including complaints or concerns regarding accounting matters, internal audit, internal accounting controls, contents of the financial statements, potential violations of the law and questionable accounting or auditing matters; and
- considered reports provided by management, the internal auditor and the external auditor regarding compliance with legal and regulatory requirements.

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

QUALIFICATIONS OF AUDIT AND RISK COMMITTEE MEMBERS[1]

Audit and Risk Committee member[2]	Academic qualifications	Other ARM Board Committees[3]	Date first appointed to ARM Board	Date first appointed to Audit and Risk Committee
T A Boardman (Chairman)	BCom, CA(SA)	Member of the Remuneration Committee	1 February 2011	1 February 2011
F Abbott	BCom, CA(SA), MBL	Member of the Investment Committee and the Remuneration Committee	30 April 2004	4 December 2015
Dr M M M Bakane-Tuoane	BA (Econ & Stats), MA (Econ), PhD (Econ)	Chairman of the Remuneration Committee and a member of the Nomination Committee and the Social and Ethics Committee	30 April 2004	4 July 2008
A D Botha	BCom (Marketing), BProc, BCom (Hons), SEP (Stanford)	Member of the Investment Committee and the Remuneration Committee	1 August 2009	9 June 2010
A K Maditsi	BProc, LLB, H Dip Co Law, LLM	Lead Independent Non-executive Director, Chairman of the Nomination Committee and the Non-executive Directors' Committee and a member of the Investment Committee, the Remuneration Committee and the Social and Ethics Committee	30 April 2004	12 July 2004
Dr R V Simelane	BA (Econ and Acc), MA, PhD (Econ), LLB	Chairman of the Social and Ethics Committee and a member of the Nomination Committee	30 April 2004	12 July 2004

1 *The curricula vitae of the Audit and Risk Committee members may be found on pages 201 to 203.*
2 *All of the current members of the Audit and Risk Committee are Independent Non-executive Directors.*
3 *All of the Audit and Risk Committee members are members of the Non-executive Directors' Committee.*

REPORT OF THE AUDIT AND RISK COMMITTEE continued

INDEPENDENCE OF EXTERNAL AUDITOR

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

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

Following our review of the consolidated annual financial statements for the year ended 30 June 2016, we are of the opinion that, in all material respects, they comply with the relevant provisions of the Companies Act and International Financial Reporting Standards as issued by the International Accounting Standards Board, and fairly present the consolidated results of operations, cash flows, and the financial position of ARM. On this basis, the Audit and Risk Committee recommended the consolidated annual financial statements of ARM as set out in the 2016 Integrated Annual Report to the Board for approval. The Board subsequently approved the financial statements, which will be open for discussion at the forthcoming Annual General Meeting.

On behalf of the Audit and Risk Committee

T A Boardman

Chairman of the Audit and Risk Committee

12 October 2016

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AFRICAN RAINBOW MINERALS LIMITED

We have audited the consolidated financial statements of African Rainbow Minerals Limited, which comprise the consolidated statement of financial position as at 30 June 2016, and the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, the Directors' Report and the notes, comprising a summary of significant accounting policies and other explanatory information, as set out on pages 212 to 290.

DIRECTORS' RESPONSIBILITY

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of African Rainbow Minerals Limited as at 30 June 2016, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated financial statements for the year ended 30 June 2016, we have read the Audit and Risk Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in the Government Gazette Number 39475 dated 4 December 2015, and subsequent guidance, we report that Ernst & Young Inc., and its predecessor firms, have been the auditor of African Rainbow Minerals Limited for 43 years.

In 2004, Ernst & Young Inc. continued as the auditor of the African Rainbow Minerals Limited group, which was created following a range of indivisible transactions involving certain interests of Anglovaal Mining Limited, African Rainbow Minerals & Exploration Investments (Pty) Ltd and Harmony Gold Mining Company Limited. Ernst & Young Inc. has been the auditor of the group for 12 years.

We confirm that we are independent in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors and other independence requirements applicable to the independent audit of African Rainbow Minerals Limited.

Ernst & Young Inc.
Director – Lance Ian Neame Tomlinson
Registered Auditor
Chartered Accountant (SA)

EY
102 Rivonia Road
Sandton
2146

12 October 2016

DIRECTORS' REPORT

The Directors have pleasure in presenting their report on the consolidated annual financial statements of African Rainbow Minerals Limited (ARM or the Company) for the year ended 30 June 2016.

NATURE OF BUSINESS

ARM is a niche, diversified South African mining company with excellent long-life, low unit cost operations in key commodities. ARM, its subsidiaries, joint arrangements (which include joint ventures and joint operations) and associates explore, develop, operate and hold interests in the mining and minerals industry. The current operational focus is on precious metals, base metals, ferrous metals and alloys, which include platinum group metals, nickel, copper, coal, iron ore, manganese ore, chrome ore, ferro manganese and silica manganese. ARM also has an investment in Harmony Gold Mining Company Limited.

ARM's partners at the various South African operations are Anglo American Platinum Limited, Assore Limited, Impala Platinum Holdings Limited, Norilsk Nickel Africa Proprietary Limited and Glencore Operations South Africa Proprietary Limited.

ARM's assets in the rest of Africa are held in a 50:50 incorporated joint operation with Vale SA. Zambian Consolidated Copper Mines Investment Holdings, a state-controlled company, owns 20% of the Lubambe Mine. Vale and ARM each hold 50% of the remaining 80% interest.

HOLDING COMPANY

The Company's largest shareholder is African Rainbow Minerals & Exploration Investments (Pty) Ltd (ARMI), holding 40.25% of the issued ordinary share capital of the Company as at 30 June 2016. The sole shareholder of ARMI is Ubuntu-Ubuntu Commercial Enterprises (Pty) Ltd, the shares of which are held by trusts all of which, except The Motsepe Foundation, own those shares for the benefit of Mr P T Motsepe and his immediate family. The Motsepe Foundation applies the benefits emanating from its indirect shareholding in ARM for philanthropic purposes.

In addition, at 30 June 2016, 0.51% of the issued share capital of ARM was held by Botho-Botho Commercial Enterprises (Pty) Ltd, all the shares of which are beneficially owned by trusts which trusts, with the exception of The Motsepe Foundation, hold those shares for the benefit of Mr Motsepe and his immediate family.

ARM is one of the largest black-controlled mineral resource companies in South Africa. ARM is committed to the spirit and objectives of the Mineral and Petroleum Resources Development Act 28 of 2002, and the Broad-Based Socio-Economic Charter for the South African Mining Industry (the Mining Charter). To this end and for the benefit of Historically Disadvantaged South Africans (HDSAs), the Company created the ARM Broad-Based Economic Empowerment Trust (ARM BBEE Trust). The beneficiaries of the ARM BBEE Trust include seven regional upliftment trusts, a women's upliftment trust, union representatives, a church group and community leaders. The ARM BBEE Trust was restructured in April 2016 to provide a more permanent and sustainable funding solution for the trust. The trust owns 15 897 412 ARM shares (30 June 2015: 28 614 740 ARM shares) which is equivalent to 7.29% of the ARM issued share capital at 30 June 2016. As part of the restructuring, the ARM BBEE Trust sold 12 717 328 ARM shares to a wholly-owned subsidiary of ARM, which subsidiary holds these shares as treasury shares.

REVIEW OF OPERATIONS

The reader is referred to reviews by the Executive Chairman, the Chief Executive Officer, the Financial Director and the review of operations, which report on the Group's activities and results for the year ended 30 June 2016, on pages 14 to 31 and 72 to 121.

CORPORATE GOVERNANCE

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

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

FINANCIAL RESULTS

The consolidated annual financial statements and accounting policies appear on pages 222 to 290 of this report. The results for the year ended 30 June 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of those standards as adopted by the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the South African Companies Act 71 of 2008, as amended, and the Listings Requirements of the JSE Limited. The consolidated annual financial statements fairly present the state of affairs of the Group and adequate accounting records have been maintained.

The 2016 Company Annual Financial Statements appear on the Company's website www.arm.co.za

BORROWINGS AND CASH

Total borrowings at 30 June 2016 amounted to R5.56 billion (F2015: R3.88 billion). 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. Cash and cash equivalents decreased by R941 million to R1.32 billion as at 30 June 2016. As a result, ARM is in a net debt position of R4.24 billion (F2015: net debt position of R1.62 billion). ARM's borrowings are fully described in notes 16, 21 and 39 to the financial statements.

INTRODUCTION
MANAGEMENT REVIEW
GROUP OVERVIEW
SUSTAINABILITY REVIEW
OPERATIONAL REVIEW
MINERAL RESOURCES AND MINERAL RESERVES
CORPORATE GOVERNANCE
FINANCIALS
INVESTOR RELATIONS
GLOSSARY
AGM NOTICE AND PROXY

There are no borrowing power provisions in ARM's Memorandum of Incorporation.

GOING CONCERN

To make a determination as to whether the Group is considered to be a going concern, the Directors have considered facts and assumptions, including the Group's cash flow forecasts for the period to the end of June 2017. The Board believes that the Group has adequate resources to continue business in the foreseeable future. For this reason, the Group continues to adopt the going concern basis in preparing its financial statements.

TAXATION

The latest tax assessment for the Company relates to the year ended June 2014. All tax submissions up to and including June 2015 have been submitted.

SUBSIDIARIES, JOINT ARRANGEMENTS, ASSOCIATES AND INVESTMENTS

The Company's direct and indirect interests in its principal subsidiaries, joint arrangements (which include joint ventures and joint operations), associates and investments are reflected in separate schedules presented on pages 289 to 290.

DIVIDEND

The tenth annual gross dividend of 225 cents per share declared on 8 September 2016 in respect of the year ended 30 June 2016 (F2015: 350 cents per share) amounted to a distribution of approximately R491 million. In accordance with the requirements of Section 4 of the Companies Act 71 of 2008, as amended, the Board determined that the solvency and liquidity requirements prescribed therein were met for the payment of the dividend.

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

- the dividend has been declared out of income reserves;
- the South African Dividends Withholding Tax (Dividends Tax) rate is 15% (fifteen percent);
- the gross local dividend amount was 225 cents per ordinary share for shareholders exempt from the Dividends Tax;
- the net local dividend amount was 191.25 cents per ordinary share for shareholders liable to pay the Dividends Tax;
- as at the date of the dividend declaration, ARM had 218 032 467 ordinary shares in issue; and
- ARM's income tax reference number is 9030/018/60/1.

CAPITAL EXPENDITURE

Capital expenditure for F2016 amounted to R930 million (F2015: R1 496 million). Full details are set out in the Operational reviews on pages 72 to 121.

EVENTS AFTER THE REPORTING DATE

Subsequent to the end of the reporting period, and further to the announcement dated 29 July 2016, the Dwarsrivier transaction was concluded. No other significant events have occurred subsequent to the reporting date that could materially affect the reported results.

SHARE CAPITAL

The share capital of the Company, both authorised and issued, is set out in note 14 to the consolidated annual financial statements. A specific share repurchase took place in April 2016, when the ARM BBEE Trust was restructured as described above whereby a wholly-owned subsidiary of ARM purchased 12 717 328 ARM shares from the ARM BBEE Trust.

SHAREHOLDER ANALYSIS

A comprehensive analysis of shareholders together with a list of shareholders beneficially holding, directly or indirectly, in excess of 5% of the ordinary shares of the Company at 30 June 2016, is set out in the shareholder analysis on pages 298 and 299.

DIRECTORATE

The composition of the Board is set out on page 159. *Curricula vitae* of the Directors may be found on pages 200 to 203.

Mr W M Gule, formerly an Executive Director of the Company, became a Non-executive Director on 1 July 2013. With effect from 1 August 2016, Mr Gule became an Independent Non-executive Director.

The Memorandum of Incorporation provides for one-third of the previously elected Non-executive Directors to retire by rotation. The Non-executive Directors affected by this requirement are Messrs F Abbott, T A Boardman and W M Gule, each of whom is available for re-election at the forthcoming Annual General Meeting.

DIRECTORS' REPORT continued

INTERESTS OF DIRECTORS

The direct and indirect beneficial and non-beneficial interests of the Directors of the Company in the issued share capital of the Company were as follows:

	30 June 2016				30 June 2015			
	Direct		Indirect		Direct		Indirect	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial	Beneficial	Non-beneficial	Beneficial	Non-beneficial
P T Motsepe	**84 651**[1]	**–**	**88 862 749**	**–**	292 404[2]	–	88 570 345	–
M Arnold	**36 782**	**–**	**–**	**–**	17 964	–	–	–
A D Botha	**–**	**–**	**22 450**	**–**	–	–	22 450	–
M P Schmidt	**–**	**–**	**66 548**	**–**	–	–	18 726	–
R V Simelane, Dr	**1 350**	**–**	**–**	**–**	–	–	–	–
H L Mkatshana	**15 969**	**–**	**–**	**–**	–	–	–	–
A J Wilkens	**–**	**–**	**408 532**	**–**	–	–	331 604	–
	138 752	**–**	**89 360 279**	**–**	310 368	–	88 943 125	–

1 These shares were acquired by subscription and were transferred to African Rainbow Minerals & Exploration Investments (Pty) Ltd (ARMI) after 30 June 2016. All the shares of ARMI are held and beneficially owned by trusts, which trusts, except with the exception of The Motsepe Foundation, hold those shares for the benefit of Mr P T Motsepe and his immediate family. The Motsepe Foundation applies the benefits emanating from its shareholding in ARMI for philanthropic purposes.

2 These shares were transferred to Botho-Botho Commercial Enterprises (Pty) Ltd during F2016.

No other Directors acquired a direct or indirect beneficial or non-beneficial interest in the issued share capital of the Company between 30 June 2016 and the date of this report.

REMUNERATION REPORT: PART II

Part I of the Remuneration Report may be found on pages 187 to 196 of the Corporate Governance Report.

DIRECTORS' REMUNERATION: EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

The remuneration of Executive Directors consists of base salaries, benefits, short-term (annual cash) incentives, and long-term (share-based) incentives. Executive Directors do not receive Directors' fees. Additional information regarding the fixed and variable components of Executive Directors' remuneration packages is detailed in Part I of the Remuneration Report found on pages 187 to 196.

The table below sets out the emoluments paid to Executive Directors and Prescribed Officers during the years ended 30 June 2016 and 30 June 2015.

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

EMOLUMENTS PAID TO EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

All figures in R000	Salary F2016	Pension scheme contri-butions F2016	Allowances F2016	**Total gross annual package F2016[5]**	Accrued bonus F2016[6]	Total F2016	**Total gross annual package F2015**	Accrued bonus F2015[7]	Total F2015
Executive Directors									
P T Motsepe[1]	8 558	–	2	**8 560**	–	8 560	**8 320**	–	8 320
M P Schmidt	6 378	526	163	**7 067**	3 851	10 918	**6 795**	–	6 795
M Arnold	4 669	442	122	**5 233**	2 566	7 799	**5 031**	–	5 031
H L Mkatshana[2]	3 216	356	76	**3 648**	1 788	5 436	**1 373**	–	1 373
D V Simelane[3]	–	–	–	**–**	–	–	**2 113**	–	2 113
A J Wilkens	6 830	–	127	**6 957**	3 339	10 296	**6 688**	–	6 688
Total for Executive Directors	29 651	1 324	490	**31 465**	11 544	43 009	**30 320**	–	30 320
Prescribed Officers[4]									
A Joubert	3 602	404	167	**4 173**	2 063	6 236	**4 038**	–	4 038
J C Steenkamp	5 738	621	450	**6 809**	3 369	10 178	**6 551**	–	6 551
F A Uys	3 260	326	62	**3 648**	1 739	5 387	**3 507**	–	3 507
Total for Prescribed Officers	12 600	1 351	679	**14 630**	7 171	21 801	**14 096**	–	14 096
Total for Executive Directors and Prescribed Officers	42 251	2 675	1 169	**46 095**	18 715	64 810	**44 416**	–	44 416

1 *See the paragraph below the table for additional information about accrued bonus.*
2 *Mr H L Mkatshana was appointed as an Executive Director with effect from 7 February 2015.*
3 *Mr D V Simelane resigned as an Executive Director on 6 February 2015.*
4 *Prescribed Officers are disclosed in terms of the Companies Act, Section 30(4)(a).*
5 *Total gross annual package before bonus.*
6 *See pages 190 and 191 for additional information about cash bonuses payable in respect of F2016.*
7 *All Executive Directors and Prescribed Officers waived 100% of any cash bonuses payable in respect of F2015. Bonus shares and a matching equivalent number of performance shares were awarded in F2016. See pages 190 to 191 and 193.*

The Board approved a salary increase of 4% in F2017 for Executive Directors and Prescribed Officers, as more fully described in Part I of the Remuneration Report on pages 185 and 189.

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

As discussed in greater detail in Part I of the Remuneration Report on pages 185, 186 and 193, prior to the Board, upon the recommendation of the Remuneration Committee, approving accrued bonuses for senior executives for F2016, the Executive Chairman waived his F2016 bonus.

Performance against bonus targets for F2016 were as follows:
(i) Profitability targets (on a profit before interest and tax basis) were exceeded for ARM Ferrous whereas ARM Platinum, ARM Coal and ARM Copper did not achieve their profitability targets.
(ii) Unit cost targets were exceeded for most operations. The Black Rock Manganese, Modikwa Platinum and Lubambe Copper operations did not achieve targets, but were close to their targets.
(iii) Safety targets were met by each division.

More information regarding the pay mix for Executive Directors and Prescribed Officers may be found in the Remuneration Report on page 194 of the Corporate Governance Report.

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DIRECTORS' REPORT continued

PERFORMANCE SHARES

Conditional awards of full value ARM shares are made to eligible participants pursuant to The African Rainbow Minerals Limited 2008 Share Plan (the Share Plan). Performance shares are settled after three or four years, subject to the Company's achievement of prescribed performance criteria over this period. Refer to Part I of the Remuneration Report on pages 191 and 192 for additional information about the performance criteria and to page 219 of Part II of the Remuneration Report for the vesting dates.

The total number of performance shares awarded in November 2015 and May 2016 was 1 150 506. During the year under review, 299 694 performance shares vested and were settled, including 6 880 performance shares, held by employees who retired, were retrenched or deceased during the year; and 100 942 performance shares were forfeited. The total number of performance shares as at 30 June 2016 was 3 062 420.

Between 30 June 2016 and the date of this report, 32 648 performance shares were settled and 67 500 forfeited.

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

PERFORMANCE SHARES

	Executive Directors		
	P T Motsepe	M Arnold	H L Mkatshana[3]
	Number of shares		
Opening balance as at 1 July 2015	372 864	145 945	93 508
Performance shares awarded 25 November 2015[1]	71 570	38 617	31 814
Performance shares settled[2]	(40 132)	(10 125)	(14 729)
Closing balance as at 30 June 2016[4]	**404 302**	**174 437**	**110 593**

1 Performance shares awarded in terms of the Company's waived bonus method.
2 Based on the annual performance criteria assessment by an independent third party, the targeted (1x) number of performance shares were settled. Refer to Part I of the Remuneration Report on pages 191 and 192 for additional information.
3 Mr H L Mkatshana was appointed an Executive Director with effect from 7 February 2015.
4 No performance shares were awarded or settled between 30 June 2016 and the date of this report.

	Executive Directors	
	M P Schmidt	A J Wilkens
	Number of shares	
Opening balance as at 1 July 2015	284 471	210 911
Performance shares awarded 25 November 2015[1]	57 953	50 247
Performance shares settled[2]	(31 510)	(39 047)
Closing balance as at 30 June 2016[3]	**310 914**	**222 111**

1 Performance shares awarded in terms of the Company's waived bonus method.
2 Based on the annual performance criteria assessment by an independent third party, the targeted (1x) number of performance shares were settled. Refer to Part I of the Remuneration Report on pages 191 and 192 for additional information.
3 No performance shares were awarded or settled between 30 June 2016 and the date of this report.

	Prescribed Officers		
	A Joubert	J C Steenkamp	F A Uys
	Number of shares		
Opening balance as at 1 July 2015	123 859	163 331	85 371
Performance shares awarded 25 November 2015[1]	37 319	60 958	19 360
Performance shares settled[2]	(15 842)	(18 184)	–
Closing balance as at 30 June 2016[3]	**145 336**	**206 105**	**104 731**

1 Performance shares awarded in terms of the Company's waived bonus method.
2 Based on the annual performance criteria assessment by an independent third party, the targeted (1x) number of performance shares were settled. Refer to Part I of the Remuneration Report on pages 191 and 192 for additional information.
3 No performance shares were awarded or settled between 30 June 2016 and the date of this report.

BONUS SHARES

Pursuant to the Share Plan, eligible participants receive grants of full value ARM shares that match, according to a specified ratio, a portion of the annual cash incentive accruing to them. Bonus shares are only settled to participants after three or four years, as the case may be, conditional on continued employment.

The total number of bonus shares granted in November 2015 was 390 169. During the year under review, 232 017 bonus shares vested and were settled, including 9 499 bonus shares held by employees who retired, were retrenched or deceased during the year, and 18 012 bonus shares were forfeited. The total number of bonus shares as at 30 June 2016 was 1 073 206.

Following a 2015 benchmarking study by PwC, the Company's remuneration consultants, which recommended that in accordance with international good practice shares be awarded in terms of established performance criteria, the Board agreed in 2015 that bonus shares would, no longer be granted in the annual allocations. Deferred bonus and waived bonus shares would, however, be still granted.

Between 30 June 2016 and the date of this report, 26 693 bonus shares were settled and 3 642 were forfeited. The number of bonus shares granted to Executive Directors and Prescribed Officers is summarised below.

BONUS SHARES

	Executive Directors		
	P T Motsepe	M Arnold	H L Mkatshana[2]
	Number of shares		
Opening balance as at 1 July 2015	166 553	35 713	15 523
Bonus shares granted 25 November 2015[1]	71 570	38 617	31 814
Bonus shares settled	(44 519)	(8 693)	(1 240)
Closing balance as at 30 June 2016[3]	**193 604**	**65 637**	**46 097**

1 Bonus shares granted in terms of the Company's waived bonus method.
2 Mr H L Mkatshana was appointed an Executive Director with effect from 7 February 2015.
3 No bonus shares were granted or settled between 30 June 2016 and the date of this report.

	Executive Directors	
	M P Schmidt	A J Wilkens
	Number of shares	
Opening balance as at 1 July 2015	86 864	104 708
Bonus shares granted 25 November 2015[1]	57 953	50 247
Bonus shares settled	(16 312)	(37 881)
Closing balance as at 30 June 2016[2]	**128 505**	**117 074**

1 Bonus shares granted in terms of the Company's waived bonus method.
2 No bonus shares were granted or settled between 30 June 2016 and the date of this report.

	Prescribed Officers		
	A Joubert	J C Steenkamp	F A Uys
	Number of shares		
Opening balance as at 1 July 2015	60 967	57 484	15 539
Bonus shares granted 25 November 2015[1]	37 319	60 958	19 360
Bonus shares settled	(15 213)	(16 778)	–
Closing balance as at 30 June 2016[2]	**83 073**	**101 664**	**34 899**

1 Bonus shares granted in terms of the Company's waived bonus method.
2 No bonus shares were granted or settled between 30 June 2016 and the date of this report.

DIRECTORS' REPORT continued

SHARE OPTION SCHEME

Between 2008 and 2013, the annual allocations of share options in terms of The African Rainbow Minerals Share Incentive Scheme (the Scheme) were made to eligible participants, but at a much reduced scale following the adoption of the Share Plan. Share options have not been allocated to Executive Directors and Prescribed Officers since October 2013. Schedules of share option awards accruing to Executive Directors and Prescribed Officers and the transactions that occurred during the year to 30 June 2016 are set out below.

SCHEDULE OF SHARE OPTION AWARDS

	Executive Directors					
	P T Motsepe		M Arnold		H L Mkatshana[2]	
	No of options	Avg price R	No of options	Avg price R	No of options	Avg price R
Opening balance as at 1 July 2015	175 238	152.23	77 485	166.50	22 874	183.62
Options exercised	–		–		–	
Options lapsed/forfeited[1]	(85 880)	139.73	(25 512)	161.17	–	
Closing balance as at 30 June 2016	**89 358**	**164.25**	**51 973**	**169.11**	**22 874**	**183.62**
Grant date of options						
5 December 2008	16 068	96.20	6 397	96.20	–	–
15 October 2009	10 707	155.20	5 316	155.20	–	–
15 October 2010	–	–	6 287	178.49	–	–
9 November 2011	19 396	182.67	9 959	182.67	–	–
3 April 2012	–	–	–	–	6 861	182.19
15 October 2012	22 964	168.37	12 769	168.37	8 167	168.37
29 October 2013	20 223	200.75	11 245	200.75	7 846	200.75

1 Lapsed and forfeited due to unfavourable market conditions.
2 Mr H L Mkatshana was appointed an Executive Director with effect from 7 February 2015.

	Executive Directors			
	M P Schmidt		A J Wilkens	
	No of options	Avg price R	No of options	Avg price R
Opening balance as at 1 July 2015	100 404	160.92	162 273	152.65
Options exercised	–		–	
Options lapsed/forfeited[1]	(35 464)	139.73	(66 557)	139.73
Closing balance as at 30 June 2016	**64 940**	**172.49**	**95 716**	**161.63**
Grant date of options				
5 December 2008	6 397	96.20	19 011	96.20
15 October 2009	4 262	155.20	12 668	155.20
15 October 2010	4 863	178.49	12 072	178.49
9 November 2011	15 328	182.67	19 124	182.67
15 October 2012	18 127	168.37	17 463	168.37
29 October 2013	15 963	200.75	15 378	200.75

1 Lapsed and forfeited due to unfavourable market conditions.

	Prescribed Officers					
	A Joubert		J C Steenkamp		F A Uys	
	No of options	Avg price R	No of options	Avg price R	No of options	Avg price R
Opening balance as at 1 July 2015	38 069	178.91	128 178	155.68	16 702	184.34
Options exercised	–		–		–	
Options lapsed/forfeited[1]	–		(51 020)	139.73	–	
Closing balance as at 30 June 2016	**38 069**	**178.91**	**77 158**	**166.22**	**16 702**	**184.34**
Grant date of options						
5 December 2008	–	–	12 006	96.20	–	–
15 October 2009	5 103	155.20	8 000	155.20	–	–
15 October 2010	4 863	178.49	9 408	178.49	–	–
9 November 2011	7 997	182.67	14 903	182.67	–	–
15 October 2012	10 691	168.37	17 463	168.37	8 464	168.37
29 October 2013	9 415	200.75	15 378	200.75	8 238	200.75

1 *Lapsed and forfeited due to unfavourable market conditions.*

VESTING DATES

PERFORMANCE SHARES

Annual Allocations

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

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

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

Performance shares conditionally awarded to senior executives after 1 November 2014: Performance shares vest and are settled after a performance period of three years, subject to the achievement of predetermined performance criteria. For performance shares awarded after 5 December 2014, retirement does not accelerate the vesting period.

Deferred Bonus/Co-Investment Scheme

Matching performance shares conditionally awarded in terms of the Deferred Bonus/Co-investment Scheme vest and are settled after a performance period of three years, subject to the achievement of predetermined performance criteria.

Waived Bonus Method

Matching performance shares conditionally awarded in terms of the Waived Bonus Method vest and are settled after a performance period of three years, subject to the achievement of predetermined performance criteria.

The schedule of vesting dates may be found below.

SCHEDULE OF PERFORMANCE SHARE VESTING DATES

	Number of shares
Performance shares outstanding at 30 June 2016	**3 062 420**
Vesting on	
16 October 2016	172 623
29 October 2016	83 589
30 October 2016	58 472
22 May 2017	9 900
30 October 2017	187 647
18 November 2017	499 723
22 November 2017	56 997
25 April 2018	14 489
15 October 2018	851 889
26 November 2018	1 095 959
19 May 2019	31 132

BONUS SHARES

Annual Allocations

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

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

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

Bonus shares granted to senior executives after 1 November 2014: Bonus shares vest and are settled after three years, subject to continued employment. For bonus shares granted after 5 December 2014, retirement does not accelerate the vesting period. Annual allocations are no longer made.

DIRECTORS' REPORT continued

Deferred Bonus/Co-Investment Scheme

Bonus shares granted in terms of the Deferred Bonus/Co-Investment Scheme vest and are settled after three years.

Waived Bonus Method

Bonus shares granted in terms of the Waived Bonus Method vest and are settled after three years.

The schedule of vesting dates may be found below.

SCHEDULE OF BONUS SHARE VESTING DATES

	Number of shares
Bonus shares outstanding at 30 June 2016	**1 073 206**
Vesting on	
16 October 2016	107 076
29 October 2016	87 391
30 October 2016	71 748
30 October 2017	143 635
18 November 2017	212 836
22 November 2017	60 351
26 November 2018	390 169

SHARE OPTIONS

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

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

Options granted to senior executives between 1 November 2011 and 30 June 2014: No options may be exercised prior to the fourth anniversary of the issue date relative to such options.

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

The schedule of vesting dates may be found below.

SCHEDULE OF OPTION VESTING DATES

	Number of options	Average issue price per option
Options outstanding at 30 June 2016	**1 268 254**	**R173.36**
Vested		
6 December 2011	111 469	R96.20
16 October 2012	99 120	R155.20
27 April 2013	4 808	R195.60
16 October 2013	145 452	R178.49
2 April 2014	6 857	R223.00
10 November 2014	117 846	R182.67
3 April 2015[1]	13 360	R182.19
16 October 2015	158 509	R168.37
10 November 2015	127 778	R182.67
3 April 2016	6 861	R182.19
27 April 2016[1]	4 615	R181.00
Vesting on		
16 October 2016	163 737	R168.37
30 October 2016	148 461	R200.75
22 May 2017[1]	12 199	R191.14
30 October 2017	147 182	R200.75

1 *Share options granted to management other than senior executives.*

SHARE INCENTIVE MOVEMENTS

	Options		Performance shares[1]		Bonus shares[1]	
	F2016	F2015	**F2016**	F2015	**F2016**	F2015
Opening balance as at 1 July 2015	**1 736 232**	2 263 792	**2 312 550**	1 044 082	**933 066**	825 111
Exercised	**–**	(405 063)	**–**	–	**–**	–
Settled	**–**	–	**(299 694)**	(177 875)	**(232 017)**	(159 488)
Granted/awarded	**–**	–	**1 150 506**	1 518 619	**390 169**	295 753
Forfeited/cancelled/lapsed	**(467 978)**	(122 497)	**(100 942)**	(72 276)	**(18 012)**	(28 310)
Closing balance as at 30 June 2016	**1 268 254**	**1 736 232**	**3 062 420**	**2 312 550**	**1 073 206**	**933 066**
Subsequent to year-end:						
Exercised/settled	**–**	–	**(32 648)**	–	**(26 693)**	–
Forfeited/cancelled/lapsed	**(42 717)**	–	**(67 500)**	–	**(3 642)**	–
Balance as at the date of this report	**1 225 537**	1 736 232	**2 962 272**	2 312 550	**1 042 871**	933 066

1 *Conditional.*

DIRECTORS' REMUNERATION: NON-EXECUTIVE DIRECTORS

The remuneration of Non-executive Directors consists of Directors' fees. Board and Committee retainers and attendance fees are paid quarterly and in arrears.

Additional information regarding Board and Committee fees may be found in the Remuneration Report on pages 195 to 196. IAR

In line with increases made to salaries of the Executive Directors and Prescribed Officers, the Board has agreed to recommend a below-inflation increase in Non-executive Directors' fees, effective from 1 July 2016. In terms of the 2015 benchmarking study conducted by the Company's remuneration consultants, the fees remain competitive. Shareholders will be requested to approve the increase in Non-executive Directors' fees as set out in the Notice of Annual General Meeting.

The table below sets out the emoluments paid to Non-executive Directors during the years ended 30 June 2016 and 30 June 2015.

All figures in R000	Board and Committee fees	Other[2]	Total F2016	Total F2015
Non-executive Directors[1]				
Dr M M M Bakane-Tuoane	1 108		**1 108**	1 266
F Abbott	740		**740**	587
T A Boardman	1 298		**1 298**	1 254
A D Botha	916		**916**	892
J A Chissano	490	581	**1 071**	1 092
W M Gule	462	120	**582**	624
A K Maditsi	1 232		**1 232**	1 250
Dr R V Simelane	1 044		**1 044**	1 100
Z B Swanepoel	578		**578**	556
Total for Non-executive Directors	7 868	701	**8 569**	8 621

1 Payments for the reimbursement of out-of-pocket expenses have been excluded.
2 Fees in terms of service contracts. See Part I of the Remuneration Report on page 196 for more information.

EXTERNAL AUDITOR

Ernst & Young Inc. (EY) continued in office as the external auditor for the Company. At the Annual General Meeting, shareholder approval will be sought for the re-appointment of EY as ARM's external auditor for the 2017 financial year. The 30 June 2016 year-end is the first year that Mr L I N Tomlinson signed-off an audit opinion on ARM's financial statements. In terms of the partner rotation and succession plan, Mr L I N Tomlinson was appointed through the auditor rotation process in 2015 as the succeeding partner and as the individual registered auditor.

COMPANY SECRETARY

Ms A N D'Oyley is the Company Secretary of ARM. Her business and postal addresses appear on the inside back cover of this report. Additional information regarding the office of the Company Secretary during the year are set out on page 163.

LISTINGS

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

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

STRATE (SHARE TRANSACTIONS TOTALLY ELECTRONIC)

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

CONVENIENCE TRANSLATIONS INTO UNITED STATES DOLLARS

To assist users of this report, translations of convenience into United States Dollars are provided for in the Group's financial statements. These translations are based upon average rates of exchange for income statement and cash flow statement items and at those rates prevailing at year-end for statement of financial position items. These statements are found on pages 291 to 297.

GROUP STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2016

	Notes	F2016 Rm	F2015 Rm
ASSETS			
Non-current assets			
Property, plant and equipment	3	**10 966**	12 218
Intangible assets	4	**137**	149
Deferred tax assets	17	**151**	565
Loans and long-term receivables	5	**40**	48
Financial assets	6	**–**	1
Investment in associate	7	**1 153**	1 363
Investment in joint venture	8	**14 623**	14 094
Other investments	9	**3 521**	1 178
		30 591	29 616
Current assets			
Inventories	10	**759**	852
Trade and other receivables	11	**2 453**	2 542
Taxation	35	**4**	3
Financial assets	6	**1**	1
Cash and cash equivalents	12	**1 316**	2 257
		4 533	5 655
Assets held for sale	13	**3**	12
Total assets		**35 127**	35 283
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital	14	**11**	11
Share premium	14	**4 217**	4 183
Treasury shares	15	**(2 405)**	–
Other reserves		**3 395**	1 212
Retained earnings		**18 601**	20 113
Equity attributable to equity holders of ARM		**23 819**	25 519
Non-controlling interest		**762**	1 386
Total equity		**24 581**	26 905
Non-current liabilities			
Long-term borrowings	16	**4 171**	2 511
Deferred tax liabilities	17	**2 014**	1 970
Long-term provisions	18	**665**	656
		6 850	5 137
Current liabilities			
Trade and other payables	19	**1 787**	1 452
Short-term provisions	20	**355**	322
Taxation	35	**174**	96
Overdrafts and short-term borrowings – interest-bearing	21	**1 380**	1 371
		3 696	3 241
Total equity and liabilities		**35 127**	35 283

GROUP INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

	Notes	**F2016 Rm**	F2015 Rm
Revenue	24	**9 600**	10 227
Sales	24	**8 745**	9 263
Cost of sales	25	**(8 147)**	(7 854)
Gross profit		**598**	1 409
Other operating income	26	**1 148**	1 225
Other operating expenses	27	**(1 527)**	(1 594)
Profit from operations before special items		**219**	1 040
Income from investments	28	**160**	192
Finance costs	29	**(375)**	(250)
Loss from associate	7	**(210)**	(186)
Income from joint venture*	8	**1 301**	1 289
Profit before taxation and special items		**1 095**	2 085
Special items before tax	30	**(1 860)**	(1 659)
(Loss)/profit before taxation		**(765)**	426
Taxation	31	**8**	(353)
(Loss)/profit for the year		**(757)**	73
Attributable to:			
Non-controlling interest		**(192)**	(31)
Equity holders of ARM		**(565)**	104
		(757)	73

Additional information			
Headline earnings (R million)	33	**1 051**	1 744
Headline earnings per share (cents)	32	**494**	803
Basic (loss)/earnings per share (cents)	32	**(265)**	48
Diluted headline earnings per share (cents)	32	**487**	799
Diluted basic (loss)/earnings per share (cents)	32	**(262)**	48
Number of shares in issue at end of year (thousands)		**218 022**	217 491
Weighted average number of shares in issue (thousands)		**212 990**	217 232
Weighted average number of shares used in calculating diluted earnings per share (thousands)	32	**215 825**	218 222
Net asset value per share (cents)	32	**10 925**	11 733
EBITDA (R million)		**1 185**	2 087
Dividend declared after year-end (cents per share)	32	**225**	350

* *Impairment included in income from joint venture R202 million before tax of R56 million (F2015: R406 million before tax of R114 million).*

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	Available-for-sale reserve Rm	Other Rm	Retained earnings Rm	Total Share-holders of ARM Rm	Non-controlling interest Rm	Total Rm
For the year ended 30 June 2015							
Profit/(loss) for the year to 30 June 2015		–	–	104	104	(31)	73
Other comprehensive income that may be reclassified to the income statement in subsequent periods							
Revaluation of listed investment	9	(990)	–	–	(990)	–	(990)
Deferred tax on above		184	–	–	184	–	184
Reclassification to income statement	9	656	–	–	656	–	656
Deferred tax on above		(122)	–	–	(122)	–	(122)
Net impact of revaluation of listed investment		(272)	–	–	(272)	–	(272)
Foreign currency translation reserve movement		–	104	–	104	–	104
Total other comprehensive (loss)/income		(272)	104	–	(168)	–	(168)
Total comprehensive (loss)/income for the year		(272)	104	104	(64)	(31)	(95)
For the year ended 30 June 2016							
Loss for the year to 30 June 2016		**–**	**–**	**(565)**	**(565)**	**(192)**	**(757)**
Other comprehensive income that may be reclassified to the income statement in subsequent periods							
Revaluation of listed investment*	9	**2 347**	**–**	**–**	**2 347**	**–**	**2 347**
Deferred tax on above		**(448)**	**–**	**–**	**(448)**	**–**	**(448)**
Deferred tax rate change		**35**	**–**	**–**	**35**	**–**	**35**
Net impact of revaluation of listed investment		**1 934**	**–**	**–**	**1 934**	**–**	**1 934**
Foreign currency translation reserve movement		**–**	**101**	**–**	**101**	**–**	**101**
Total other comprehensive income		**1 934**	**101**	**–**	**2 035**	**–**	**2 035**
Total comprehensive income/(loss) for the year		**1 934**	**101**	**(565)**	**1 470**	**(192)**	**1 278**

* *Price of Harmony Gold increased from R15.59 at 30 June 2015 to R52.47 per share at 30 June 2016.*

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	Share capital and premium Rm	Treasury share capital Rm	Available-for-sale reserve Rm	Other* Rm	Retained earnings Rm	Total share-holders of ARM Rm	Non-controlling interest Rm	Total
Balance at 30 June 2014		4 119	–	272	986	21 311	26 688	1 511	28 199
Profit/(loss) for the year to 30 June 2015		–	–	–	–	104	104	(31)	73
Other comprehensive (loss)/income		–	–	(272)	104	–	(168)	–	(168)
Total comprehensive (loss)/income for the year		–	–	(272)	104	104	(64)	(31)	(95)
Bonus and performance shares issued to employees	14	45	–	–	(45)	–	–	–	–
Dividend paid	32	–	–	–	–	(1 302)	(1 302)	–	(1 302)
Dividend paid to Impala Platinum		–	–	–	–	–	–	(277)	(277)
Dilution in Two Rivers	36	–	–	–	(26)	–	(26)	183	157
Share-based payments		–	–	–	193	–	193	–	193
Share options exercised	14	30	–	–	–	–	30	–	30
Balance at 30 June 2015		**4 194**	**–**	**–**	**1 212**	**20 113**	**25 519**	**1 386**	**26 905**
Loss for the year to 30 June 2016		**–**	**–**	**–**	**–**	**(565)**	**(565)**	**(192)**	**(757)**
Other comprehensive income		**–**	**–**	**1 934**	**101**	**–**	**2 035**	**–**	**2 035**
Total comprehensive income/(loss) for the year		**–**	**–**	**1 934**	**101**	**(565)**	**1 470**	**(192)**	**1 278**
Bonus and performance shares issued to employees	14	**34**	**–**	**–**	**(34)**	**–**	**–**	**–**	**–**
Changes due to insurance restructuring – net of tax**		**–**	**–**	**–**	**–**	**(195)**	**(195)**	**–**	**(195)**
Dividend paid	32	**–**	**–**	**–**	**–**	**(761)**	**(761)**	**–**	**(761)**
Dividend paid to Impala Platinum		**–**	**–**	**–**	**–**	**–**	**–**	**(370)**	**(370)**
Restructuring of ARM BBEE Trust	15	**–**	**(2 405)**	**–**	**–**	**–**	**(2 405)**	**(62)**	**(2 467)**
Share-based payments		**–**	**–**	**–**	**191**	**–**	**191**	**–**	**191**
Transfer		**–**	**–**	**–**	**(9)**	**9**	**–**	**–**	**–**
Balance at 30 June 2016		**4 228**	**(2 405)**	**1 934**	**1 461**	**18 601**	**23 819**	**762**	**24 581**

* Other reserves consist of the following:

	F2016 Rm	F2015 Rm	F2014 Rm
Dilution in Two Rivers	**(26)**	(26)	–
Foreign currency translation on loans to foreign group entity	**61**	61	61
Foreign currency translation reserve – Assmang	**103**	–	–
Foreign currency translation reserve – other entities	**430**	432	328
General reserve	**28**	28	28
Insurance contingency	**5**	14	14
Premium paid on purchase of non-controlling interest	**(14)**	(14)	(14)
Share-based payments	**874**	717	569
Total	**1 461**	1 212	986

*** Reversal of the inter-company elimination as a result of insurance restructuring.*

GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Notes	F2016 Rm	F2015 Rm
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		**9 671**	11 093
Cash paid to suppliers and employees		**(8 446)**	(8 585)
Cash generated from operations	34	**1 225**	2 508
Interest received		**111**	120
Interest paid		**(163)**	(109)
Dividends received		**1**	1
Dividends received from joint venture	8	**875**	1 500
Dividend paid to non-controlling interest – Impala Platinum		**(370)**	(277)
Dividend paid	32	**(761)**	(1 302)
Taxation paid	35	**(308)**	(386)
Net cash inflow from operating activities		**610**	2 055
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment to maintain operations		**(804)**	(1 212)
Additions to property, plant and equipment to expand operations		**(48)**	(64)
Proceeds on disposal of property, plant and equipment		**36**	5
Proceeds on disposal of subsidiary		**8**	–
Additional investment in associate	7	**–**	(282)
Investment in RBCT		**(10)**	(26)
Investment in subsidiary		**–**	(400)
Investment in insurance cell		**–**	(25)
ARM BBEE Trust cash consolidated following trust restructuring	37	**10**	–
Loans and receivables received		**8**	24
Net cash outflow from investing activities		**(800)**	(1 980)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds on exercise of share options		**–**	30
Long-term borrowings raised		**1 463**	–
Long-term borrowings repaid		**(881)**	(36)
Repurchase of ARM shares	15	**(651)**	–
Short-term borrowings repaid		**(489)**	(298)
Net cash outflow from financing activities		**(558)**	(304)
Net decrease in cash and cash equivalents		**(748)**	(229)
Cash and cash equivalents at beginning of year		**1 445**	1 669
Foreign currency translation on cash balance		**(30)**	5
Cash and cash equivalents at end of year	12	**667**	1 445
Cash generated from operations per share (cents)	32	**575**	1 155

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

1. ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

The Group financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and contains the information required by IAS 34 – Interim Financial Reporting, requirements of the South African Companies Act 71 of 2008 and the Listing Requirements of the JSE Limited.

IMPACT OF NEW STANDARDS

During the current financial year, no new or revised accounting standards were adopted.

BASIS OF PREPARATION

The Group financial statements for the year have been prepared under the supervision of the financial director, Mr M Arnold CA(SA). The principal accounting policies as set out below are consistent in all material aspects with those applied in the previous years, except for the above-mentioned new and revised standards, and comply with IFRS.

The Group financial statements have been prepared on the historical cost basis except for certain financial instruments that are carried at fair value.

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

This year, the consolidated and separate annual financial statements of the Company are issued separately.

BASIS OF CONSOLIDATION

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

Inter-company transactions and balances

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

Subsidiary companies

Subsidiary companies are investments in entities in which the Company has control over the financial and operating decisions of the entity. Subsidiaries are consolidated in full from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date such control ceases.

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

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

JOINT OPERATIONS

Joint operations are a type of joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. The Group accounts for joint operations, its assets, liabilities, income, expenses and cash flows and/or share thereof.

Unincorporated joint operations are recognised in the financial statements on the same basis as above.

INVESTMENT IN ASSOCIATE AND JOINT VENTURES

An associate is an investment in an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee.

Joint ventures are a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

At Group level, investments in associates and joint ventures are accounted for using the equity method of accounting. Investments in the associates and joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures, less any impairment in value. The income statement reflects the Group's share of the post-acquisition profit after tax of the associate or joint ventures. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment losses.

TRUSTS

When control of a trust exists or a change results in control, from that date the trust is consolidated.

BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for the acquisition of subsidiaries, joint operations, joint ventures and associates by the Group. The cost of an acquisition is measured as the fair value of the assets

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given up, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed in the income statement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Non-controlling interest is measured at each business combination at either the proportionate share of the identifiable net assets or at fair value.

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

When an acquisition is achieved in stages and control is achieved, the fair values of all the identifiable assets and liabilities are recognised. The difference between the previous equity held interest value and the current fair value for the same equity is recognised in the income statement.

When there is a change in the interest of a subsidiary that does not result in the loss of control, the difference between the fair value of the consideration transferred and the change in non-controlling interest is recognised directly in the statement of changes in equity.

CURRENT TAXATION

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

DEFERRED TAXATION

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

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

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

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

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

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

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

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

VALUE ADDED TAX (VAT)

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

PROVISIONS

Provisions are recognised when the following conditions have been met:

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

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

INSURANCE CONTRACT TECHNICAL PROVISIONS

For insurance contracts, judgements and estimates have to be made for both the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported at the reporting date. It can take a significant period of time before the ultimate claims cost can be established with certainty and for some types of policies, insurance contract technical provisions form the majority of the liability in the statement of financial position.

Due to the nature of the claims arising under the insurance contracts, the use of past claims development to project future claims development and hence ultimate claims costs, is considered not to be a suitable method for the setting of insurance contract technical provisions. Instead, the directors assess the level of unexpired risk reserve (“URR”); adverse development reserve (“ADR”); and incurred but not reported reserve (“IBNR”) held for each underwriting year at every year end based on the claims information available at that time. Accordingly, as such assessment is based upon the use of judgements, best estimates and assumptions, there is inherent risk that such assessment will be significantly different from the actual outcome.

The estimation of URR, ADR and IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where more information about the claim event is generally available. Some IBNR claims may not become apparent to the insured until many years after the event which gave rise to the claims has occurred.

The use of judgements, estimates and assumptions is also employed in the assessment of the adequacy for provisions for unearned premiums i.e. in determining whether the pattern of insurance service provided by the insurance contracts requires the earning of premium on a basis other than time apportionment.

Premiums written

Premiums written comprise premiums due on contracts entered into during the financial year, regardless of whether such amounts may relate in whole or part to a later financial year, exclusive of taxes levied on premiums. Other underwriting income and expenses, comprising commissions, brokerage, fronting fees and outward reinsurance premiums are accounted for in the same accounting year as the premiums for the related direct insurance.

Claims paid

Claims paid include all payments made in respect of the year with associated claim settlement expenses, net of any salvage or subrogation recoveries.

Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

Insurance contract technical provisions

Insurance contract technical provisions comprise provisions for unearned premium (“UPR”); and reserves for claims outstanding (“OLR”), unexpired risk, adverse development and claims incurred but not reported.

Provisions for unearned premiums, deferred other underwriting income and prepaid underwriting expenses

Unearned premiums, deferred other underwriting income and prepaid underwriting expenses represent the proportion of premiums written, other underwriting income and underwriting expenses which is estimated to be earned in future financial years, computed separately for each insurance contract using the daily pro rata method. For certain policies, the daily pro rata method may not be appropriate and in such circumstances the earning pattern will be adjusted to more accurately reflect the pattern of insurance service provided by the underlying insurance contracts.

Claims outstanding, unexpired risk reserves and adverse development reserves

Claims outstanding and adverse development reserves comprise of provisions for the estimated cost of settling all claims reported but not paid at the reporting date.

Claims outstanding comprise provisions for the estimated cost of settling all claims incurred up to but not paid at the balance sheet date together with the relevant claims settlement expenses based on information provided by insureds, fronting insurers, and loss adjusters.

The adverse development reserves provide for the expected deterioration of claims reported.

The unexpired risk reserves bring the value of claims incurred during an unexpired policy period up to the expected loss level for the policy.

The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

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Incurred but not reported reserve

The incurred but not reported reserve is based on the estimated ultimate cost of all claims incurred but not reported at the reporting date. Delays can be experienced in the discovery, notification and settlement of certain types of claims that may arise under the insurance contracts written, therefore the ultimate cost of these claims cannot be known at the reporting date.

Reinsurers' share of insurance contract technical provisions

Provisions for unearned reinsurance premiums

The provision for unearned reinsurance premiums represents the proportion of outward reinsurance premiums which is estimated to be earned in future financial years, computed separately for each reinsurance contract using the daily pro rata method. For certain policies, the daily pro rata method may not be appropriate and in such circumstances the earning pattern will be adjusted to more accurately reflect the pattern of reinsurance service provided by the underlying reinsurance contracts.

Reinsurance recoveries

Provisions for claims are calculated gross of any reinsurance recoveries. A separate estimate is made for the amounts recoverable from reinsurers based upon the gross claims provisions and/or settled claims that are associated with the reinsurer's policies and are calculated in accordance with the related reinsurance contract.

ENVIRONMENTAL REHABILITATION OBLIGATIONS

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

Decommissioning

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

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

Restoration

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

ENVIRONMENTAL REHABILITATION TRUST FUNDS

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

TREASURY SHARES

Own equity instruments that are reacquired are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss in the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in share premium.

FINANCIAL INSTRUMENTS

Financial instruments recognised in the statement of financial position include cash and cash equivalents, investments, trade and other receivables, trade and other payables and long- and short-term borrowings. The recognition methods adopted are disclosed in the individual policy statements associated with each item. The Group does not apply hedge accounting.

FINANCIAL ASSETS

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

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

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

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

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

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

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

IMPAIRMENT OF FINANCIAL ASSETS

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

Assets carried at amortised cost

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

Available-for-sale financial assets

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised in comprehensive income.

FINANCIAL LIABILITIES

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

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

DERIVATIVE INSTRUMENTS

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are measured at amortised cost.

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

INVESTMENTS

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

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

RECEIVABLES

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

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

PAYABLES

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

NOTES TO THE FINANCIAL STATEMENTS continued
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INTEREST-BEARING LOANS AND BORROWINGS

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

Gains and losses are recognised in the income statement when the liabilities are derecognised, as well as through the amortisation process.

DERECOGNITION OF FINANCIAL ASSETS

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

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

Where the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

DERECOGNITION OF FINANCIAL LIABILITIES

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

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

OFFSETTING OF FINANCIAL INSTRUMENTS

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

INTANGIBLE ASSETS

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

Amortisation is based on units of production or units of export sales. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

INVESTMENT PROPERTY

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

PROPERTY, PLANT AND EQUIPMENT

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

Costs of evaluation of a smelter prior to approval to develop are capitalised, provided that there is a high degree of confidence that the project will be deemed commercially viable. Costs incurred with commissioning the new asset, in the period before it is capable of operating in the manner intended by management, are capitalised. Development costs incurred after the commencement of production are capitalised to the extent that they are expected to give rise to future economic benefit.

LAND AND BUILDINGS

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

MINE DEVELOPMENT AND DECOMMISSIONING

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

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

PRODUCTION STRIPPING COSTS

The capitalisation of pre-production stripping costs as part of mine development and decommissioning assets ceases when the mine is commissioned and ready for production.

Subsequent stripping activities that are undertaken during the production phase of a surface mine may create two benefits, being either the production of inventory or improved access to the ore to be mined in the future.

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

a. future economic benefits (being improved access to the ore body) are probable;

b. the component of the ore body for which access will be improved can be accurately identified; and

c. the costs associated with the improved access can be reliably measured.

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

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

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

MINERAL RIGHTS

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

PLANT AND MACHINERY

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

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

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

MINE PROPERTIES

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

FURNITURE, EQUIPMENT AND VEHICLES

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

FINANCE LEASES

Finance leases are depreciated on a straight-line basis over their expected useful lives or the lease term, if less, to estimated residual values.

RESEARCH AND DEVELOPMENT COSTS

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

> the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
> its intention to complete and its ability to use or sell the asset;
> how the asset will generate future economic benefits;
> the availability of resources to complete the asset;
> the ability to measure reliably the expenditure during development; and
> the ability to use the intangible asset generated.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

DEPRECIATION RATES

Depreciation rates that are based on units-of-production take into account proven and probable ore reserves. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In assessing asset lives, factors such as technological innovation, asset life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal value.

The annual depreciation rates generally used in the Group are:

> furniture and equipment 10% to 33%;
> mine properties 4% to 7%;
> motor vehicles 20%;
> mine development assets, plant and machinery, mineral rights and land 10 to 25 years;
> investment properties 2%; and
> intangible assets over life of mine to a maximum of 25 years.

EXPLORATION EXPENDITURE

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

> degree of certainty over the mineralisation of the ore body;
> commercial risks, including but not limited to country risk; and
> prior exploration knowledge available about the target ore body.

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

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

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

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

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

NON-CURRENT ASSETS HELD FOR SALE

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

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

BORROWING COSTS

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

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

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

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

INVENTORIES

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

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

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

FOREIGN CURRENCY TRANSLATIONS

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

FOREIGN ENTITIES

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

> Assets and liabilities at rates of exchange ruling at the reporting date.
> Income and expenditure at the average rate of exchange for the year, except where the date of income or expense for significant transactions can be identified, in which case the income or expense is translated at the rate of exchange ruling at the date of the flow.
> Cash flow items at the average rate of exchange for the year, except where the date of cash flow for significant transactions can be identified, in which case the cash flows are translated at the rate of exchange ruling at the date of the cash flow.
> Fair value adjustments of the foreign entity are translated at the rate prevailing on date of valuation.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2016

> Goodwill is considered to relate to the reporting entity and is translated at the closing rate.
> Differences arising on translation are classified as equity until the investment is disposed of when it is recognised in the income statement.

FOREIGN CURRENCY TRANSACTIONS AND BALANCES

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

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

LEASES

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

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

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

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

EMPLOYEE BENEFITS

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

OTHER LONG-TERM BENEFITS

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

SHARE-BASED PAYMENTS

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

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

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (BBBEE) TRANSACTIONS

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

REVENUE RECOGNITION

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

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

DIVIDEND INCOME

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

MINING PRODUCTS

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

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

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

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

RENTAL INCOME

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

INTEREST

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

COST OF SALES

All costs directly related to the producing of products are included in cost of sales. Costs that cannot be directly linked are included separately or under other operating expenses. When inventories are sold, the carrying amount is recognised in cost of sales. Any write-down, losses or reversals of previous write-downs or losses are recognised in cost of sales.

EARLY SETTLEMENT DISCOUNTS AND REBATES

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

REINSURANCE

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

SEGMENT REPORTING

An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from other operations, whose operating results are regularly reviewed by the entity's chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance.

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

CONTINGENT LIABILITIES

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

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

CAPITALISED STRIPPING COSTS

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

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

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mine plans, specific characteristics of the ore body, the milestones relating to major capital investment decisions, and the type of minerals being mined.

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

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

MINE REHABILITATION PROVISIONS

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

OTHER RESOURCES AND RESERVES ESTIMATES

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

UNITS-OF-PRODUCTION DEPRECIATION

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

IMPAIRMENT OF ASSETS

Each cash-generating unit is assessed annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future approved expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted by an appropriate discount rate, taking into account factors, including weighted average cost of capital and applicable risk factors, to determine the net present value.

ASSET USEFUL LIVES AND RESIDUAL VALUES

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

SHARE-BASED PAYMENTS

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

DEFINITIONS

Cash and cash equivalents

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

Cash restricted for use

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

Active market

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

Basic earnings per share

Basic earnings divided by the weighted average number of shares in issue.

Headline earnings per share

Headline earnings comprise earnings for the year, adjusted for profits/losses as a remeasurement in accordance with the requirements of Circular 2 of 2015 issued by the South African Institute of Chartered Accountants. Adjustments against earnings take account of attributable taxation and non-controlling interests. The adjusted earnings figure is divided by the weighted average number of shares in issue to arrive at headline earnings per share.

Amortised cost

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

Fair value

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

Effective interest method

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

Diluted earnings per share

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

Cash generated from operations per share

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

Special items

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

EBITDA before special items, income from associates and joint venture

This comprises basic earnings, to which is added back non-controlling interest, taxation, special items, income from associate, income from joint venture, finance cost, income from investments, amortisation and depreciation.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2016

New standards

The following new standards and/or amendments have been issued but are only applicable for future periods.

Standard	Subject	Effective date
IFRS 2	Share-Based Payments (Amendments)	1 January 2018
IFRS 5	Non-current Asset Held for Sale and Discontinued Operations (Annual improvement project)	1 January 2016
IFRS 7	Financial Instruments: Disclosures (Annual improvement project)	1 January 2016
IFRS 9	Financial Instruments	1 January 2018
IFRS 10	Consolidated Financial Statements (Amendment)	1 January 2016
IFRS 11	Accounting for Acquisitions of Interest in Joint Operations (Amendment)	1 January 2016
IFRS 12	Disclosure of Interest in Other Entities (Amendment)	1 January 2016
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019
IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendment)	1 January 2016
IAS 16 and IAS 41	Agriculture: Bearer Plants (Amendment)	1 January 2016
IAS 1	Disclosure initiative (Amendment)	1 January 2016
IAS 7	Disclosure initiative (Amendment)	1 January 2017
IAS 12	Income Taxes (Amendment)	1 January 2017
IAS 19	Employee Benefits (Annual improvement project)	1 January 2016
IAS 27	Separate Financial Statements – Equity method (Amendment)	1 January 2016
IAS 28	Investment in Associates and Joint Ventures (Amendment)	1 January 2016
IAS 34	Interim Financial Reporting (Annual improvement project)	1 January 2016

Impact of above

The Group does not intend early adopting any of the above amendments, standards or interpretations.

The Group is in the process of identifying areas where these standards may impact the Group. This process is ongoing.

2. PRIMARY SEGMENTAL INFORMATION

BUSINESS SEGMENTS

For management purposes, the Group is organised into the following operating divisions. The operating divisions are ARM Platinum (which includes platinum and nickel), ARM Ferrous, ARM Coal, ARM Copper and ARM Corporate. ARM Strategic Services and Exploration, Corporate and other and Gold are included in ARM Corporate and tabled below.

	ARM Platinum Rm	ARM Ferrous* Rm	ARM Coal Rm	ARM Copper Rm	ARM Corporate Rm	Total Rm	IFRS Adjust-ment** Rm	**Total per IFRS financial state-ments Rm**
2.1 YEAR TO 30 JUNE 2016								
Sales	**7 367**	**10 327**	**797**	**581**	**–**	**19 072**	**(10 327)**	**8 745**
Cost of sales	**(6 563)**	**(7 870)**	**(798)**	**(794)**	**37**	**(15 988)**	**7 841**	**(8 147)**
Other operating income	**33**	**164**	**70**	**8**	**970**	**1 245**	**(97)**	**1 148**
Other operating expenses	**(426)**	**(770)**	**(3)**	**(229)**	**(869)**	**(2 297)**	**770**	**(1 527)**
Segment result	**411**	**1 851**	**66**	**(434)**	**138**	**2 032**	**(1 813)**	**219**
Income from investments	**32**	**208**	**–**	**–**	**128**	**368**	**(208)**	**160**
Finance cost	**(48)**	**(31)**	**(188)**	**(26)**	**(77)**	**(370)**	**31**	**(339)**
Finance cost ZCCM: Shareholders' loan Vale/ARM joint operation	**–**	**–**	**–**	**(36)**	**–**	**(36)**	**–**	**(36)**
Finance cost ARM: Shareholders' loan Vale/ARM joint operation	**–**	**–**	**–**	**(194)**	**194**	**–**	**–**	**–**
Loss from associate	**–**	**–**	**(210)**	**–**	**–**	**(210)**	**–**	**(210)**
Income from joint venture***	**–**	**(9)**	**–**	**–**	**–**	**(9)**	**1 310**	**1 301**
Special items before tax	**(125)**	**(194)**	**–**	**(1 754)**	**19**	**(2 054)**	**194**	**(1 860)**
Taxation	**(85)**	**(497)**	**35**	**(2)**	**71**	**(478)**	**486**	**8**
Profit/(loss) after tax	**185**	**1 328**	**(297)**	**(2 446)**	**473**	**(757)**	**–**	**(757)**
Non-controlling interest	**(285)**	**–**	**–**	**488**	**(11)**	**192**	**–**	**192**
Consolidation adjustment	**–**	**(27)**	**–**	**–**	**27**	**–**	**–**	**–**
Contribution to basic earnings	**(100)**	**1 301**	**(297)**	**(1 958)**	**489**	**(565)**	**–**	**(565)**
Contribution to headline earnings	**(10)**	**1 441**	**(297)**	**(555)**	**472**	**1 051**	**–**	**1 051**
Other information								
Segment assets, including investment in associate	**10 059**	**18 897**	**3 553**	**1 692**	**5 199**	**39 400**	**(4 273)**	**35 127**
Investment in associate			**1 153**			**1 153**		**1 153**
Investment in joint venture							**14 623**	**14 623**
Segment liabilities	**2 075**	**1 653**	**1 778**	**1 265**	**3 240**	**10 011**	**(1 653)**	**8 358**
Unallocated liabilities (tax and deferred tax)						**4 773**	**(2 585)**	**2 188**
Consolidated total liabilities						**14 784**	**(4 238)**	**10 546**
Cash inflow/(outflow) generated from operations	**947**	**2 927**	**241**	**(131)**	**168**	**4 152**	**(2 927)**	**1 225**
Cash inflow/(outflow) from operating activities	**331**	**2 588**	**236**	**(154)**	**(1 303)**	**1 698**	**(1 088)**	**610**
Cash (outflow)/inflow from investing activities	**(553)**	**(1 796)**	**(226)**	**(66)**	**45**	**(2 596)**	**1 796**	**(800)**
Cash outflow from financing activities	**(68)**	**–**	**–**	**(23)**	**(467)**	**(558)**	**–**	**(558)**
Capital expenditure	**667**	**1 422**	**185**	**75**	**3**	**2 352**	**(1 422)**	**930**
Amortisation and depreciation	**614**	**966**	**143**	**204**	**5**	**1 932**	**(966)**	**966**
Impairment	**(122)**	**(202)**	**–**	**(1 755)**	**–**	**(2 079)**	**202**	**(1 877)**
EBITDA	**1 025**	**2 817**	**209**	**(230)**	**143**	**3 964**	**(2 779)**	**1 185**

There were no significant inter-company sales.

* *Refer to ARM Ferrous segment notes 2.3 and 8 for more detail.*

** *Includes IFRS 11 adjustments related to ARM Ferrous.*

*** *Impairment included in income from joint venture R202 million before tax of R56 million.*

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2016

2. PRIMARY SEGMENTAL INFORMATION continued

2.1 YEAR TO 30 JUNE 2015

	ARM Platinum Rm	ARM Ferrous* Rm	ARM Coal Rm	ARM Copper Rm	ARM Corporate Rm	Total Rm	IFRS Adjust-ment** Rm	Total per IFRS financial state-ments Rm
Sales	7 444	10 561	1 025	794	–	19 824	(10 561)	9 263
Cost of sales	(6 128)	(7 790)	(842)	(906)	54	(15 612)	7 758	(7 854)
Other operating income	175	132	95	4	862	1 268	(43)	1 225
Other operating expenses	(537)	(875)	(5)	(249)	(803)	(2 469)	875	(1 594)
Segment result	954	2 028	273	(357)	113	3 011	(1 971)	1 040
Income from investments	39	218	–	–	153	410	(218)	192
Finance cost***	(52)	(29)	(144)	(13)	(14)	(252)	29	(223)
Finance cost ZCCM: Shareholders' loan Vale/ARM joint operation	–	–	–	(27)	–	(27)	–	(27)
Finance cost ARM: Shareholders' loan Vale/ARM joint operation***	–	–	–	(132)	132	–	–	–
Loss from associate	–	–	(186)	–	–	(186)	–	(186)
Income from joint venture****	–	51	–	–	–	51	1 238	1 289
Special items before tax	–	(415)	–	(1 003)	(656)	(2 074)	415	(1 659)
Taxation	(274)	(523)	(36)	(7)	(20)	(860)	507	(353)
Profit/(loss) after tax	667	1 330	(93)	(1 539)	(292)	73	–	73
Non-controlling interest	(262)	–	–	302	(9)	31	–	31
Consolidation adjustment	–	(41)	–	–	41	–	–	–
Contribution to basic earnings	405	1 289	(93)	(1 237)	(260)	104	–	104
Contribution to headline earnings	405	1 588	(93)	(430)	274	1 744	–	1 744
Other information								
Segment assets, including investment in associate	10 372	18 574	3 746	3 010	4 061	39 763	(4 480)	35 283
Investment in associate			1 363			1 363		1 363
Investment in joint venture							14 094	14 094
Segment liabilities	1 864	1 946	1 736	1 077	1 635	8 258	(1 946)	6 312
Unallocated liabilities (tax and deferred tax)						4 705	(2 639)	2 066
Consolidated total liabilities						12 963	(4 585)	8 378
Cash inflow/(outflow) generated from operations	1 991	3 204	369	(68)	216	5 712	(3 204)	2 508
Cash inflow/(outflow) from operating activities	1 479	2 967	372	(95)	(1 201)	3 522	(1 467)	2 055
Cash outflow from investing activities	(808)	(1 966)	(488)	(256)	(428)	(3 946)	1 966	(1 980)
Cash (outflow)/inflow from financing activities	(67)	–	(52)	2	(187)	(304)	–	(304)
Capital expenditure	933	1 830	259	302	2	3 326	(1 830)	1 496
Amortisation and depreciation	668	936	139	232	8	1 983	(936)	1 047
Impairment	–	406	–	980	–	1 386	(406)	980
EBITDA	1 622	2 964	412	(125)	121	4 994	(2 907)	2 087

There were no significant inter-company sales.

* *Refer to ARM Ferrous segment notes 2.3 and 8 for more detail.*

** *Includes IFRS 11 adjustments related to ARM Ferrous.*

*** *Reclassification of intergroup finance costs.*

**** *Impairment included in income from joint venture R406 million before tax of R114 million.*

2. PRIMARY SEGMENTAL INFORMATION
continued

2.2 YEAR TO 30 JUNE 2016

	Nkomati Rm	Two Rivers Rm	Modikwa Rm	Platinum Total Rm
External sales	2 245	3 917	1 205	7 367
Cost of sales	(2 410)	(2 830)	(1 323)	(6 563)
Other operating income	4	16	13	33
Other operating expenses	(171)	(211)	(44)	(426)
Segment result	(332)	892	(149)	411
Income from investments	10	14	8	32
Finance cost	(13)	(31)	(4)	(48)
Special items before tax	(119)	–	(6)	(125)
Taxation	124	(254)	45	(85)
(Loss)/profit after tax	(330)	621	(106)	185
Non-controlling interest	–	(303)	18	(285)
Contribution to basic earnings	(330)	318	(88)	(100)
Contribution to headline earnings	(244)	318	(84)	(10)
Other information				
Segment and consolidated assets	2 734	4 090	3 235	10 059
Segment liabilities	683	1 016	376	2 075
Unallocated liabilities (tax and deferred tax)				1 326
Consolidated total liabilities				3 401
Cash (outflow)/inflow generated from operations	(6)	1 109	(156)	947
Cash (outflow)/inflow from operating activities	(1)	482	(150)	331
Cash outflow from investing activities	(241)	(175)	(137)	(553)
Cash outflow from financing activities	(17)	(51)	–	(68)
Capital expenditure	244	282	141	667
Amortisation and depreciation	227	279	108	614
Impairment	(122)	–	–	(122)
EBITDA	(105)	1 171	(41)	1 025

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2016

2. PRIMARY SEGMENTAL INFORMATION continued

2.2 YEAR TO 30 JUNE 2015

	Nkomati Rm	Two Rivers Rm	Modikwa Rm	Platinum Total Rm
External sales	2 686	3 676	1 082	7 444
Cost of sales	(2 300)	(2 641)	(1 187)	(6 128)
Other operating income	145	13	17	175
Other operating expenses	(329)	(183)	(25)	(537)
Segment result	202	865	(113)	954
Income from investments	18	14	7	39
Finance cost	(8)	(38)	(6)	(52)
Taxation	(62)	(247)	35	(274)
Profit/(loss) after tax	150	594	(77)	667
Non-controlling interest	–	(275)	13	(262)
Contribution to basic earnings	150	319	(64)	405
Contribution to headline earnings	150	319	(64)	405
Other information				
Segment and consolidated assets	3 241	4 059	3 072	10 372
Segment liabilities	586	859	419	1 864
Unallocated liabilities (tax and deferred tax)				1 531
Consolidated total liabilities				3 395
Cash inflow/(outflow)/generated from operations	783	1 228	(20)	1 991
Cash inflow/(outflow) from operating activities	799	697	(17)	1 479
Cash outflow from investing activities	(258)	(229)	(321)	(808)
Cash inflow/(outflow) from financing activities	12	(79)	–	(67)
Capital expenditure	333	277	323	933
Amortisation and depreciation	202	381	85	668
EBITDA	404	1 246	(28)	1 622

2. PRIMARY SEGMENTAL INFORMATION continued

2.3 PRO FORMA ANALYSIS OF THE ARM FERROUS SEGMENT ON A 100% BASIS

	Iron ore Division Rm	Manganese Division Rm	Continued operation Chrome Division Rm	Continued operation ARM Ferrous Total Rm	Discon-tinued operation Chrome Division* Rm	ARM Ferrous Total Rm	ARM share Rm	IFRS Adjust-ment** Rm	Total per IFRS financial state-ments Rm
Year to 30 June 2016									
Sales	**12 110**	**6 651**	**166**	**18 927**	**1 727**	**20 654**	**10 327**	**(10 327)**	**–**
Other operating income	**501**	**242**	**34**	**777**	**6**	**783**	**164**	**(164)**	**–**
Other operating expense	**(1 196)**	**(571)**	**(9)**	**(1 776)**	**(218)**	**(1 994)**	**(770)**	**770**	**–**
Operating profit	**2 961**	**581**	**11**	**3 553**	**149**	**3 702**	**1 851**	**(1 851)**	**–**
Contribution to earnings	**2 440**	**104**	**8**	**2 552**	**103**	**2 655**	**1 328**	**(27)**	**1 301**
Contribution to headline earnings	**2 429**	**396**	**8**	**2 833**	**103**	**2 936**	**1 468**	**(27)**	**1 441**
Other information									
Consolidated total assets	**25 982**	**11 251**	**301**	**37 534**	**1 367**	**38 901**	**18 897**	**(4 274)**	**14 623**
Consolidated total liabilities	**5 853**	**2 153**	**223**	**8 229**	**631**	**8 860**	**1 653**	**(1 653)**	**–**
Capital expenditure	**901**	**1 928**	**–**	**2 829**	**149**	**2 978**	**1 422**	**(1 422)**	**–**
Amortisation and depreciation	**1 517**	**472**	**–**	**1 989**	**–**	**1 989**	**966**	**(966)**	**–**
Cash inflow from operating activities	**2 110*****	**1 181**	**–**	**3 291**	**134**	**3 425**	**2 588**	**(2 588)**	**–**
Cash outflow from investing activities	**(934)**	**(2 509)**	**–**	**(3 443)**	**(150)**	**(3 593)**	**(1 796)**	**1 796**	**–**
EBITDA	**4 478**	**1 053**	**11**	**5 542**	**149**	**5 691**	**2 817**	**(2 817)**	**–**
Additional information for ARM Ferrous at 100%									
Non-current assets									
Property, plant and equipment						**20 982**		**(20 982)**	**–**
Investment in joint venture						**3 036**		**(3 036)**	**–**
Other non-current assets						**901**		**(901)**	**–**
Current assets									
Inventories						**3 713**		**(3 713)**	**–**
Trade and other receivables						**3 558**		**(3 558)**	**–**
Financial assets						**72**		**(72)**	**–**
Cash and cash equivalents						**4 798**		**(4 798)**	**–**
Asset held for sale						**1 842**		**(1 842)**	**–**
Non-current liabilities									
Other non-current liabilities						**5 997**		**(5 997)**	**–**
Current liabilities									
Trade and other payables						**1 321**		**(1 321)**	**–**
Short-term provisions						**698**		**(698)**	**–**
Taxation						**213**		**(213)**	**–**
Liabilities directly associated with asset held for sale						**630**		**(630)**	**–**

Refer note 2.1 and note 8 for more detail on the ARM Ferrous (Assmang) segment.

* *This relates to Dwarsrivier (refer note 46).*

** *Includes consolidation and IFRS 11 adjustments.*

*** *Dividend paid amounting to R1.75 billion included in cash flows from operating activities.*

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2016

2. PRIMARY SEGMENTAL INFORMATION continued

2.3 PRO FORMA ANALYSIS OF THE ARM FERROUS SEGMENT ON A 100% BASIS

	Iron ore Division Rm	Manganese Division Rm	Continued operation Chrome Division Rm	Continued operation ARM Ferrous Total Rm	Discon-tinued operation Chrome Division* Rm	ARM Ferrous Total Rm	ARM share Rm	IFRS Adjust-ment** Rm	Total per IFRS financial state-ments Rm
Year to 30 June 2015									
Sales	12 197	7 128	189	19 514	1 610	21 124	10 561	(10 561)	–
Other operating income	442	195	14	651	7	658	132	(132)	–
Other operating expense	(1 257)	(654)	(4)	(1 915)	(228)	(2 143)	(875)	875	–
Operating profit	3 095	697	86	3 878	178	4 056	2 028	(2 028)	–
Contribution to earnings	2 381	94	62	2 537	122	2 659	1 330	(41)	1 289
Contribution to headline earnings	2 495	577	62	3 134	122	3 256	1 629	(41)	1 588
Other information									
Consolidated total assets	25 081	11 274	240	36 595	1 586	38 181	18 574	(4 480)	14 094
Consolidated total liabilities	6 118	2 372	292	8 782	470	9 252	1 946	(1 946)	–
Capital expenditure	1 645	1 983	–	3 628	207	3 835	1 830	(1 830)	–
Amortisation and depreciation	1 421	421	–	1 842	91	1 933	936	(936)	–
Cash inflow from operating activities	1 463***	1 326	–	2 789	104	2 893	2 967	(2 967)	–
Cash outflow from investing activities	(1 553)	(2 140)	–	(3 693)	(198)	(3 891)	(1 966)	1 966	–
EBITDA	4 516	1 118	86	5 720	269	5 989	2 964	(2 964)	–
Additional information for ARM Ferrous at 100%									
Non-current assets									
Property, plant and equipment						20 583		(20 583)	–
Investment in joint venture						2 243		(2 243)	–
Other non-current assets						902		(902)	–
Current assets									
Inventories						4 448		(4 448)	–
Trade and other receivables						3 391		(3 391)	–
Financial assets						85		(85)	–
Cash and cash equivalents						4 943		(4 943)	–
Asset held for sale						1 586		(1 586)	–
Non-current liabilities									
Other non-current liabilities						5 995		(5 995)	–
Current liabilities									
Trade and other payables						1 808		(1 808)	–
Short-term provisions						608		(608)	–
Taxation						369		(369)	–
Liabilities directly associated with asset held for sale						470		(470)	–

Refer note 2.1 and note 8 for more detail on the ARM Ferrous (Assmang) segment.

* *This relates to Dwarsrivier (refer note 46).*

** *Includes consolidation and IFRS 11 adjustments.*

*** *Dividend paid amounting to R3 billion included in cash flows from operating activities.*

2. PRIMARY SEGMENTAL INFORMATION
continued

2.4 ADDITIONAL INFORMATION

ARM Corporate as presented in the table on pages 241 and 242 is analysed further into Corporate and other, ARM Exploration and Gold segments.

	ARM Exploration Rm	Corporate and other* Rm	Gold Rm	**Total ARM Corporate Rm**
Year to 30 June 2016				
Cost of sales	–	37		37
Other operating income	–	970		970
Other operating expenses	(23)	(846)		(869)
Segment result	(23)	161		138
Income from investments	–	128		128
Finance costs	–	117		117
Special items before tax	–	19		19
Taxation	–	71		71
(Loss)/profit after tax	(23)	496		473
Non-controlling interest	–	(11)		(11)
Consolidation adjustments		27		27
Contribution to basic earnings	(23)	512		489
Contribution to headline earnings	(23)	495		472
Other information				
Segment and consolidated assets	–	1 860	3 339	5 199
Segment liabilities	–	3 240		3 240
Cash outflow from operating activities	(23)	(1 280)		(1 303)
Cash inflow from investing activities	–	45		45
Cash outflow from financing activities	–	(467)		(467)
Capital expenditure	–	3		3
Amortisation and depreciation	–	5		5
EBITDA	(23)	166		143

* *Corporate, other companies and consolidation adjustments.*

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2016

2. PRIMARY SEGMENTAL INFORMATION continued

2.4 ADDITIONAL INFORMATION

	ARM Exploration Rm	Corporate and other* Rm	Gold Rm	Total ARM Corporate Rm
Year to 30 June 2015				
Cost of sales	–	54		54
Other operating income	–	862		862
Other operating expenses	(50)	(753)		(803)
Segment result	(50)	163		113
Income from investments	–	153		153
Finance costs	–	118		118
Special items before tax	–	–	(656)	(656)
Taxation	–	(142)	122	(20)
(Loss)/profit after tax	(50)	292	(534)	(292)
Non-controlling interest	–	(9)		(9)
Consolidation adjustment		41		41
Contribution to basic earnings	(50)	324	(534)	(260)
Contribution to headline earnings	(50)	324		274
Other information				
Segment and consolidated assets	–	3 069	992	4 061
Segment liabilities	–	1 635		1 635
Cash outflow from operating activities	(50)	(1 151)		(1 201)
Cash outflow from investing activities	–	(428)		(428)
Cash outflow from financing activities	–	(187)		(187)
Capital expenditure	–	2		2
Amortisation and depreciation	–	8		8
EBITDA	(50)	171		121

* *Corporate, other companies and consolidation adjustments.*

2. PRIMARY SEGMENTAL INFORMATION continued

2.5 GEOGRAPHICAL SEGMENTS

The Group operates principally in South Africa, however, the Vale/ARM joint operation operates principally in Zambia and Sakura operates in Malaysia.

	F2016 Rm	F2015 Rm
Assets by geographical area in which the assets are located are as follows:		
– South Africa	**28 255**	26 496
– Europe	**1 184**	1 143
– Americas	**114**	189
– Far and Middle East	**3 817**	3 508
– Zambia	**1 610**	2 779
– Other	**147**	1 168
	35 127	35 283
Sales by geographical area:		
– South Africa	**5 334**	4 939
– Europe	**2 158**	2 650
– Far and Middle East	**580**	680
– Zambia	**581**	794
– Other	**92**	200
	8 745	9 263
Sales to major customers: The only segment that is affected by the requirement to show this analysis is the platinum segment and the breakdown is as follows:		
Rustenburg Platinum Mines Limited	**1 205**	1 082
Impala Platinum Limited	**3 917**	3 676
Capital expenditure		
– South Africa	**855**	1 194
– Rest of Africa	**75**	302
	930	1 496

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2016

3. PROPERTY, PLANT AND EQUIPMENT

	Mine development and decom-missioning assets Rm	Plant and machinery Rm	Land and buildings Rm	Mineral rights Rm	Mine properties Rm	Furniture equipment and vehicles Rm	Finance Leases Rm	Total Property, plant and equipment Rm
Cost								
Balance at 30 June 2014	6 923	5 366	354	2 125	316	861	411	16 356
Additions	834	345	11	–	53	162	91	1 496
Change in estimates*	–	–	(12)	–	–	–	–	(12)
Derecognition	–	–	–	(18)	–	–	–	(18)
Disposals	–	(60)	–	–	–	(145)	(149)	(354)
Mineral rights from Impala (refer note 36)	–	–	–	157	–	–	–	157
Reclassifications	(51)	47	2	–	–	–	30	28
Tamboti (refer note 36)	–	–	–	400	–	–	–	400
Foreign currency translation movement	257	218	10	21	–	6	5	517
Balance at 30 June 2015	**7 963**	**5 916**	**365**	**2 685**	**369**	**884**	**388**	**18 570**
Additions	**560**	**231**	**25**	**–**	**–**	**88**	**26**	**930**
Change in estimates*	**–**	**–**	**16**	**–**	**–**	**–**	**–**	**16**
Asset held for sale	**–**	**(9)**	**–**	**–**	**–**	**–**	**(7)**	**(16)**
Derecognition	**–**	**–**	**–**	**–**	**–**	**–**	**(8)**	**(8)**
Disposals	**(6)**	**(26)**	**–**	**–**	**–**	**(37)**	**(11)**	**(80)**
Reclassifications	**(456)**	**413**	**97**	**(95)**	**–**	**32**	**9**	**–**
Foreign currency translation movement	**459**	**355**	**16**	**33**	**–**	**11**	**13**	**887**
Balance at 30 June 2016	**8 520**	**6 880**	**519**	**2 623**	**369**	**978**	**410**	**20 299**
Accumulated amortisation, depreciation and impairment								
Balance at 30 June 2014	2 136	1 218	97	289	1	546	317	4 604
Charge for the year	384	390	21	61	1	101	72	1 030
Disposals	(1)	(53)	–	–	–	(141)	(149)	(344)
Impairment (refer note 38)	961	19	–	–	–	–	–	980
Reclassifications	–	28	–	–	–	–	–	28
Foreign currency translation movement	9	39	1	1	–	3	1	54
Balance at 30 June 2015	**3 489**	**1 641**	**119**	**351**	**2**	**509**	**241**	**6 352**
Charge for the year	**280**	**433**	**23**	**54**	**1**	**124**	**39**	**954**
Disposals	**–**	**(21)**	**–**	**–**	**–**	**(40)**	**(11)**	**(72)**
Impairment (refer note 38)	**836**	**892**	**47**	**50**	**–**	**20**	**32**	**1 877**
Asset held for sale	**–**	**(9)**	**–**	**–**	**–**	**–**	**(4)**	**(13)**
Reclassifications	**(48)**	**9**	**17**	**–**	**–**	**10**	**12**	**–**
Foreign currency translation movement	**180**	**48**	**(1)**	**3**	**–**	**5**	**–**	**235**
Balance at 30 June 2016	**4 737**	**2 993**	**205**	**458**	**3**	**628**	**309**	**9 333**
Carrying value at 30 June 2015	4 474	4 275	246	2 334	367	375	147	12 218
Carrying value at 30 June 2016	**3 783**	**3 887**	**314**	**2 165**	**366**	**350**	**101**	**10 966**

* *Change in estimates relates to the fair value adjustment made on the variable consideration payable by Two Rivers to Assmang (refer note 18).*

a. Borrowing costs

No borrowing costs were capitalised for the year to 30 June 2016 (F2015: Rnil).

b. Capital work-in-progress

The pre-stripping cost asset included under mine development and decommissioning assets amounts to R491 million (F2015: R374 million).

c. Pledged assets

The carrying value of assets pledged as security for loans amounts to R3.6 billion (F2015: R3.9 billion). Refer to note 16 for security granted in respect of loans to Two Rivers and ARM Coal. The carrying value of plant and machinery held under finance leases at year end was R101 million (F2015: R147 million).

Included in pledged assets are hire purchase agreement assets that are pledged as security amounting to R26 million (F2015: R55 million). Leased assets are pledged as security for the related finance lease.

d. Exploration and evaluation assets

These assets are included under mine development and decommissioning assets and amount to R282 million (F2015: R228 million).

Registers containing details of mineral and mining rights and land and buildings are available for inspection during business hours at the registered addresses of the respective Company or associated entities by members or their duly authorised agents.

4. INTANGIBLE ASSETS

	Total Rm	Other Rm	RBCT entitlement Rm
Cost			
Balance at 30 June 2014	**221**	1	220
Balance at 30 June 2015	**221**	1	220
Balance 30 June 2016	**221**	1	220
Accumulated amortisation			
Balance at 30 June 2014	**55**	–	55
Charge for the year	**17**	1	16
Balance at 30 June 2015	**72**	1	71
Charge for the year	**12**	–	12
Balance at 30 June 2016	**84**	1	83
Carrying value at 30 June 2015	**149**	–	149
Carrying value at 30 June 2016	**137**	–	137

Finite life intangible assets which are amortised comprise of: (i) the RBCT entitlement held by the Goedgevonden joint operation of R137 million (F2015: R149 million) and (ii) Rnil (F2015: R1 million) relating to patents, trademarks and software.

There are no indefinite life intangible assets. The export rights relating to the investment in RBCT are amortised on a units of export sales method. The remaining amortisation period of the RBCT entitlement is limited to 19 years (F2015: 20 years).

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2016

	F2016 Rm	F2015 Rm
5. LOANS AND LONG-TERM RECEIVABLES		
Long-term receivables	**40**	48
Total	**40**	48
Long-term loans held are as follows:		
ARM Platinum (Modikwa)	**17**	17
ARM Coal	**23**	31
Total	**40**	48
The ARM Coal loan relates to a loan to RBCT for the construction of the phase V expansion of RBCT.		
ARM Platinum (Modikwa) is a loan due by the communities (non-controlling interest) around the Modikwa Mine and will be repaid as and when a dividend is declared from ARM Mining Consortium.		
6. FINANCIAL ASSETS		
Arranger's fee	**1**	2
	1	2
Less: Transfer to short-term financial assets	**(1)**	(1)
Total	**–**	1

During 2012 a US Dollar denominated loan was entered into with Standard Finance (Isle of Man) Limited in terms of which an arranger's fee was paid.

This arranger's fee is amortised over the 60 month period of the loan starting from April 2012.

	F2016 Rm	F2015 Rm
7. INVESTMENT IN ASSOCIATE		
Through ARM's 51% investment in ARM Coal, the Group holds an effective 10.2% investment in the existing coal operations (PCB) of GOSA.		
Opening balance	**1 155**	967
Original investment (10.2%)	**400**	400
Additional investment (ATCOM and ATC Collieries)	**9**	9
Additional investment	**784**	502
Accumulated (loss)/profit	**(38)**	56
Additional investment current year	**–**	282
Loss for the current year	**(106)**	(94)
Closing balance	**1 049**	1 155
ARM invested directly in 10% of the existing coal operations (PCB) of GOSA on 1 September 2007.		
Opening balance	**346**	438
Original investment	**400**	400
Additional investment (ATCOM and ATC Collieries)	**32**	32
Accumulated (loss)/profit	**(86)**	6
Loss for the current year	**(104)**	(92)
Closing balance	**242**	346
Less: dividend received prior years	**(138)**	(138)
Total investment	**1 153**	1 363
Total loss for the year	**(210)**	(186)
PCB at 100%		
Sales	**9 554**	7 520
Statement of financial position		
Non-current assets	**29 239**	28 619
Current assets	**2 807**	2 467
Total assets	**32 046**	31 086
Less:		
Non-current liabilities	**25 532**	24 199
Current liabilities	**804**	140
Net assets	**5 710**	6 747
8. INVESTMENT IN JOINT VENTURE		
The investment relates to ARM Ferrous and consists of Assmang as a joint venture which includes iron ore, manganese and chrome operations.		
Opening balance	**14 094**	14 305
Income for the period	**1 328**	1 330
Consolidation adjustment	**(27)**	(41)
Net income for the period	**1 301**	1 289
Foreign currency translation reserve	**103**	–
Less: dividend received for the period	**(875)**	(1 500)
Closing balance	**14 623**	14 094

Refer to note 2.1 and 2.3 for more detail on the ARM Ferrous segment.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2016

	F2016 Rm	F2015 Rm
9. OTHER INVESTMENTS		
Listed investment*		
Opening balance	**992**	1 982
Unrealised available-for-sale reserve and impairment	**2 347**	(990)
Available-for-sale reserve in other comprehensive income	**2 347**	(334)
Impairment of listed investment** (refer note 30)	**–**	(656)
Total – listed investment classified as available-for-sale	**3 339**	992
Market value of listed investment	**3 339**	992
Other investments		
Guardrisk	**19**	24
RBCT	**162**	152
Preference shares	**1**	10
Total unlisted investments	**182**	186
Total carrying amount of investments	**3 521**	1 178

Investments in unquoted equity instruments are measured at cost. Their market value cannot be measured reliably due to the significant uncertainties which exist in estimating parameters such as exchange rates, commodity prices and general market conditions.

The market value of the listed investment is determined by reference to the market share price at 30 June 2016 and 30 June 2015. ARM Treasury Investments Proprietary Limited (previously Kingfisher Insurance Company Limited) holds R1 million (F2015: R10 million) preference shares in various financial institutions.

Certain listed shares have been pledged as security for the ARM corporate loan which at 30 June 2016 was R1 400 million (F2015: Rnil) (refer note 16). The book value of the pledged shares amounts to R2 309 million (F2015: R670 million).

A report on investments appears on pages 289 to 290.

* *Harmony Gold 63 632 922 shares at R52.47 per share (F2015: R15.59 per share).*

** *The impairment was due to a significant decline in the Harmony Gold share price. For additional information please refer Gold: Harmony report on page 120.*

	F2016 Rm	F2015 Rm
10. INVENTORIES		
Consumable stores	**427**	375
Finished goods	**94**	103
Ore stockpiles	**205**	348
Work-in-progress	**33**	26
	759	852

Stockpile quantities are determined using assumptions such as densities and grades which are based on studies, historical data and industry norms.

Value of inventories carried at net realisable value is Rnil (F2015: Rnil).

Refer to note 25 for the expense of inventory written down or up and the amount of inventories expensed during the year.

Inventories to the value of R53 million (F2015: R72 million) have been pledged as security for loans in ARM Coal (refer note 16).

	F2016 Rm	F2015 Rm
11. TRADE AND OTHER RECEIVABLES		
Other receivables	**320**	274
Related parties (refer note 45)	**2 015**	1 952
Trade receivables	**118**	316
	2 453	2 542

Trade and other receivables are non-interest-bearing and are generally on 30 – 90 day payment terms.

The carrying amount of trade and other receivables approximate their fair value.

Payment terms which vary from the norm are:
– PGM's which are paid approximately four months after delivery; and
– 20% of nickel delivered which is paid approximately five months after delivery.

Debtors analysis	F2016 Rm	F2015 Rm
Outstanding on normal cycle terms	**2 396**	2 467
Outstanding longer than 30 days outside normal cycle	**2**	63
Outstanding longer than 60 days outside normal cycle	**22**	–
Outstanding longer than 90 days outside normal cycle	**24**	–
Outstanding longer than +120 days outside normal cycle*	**9**	12
Less: provisions for impairments	**–**	–
Total	**2 453**	2 542

* *No provision has been raised in F2016 on debtors outstanding longer than 120 days (F2015: Rnil) as the balance is considered recoverable. Total provision at year end amounted to Rnil (F2015: Rnil).*

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2016

	F2016 Rm	F2015 Rm
12. CASH AND CASH EQUIVALENTS		
Cash at bank and on deposit	**252**	1 299
Restricted cash:		
– Rehabilitation trust funds (refer note 23)	**157**	137
– Other	**907**	821
Cash and cash equivalents per the statement of financial position	**1 316**	2 257
Less: overdrafts (refer note 21)	**(649)**	(812)
Cash and cash equivalents per the statement of cash flows	**667**	1 445
The cash is held as follows per the statement of financial position:		
– African Rainbow Minerals Limited	**129**	909
– ARM BBEE Trust	**2**	–
– ARM Finance Company SA	**12**	11
– ARM Coal Proprietary Limited	**1**	1
– ARM Platinum Proprietary Limited	**32**	23
– ARM Treasury Investments Proprietary Limited (previously Kingfisher Insurance Co Limited)	**35**	121
– Nkomati	**–**	195
– Two Rivers Platinum Proprietary Limited	**12**	12
– Vale/ARM joint operation	**27**	25
– Venture Building Trust Proprietary Limited	**2**	2
– Restricted cash*	**1 064**	958
	1 316	2 257

Cash at bank and on deposit earns interest at floating rates based on daily bank deposit rates.

* *Restricted cash includes:*
- *The ARM Trust of R20 million (F2015: R20 million) and cash held by Mannequin Insurance PCC Limited (Cell AVL 18). amounting to R722 million (F2015: R633 million) in terms of an insurance contract.*
- *Guarantees issued by ARM Coal to DMR amounting to R61 million (F2015: R46 million).*
- *Guarantees issued by Tamboti to DMR amounting to R2 million (F2015: R2 million).*
- *Guarantees issued by Two Rivers to DMR, Eskom and BP oil amounting to R84 million (F2015: R86 million).*
- *Guarantees issued by Nkomati to DMR and Eskom amounting to R67 million (F2015: R66 million).*
- *Guarantees issued by Modikwa to DMR and Eskom amounting to R78 million (F2015: R78 million).*

	F2016 Rm	F2015 Rm
13. ASSETS HELD FOR SALE		
Assets at 30 June	**3**	12

Nkomati

The underground operations at Nkomati were impaired following the decision to cease operations in this area (refer note 3 and 30). This resulted in certain assets being reflected as held for sale.

Venture Building Trust

During F2015 ARM entered into a sale agreement for the sale of the investment property situated in Marshalltown Johannesburg. The transaction and the transfer thereof was finalised in F2016.

	F2016 Rm	F2015 Rm
14. SHARE CAPITAL AND SHARE PREMIUM		
Share capital		
Authorised		
500 000 000 (F2015: 500 000 000)	**25**	25
	25	25
Issued		
Opening balance	**11**	11
530 447 (F2015: 743 601) additional shares issued*	**–**	–
218 021 859 (F2015: 217 491 412); (F2014: 216 747 811)	**11**	11
Share premium	**4 217**	4 183
– Balance at beginning of the year	**4 183**	4 108
– Premium on bonus and performance shares issued to employees	**34**	75
Total issued share capital and share premium	**4 228**	4 194

* *The movement in issued shares was less than R1 million.*

15. TREASURY SHARES

The restructuring of the ARM BBEE Trust resulted in ARM effectively controlling 28 614 740 ARM shares (refer note 32 and 37).

	F2016 Rm	F2015 Rm
The carrying value of these treasury shares are as follows:		
12 717 328 shares at R51.19 bought from the ARM BBEE Trust by Opilac Proprietary Limited	**651**	–
15 897 412 shares at R110.31 held in the ARM BBEE Trust	**1 754**	–
	2 405	–

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2016

	F2016 Rm	F2015 Rm
16. LONG-TERM BORROWINGS		
Secured		
Two Rivers – mine housing project – loan facility	**25**	42
This loan is repayable in bi-annual instalments which commenced on 9 July 2008, and a final instalment due at 30 September 2017. The interest rate was linked to the prime overdraft rate until completion of the project, and is now linked to JIBAR. At year end the rate was 7.36% (F2015: 8.82%).		
The loan is secured by a mortgage bond over the property and a cession of insurances.		
ARM Corporate – loan facility	**1 400**	N/A
This loan facility is for an amount of R2 250 million and is repayable in August 2018. The interest rate has a JIBAR base with an additional margin between 3.35% and 3.65% depending on the utilisation of the facility. At 30 June 2016 R1 400 million (F2015: Rnil) was drawn against this facility. The interest rate was 10.75% at 30 June 2016 (F2015: N/A). This loan has been secured by a pledge of shares (refer note 9).		
ARM Finance Company SA – loan facility	**514**	754
This loan facility was for US$80 million for funding towards the development of the Lubambe Copper Mine. The interest rate is LIBOR plus 3.65% with repayments commencing from December 2014 in quarterly instalments with a final repayment in September 2017. At year end an amount of US$35 million was still outstanding (F2015: US$62 million). ARM Company has guaranteed this loan. As at 30 June 2016 the interest rate was 4.3% (F2015: 3.93%).		
ARM BBEE Trust – loan facility – Harmony Gold	**204**	N/A
This loan consists of R200 million from Harmony Gold with an interest rate of JIBAR plus 4.25% and is repayable before 31 December 2022. The interest rate at 30 June 2016 was 11.61% (F2015: N/A).		
ARM BBEE Trust – loan facility – Nedbank Limited	**297**	N/A
This loan consists of R301 million from Nedbank with an interest rate of JIBAR plus 4.07% and is repayable before 31 December 2019. The interest rate at 30 June 2016 was 11.43% (F2015: N/A).		
Vale/ARM joint operation – hire purchase	**33**	47
Hire purchase over property, plant and equipment with a book value of R26 million (F2015: R55 million) bears interest between 7% and 8% (F2015: 8% to 15%) and is payable in varying monthly and quarterly instalments over a maximum period of 36 months which commenced in September 2013 and a final payment due in August 2018.		
Vale/ARM joint operation – loan facility (partner loan)	**696**	546
This loan is from ZCCM – IH and relates to their 20% contribution to the funding of Lubambe Copper Mine. The loan forms part of the inter-company loan agreements which each of the shareholders have with Lubambe Copper Mine. The funding bears interest at a six-month LIBOR rate plus 5%.		
The LIBOR rates for the period under review varied between 0.28% to 0.69% (F2015: 0.27% to 0.56%). As at 30 June 2016 the interest rate was 5.65% (F2015: 5.28%). The loan is currently repayable in 12 equal quarterly instalments each year on 31 March, 30 June, 30 September and 31 December commencing 30 December 2016, with final settlement on 30 September 2019.		
Nkomati – leases	**35**	60
Finance leases over property, plant and equipment with a book value of R33 million (F2015: R66 million) bear interest at prime plus 2% (F2015: prime plus 2%) and are payable in varying monthly instalments over a maximum period of 60 months which commenced in April 2015 and a final payment due in March 2020 (refer note 41). As at 30 June 2016 the interest rate was 12.5% (F2015: 10.75%).		
Two Rivers – leases	**38**	47
Finance leases over property, plant and equipment with a book value of R42 million (F2015: R26 million) bear interest at prime less 1.5%. As at 30 June 2016 the interest rate was 9% (F2015: 7.25%).		
Instalments are payable in varying monthly instalments over a maximum period of 60 months which commenced on 30 November 2008 and a final payment due on 31 May 2017 (refer note 41).		

16. LONG-TERM BORROWINGS continued

	F2016 Rm	F2015 Rm
ARM Coal – loan facility (partner loan) The following loans are with GOSA and relate to the acquisition and development of the GGV Thermal Coal Mine.		
ARM Coal – GGV acquisition loan (partner loan) The loan is repayable over 20 years from ARM Coal's share of positive cash flows generated by the Goedgevonden coal operation with final repayment in 2026. Interest is charged at prime bank overdraft rate. As at 30 June 2016 the interest rate was 10.5% (F2015: 9.25%).	**309**	299
ARM Coal – GGV project facility phase 1 loan (partner loan) The phase 1 project facility bears interest at prime bank overdraft rate after the interest holiday expired on 30 September 2014 and is repayable by August 2024 from ARM Coal's share of positive cash flows generated by the Goedgevonden coal operation. As at 30 June 2016 the interest rate was 10.5% (F2015: 9.25%).	**893**	792
ARM Coal – GGV project facility phase 2 loan (partner loan) The phase 2 project facility bears interest at prime bank overdraft rate and is repayable by June 2024 from ARM Coal's share of positive cash flows generated by the Goedgevonden coal operation. As at 30 June 2016 the interest rate was 10.5% (F2015: 9.25%).	**227**	212
These are secured by: > a cession in favour of GOSA creating a first ranking security interest over ARM Coal's participating interest in the Goedgevonden joint operation; > a cession in favour of GOSA creating a first ranking security interest over all the preference shares in GOSA held by ARM Coal; > a cession in favour of GOSA creating a first ranking security interest over ARM Coal's right, title and interest in and to the joint venture account; > mortgage bonds to be registered by ARM Coal in favour of GOSA over all immovable property of ARM Coal; and > notarial bonds to be registered by ARM Coal in favour of GOSA over all movable assets owned by ARM Coal (refer note 10).		
Unsecured **GOSA** The amounts reflected represent balances owing on intercompany loan accounts between GOSA and ARM Coal other than on the long-term loans reflected above.	**22**	N/A
ARM Coal – RBCT phase V (partner loan) This loan is with GOSA and bears interest at the prime bank overdraft rate plus 0.5% and is repayable by October 2020 from ARM Coal's share of positive cash flows generated by the Goedgevonden coal operation. As at 30 June 2016 the interest rate was 11% (F2015: 9.75%).	**95**	157
Total borrowings	**4 788**	2 956
Less: repayable within one year included in short-term borrowings (refer note 21)	**(617)**	(445)
Total long-term borrowings	**4 171**	2 511
Held as follows:		
– ARM Corporate	**1 400**	N/A
– ARM BBEE Trust – Harmony Gold	**204**	N/A
– ARM BBEE Trust – Nedbank Limited	**297**	N/A
– ARM Coal Proprietary Limited – GGV acquisition loan (partner loan)	**275**	290
– ARM Coal Proprietary Limited – GGV project facility phase 1 (partner loan)	**835**	781
– ARM Coal Proprietary Limited – GGV project facility phase 2 (partner loan)	**210**	208
– GOSA	**22**	N/A
– ARM Coal Proprietary Limited – RBCT phase V (partner loan)	**81**	149
– ARM Finance Company SA	**88**	426
– Nkomati	**23**	46
– Two Rivers Platinum Proprietary Limited	**24**	37
– Vale/ARM joint operation	**16**	28
– Vale/ARM joint operation – ZCCM – IH (partner loan)	**696**	546
	4 171	2 511

The carrying amount of the long-term borrowings approximate their fair value.

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16. LONG-TERM BORROWINGS continued

	Total borrowings F2016 Rm	Discounted cash flows F2017 Rm	Repayments schedule – undiscounted cash flows F2017 Rm	F2018 Rm	F2019 Rm	F2020 Rm	F2021 – onwards Rm	Total Rm
Secured Loans								
ARM Corporate – loan facility	**1 400**	–	–	1 592	–	–	–	1 592
ARM BBEE Trust – Harmony Gold loan facility	**204**	–	–	–	–	–	417	417
ARM BBEE Trust – Nedbank loan facility	**297**	–	–	–	–	434	–	434
ARM Coal – GGV acquisition loan (partner loan)	**309**	34	34	9	21	206	902	1 172
ARM Coal – GGV project facility phase 1 loan (partner loan)	**893**	58	60	51	217	213	877	1 418
ARM Coal – GGV project facility phase 2 loan (partner loan)	**227**	17	17	17	55	53	216	358
ARM Finance Company SA – loan facility	**514**	426	440	89	–	–	–	529
Nkomati – finance leases	**35**	12	13	10	8	6	–	37
Two Rivers – finance leases	**38**	20	22	12	7	–	–	41
Vale/ARM joint operation – hire purchase	**33**	17	23	23	11	–	–	57
Two Rivers – mine housing project loan facility	**25**	19	20	7	–	–	–	27
Vale/ARM joint operation – loan facility (partner loan)	**696**	–	–	200	200	200	200	800
Total secured loans	**4 671**	603	629	2 010	519	1 112	2 612	6 882
Unsecured loans								
GOSA	**22**	–	–	–	–	–	22	22
ARM Coal – RBCT phase V (partner loan)	**95**	14	15	14	39	45	11	124
Total unsecured loans	**117**	14	15	14	39	45	33	146
Total borrowings at 30 June 2016	**4 788**	617	644	2 024	558	1 157	2 645	7 028

Undiscounted cash flows	F2016 Rm	F2017 Rm	F2018 Rm	F2019 Rm	F2020 – onwards Rm	Total Rm
Total borrowings at 30 June 2015	488	864	598	631	1 430	4 011

17. DEFERRED TAXATION

	F2016 Rm	F2015 Rm
Deferred tax assets		
Deferred capital gains tax movements on listed investment	**151**	564
Provisions	**–**	1
Deferred tax assets – recognised in other comprehensive income	**151**	565
Deferred tax liabilities		
Property, plant and equipment	**1 863**	2 039
Intangible assets	**38**	42
Inventories	**53**	54
Deferred capital gains tax movements on listed investment – ARM BBEE Trust	**424**	–
Unrealised related party foreign currency translation movement	**207**	109
Deferred tax liabilities	**2 585**	2 244
Loan impairment	**(285)**	–
Provisions	**(265)**	(251)
Post-retirement healthcare provisions	**(21)**	(23)
Deferred tax assets	**(571)**	(274)
Net deferred tax liabilities	**2 014**	1 970
Reconciliation of opening and closing balance		
Opening deferred tax liabilities	**1 970**	1 911
Opening deferred tax assets	**(565)**	(381)
Net deferred tax liabilities opening balance	**1 405**	1 530
Temporary differences from:	**458**	(125)
Loan impairment	**(285)**	–
Inventories	**(1)**	(28)
Intangible assets	**(4)**	(4)
Impairment of listed investment	**–**	(122)
Property, plant and equipment	**(176)**	(16)
Provisions	**(11)**	44
Revaluation of investment – ARM BBEE Trust (refer to note 37)	**424**	–
Revaluation of investment – directly in other comprehensive income	**413**	(62)
Unrealised related party foreign currency translation movement	**98**	63
Total deferred tax	**1 863**	1 405
Deferred tax liabilities	**2 014**	1 970
Deferred tax assets	**(151)**	(565)

Deferred tax liability balances are shown net of deferred tax assets where a legal right of offset exists at settlement.

Deferred tax assets are raised only when they can be utilised against future taxable profits after taking possible future uncertainties into account. Future taxable profits are estimated based on approved business plans which include various estimates and assumptions regarding economic growth, interest, inflation, metal prices, exchange rates, taxation rates and competitive forces.

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	F2016 Rm	F2015 Rm
18. LONG-TERM PROVISIONS		
Environmental rehabilitation obligation		
Provision for decommissioning		
Balance at beginning of year	**304**	230
Provision for the year	**(27)**	60
Work completed	**(4)**	–
Unwinding discount rate	**10**	10
Foreign currency translation movements	**8**	4
Balance at end of year	**291**	304
Provision for restoration		
Balance at beginning of year	**119**	105
Provision for the year	**(2)**	9
Unwinding of discount rate	**11**	2
Foreign currency translation movements	**6**	3
Balance at end of year	**134**	119
Total environmental rehabilitation obligation	**425**	423

The net present value of current rehabilitation liabilities is based on discount rates taking into consideration long bond yield rates of approximately 9.1% (F2015: approximately 8.1%), inflation rates of between 7% and 9% (F2015: 6.05%) and life of mines of between 3 and 25 years (F2015: 3 and 25 years). The South African Reserve Bank long-term inflation target is between 3% and 6% (F2015: 3% and 8%). The US Dollar denominated entity discount rate was 3.3% (F2015: 3.3%) and inflation of 2.1% (F2015: 2.1%) was used. Refer to note 23 for amounts held in trust funds.

These provisions are based upon estimates of cash flows which are expected to occur at the end of life of mines.

These assumptions have inherent uncertainties as they are derived from future estimates of mining and financial parameters, such as commodity prices, exchange rates and inflation.

	F2016 Rm	F2015 Rm
Post-retirement healthcare benefits		
Balance at beginning of year	**82**	82
Benefits paid	**(8)**	(7)
Interest cost	**5**	7
Provision for the year (reversal)	**(4)**	–
Balance at end of year (refer note 43)	**75**	82
Other long-term provisions		
Balance at beginning of year	**151**	141
Change in estimate of variable purchase price for mine properties	**19**	(8)
Payments made during the year	**(2)**	(9)
Provision for the year	**15**	46
Transfer to short-term provisions (refer note 20)	**(19)**	(20)
Foreign currency translation movements	**1**	1
Balance at end of year	**165**	151
Total long-term provisions at end of year	**665**	656

Other long-term provisions include: (i) long-term incentive schemes aimed at attracting, retaining and rewarding eligible senior employees and (ii) variable consideration payable by Two Rivers to Assmang due to Assmang's inability to mine the chrome ore as a result of Two Rivers having a tailings dam on part of the mining area of Assmang at Dwarsrivier.

	F2016 Rm	F2015 Rm
19. TRADE AND OTHER PAYABLES		
Trade payables	**496**	650
Related parties (refer note 45)	**136**	183
Other*	**1 155**	619
Total trade and other payables	**1 787**	1 452

* *The increase is due to the insurance restructuring.*

Trade and other payables are generally non-interest-bearing and are typically on 30 – 90 day payment terms.

	F2016 Rm	F2015 Rm
20. SHORT-TERM PROVISIONS		
Bonus provision		
Balance at beginning of year	**206**	297
Provision for the year	**259**	194
Payments made during the year	**(249)**	(307)
Transfer from long-term provision (refer note 18)	**19**	20
Foreign currency translation movements	**3**	2
Balance at end of year	**238**	206
Leave pay provision		
Balance at beginning of year	**116**	110
Provision for the year	**18**	25
Payments made during the year and leave taken	**(20)**	(21)
Foreign currency translation movements	**3**	2
Balance at end of year	**117**	116
Other provisions		
Balance at beginning of year	**–**	72
Provision for the year	**–**	10
Payments made	**–**	(82)
Balance at end of year	**–**	–
Total short-term provisions	**355**	322

The bonus provision is based on the policy as approved by each operation.

The leave pay provision is calculated based on total pensionable salary packages multiplied by the leave days due at year end.

NOTES TO THE FINANCIAL STATEMENTS continued
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	F2016 Rm	F2015 Rm
21. OVERDRAFTS AND SHORT-TERM BORROWINGS		
Current portion of long-term borrowings (refer note 16)	**617**	445
Overdrafts (refer note 12)	**649**	812
Short-term borrowings – partner loans (refer note 45)	**114**	114
	1 380	1 371
Overdrafts and short-term borrowings are held as follows:		
– African Rainbow Minerals Limited	**3**	290
– ARM Mining Consortium Limited	**29**	93
– Anglo American Platinum Limited (partner loan)	**114**	114
– ARM Coal Proprietary Limited (partner loan)	**123**	32
– ARM Finance Company SA	**426**	328
– Nkomati	**36**	14
– Two Rivers Platinum Proprietary Limited	**393**	278
– Vale/ARM joint venture	**236**	202
– Other	**20**	20
	1 380	1 371
Overdrafts are held as follows:		
– African Rainbow Minerals Limited	**3**	290
– ARM Mining Consortium Limited	**29**	93
– Nkomati	**24**	–
– Two Rivers Platinum Proprietary Limited	**354**	226
– Vale/ARM joint operation	**219**	183
– Other	**20**	20
	649	812
Unutilised short-term borrowings and overdraft facilities:		
– African Rainbow Minerals Limited	**497**	210
– ARM Mining Consortium Limited	**71**	7
– Nkomati	**24**	35
– Two Rivers Platinum Proprietary Limited	**146**	274
	738	526

All of the above overdraft facilities are reviewed annually.

Overdrafts accrue interest at floating rates. Short-term borrowings accrue interest at market-related rates. Loans from dormant subsidiaries are interest free and are payable on demand.

22. JOINT OPERATIONS

The share of the following joint operations has been incorporated into the Group results:

- 50% share in the Nkomati Mine;
- 51% share in ARM Coal Proprietary Limited (consolidated);
- 50% share in Modikwa joint operation which is held as an 83% subsidiary through ARM Mining Consortium and is consolidated as a subsidiary;
- 50% share in Vale/ARM joint operations.

The share of joint operations in the financial statements are:

	F2016 Rm	F2015 Rm
Income statement		
Sales	**4 828**	5 587
Cost of sales	**(5 325)**	(5 235)
Other operating income	**95**	261
Other operating expenses	**(447)**	(608)
Income from investments	**18**	25
Finance costs	**(461)**	(330)
Loss from associate	**(210)**	(186)
Special items	**(1 879)**	(1 003)
Loss before tax	**(3 381)**	(1 489)
Taxation	**202**	(70)
Loss for the year after taxation	**(3 179)**	(1 559)
Non-controlling interest	**506**	315
Attributable to equity holders of ARM	**(2 673)**	(1 244)
Statement of financial position		
Non-current assets	**9 277**	10 582
Current assets	**1 759**	2 142
Non-current liabilities (interest-bearing)	**2 157**	2 048
Non-current liabilities (non-interest-bearing)	**1 534**	1 659
Current liabilities (non-interest-bearing)	**855**	1 074
Current liabilities (interest-bearing)	**424**	341
Statement of cash flows		
Net cash (outflow)/inflow from operating activities	**(69)**	1 059
Net cash outflow from investing activities	**(670)**	(1 323)
Net cash outflow from financing activities	**(40)**	(38)

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	F2016 Rm	F2015 Rm
23. ENVIRONMENTAL REHABILITATION TRUST FUNDS		
Balance at beginning of year	**137**	117
Contributions	**13**	10
Interest earned (refer note 28)	**7**	10
Total (included in cash and cash equivalents) (refer note 12)	**157**	137
Total environmental rehabilitation obligations (refer note 18)	**425**	423
Less: amounts in trust funds (see above)	**(157)**	(137)
Unfunded portion of liability	**268**	286
Part of the unfunded portion of the liability is secured by guarantees in favour of the Department of Mineral Resources as required of R114 million (F2015: R114 million) (refer note 40).		
24. SALES		
Sales – mining and related products	**8 745**	9 263
Made up as follows:		
Local sales	**5 321**	4 939
Export sales	**2 843**	3 530
Foreign sales	**581**	794
	8 745	9 263
Revenue	**9 600**	10 227
Sales – mining and related products	**8 745**	9 263
Dividends received (refer note 28)	**1**	1
Fees received (refer note 26)	**569**	631
Interest received (refer note 28)	**159**	191
Insurance income received (refer note 26)	**104**	115
Property rental income	**10**	10
Royalty received	**12**	16
25. COST OF SALES		
Amortisation and depreciation	**958**	1 047
Consultants, contractors and other	**225**	217
Electricity	**519**	435
Inventories written down	**1**	–
Provisions – long-term	**19**	54
– short-term	**189**	168
Raw materials, consumables used and change in inventories	**3 316**	3 299
Railage and road transportation	**339**	391
Staff costs	**2 111**	1 873
– salaries and wages	**1 840**	1 622
– pension – defined contribution	**177**	163
– medical aid	**94**	88
Other costs	**470**	370
	8 147	7 854

	F2016 Rm	F2015 Rm
26. OTHER OPERATING INCOME		
Commission received	**10**	–
Fees received	**569**	631
Insurance income received	**104**	115
Realised foreign exchange gains	**3**	103
Rental income from investment property (refer note 13)	**7**	2
Royalties received	**12**	16
Unrealised foreign exchange gains	**355**	216
Other	**88**	142
	1 148	1 225
27. OTHER OPERATING EXPENSES		
Audit remuneration – audit fees	**14**	13
– other services	**–**	–
Consulting fees	**52**	29
Depreciation	**8**	14
Direct operating expenses of investment property	**2**	6
Distribution cost	**181**	213
Exploration*	**23**	50
Insurance	**121**	113
Mineral royalty tax	**244**	278
Operating lease payments	**1**	2
Provisions – long-term	**(10)**	1
– short-term	**88**	61
Realised foreign exchange loss	**20**	41
Rent paid	**5**	5
Secretarial and financial services	**3**	3
Share-based payments expensed	**191**	193
Staff cost	**284**	293
– long service rewards	**–**	1
– pension – defined contribution	**8**	8
– salaries and wages	**265**	278
– training	**11**	6
Unrealised foreign exchange loss	**1**	28
Other	**299**	251
	1 527	1 594
28. INCOME FROM INVESTMENTS		
Dividend income – unlisted	**1**	1
Interest received – environmental trust funds (refer note 23)	**7**	10
– short-term bank deposits and other	**152**	181
	160	192
29. FINANCE COSTS		
Interest on finance leases	**12**	8
Gross interest paid: long- and short-term borrowings and overdrafts	**342**	230
Unwinding of discount rate	**21**	12
	375	250

* *In addition, attributable exploration expenditure amounting to R12 million (F2015: R5 million) is included in income from joint venture.*

NOTES TO THE FINANCIAL STATEMENTS continued
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	F2016 Rm	F2015 Rm
30. SPECIAL ITEMS		
Profit/(loss) on sale of property, plant and equipment	**13**	(23)
Profit on sale of subsidiary	**4**	–
Impairment of property, plant and equipment – Nkomati	**(122)**	–
Impairment of property, plant and equipment – Lubambe	**(1 755)**	(980)
Unrealised impairment of available-for-sale listed investment – Harmony Gold	**–**	(656)
Special items per income statement before taxation effect	**(1 860)**	(1 659)
Impairment on property, plant and equipment accounted for directly in joint venture – Assmang	**(202)**	(406)
Profit/(loss) on sale of property, plant and equipment accounted for directly in joint venture – Assmang	**8**	(9)
Special items before taxation effect	**(2 054)**	(2 074)
Taxation accounted for in joint venture – impairment at Assmang	**56**	114
Taxation accounted for in joint venture – (profit)/loss on sale at Assmang	**(2)**	2
Taxation on impairment of available-for-sale investment – Harmony Gold	**–**	122
Taxation on other special items	**33**	–
Special items after taxation effect	**(1 967)**	(1 836)
Non-controlling interest – Lubambe impairment	**351**	196
Total amount adjusted for headline earnings	**(1 616)**	(1 640)
31. TAXATION		
South African normal taxation:		
– current year	**290**	418
– mining	**243**	319
– non-mining	**47**	99
– prior year	**1**	(4)
Foreign tax	**4**	2
Total current taxation	**295**	416
Deferred taxation	**(303)**	(63)
Total taxation	**(8)**	353
Attributable to:		
Profit before special items	**25**	475
Special items (refer note 30)	**(33)**	(122)
	(8)	353
Amounts recognised directly in other comprehensive income or equity:		
Unrealised gain on available-for-sale financial asset	**413**	(62)
Deferred capital gains tax on listed investment at acquisition – ARM BBEE Trust (refer note 37)	**424**	–
Deferred tax on insurance restructuring (equity)	**(76)**	–
Total movement in deferred tax	**458**	(125)

South African mining tax is calculated based on taxable income less capital expenditure.

Where there is insufficient taxable income to offset capital expenditure, the remaining balance is carried forward as unredeemed capital expenditure.

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31. TAXATION continued

	F2016 %	F2015 %
Reconciliation of rate of taxation:		
Standard rate of Company taxation	**28**	28
Adjusted for:		
Loan impairment	**37**	–
Capital gains tax	**–**	14
Disallowed expenditure	**(10)**	22
Exempt income	**(5)**	–
Foreign entity loss not recognised	**(89)**	101
Prior year over provision	**–**	(9)
Share of associate and joint venture income after tax	**40**	(73)
Effective rate of taxation	**1**	83
Reconciliation of rate of taxation before special items	**%**	%
Standard rate of Company taxation	**28**	28
Adjusted for:		
Loan impairment	**(26)**	–
Disallowed expenditure	**8**	5
Exempt income	**3**	–
Foreign entity loss not recognised	**17**	7
Prior year over provision	**–**	(2)
Share of associate and joint venture income after tax	**(28)**	(15)
Effective rate of taxation	**2**	23

	Rm	Rm
Profit before taxation and special items per income statement	**1 095**	2 085
Taxation per income statement	**(8)**	353
Taxation on special items (refer note 30)	**33**	122
Tax – excluding tax on special items	**25**	475
	%	%
Percentage on above	**2**	23
	Rm	Rm
Estimated assessed losses available for reduction of future taxable income	**4 780**	2 405
No deferred tax asset has been raised on the estimated assessed losses of R4 780 million (F2015: R2 306 million) in the Vale/ARM joint operation.		
Unredeemed capital expenditure available for reduction of future mining income*	**4 676**	4 169

* *Deferred tax has been raised on these estimated tax benefits other than for the Vale/ARM joint operation.*

The unredeemed capital expenditure in the Vale/ARM joint operation is R2 672 million (F2015: R2 596 million).

The latest tax assessment for the Company relates to the year ended June 2014.

All returns up to and including June 2015 have been submitted.

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FOR THE YEAR ENDED 30 JUNE 2016

32. CALCULATIONS PER SHARE

The calculation of basic earnings per share is based on basic loss of R565 million (F2015: R104 million basic earnings) and a weighted average of 212 990 thousand (F2015: 217 232 thousand) shares in issue during the year.

The calculation of headline earnings per share is based on headline earnings of R1 051 million (F2015: R1 744 million) and a weighted average of 212 990 thousand (F2015: 217 232 thousand) shares in issue during the year.

The calculation of diluted basic earnings per share is based on basic loss of R565 million (F2015: R104 million basic earnings), with no reconciling items to derive at diluted earnings, and a weighted average of 215 825 thousand (F2015: 218 222 thousand) shares, calculated as follows:

	F2016	F2015
Weighted average number of shares used in calculating basic earnings per share (thousands)	**212 990**	217 232
Potential ordinary shares due to long term share incentives granted (thousands)	**2 835**	990
Weighted average number of shares used in calculating diluted earnings per share (thousands)	**215 825**	218 222

The calculation of diluted headline earnings per share is based on headline earnings of R1 051 million (F2015: R1 744 million) with no reconciling items to derive at diluted headline earnings and a weighted average of 215 825 thousand (F2015: 218 222 thousand) shares.

The calculation of net asset value per share is based on net assets of R23 819 million (F2015: R25 519 million) and the number of shares at year end of 218 022 thousand (F2015: 217 491 thousand) shares.

The calculation of cash generated from operations per share (cents) is based on cash generated from operations of R1 225 million (F2015: R2 508 million) and the weighted average number of shares in issue of 212 990 thousand (F2015: 217 232 thousand).

ARM BBEE Trust restructuring effect on weighted and diluted average number of shares

Following the restructuring of the ARM BBEE Trust, the ARM BBEE Trust is consolidated into the ARM consolidated financial results, as ARM now controls the Trust for reporting purposes. The consolidation of the ARM BBEE Trust results in ARM shares bought back by Opilac, a wholly-owned subsidiary of ARM, and the remaining shares owned by the Trust, reducing the number of shares used in the calculation of headline, basic and diluted earnings per share. The treasury shares are excluded, effectively from 22 April 2016, in the weighted average and diluted average number of shares (refer note 15). The number of shares in issue are however not affected.

Dividend per share

After the year end a dividend of 225 cents per share (F2015: 350 cents per share; F2014: 600 cents per share) was declared and paid which amounted to R491 million (F2015: R761 million; F2014: R1 300 million). This dividend was declared on 8 September 2016 (F2015: 4 September 2015; F2014: 4 September 2014), before approval of the financial statements but was not recognised as a distribution to owners during the period to June 2016.

	F2016 Rm	F2015 Rm

33. HEADLINE EARNINGS

	F2016 Rm	F2015 Rm
Basic (loss)/earnings attributable to equity holders of ARM	**(565)**	104
– Impairment on property, plant and equipment – Lubambe	**1 755**	980
– Impairment on property, plant and equipment – Nkomati	**122**	–
– Impairments of property, plant and equipment in joint venture – Assmang	**202**	406
– Profit on sale of subsidiary	**(4)**	–
– (Profit)/loss on sale of property, plant and equipment in joint venture – Assmang	**(8)**	9
– (Profit)/loss on disposal of property, plant and equipment	**(13)**	23
– Unrealised impairment of available-for-sale listed investment – Harmony	**–**	656
	1 489	2 178
– Taxation on impairment of available-for-sale investment	**–**	(122)
– Taxation accounted for directly in joint venture and associate (refer note 30)	**(54)**	(116)
– Taxation on other special items	**(33)**	–
	1 402	1 940
Non-controlling interest	**(351)**	(196)
Headline earnings	**1 051**	1 744

34. RECONCILIATION OF NET PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS

	F2016 Rm	F2015 Rm
Profit from operations before special items	**219**	1 040
Loss from associate	**(210)**	(186)
Income from joint venture	**1 301**	1 289
Special items (refer to note 30)	**(1 860)**	(1 659)
(Loss)/profit from operations after special items	**(550)**	484
Adjusted for:	**1 855**	1 861
– Amortisation and depreciation of property, plant and equipment and intangible assets	**966**	1 047
– Income from joint venture	**(1 301)**	(1 289)
– Inventory written off	**1**	–
– Impairment of listed investment	**–**	656
– Impairment of property, plant and equipment	**1 877**	980
– Loss from associate	**210**	186
– (Profit)/loss on disposal of property, plant and equipment	**(13)**	23
– Movement in long- and short-term provisions	**285**	286
– Profit on disposal of subsidiary	**(4)**	–
– Share-based payments expense	**191**	193
– Unrealised foreign exchange gains	**(354)**	(188)
– Other non-cash flow items	**(3)**	(33)
Cash from operations before working capital changes	**1 305**	2 345
Movement in inventories	**118**	96
Movement in payables and provisions	**(338)**	(754)
Movement in receivables	**140**	821
Cash generated from operations	**1 225**	2 508

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2016

	F2016 Rm	F2015 Rm
35. TAXATION PAID		
Balance at beginning of year	**93**	63
Current taxation as per income statement (refer note 31)	**295**	416
Normal tax	**295**	416
ARM BBEE Trust – opening balance (refer note 37)	**93**	–
Other	**(3)**	–
Balance at year end	**(170)**	(93)
Tax payable at year end	**(174)**	(96)
Tax receivable at year end	**4**	3
Taxation paid	**308**	386
36. PURCHASE OF TAMBOTI, MINERAL RIGHTS FROM IMPALA ADDED TO TWO RIVERS, AND DILUTION IN TWO RIVERS		
Tamboti		
During F2015 ARM purchased Tamboti Platinum Proprietary Limited.		
Mineral rights	**–**	400
Purchase price (refer statements of cash flow and note 3)	**–**	400
Mineral rights from Impala incorporated into Two Rivers		
Mineral rights (refer note 3)	**–**	157
Share capital increase in Two Rivers	**–**	(157)
	–	–
This transaction resulted in ARM's interest in Two Rivers diluting to 51% from 55%.		
Dilution in Two Rivers		
Equity at date of transaction	**–**	2 655
ARM's dilution in Two Rivers from 55% to 51%	**–**	106
Equity received by ARM	**–**	(80)
Dilution (refer Group statement of changes in equity)	**–**	26
Non-controlling movement		
Contribution by Impala of its share (R157 million x 49%)	**–**	77
Impala ownership increased from 45% to 49%	**–**	106
Refer Group statement of changes in equity	**–**	183

37. RESTRUCTURING OF ARM BBEE TRUST

Following the restructuring of the ARM BBEE Trust, the ARM BBEE Trust is consolidated into the ARM consolidated financial results, as ARM now controls the Trust for reporting purposes.

The consolidation of the ARM BBEE Trust results in ARM shares bought back by Opilac, a wholly-owned subsidiary of ARM, and the remaining shares owned by the Trust, reducing the number of shares used in the calculation of headline, basic and diluted earnings per share. The number of shares in issue are however not affected.

The treasury shares are excluded, effectively from 22 April 2016, in the weighted average and diluted average number of shares.

The statement of financial position of the ARM BBEE Trust, at the date that control was obtained, after the sale of the 12 717 328 shares, was as follows:

	F2016 Rm	F2015 Rm
Investment	**1 754**	N/A
Cash	**10**	N/A
Assets	**1 764**	N/A
Other reserves	**870**	N/A
Retained earnings	**(932)**	N/A
Loan ARM	**800**	N/A
Loan Harmony Gold	**200**	N/A
Loan Nedbank	**300**	N/A
Deferred tax liability	**424**	N/A
Payables	**9**	N/A
Taxation	**93**	N/A
Equity and liabilities	**1 764**	N/A

38. PROPERTY, PLANT AND EQUIPMENT IMPAIRMENT

a) At 31 December 2015 an impairment of Lubambe Copper Mine (included in the ARM Copper Segment) assets was recognised largely as a result of (i) a decline in the forecast of the short to medium term copper price (ii) a revision to the mine plan and (iii) an increase in the discount rate used in the valuation of the mine. ARM's attributable share of the impairment amounted to R1 404 million (R1 755 million less R351 million non-controlling interest). For the impairment calculation a pre-tax discount rate of 24.43% and the following real copper prices were used:

	F2016	F2017	F2018	F2019	Long-term
US$/tonne	**4 569**	4 615	4 939	5 427	6 369

For the 2015 financial year, Lubambe Copper Mine recognised an impairment to property, plant and equipment following a revision to the mine plan and a decrease in the short-term copper price outlook. ARM's attributable share of this impairment amounted to R784 million (R980 million less R196 million non-controlling interest). For the impairment calculation a pre-tax discount rate of 18.9% and the following real copper prices were used:

	F2016	F2017	F2018	F2019	Long-term
US$/tonne	5 159	6 605	7 181	7 574	6 617

The recoverable amount to determine the impairments was calculated using a combination of a value in use and a fair value less cost to sell model.

b) The assets related to the underground operations at Nkomati (included in the ARM Platinum Segment) were impaired following the decision to cease operations in this area.

	F2016 Rm	F2015 Rm
Impairment	**122**	–

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2016

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group is exposed to certain financial risks in the normal course of its operations. To manage these risks, a treasury risk management committee monitors transactions involving financial instruments.

The Group does not acquire, hold or issue derivative instruments for trading purposes.

The following risks are managed through the policies adopted below:

a. Currency risk

The commodity market is predominantly priced in US Dollars which exposes the Group's cash flows to foreign exchange currency risks (refer note 39 j for sensitivity analysis).

In addition, there is currency risk on long lead-time capital items which may be denominated in US Dollars, Euros or other currencies.

Derivative instruments which may be considered to hedge the position of the Group against these risks include forward sale and purchase contracts as well as forward exchange contracts.

The use of these derivative instruments is considered when appropriate for long lead-time capital items.

Below is a summary of amounts included in the statement of financial position denominated in a foreign currency:

	Foreign currency amount	Year-end exchange rate R/US$
Financial assets		
Foreign currency denominated items included in receivables:		
30 June 2016	US$63 million	14.68
30 June 2015	US$61 million	12.16
Foreign currency denominated items included in cash and cash equivalents:		
30 June 2016	US$3 million	14.68
30 June 2015	US$3 million	12.16
Financial liabilities		
Foreign currency denominated items included in payables:		
30 June 2016	US$14 million	14.68
30 June 2015	US$17 million	12.16
Foreign currency denominated items included in long-term borrowings:		
30 June 2016	US$77 million	14.68
30 June 2015	US$82 million	12.16
Foreign currency denominated items included in overdrafts and short-term borrowings:		
30 June 2016	US$22 million	14.68
30 June 2015	US$44 million	12.16

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

b. Liquidity risk management

The Group's executives meet regularly to review long- and mid-term plans as well as short-term forecasts of cash flow.

Funding requirements are met by arranging banking facilities and/or structuring finance as applicable. All funding and related structures are approved by the Board of Directors.

The table below summarises the maturity profile of the Group's financial liabilities at 30 June 2016 and 30 June 2015 based on discounted cash flows.

For undiscounted amounts refer to note 16.

Trade and other payables and overdrafts and short-term borrowings are due to their nature the same for discounted and undiscounted cash flows.

	F2016			
	Within one year Rm	**2 – 5 years Rm**	**Over 5 years Rm**	**Total Rm**
Long-term borrowings (refer notes 16 and 21)	**617**	**2 537**	**1 634**	**4 788**
Trade and other payables (refer note 19)	**1 787**	**–**	**–**	**1 787**
Overdrafts and short-term borrowings (refer note 21)	**763**	**–**	**–**	**763**
Total	**3 167**	**2 537**	**1 634**	**7 338**

	F2015			
	Within one year Rm	2 – 5 years Rm	Over 5 years Rm	Total Rm
Long-term borrowings (refer notes 16 and 21)	445	1 214	1 297	2 956
Trade and other payables (refer note 19)	1 452	–	–	1 452
Overdrafts and short-term borrowings (refer note 21)	926	–	–	926
Total	2 823	1 214	1 297	5 334

	F2016 Rm	F2015 Rm
Overdrafts and short-term borrowings (including short-term portion of long-term borrowings) are held as follows:		
– ABSA Bank Limited	**249**	463
– First National Bank Limited	**–**	65
– Investec Limited	**–**	75
– Nedbank Limited	**204**	–
– Partner loans short-term	**114**	114
– Partner loans (included in R617 million, F2015: R445 million)	**123**	32
– Standard Finance (Isle of Man) Limited	**426**	328
– The Standard Bank of South Africa Limited	**–**	65
– Other	**264**	229
	1 380	1 371

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2016

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

c. Credit risk

Credit risk arises from possible defaults on payments by business partners or bank counterparties. The Group minimises credit risk by evaluating counterparties before concluding transactions in order to ensure the creditworthiness of such counterparties.

The maximum exposure for trade receivables is the carrying amounts disclosed in note 11.

Major trade receivables include Impala Platinum R1 096 million (F2015: R1 018 million), Rustenburg Platinum Mines R456 million (F2015: R323 million) and Norilsk Nickel R393 million (F2015: R525 million).

Cash is only deposited with institutions which have exceptional credit ratings with the amounts distributed appropriately among these institutions to minimise credit risk through diversification. The maximum exposure is the carrying values as per note 12.

The available-for-sale financial asset (which is the Harmony Gold investment) exposure is the carrying value of this asset as per note 9.

	F2016 Rm	F2015 Rm
Cash and cash equivalents are held at the following financial institutions:		
– ABSA Bank Limited	**203**	598
– Barclays Private Clients International	**115**	18
– Investec Limited	**11**	37
– First Rand Limited	**101**	75
– Lloyds Bank Plc	**202**	213
– Nedbank Limited	**12**	372
– Rand Merchant Bank	**27**	53
– Royal Bank of Scotland International Limited	**210**	200
– Standard Chartered	**195**	201
– The Standard Bank of South Africa Limited	**164**	416
– Other	**76**	74
	1 316	2 257

d. Treasury risk management

The treasury function is outsourced to Andisa Capital Proprietary Limited (Andisa), specialists in the management of third party treasury operations.

Together with ARM financial executives, Andisa coordinates the short-term cash requirements in the South African domestic money market.

A Treasury Committee, consisting of senior managers in the Company including the Financial Director and representatives from Andisa meet on a regular basis to analyse currency and interest rate exposures as well as future funding requirements within the Group.

The committee reviews the treasury operation's dealings to ensure compliance with Group policies and counterparty exposure limits.

e. Commodity price risk

Commodity price risk arises from the possible adverse effect of fluctuations in commodity prices on current and future earnings.

Most of these prices are US Dollar based and are internationally determined in the open market. From these base prices, contracts are negotiated. ARM does not actively hedge future commodity revenues of the commodities that it produces against price fluctuations.

The Nkomati, Two Rivers and Modikwa operations recognise revenue at the month end during which delivery of concentrate has occurred, at the closing spot price for the contained metal. There is a risk that the spot price does not realise when the metal price fixes on out-turn at the refinery. Management is of the opinion that this method of revenue recognition is the most appropriate as opposed to using forward prices as an estimate. The risk is that where there are significant changes in metal prices after a reporting period end that the next reporting period is impacted. The value of accounts receivable for these three entities included in trade and other receivables (refer note 11) amounts to R1 945 million (F2015: R1 866 million). Refer to the sensitivity calculations which follow note j below on page 281.

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

f. Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations (refer to note 39 j for sensitivity analysis).

The Group manages its interest cost using a mix of fixed and variable rates.

Fluctuations in interest rates give rise to interest rate risks through the impact these fluctuations have on the value of short-term cash investments and financing activities.

Fixed interest rate loans carry a fair value risk due to change in market rates.

Cash is managed to ensure that surplus funds are invested in a manner to achieve maximum returns while minimising risks.

The table quantifies the interest rate risk.

Financial assets		Book value at year-end Rm	Maturity date*	Effective interest rate
Year ended 30 June 2016				
Cash – financial institutions	US$3 million	**38**	**overnight**	**0 – 2%**
– financial institutions		**579**	**call deposit**	**0 – 8%**
– fixed		**699**	**July 2016**	**4 – 9%**
		1 316		
Year ended 30 June 2015				
Cash – financial institutions	US$3 million	36	overnight	0 – 2%
– financial institutions		1 522	call deposit	0 – 8%
– fixed		699	July 2015	4 – 7%
		2 257		

Financial liabilities	Book value at year-end Rm	Maturity date*	Effective interest rate
Year ended 30 June 2016			
Long-term borrowings			
African Rainbow Minerals Ltd – loan facility	**1 400**	**2019**	**JIBAR plus 3.35% to 3.65%**
ARM BBEE Trust – loan facility – Harmony Gold	**204**	**2022**	**JIBAR plus 4.25%**
ARM BBEE Trust – loan facility – Nedbank	**297**	**2019**	**JIBAR plus 4.07%**
Vale/ARM joint operation – hire purchase	**33**	**2019**	**Between 7% and 8%**
Two Rivers – leases	**38**	**2017**	**Prime less 1.5%**
Nkomati – leases	**35**	**2020**	**Prime plus 2%**
Two Rivers – loan facility – mine housing project)	**25**	**2018**	**7.35% linked to JIBAR**
ARM Finance Company SA – loan facility	**514**	**2018**	**LIBOR plus 3.65%**
Vale/ARM joint operation – loan facility (partner loan)	**696**	**2018**	**LIBOR plus 5%**
ARM Coal – RBCT phase V (partner loan)	**95**	**2021**	**Prime plus 0.5%**
ARM Coal – GGV acquisition loan (partner loan)	**309**	**2026**	**Prime**
ARM Coal – GOSA	**22**	**–**	**Nil**
ARM Coal – GGV project facility phase 1 loan (partner loan)	**893**	**2025**	**Interest free until October 2014 thereafter prime**
ARM Coal – GGV project facility phase 2 loan (partner loan)	**227**	**2024**	**Prime**
	4 788		
Less: transferred to short-term borrowings	**(617)**		
Total	**4 171**		

* *This relates to financial year.*

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2016

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

f. Interest rate risk continued

SUMMARY OF VARIABLE AND FIXED RATES

	Total Rm	Transfer to short-term Rm	Long-term Rm
Year ended 30 June 2016			
Variable rates	**4 788**	**617**	**4 171**
Fixed rates	**–**	**–**	**–**
Total	**4 788**	**617**	**4 171**

	Book value at year-end Rm		Maturity date*	Effective interest rate
Year ended 30 June 2015				
Long-term borrowings				
Vale/ARM – hire purchase	47		2016	Between 8% and 15%
Two Rivers – leases	47		2016	Prime less 1.5%
Nkomati – leases	60		2020	Prime plus 2%
Two Rivers – mine housing project – loan facility	42		2018	8.82% linked to JIBAR
ARM Finance Company SA – loan facility	754		2018	LIBOR plus 3.65%
Vale/ARM joint operation – loan facility (partner loan)	546		2018	LIBOR plus 5%
ARM Coal – RBCT phase V (partner loan)	157		2021	Prime plus 0.5%
ARM Coal – GGV acquisition loan (partner loan)	299		2026	Prime
ARM Coal – GGV project facility phase 1 loan (partner loan)	792		2025	Interest free until October 2014 thereafter prime
ARM Coal – GGV project facility phase 2 loan (partner loan)	212		2024	Prime
	2 956			
Less: transferred to short-term borrowings	(445)			
Total	2 511			

* *This relates to financial year.*

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

f. Interest rate risk continued

SUMMARY OF VARIABLE AND FIXED RATES

	Total Rm	Transfer to short-term Rm	Long-term Rm
Year ended 30 June 2015			
Variable rates	2 956	445	2 511
Fixed rates	–	–	–
Total	2 956	445	2 511

SHORT-TERM FINANCIAL LIABILITIES

	Book value at year-end	Repricing date	Maturity date*	Effective interest rate
Year ended 30 June 2016				
– Financial institutions	**1 143**	**30/06/2016**	**30/06/2016**	**Variable rate between 2% and 11%**
– Anglo American Platinum (partner loan)	**114**			**No interest**
– ARM Coal (partner loan)	**123**			**Variable rate between 0% and prime plus 0.5%**
Total	**1 380**			

	Total	Transfer to short-term	Long-term	Effective interest rate
Year ended 30 June 2015				
– Financial institutions	1 225	30/06/2015	30/06/2015	Variable rate between 5% and 7%
– Anglo American Platinum (partner loan)	114			No interest
– ARM Coal (partner loan)	32			Variable rate between 0% and prime plus 0.5%
Total	1 371			

* *This relates to financial year.*

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2016

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

g. Fair value risk

The carrying amounts of trade and other receivables, cash and cash equivalents and trade and other payables approximate fair value because of the short-term duration of these instruments.

Fair value hierarchy

The Group uses the following hierarchy for determining the level of confidence in the valuation technique used:

Level 1 – Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2 – A technique where all inputs that have an impact on the value are observable, either directly or indirectly

Level 3 – A technique where all inputs that have an impact on the value are not observable

FINANCIAL INSTRUMENTS BY CATEGORIES

	F2016				
Category	**Fair value hierarchy level**	**At fair value through profit and loss Rm**	**Available-for-sale financial asset Rm**	**Total book value Rm**	**Total fair value Rm**
Investments – Listed (refer note 9)	**1**	**1**	**3 339**	**3 340**	**3 340**
Investments – Guardrisk (refer note 9)	**2**	**19**	**–**	**19**	**19**
Trade receivables*	**2**	**1 945**	**–**	**1 945**	**1 945**

	F2015				
Category	Fair value hierarchy level	At fair value through profit and loss Rm	Available-for-sale financial asset Rm	Total book value Rm	Total fair value Rm
Investments – listed (refer note 9)	1	10	992	1 002	1 002
Investments – Guardrisk (refer note 9)	2	24	–	24	24
Trade receivables*	2	1 866	–	1 866	1 866

* *For inputs used refer note 39 j.*

h. Acquisition risk

Acquisition risk is the risk that acquisitions do not realise expected returns. This risk is mitigated by ensuring that all major investments are reviewed by the ARM Investment Committee after being proposed by management.

i. Capital risk management

The management and maintenance of capital in ARM is a central focus of the Board and senior management.

The ability to continue as a going concern and to safeguard assets while optimally funding capital expenditure is continually monitored.

Capital is mainly monitored on the basis of the net gearing ratio while giving due consideration to Life of Mine plans and business plans.

Capital structure is maintained and improved by ensuring an appropriate level of borrowings, adjusting dividends and reviewing returns from operations. ARM does not have a fixed policy on gearing but targets a net gearing threshold of 30% for external funding.

Total capital is defined as total equity on the statement of financial position plus debt.

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

j. Sensitivity

The sensitivity calculations are performed on the variances in prices, exchange rates and interest rate changes.

The assumptions are calculated individually while keeping all other variables constant.

The effect is calculated only on the financial instruments as at year end.

It is relevant to note that the accounts receivable balance in (e and g) above of R1 945 million (F2015: R1 866 million) was valued using the following parameters: (i) Rand/US Dollar exchange rate of R14.68 (F2015: R12.16), (ii) platinum price of $1 025/oz (F2015: $1 090/oz), (iii) palladium price of $598/oz (F2015: $728/oz), rhodium of $650/oz (F2015: $931/oz) a nickel price of $9 420/tonne (F2015: $12 015/tonne) and copper price of $4 851/tonne (F2015: $5 762 tonne).

The sensitivity was applied to profit or loss before taxation and non-controlling interest. There is no other impact on equity.

	F2016 Rm	F2015 Rm
The increase in profit before tax if:		
The Rand/US Dollar exchange rate weakens by R1	**107**	131
The price of copper increases by 10%	**7**	18
The price of nickel increases by 10%	**40**	56
The price of PGM increases by 10%	**135**	122
The interest rate increases by 1%	**(45)**	(22)
The decrease in profit before tax if:		
The Rand/US Dollar exchange rate strengthens by R1	**(107)**	(131)
The price of copper decreases by 10%	**(7)**	(18)
The price of nickel decreases by 10%	**(40)**	(56)
The price of PGM decreases by 10%	**(135)**	(122)
The interest rate decreases by 1%	**45**	22

The interest rate change impact is calculated on the net financial instruments at reporting date and does not take into account any repayments of long- or short-term borrowings.

The prices of all other commodities are contractually fixed and are thus not impacted by price fluctuations after the reporting date.

In addition to the sensitivity given above, a R1 increase or decrease in the Rand/US Dollar exchange rate will increase or decrease profit by R158 million (F2015: R133 million) as a result of the revaluation of the US Dollar denominated loan that ARM has with Lubambe.

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2016

40. COMMITMENTS AND CONTINGENT LIABILITIES

	F2016 Rm	F2015 Rm
Commitments in respect of capital expenditure:		
Approved by directors		
– contracted for	**118**	239
– not contracted for	**67**	9
Total commitments	**185**	248
Commitments allocated as follows:		
– ARM Mining Consortium Limited	**59**	91
– ARM Coal Proprietary Limited	**1**	35
– Nkomati	**73**	44
– Two Rivers Platinum Proprietary Limited	**52**	70
– Vale/ARM joint operation	**–**	8
Total commitments	**185**	248

It is anticipated that this expenditure, which mainly relates to mine development and plant and equipment, will be financed from operating cash flows and by utilising available cash and borrowing resources.

Disputes

ARM Mining Consortium has made an application against the Department of Mineral Resources (DMR) and third-party respondents requesting the court to order the DMR to reassess applications for certain prospecting rights brought by Rustenburg Platinum Mines, ARM Mining Consortium's joint venture partner that had been earlier rejected. The pleadings are not yet closed and no trial date has as yet been allocated.

Firm-o-seal are claiming R5 million (100% basis) for goods delivered and services rendered and not paid for by Assmang's Khumani Iron Ore Mine. Assmang is defending the claim on the basis that the goods delivered were defective and the service rendered substandard. The matter has been set down for trial in November 2016.

ARM, along with other mining companies, was served with a consolidated class action application on 21 August 2013. On 13 May 2016 the South Gauteng High Court granted orders certifying two class actions, a silicosis class and a tuberculosis class. The Court also ordered that a claim for general damages would be transmissible to the estate of a claimant. On 24 June 2016, the South Gauteng High Court granted ARM's application to appeal the transmissibility order, but refused to grant ARM a right to appeal the orders certifying the silicosis class and the tuberculosis class. After close of the financial year, on 19 July 2016 ARM petitioned the Supreme Court of Appeal for leave to appeal against these two orders, which petition was granted in favour of ARM on 13 September 2016. ARM will therefore be appealing all three orders referred to above. ARM is a member of an industry working group on occupational lung diseases, to address issues relating to compensation and medical care for occupational lung disease in the gold mining industry in South Africa. The companies believe that fairness and sustainability are crucial elements of any solution and have embarked on an extensive engagement process with all stakeholders to work together to design and implement a comprehensive solution that is both fair to past, present and future gold mining employees, and also sustainable for the sector. The companies do not believe that they are liable in respect of the claims brought, and they are defending these. They do, however, believe that they should work together to seek a solution to this South African mining industry legacy issue. Due to the limited information available on the above potential claims and the uncertainty of the matter, no estimation of amount can as yet be made for the possible obligation.

The liquidators of the RVAF Trust are claiming R15.6 million from ARM, being the purchase consideration paid by the RVAF Trust on behalf of Itemba Trading, the purchaser of the business Avalloys from ARM during 2006. The RVAF Trust was liquidated during 2012 and the liquidators are claiming that there was no just cause for the Trust to pay the purchase consideration. ARM is defending the matter on the basis that since the consideration was paid in return for the Avalloy business, there was just cause for the payment of the purchase consideration and, in addition, ARM is considering the fact that any alleged claim may have prescribed. ARM has not as yet pleaded to the claim, and is in the process of researching the facts of the matter.

40. COMMITMENTS AND CONTINGENT LIABILITIES continued

Guarantees

A back-to-back guarantee to Assore Limited (Assore) in respect of ARM's share of the guarantees issued to bankers by Assore to secure a short-term export finance agreement facility of R180 million (F2015: R180 million) by Assmang. Short-term export finance loans negotiated in terms of the above facility in the ordinary course of business at 30 June 2016 were Rnil (F2015: Rnil).

Guarantees to the Department of Mineral Resources for rehabilitation provision amount to R114 million (F2015: R114 million).

Guarantees to Eskom amount to R42 million (F2015: R45 million).

ARM provided support in F2015 to the ARM Broad-Based Economic Empowerment Trust ("ARM BBEE Trust'') in the form of guarantees to support the financial covenants of the ARM BBEE Trust's bank loan. Since F2015 additional guarantees amounting to R300 million were issued by ARM in this regard. The guarantees in favour of the ARM BBEE Trust have been cancelled after the restructuring of the trust that was concluded as announced on 22 April 2016 (refer note 15, 32 and 37).

41. LEASES

	F2016 Rm		F2015 Rm	
Finance leases (refer note 16)	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Within one year	**58**	**51**	59	50
After one year but not more than five years	**61**	**55**	68	59
Total minimum lease payments	**119**	**106**	127	109
Less: amounts representing finance charges	**(13)**	**–**	(18)	–
Present value of minimum lease payments	**106**	**106**	109	109

	F2016	F2015
Operating leases – Group as lessee		
This is in respect of office building rentals paid		
Straight-lined and cash flows		
Within one year	**3**	2
After one year but not more than five years	**3**	2
Total	**6**	4

42. RETIREMENT PLANS

The Group facilitates pension plans and provident funds substantially covering all employees. These are composed of defined contribution pension plans, which are governed by the Pension Funds Act, 1956, and defined contribution provident funds administered by employee organisations within the industries in which members are employed.

The benefits provided by the defined contribution plans are determined by accumulated contributions and returns on investment.

Members contribute between 5.0% and 7.5% and employers contribute between 6.2% and 18.12% of pensionable salaries to the funds. Members' contribution for the current year amounts to R185 million (F2015: R171 million).

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2016

43. POST-RETIREMENT HEALTHCARE BENEFITS

The Group has obligations to fund a portion of certain pensioners' and retiring employees' medical aid contributions based on the cost of benefits. The anticipated liabilities arising from these obligations have been actuarially determined using the projected unit credit method and a corresponding liability has been raised.

	F2016 Rm	F2015 Rm
The post-retirement healthcare benefits are provided for in the following entity:		
African Rainbow Minerals Limited	**75**	82
	75	82

The liability is assessed at three-yearly intervals by an independent actuary. The assumptions used for African Rainbow Minerals Limited are as follows:

– A real discount rate of 1.8% (F2015: 2%) per annum.
– An increase in healthcare costs at a rate of between 7% and 9% (F2015: 7% to 9%) per annum.
– A 1% change in the net discount rate used is estimated to have an impact of plus 8.3% or less 7.3% (F2015: plus 8.6% or less 7.5%) on the liability.
– The average expected working lifetime of eligible members was six years (F2015: six years) at the date of the valuation in 2016.

The provisions raised in respect of post-retirement healthcare benefits amounted to R75 million (F2015: R82 million) at the end of the year. For movements refer to note 18.

The liabilities raised, based on present values of the post-retirement benefit, have been recognised in full.

An actuarial valuation is carried out in respect of this liability at three-yearly intervals. No new employees get this benefit and the liability is relatively stable. The last actuarial valuation was carried out in F2016 and the next one will be in F2019.

At retirement members are given the choice to have an actuarially determined amount paid into their pension fund to cover the expected cost of the post-retirement health cover. Alternatively the Group will continue to fund a portion of the retiring employee's medical aid contributions.

44. SHARE-BASED PAYMENT PLANS

Equity-settled plan

The Company uses plans to attract, retain, motivate and reward eligible employees who are able to influence the performance of ARM on a basis which aligns their interest with those of the Company's shareholders.

Share options

Between F2008 and F2014, annual allocations of share options were made on a much reduced scale due to the adoption of the Share Plan. No share options have been allocated since the end of F2014 (refer remuneration report).

The Company granted share options to certain employees under the share incentive scheme. The exercise price of the options was equal to the market price of the shares on the date of the grant. Options granted before July 2008 vest one year after the grant date in three equal tranches over three years and from 1 July 2008 the options vest after three years. Both schemes were subject to continued employment.

The contract life of each option is eight years from the grant date.

	F2016 Share options	F2015 Share options	F2016 Average price Cents	F2015 Average price Cents
Outstanding at beginning of year	**1 736 232**	2 263 792	**16 796**	15 017
Forfeited/cancelled/lapsed	**(467 978)**	(122 497)	**15 273**	15 203
Exercised during the year	**–**	(405 063)	**–**	7 399
Outstanding at the end of year	**1 268 254**	1 736 232	**17 336**	16 796
Exercisable at the end of the year	**796 675**	934 504		
Range of strike prices of options exercised (cents)			**5 to 7 399**	5 to 7 399
Range of strike prices of outstanding options (cents)			**9 620 to 22 300**	9 620 to 27 950

44. SHARE-BASED PAYMENT PLANS continued

Bonus shares

Bonus shares are conditional rights to shares which were allocated annually, which allocations were determined according to a specified ratio of the annual cash incentive accruing to senior executives. Bonus shares vest and are settled between three and four years, subject to continued employment. Other than bonus shares awarded in terms of the bonus share/co-investment scheme method and the waived bonus method, no bonus shares have been awarded since 2015.

If a senior executive leaves due to a fault termination (e.g. resignation or dismissal), all unvested awards are forfeited. If a senior executive leaves due to a no-fault termination (e.g. retirement), all bonus shares awarded prior to December 2014 are settled in full (refer remuneration report).

Deferred bonus/co-investment scheme

The deferred bonus/co-investment scheme was implemented to closely align the interests of shareholders and senior executives by rewarding superior performance and by encouraging senior executives to build up a shareholding in the Company, as well as to enhance the retention characteristics of the current reward of senior executives. The Company is of the view that the deferral of a portion of immediate cash bonuses demonstrates a heightened commitment to performance and shareholder alignment, and promotes the retention of key employees and enhances the performance and shareholder alignment characteristics of the Share Plan.

Senior executives are offered the opportunity, before the end of March each year, to elect that a portion of any cash bonus calculated at the end of the performance year, be deferred and converted into an equivalent value of deferred bonus shares.

To encourage senior executives to take up the deferral(s), the deferred bonus shares are matched with the equivalent number of performance shares. The remainder of the deferred cash bonus, after any deferral, will accrue to senior executives and be paid out in cash.

Scheme to F2016: Senior executives could defer 25%, 33% or a maximum of 50%.

Scheme with effect from F2017: Senior executives may defer 25%, 33%, 50%, 75% or 100% (refer remuneration report).

Waived bonus method

The waived bonus method was implemented to closely align the interests of shareholders and senior executives by rewarding superior performance and by encouraging senior executives to build up a shareholding in the Company, and to enhance the retention characteristics of the current reward of senior executives.

In advance of the F2016 bonus being quantified or declared, and before any such bonus accrued, the Executive Chairman elected to waive and receive delivery of 100% of the value of any cash bonus which might accrue to him in respect of the F2016 performance year, on a pre-tax basis, in the form of 100% of the value of the waived F2016 bonus in bonus shares and the matching equivalent number of performance shares (refer remuneration report).

	F2016 Bonus shares	F2015 Bonus shares
Outstanding at beginning of year	**933 066**	825 111
Granted during the year	**390 169**	295 753
Forfeited/cancelled/lapsed	**(18 012)**	(28 310)
Shares vested	**(232 017)**	(159 488)
Outstanding at end of year	**1 073 206**	933 066

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2016

44. SHARE-BASED PAYMENT PLANS continued

Performance shares method

Performance shares are conditional rights to shares which are typically awarded on an annual basis in order to reduce the risk of unanticipated outcomes arising out of share price volatility and cyclical factors. Performance shares vest and are settled between three and four years, subject to the achievement of predetermined performance criteria.

With effect from May 2015, Total Shareholder Return (TSR) in terms of the RESI 10 was used to determine the number of performance shares which vest. The RESI 10 ceased to exist with effect from December 2015. Therefore, the Board, upon the recommendation of the Remuneration Committee, agreed that with effect from December 2015, the TSR in terms of the top 10 companies in the JSE Mining Resources Sector Index be used to determine the number of performance shares which vest and the 20-day VWAP would be used to determine the price.

	F2016 Performance shares	F2015 Performance shares
Outstanding at beginning of year	**2 312 550**	1 044 082
Awarded during the year	**1 150 506**	1 518 619
Forfeited/cancelled/lapsed	**(100 942)**	(72 276)
Shares vested	**(299 694)**	(177 875)
Outstanding at end of year	**3 062 420**	2 312 550

The fair value of shares granted in these plans are estimated as at the date of the grant using an independent valuator that used the Cox-Rox Rubinstein binomial tree model taking into account the terms and conditions upon which the performance shares were granted. The following table lists the range of inputs to the models used on the grant date for the years ended 30 June 2016 and 30 June 2015.

	F2016	F2015
Dividend yield %	**N/A**	2.94
Expected volatility %	**54.69**	27.21
Risk-free interest rate %	**7.41**	7.08
Expected life of performance shares (years)	**1 – 8**	1 – 8
Weighted average share price (cents)	**6 975**	13 311
The expected life of the performance shares is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.		
The effect on the income statement was a charge of (R million)	**191**	193

45. RELATED PARTY TRANSACTIONS

The Company in the ordinary course of business enters into various sale, purchase, service and lease transactions with subsidiaries, associated companies, joint ventures and joint operations.

Transactions between the Company, its subsidiaries, and joint operations relate to fees, insurances, dividends, rentals and interest and are regarded as intra-Group transactions and eliminated on consolidation.

A report on investments in subsidiaries, associated companies, joint ventures and joint operations, that indicates the relationship and degree of control exercised by the Company, appears on pages 289 to 290.

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	F2016 Rm	F2015 Rm
Amounts accounted in the income statement relating to transactions with related parties		
Joint venture		
Assmang Proprietary Limited		
– Provision of services	**536**	618
– Dividends received	**875**	1 500
Amounts outstanding at year-end (owing to)/receivable by ARM on current account		
Joint venture		
Assmang – debtor	**70**	86
Joint operations		
Anglo American Platinum – debtor	**456**	323
Norilsk Nickel – creditor	**(136)**	(183)
Norilsk Nickel – debtor	**393**	525
Anglo American Platinum – short-term borrowing	**(114)**	(114)
Vale/ARM joint operation – ZCCM – long-term borrowing	**(696)**	(546)
Glencore Operations SA – long-term borrowing	**(1 423)**	(1 428)
Glencore Operations SA – short-term borrowing	**(123)**	(32)
Subsidiary		
Impala Platinum – debtor	**1 096**	1 018
Key management personnel		
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity and comprise members of the board of directors and senior management (refer to directors' report).		
Senior management compensation		
Salary	**11**	9
Accrued bonuses	**4**	4
Pension scheme contributions	**1**	1
Reimbursive allowances	**1**	–
Total	**17**	14

NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2016

45. RELATED PARTY TRANSACTIONS continued

Share options	Number of options	Average price cents	Average gross selling price cents
Held on 1 July 2014	276 670	13 784	
Exercised during the year	(96 386)	7 399	13 533
Staff movements	(46 549)	18 295	
Held on 1 July 2015	**133 735**	**16 815**	
Lapsed during the year	**(33 086)**	**15 404**	
Staff movements	**(11 747)**	**18 944**	
Held on 30 June 2016	**88 902**	**17 059**	

Bonus and performance shares	Number of bonus shares	Number of performance shares
Held on 1 July 2014	103 217	139 138
Granted/awarded during the year	25 011	133 349
Settled during the year	(13 582)	(13 539)
Staff movements	(25 832)	(51 201)
Held on 30 June 2015	**88 814**	**207 747**
Granted/awarded during the year	**5 178**	**22 239**
Settled during the year	**(16 952)**	**(18 952)**
Staff movements	**(14 887)**	**(34 561)**
Held on 30 June 2016	**62 153**	**176 473**

Details relating to directors emoluments and prescribed officers, share options and shareholdings in the Company are disclosed in the Directors' report.

Shareholders

The principal shareholders of the Company are detailed in the Shareholder Analysis report.

ARM's executive chairman, Patrice Motsepe, is involved through shareholdings and/or directorships in various other companies and trusts. The Company rents office space from one of the entities as disclosed below. Mr Motsepe's director's emoluments, share options, bonus shares, performance shares and shareholding in the Company are disclosed in the Directors' report.

	F2016 Rm	F2015 Rm
Rental paid for offices at 29 Impala Road, Chislehurston, Sandton	**1**	1

This rental is similar to rentals paid to third parties in the same area for similar buildings.

46. EVENTS AFTER THE REPORTING DATE

Please refer to events after reporting date included on page 213 of the Directors' report.

47. MAJOR SHAREHOLDERS AND SHAREHOLDER SPREAD

Please refer to major shareholders at 30 June 2016 on page 300 of the Investor Relations report and shareholder spread at 30 June 2016 on page 299 of the Investor Relations report.

PRINCIPAL SUBSIDIARY COMPANIES

FOR THE YEAR ENDED 30 JUNE 2016

						Book value of the Company's interests			
		Issued capital Amount Rm		Direct interest in capital %		Shares Rm		Indebtedness by/(to) Rm	
Name	Class	**F2016**	F2015	**F2016**	F2015	**F2016**	F2015	**F2016**	F2015
African Rainbow Minerals Platinum Proprietary Limited	Ord	**–**	–	**100**	100	**257**	257	**1 364**	1 005
African Rainbow Minerals Finance Company SA	Ord	**–**	–	**100**	100	**798**	353	**–**	–
Anglovaal Air Proprietary Limited	Ord	**–**	–	**100**	100	**89**	89	**(212)**	(212)
Atscot Proprietary Limited	Ord	**1**	1	**100**	100	**10**	10	**(23)**	(23)
Avmin Limited	Ord	**–**	–	**100**	100	**–**	–	**(17)**	(17)
Bitcon's Investments Proprietary Limited	Ord	**–**	–	**100**	100	**2**	2	**(2)**	(2)
Jesdene Limited	Ord	**–**	–	**100**	100	**–**	–	**6**	6
ARM Treasury Investments Proprietary Limited (previously Kingfisher Insurance Co Limited)	Ord	**–**	–	**100**	100	**35**	35	**–**	–
Letaba Copper & Zinc Corp Limited (Sold)	Ord	**–**	1	**–**	94	**–**	–	**–**	–
Mannequin Insurance PCC Limited (Cell AVL18)*	Ord	**4**	4	**100**	100	**4**	4	**–**	–
Opilac Proprietary limited	Ord	**–**	–	**100**	–	**651**	–	**3**	–
Sheffield Minerals Proprietary Limited (Sold)	Ord	**–**	–	**–**	100	**–**	–	**–**	(4)
South African Base Minerals Limited (Sold)	Ord	**–**	–	**–**	100	**–**	–	**–**	–
Two Rivers Platinum Proprietary Limited	Ord	**257**	257	**51**	51	**55**	55	**–**	–
Tamboti Platinum Proprietary Limited	Ord	**–**	–	**100**	100	**467**	123	**–**	299
Venture Building Trust Proprietary Limited	Ord	**–**	–	**100**	100	**1**	1	**23**	55
Total value of unlisted investment in subsidiaries**						**2 369**	929		
Amounts owing to subsidiaries								**(254)**	(258)
Amounts owing by subsidiaries								**1 396**	1 365

Notes

Ord – Ordinary shares.

All these balances eliminate at Group level.

Unless otherwise stated, all companies are incorporated and carry on their principal operations in South Africa. Interests are shown to the extent that this information is considered material. A schedule with details of all other subsidiaries is available from the registered office.

* *Incorporated in Guernsey and has a March year-end. Reviewed June figures are consolidated.*

** *The indirect subsidiary investment in Teal Minerals is included as part of joint operations.*

PRINCIPAL ASSOCIATE COMPANIES, JOINT VENTURES, JOINT OPERATIONS AND OTHER INVESTMENTS

FOR THE YEAR ENDED 30 JUNE 2016

	Number of shares held		Effective percentage holding %		Value of investment Rm	
Name of Company	**F2016**	F2015	**F2016**	F2015	**F2016**	F2015
Associated companies						
Unlisted						
Lucas Block Minerals Limited (1936)						
Ordinary shares (Voluntary Liquidation)	**–**	121	**–**	30	**–**	–
Glencore Operations South Africa Proprietary Limited						
Non-convertible participating preference shares	**384**	384	**20.2**	20.2	**1 153**	1 343
Investment in other companies						
Listed						
Harmony Gold Mining Company Limited						
Ordinary shares	**63 632 922**	63 632 922	**14.6**	14.6	**3 339**	992
Unlisted						
Business Partners Limited	**323 177**	323 177	**0.2**	0.2	**–**	–
Guardrisk Insurance Company Limited Cell no 00298	**1**	–	**100.0**	100.0	**19**	24
Joint operations and partnerships						
ARM Coal Proprietary Limited (including Goedgevonden)	**51**	51	**51**	51	**–**	–
Modikwa joint operation*	**–**	–	**41.5**	41.5	**–**	–
Nkomati joint operation**	**–**	–	**50**	50	**–**	–
Vale/ARM joint operation***			**40**	40	**–**	–
Joint venture						
Assmang Proprietary Limited (including Cato Ridge Alloys joint venture and Sakura Ferro Alloys Sdn Bhd joint venture)	**–**	–	**50**	50	**–**	–
Trust						
ARM BBEE Trust**** (refer note 15 and 37)	**–**	–	**–**	–	**–**	–

* *December year end, audited June figures are consolidated.*

** *Eliminates on a company level, as Nkomati joint operation is an unincorporated joint operation.*

*** *ARM Limited owns 16% indirectly and 34% directly in Teal Minerals (Barbados) Incorporated (amount above is after non-controlling interest).*

**** *ARM Limited obtained control of the ARM BBEE Trust during F2016 as a result of the restructuring of the trust.*

CONVENIENCE TRANSLATION INTO US DOLLARS

For the benefit of international investors, the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and the statement of cash flows of the Group presented in South African Rands and set out on pages 222 to 226, have been translated into United States Dollars and are presented on pages 292 to 296. This information is only supplementary and is not required by any accounting standard and does not represent US GAAP.

The statement of financial position is translated at the rate of exchange ruling at the close of business at 30 June each year and the income statement and statement of cash flows are translated at the average exchange rates for the years reported, except for the opening and closing cash balances of cash flows which are translated at the rate ruling at the close of business at 30 June each year.

The statement of comprehensive income is translated at the average rate of the years reported.

The statement of changes in equity is translated at the rate ruling at the close of business at 30 June each year.

	F2016 R/US$	F2015 R/US$
The following exchange rates were used:		
Closing rate	**R14.68**	R12.16
Average rate	**R14.51**	R11.45

The US Dollar denominated statement of financial position, income statements, statement of comprehensive income, statement of changes in equity and statement of cash flows should be read in conjunction with the accounting policies of the Group as set out on pages 227 to 240 and with the notes to the financial statements on pages 241 to 288.

US DOLLAR STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2016

CONVENIENCE TRANSLATION

	Note	F2016 US$m	F2015 US$m
ASSETS			
Non-current assets			
Property, plant and equipment	3	**747**	1 005
Intangible assets	4	**9**	12
Deferred tax assets	17	**10**	46
Loans and long-term receivables	5	**3**	4
Investment in associate	7	**79**	112
Investment in joint venture	8	**996**	1 159
Other investments	9	**240**	97
		2 084	2 435
Current assets			
Inventories	10	**52**	70
Trade and other receivables	11	**167**	209
Cash and cash equivalents	12	**90**	186
		309	465
Assets held for sale	13	**–**	1
Total assets		**2 393**	2 901
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital	14	**1**	1
Share premium	14	**287**	344
Treasury shares	15	**(164)**	–
Other reserves		**231**	100
Retained earnings		**1 267**	1 654
Equity attributable to equity holders of ARM		**1 622**	2 099
Non-controlling interest		**52**	114
Total equity		**1 674**	2 213
Non-current liabilities			
Long-term borrowings	16	**284**	206
Deferred tax liabilities	17	**137**	162
Long-term provisions	18	**45**	54
		466	422
Current liabilities			
Trade and other payables	19	**123**	119
Short-term provisions	20	**24**	26
Taxation	35	**12**	8
Overdrafts and short-term borrowings – interest-bearing	21	**94**	113
		253	266
Total equity and liabilities		**2 393**	2 901

US DOLLAR INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016

CONVENIENCE TRANSLATION

	Note	F2016 US$m	F2015 US$m
Revenue	24	**662**	893
Sales	24	**603**	809
Cost of sales	25	**(561)**	(686)
Gross profit		**42**	123
Other operating income	26	**79**	107
Other operating expenses	27	**(105)**	(139)
Profit from operations before special items		**16**	91
Income from investments	28	**11**	17
Finance costs	29	**(26)**	(22)
Loss from associate	7	**(14)**	(16)
Income from joint venture	8	**90**	113
Profit before taxation and special items		**77**	183
Special items	30	**(128)**	(145)
(Loss)/profit before taxation		**(51)**	38
Taxation	31	**1**	(31)
(Loss)/profit for the year		**(50)**	7
Attributable to:			
Non-controlling interest		**(13)**	(3)
Equity holders of ARM		**(37)**	10
		(50)	7
Additional information			
Headline earnings (US$ million)	33	**72**	152
Headline earnings per share (US cents)	32	**34**	70
Basic (loss)/earnings per share (US cents)	32	**(17)**	5
Diluted headline earnings per share (US cents)	32	**37**	70
Diluted basic (loss)/earnings per share (US cents)	32	**(17)**	5

US DOLLAR STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

CONVENIENCE TRANSLATION

	Notes	Available-for-sale reserve US$m	Other US$m	Retained earnings US$m	Share-holders of ARM US$m	Non-controlling interest US$m	Total US$m
For the year ended 30 June 2015							
Profit/(loss) for the year to 30 June 2015		–	–	10	10	(3)	7
Other comprehensive income that may be reclassified to the income statement in subsequent periods							
Revaluation of listed investment	9	(86)	–	–	(86)	–	(86)
Deferred tax on above		16	–	–	16	–	16
Reclassification to income statement	9	57	–	–	57	–	57
Deferred tax on above		(11)	–	–	(11)	–	(11)
Net impact of revaluation of listed investment		(24)	–	–	(24)	–	(24)
Foreign currency translation reserve movement		–	9	–	9	–	9
Total other comprehensive (loss) income		(24)	9	–	(15)	–	(15)
Total comprehensive (loss)/income for the year		(24)	9	10	(5)	(3)	(8)
For the year ended 30 June 2016							
Loss for the year to 30 June 2016		**–**	**–**	**(37)**	**(37)**	**(13)**	**(50)**
Other comprehensive income that may be reclassified to the income statement in subsequent periods							
Revaluation of listed investment	9	**162**	**–**	**–**	**162**	**–**	**162**
Deferred tax on above		**(31)**	**–**	**–**	**(31)**	**–**	**(31)**
Deferred tax rate change		**2**	**–**	**–**	**2**	**–**	**2**
Net impact of revaluation of listed investment		**133**	**–**	**–**	**133**	**–**	**133**
Foreign currency translation reserve		**–**	**7**	**–**	**7**	**–**	**7**
Total other comprehensive income		**133**	**7**	**–**	**140**	**–**	**140**
Total comprehensive income/(loss) or the year		**133**	**7**	**(37)**	**103**	**(13)**	**90**

US DOLLAR STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

CONVENIENCE TRANSLATION

	Notes	Share capital and premium US$m	Treasury share capital US$m	Available-for-sale reserve US$m	Other US$m	Retained profit US$m	Share-holders of ARM US$m	Non-controlling interest US$m	Total US$m
Balance at 30 June 2014		387	–	25	93	2 005	2 510	142	2 652
Profit/(loss) for the year to 30 June 2015		–	–	–	–	10	10	(3)	7
Other comprehensive (loss)/income		–	–	(24)	9	–	(15)	–	(15)
Total comprehensive (loss)/income for the year		–	–	(24)	9	10	(5)	(3)	(8)
Bonus and performance shares issued to employees	14	4	–	–	(4)	–	–	–	–
Dividend paid	32	–	–	–	–	(114)	(114)	–	(114)
Dividend paid to Impala Platinum		–	–	–	–	–	–	(24)	(24)
Dilution in Two Rivers	36	–	–	–	(2)	–	(2)	16	14
Share-based payments		–	–	–	17	–	17	–	17
Share options exercised	14	3	–	–	–	–	3	–	3
Translation adjustment		(49)	–	(1)	(13)	(247)	(310)	(17)	(327)
Balance at 30 June 2015		**345**	**–**	**–**	**100**	**1 654**	**2 099**	**114**	**2 213**
Loss for the year to 30 June 2016		**–**	**–**		**–**	**(37)**	**(37)**	**(13)**	**(50)**
Other comprehensive income/(loss)		**–**	**–**	**133**	**7**	**–**	**140**	**–**	**140**
Total comprehensive income/(loss) for the year		**–**	**–**	**133**	**7**	**(37)**	**103**	**(13)**	**90**
Bonus and performance shares issued to employees	14	**2**	**–**	**–**	**(2)**	**–**	**–**	**–**	**–**
Changes due to insurance restructuring – net of tax		**–**	**–**	**–**	**–**	**(13)**	**(13)**	**–**	**(13)**
Dividend paid	32	**–**	**–**	**–**	**–**	**(52)**	**(52)**	**–**	**(52)**
Dividend paid to Impala Platinum		**–**	**–**	**–**	**–**	**–**	**–**	**(25)**	**(25)**
Restructuring of ARM BBEE Trust	15	**–**	**(166)**	**–**	**–**	**–**	**(166)**	**(4)**	**(170)**
Share-based payments		**–**	**–**	**–**	**13**	**–**	**13**	**–**	**13**
Transfer		**–**	**–**	**–**	**(1)**	**1**	**–**	**–**	**–**
Translation adjustment		**(59)**	**2**	**(2)**	**(17)**	**(286)**	**(362)**	**(20)**	**(382)**
Balance at 30 June 2016		**288**	**(164)**	**131**	**100**	**1 267**	**1 622**	**52**	**1 674**

US DOLLAR STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

CONVENIENCE TRANSLATION

	Note	F2016 US$m	F2015 US$m
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		**667**	969
Cash paid to suppliers and employees		**(582)**	(750)
Cash generated from operations	34	**85**	219
Translation adjustment		**(26)**	(16)
Interest received		**8**	11
Interest paid		**(11)**	(9)
Dividends received from joint venture	8	**60**	131
Dividend paid to non-controlling interest – Impala Platinum		**(25)**	(24)
Dividend paid	32	**(52)**	(114)
Taxation paid	35	**(21)**	(34)
Net cash inflow from operating activities		**18**	164
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment to maintain operations		**(55)**	(106)
Additions to property, plant and equipment to expand operations		**(3)**	(6)
Proceeds on disposal of property, plant and equipment		**2**	–
Proceeds on disposal of subsidiary		**1**	–
Additional investment in associate	7	**–**	(25)
Investment in RBCT		**(1)**	(2)
Investment in subsidiary		**–**	(35)
Investment in insurance cell		**–**	(2)
ARM BBEE Trust cash consolidated following trust restructuring	37	**1**	–
Loans and receivables received		**1**	2
Net cash outflow from investing activities		**(54)**	(174)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds on exercise of share options		**–**	3
Long-term borrowings raised		**101**	–
Long-term borrowings repaid		**(61)**	(3)
Repurchase of ARM shares	15	**(45)**	–
Short-term borrowings repaid		**(34)**	(26)
Net cash outflow from financing activities		**(39)**	(26)
Net decrease in cash and cash equivalents		**(75)**	(36)
Cash and cash equivalents at beginning of year		**121**	157
Cash and cash equivalents at end of year	12	**46**	121
Cash generated from operations per share (US cents)	32	**40**	101

FINANCIAL SUMMARY (US DOLLAR)
FOR THE YEAR ENDED 30 JUNE 2016

CONVENIENCE TRANSLATION

	F2016 US$m	F2015 US$m	F2014 US$m	F2013 US$m	F2012 US$m	F2011 US$m	F2010 US$m	F2009 US$m	F2008 US$m	F2007 US$m	F2006 US$m
Income statement											
Sales	**603**	809	966	831	2 256	2 131	1 452	1 118	1 725	854	722
Headline earnings	**72**	152	397	423	444	483	226	257	550	168	72
Basic (loss)/earnings per share (US cents)	**(17)**	5	147	86	207	226	113	150	292	81	46
Headline earnings per share (US cents)	**34**	70	183	197	208	227	106	121	261	81	35
Dividend declared after year-end per share (US cents)	**15**	29	56	51	58	67	26	23	51	N/A	N/A
Statement of financial position											
Total assets	**2 393**	2 901	3 430	3 407	4 327	4 791	3 682	3 304	3 178	2 576	2 041
Cash and cash equivalents	**90**	186	202	198	437	543	396	455	340	150	61
Shareholders' equity	**1 674**	2 213	2 652	2 563	2 990	3 280	2 416	2 171	2 002	1 587	1 452
Statement of cash flows											
Cash generated from operations	**(85)**	219	200	177	768	857	451	739	709	352	194
Net cash outflow from investing activities	**(54)**	(174)	(118)	(195)	(525)	(484)	(306)	(346)	(330)	(374)	(226)
Net cash (outflow)/inflow from financing activities	**(39)**	(26)	(73)	54	22	(85)	(96)	(19)	(24)	217	140
JSE Limited performance											
Ordinary shares (US cents)											
– high	**790**	1 773	2 316	2 367	2 561	3 376	2 714	3 217	4 205	1 917	816
– low	**238**	710	1 380	1 574	2 046	2 092	1 542	842	1 414	739	500
– year end	**627**	680	1 759	1 508	2 035	2 788	2 099	1 683	3 576	1 747	674

SHAREHOLDER ANALYSIS
AS AT 30 JUNE 2016

SHARES HELD

	Number of holders	% of total shareholders	Number of shares	% of issued capital
1 – 1 000 shares	2 976	75.33	704 612	0.32
1 001 – 10 000 shares	568	14.40	1 852 709	0.85
10 001 – 100 000 shares	266	6.73	9 444 337	4.33
100 001 – 1 000 000 shares	117	2.96	32 169 623	14.76
1 000 001 shares and above	23	0.58	173 850 578	79.74
Total	**3 950**	**100.00**	**218 021 859**	**100.00**

DISTRIBUTION OF SHAREHOLDERS

	Excluding treasury shares		Including treasury shares	
	Number of shares held	%	Number of shares held	%
Black Economic Empowerment	104 862 131	51.08	104 862 131	48.10
Pension Funds	38 156 420	18.59	38 156 420	17.50
Mutual Funds/Unit Trusts	37 433 615	18.23	37 433 615	17.17
Own shares*	–	–	12 717 328	5.83
Other Managed Funds	4 815 470	2.35	4 815 470	2.21
Investment Trusts	5 880 000	2.86	5 880 000	2.70
Trading Positions	4 745 763	2.31	4 745 763	2.17
Insurance Companies	2 231 063	1.09	2 231 063	1.02
Sovereign Wealth	1 739 255	0.85	1 739 255	0.80
Private Investors	1 713 802	0.83	1 713 802	0.78
Exchange-Traded Funds	607 998	0.30	607 998	0.28
Universities	453 518	0.22	453 518	0.21
Custodians	428 276	0.21	428 276	0.20
Hedge Funds	323 414	0.16	323 414	0.15
Charities	271 400	0.13	271 400	0.12
Local Authorities	233 530	0.11	233 530	0.11
Medical Aid Schemes	215 745	0.10	215 745	0.10
American Depository Receipts	132 961	0.06	132 961	0.06
Foreign Governments	39 400	0.02	39 400	0.02
Remainder	1 020 770	0.50	1 020 770	0.47
Total	**205 304 531**	**100.00**	**218 021 859**	**100.00**

* *Own shares refers to treasury shares held by the 100% ARM owned subsidiary Opilac Proprietary Limited.*

INVESTMENT MANAGEMENT INTEREST MORE THAN 3% (INCLUDING OWN SHARES)

	Number of shares held	%
African Rainbow Minerals & Exploration Investments	87 750 417	40.25
Allan Gray Investment Council	29 056 438	13.33
ARM Broad-Based Economic Empowerment Trust	15 897 412	7.29
PIC	13 245 597	6.08
Opilac Proprietary Limited (own shares)*	12 717 328	5.83
Kagiso Asset Management (Pty) Ltd	10 774 298	4.94
BlackRock Inc	6 878 697	3.15
Total	**176 320 187**	**80.87**

* *Opilac Proprietary Limited is a 100% held subsidiary of ARM.*

BENEFICIAL SHAREHOLDINGS MORE THAN 3% (INCLUDING OWN SHARES)

	Number of shares held	%
African Rainbow Minerals & Exploration Investments	87 750 417	40.25
ARM Broad-Based Economic Empowerment Trust	15 897 412	7.29
Government Employees Pension Fund (PIC)	14 406 286	6.61
Opilac Proprietary Limited (own shares)*	12 717 328	5.83
Allan Gray Balanced Fund	9 157 172	4.20
Total	**139 928 615**	**64.18**

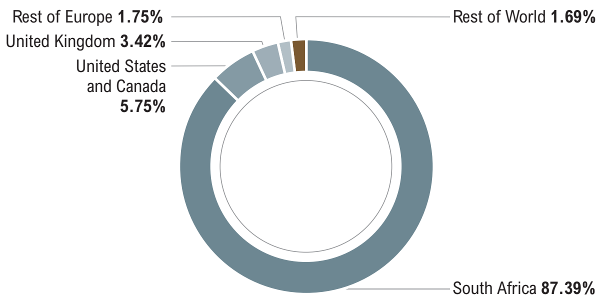
* *Opilac Proprietary Limited is a 100% held subsidiary of ARM.*

PUBLIC/NON-PUBLIC SHAREHOLDERS

	Number of holders	% of total shareholders	Number of shares	% of issued capital
Non-Public Shareholders*	11	0.28	118 113 771	54.18
Public Shareholders	3 939	99.72	99 908 088	45.82
Total	**3 950**	**100.00**	**218 021 859**	**100.00**

* *Non-public shareholders consist of Directors (whose interests are set out in the table on page 214), the ARM Broad-Based Economic Empowerment Trust, Opilac Proprietary Limited, African Rainbow Minerals & Exploration Investments (Pty) Ltd (ARMI) and Botho-Botho Commercial Enterprises (Pty) Ltd (BBCE). The shares of ARMI and BBCE are held indirectly by trusts, all of which, with the exception of The Motsepe Foundation, hold those shares for the benefit of Mr Motsepe and his immediate family.*

GEOGRAPHIC SPLIT OF BENEFICIAL SHAREHOLDERS



TOP 20 SHAREHOLDERS

	Number of shares held	% holding of shares in issue
African Rainbow Minerals & Exploration Investments	87 750 417	40.25
Allan Gray Investment Council	29 056 438	13.33
ARM Broad-Based Economic Empowerment Trust	15 897 412	7.29
PIC	13 245 597	6.08
Opilac Proprietary Limited (own shares)*	12 717 328	5.83
Kagiso Asset Management (Pty) Ltd	10 774 298	4.94
BlackRock Inc	6 878 697	3.16
Dimensional Fund Advisors	4 796 842	2.20
Investec Asset Management	4 589 888	2.11
The Vanguard Group Inc	2 700 455	1.24
RMB Morgan Stanley (Pty) Ltd	2 161 109	0.99
Sanlam Investment Management	2 137 655	0.98
Fairtree Capital Pty Ltd	1 681 406	0.77
Old Mutual Plc	1 303 254	0.60
Botho-Botho Commercial Enterprises	1 112 332	0.51
Schroders Plc	1 074 032	0.49
Investec Securities (Pty) Limited	911 087	0.42
Momentum Investments	834 812	0.38
Mellon Capital Management Corp	776 937	0.36
HSBC IB Equity Finance (UK)	700 548	0.32

* *Opilac Proprietary Limited is a 100% held subsidiary of ARM.*

INVESTOR RELATIONS REPORT

AS AT 30 JUNE 2016

ARM's primary listing is on the JSE Limited. The Company also has a sponsored Level 1 American Depositary Receipt (ADR) programme under the ticker symbol AFRBY which is available to investors for over-the-counter or private transactions.

SHARE INFORMATION

TICKER CODE	ARI
SECTOR	General Mining
NATURE OF BUSINESS	ARM is a diversified mining and minerals company with assets in ferrous metals, platinum group metals, thermal coal, nickel and copper. ARM holds an interest in the gold mining sector through its 14.6% shareholding in Harmony.
ISSUED SHARE CAPITAL AT 30 JUNE 2016	218 021 859 shares
MARKET CAPITALISATION AT 30 JUNE 2016	R20.1 billion
	US$1.4 billion
CLOSING SHARE PRICE AT 30 JUNE 2016	R92.00
12 MONTH HIGH (1 JULY 2015 – 30 JUNE 2016)	R116.00
12 MONTH LOW (1 JULY 2015 – 30 JUNE 2016)	R34.81
AVERAGE VOLUME TRADED FOR THE 12 MONTHS	808 422 shares per day

SHAREHOLDERS' DIARY

ANNUAL GENERAL MEETING	Friday, 2 December 2016
FINANCIAL YEAR-END	June 2017
INTEGRATED ANNUAL REPORT ISSUED	Beginning of November 2016
INTERIM RESULTS ANNOUNCEMENT	March 2017
PROVISIONAL RESULTS ANNOUNCEMENT	September 2017

SHARE LIQUIDITY

Number of shares traded on the JSE Limited during F2016

Month	Volumes
July 2015	11 558 652
August 2015	12 114 900
September 2015	13 867 841
October 2015	17 693 748
November 2015	33 803 883
December 2015	10 125 843
January 2016	16 334 518
February 2016	19 857 735
March 2016	19 165 816
April 2016*	18 521 290
May 2016	14 957 688
June 2016	14 911 989
Total	202 913 903

Source: JSE Limited.

* *Excludes the off-market specific share repurchase of 12 717 328 shares by a wholly-owned subsidiary of ARM as part of the ARM BBEE Trust restructuring.*

GLOSSARY OF TERMS AND ACRONYMS

1H	First six months of the financial year
2H	Second six months of the financial year
3E	Platinum, palladium and gold
4E	Platinum, palladium, rhodium and gold
6E	Platinum, palladium, rhodium, gold, ruthenium and iridium
Anglo Platinum	Anglo American Platinum Limited
a	The a referred to in tabulation and graphic analysis refers to actual numbers
ARM	African Rainbow Minerals Limited
ARM BBEE Trust	ARM Broad-Based Economic Empowerment Trust
ARMI	African Rainbow Minerals & Exploration Investments Proprietary Limited
Assmang	Assmang Proprietary Limited
Assore	Assore Limited
ATC	Arthur Taylor Collieries
BEE	Black Economic Empowerment
BBBEE	Broad-Based Black Economic Empowerment
C1 cash cost	Cash cost net of revenue from by-products
C2015	Calendar year starting 1 January 2015 ending 31 December 2015
C2016	Calendar year starting 1 January 2016 ending 31 December 2016
CIF	Cost, Insurance and Freight
COM	Chamber of Mines
CPI	Consumer Price Index
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
Divisions	ARM Platinum, ARM Ferrous, ARM Copper, ARM Coal, and ARM Strategic Services and Exploration
DMR	Department of Mineral Resources
DOH	Department of Health
DOL	Department of Labour
dti	Department of Trade and Industry
e	The e referred to in tabulation and graphic analysis refers to estimated numbers
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation, amortisation, excluding special items and income from associates and income from joint venture
EIA	Environmental Impact Assessment

EMPR	Environmental Management Programme Report
F2013	Financial year starting 1 July 2012 ending 30 June 2013
F2014	Financial year starting 1 July 2013 ending 30 June 2014
F2015	Financial year starting 1 July 2014 ending 30 June 2015
F2016	Financial year starting 1 July 2015 ending 30 June 2016
FOB	Free on board
FOR	Free on rail
FTSE	Financial Times and London Stock Exchange
GAR	Gross as received
GHG	Greenhouse gas
GOSA	Glencore Operations South Africa Proprietary Limited
Goedgevonden/GGV	Goedgevonden Thermal Coal Mine
Harmony/Harmony Gold	Harmony Gold Mining Company Limited
HDSA	Historically Disadvantaged South African
HIV	Human immuno-deficiency virus
IAS	International Accounting Standards
ICMM	International Council on Mining and Metals
IFRIC	International Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
Impala Platinum/Implats	Impala Platinum Holdings Limited
IRS	Impala Refining Services Limited
ISO	International Organisation for Standardisation
JO	Joint Operation
JORC Code	Australian Institute of Mining and Metallurgy Joint Ore Reserves Committee Code
JSE	JSE Limited
JV	Joint venture
King II	King Report on Corporate Governance in South Africa 2002
King III	King Report on Governance for South Africa 2009 and the King Code of Governance Principles
LED	Local Economic Development
LoM	Life-of-mine
LTI	Lost Time Injuries
LTIFR	Lost Time Injury Frequency Rate – A rate expressed per 200 000 man hours for a work-related injury that results in the employee being unable to attend work at his/her place of work, performing his/her assigned duties on the next calendar day (whether a scheduled work day or not) after the day of injury. If the appointed medical professional advises that the injured person is unable to attend work on the next calendar day after the injury, regardless of the injured person's next rostered shift, a lost time injury is deemed to have occurred.
MHSA	Mine Health and Safety Act
Mining Charter	Broad-Based Socio-Economic Empowerment Charter signed in 2002
MIG	Main Insert Grinding
MMZ	Main Mineralised Zone

GLOSSARY OF TERMS AND ACRONYMS continued

MOSH	Mining Industry Occupational Safety and Health
MPRDA	Minerals and Petroleum Resources Development Act
Mt	Million tonnes
Mtpa	Million tonnes per annum
NEMA	National Environmental Management Act
NUM	National Union of Mineworkers
NUMSA	National Union of Metal Workers
OHSA	Occupational Health and Safety Act
PCB	Participating Coal Business
PCMZ	Peridotite Chromotitic Mineralised Zone
PCR	Chromotitic Peridotite Resource
PGMs	Platinum Group Metals
PLA	Platinum Australia
RBCT	Richards Bay Coal Terminal
RIFR	Reportable Injury Frequency Rate
ROM	Run of Mine
SAICA	South African Institute of Chartered Accountants
SAMREC Code	South African Code for Reporting Mineral Resources and Mineral Reserves
SANS	South African National Standard
SHE	Safety, Health and Environment Department
SLP	Social and Labour Plans
SME	Small and Medium-sized Enterprise
SMME	Small, Medium and Micro Enterprise
tCO_2	Tonnes of carbon dioxide
tCO_2e	Tonnes of carbon dioxide equivalent
TFR	Transnet Freight Rail
UASA	United Association of South Africa
UG2	Upper group 2 – second level of three chrometite layers
Vale	Vale SA
VCT	Voluntary counselling and testing
WHIMS	Wet High Intensity Magnetic Separation Plant
ZCCM-IH	Zambia Consolidated Copper Mines Investment Holdings plc

NOTICE OF ANNUAL GENERAL MEETING

AFRICAN RAINBOW MINERALS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1933/004580/06)
JSE share code: ARI
ADR ticker symbol: AFRBY
ISIN: ZAE000054045
("ARM" or "the Company")

Notice is hereby given that the 83rd Annual General Meeting of shareholders of the Company will, subject to any cancellation, postponement or adjournment, be held on Friday, 2 December 2016 at 14:00 South African time, in Boardrooms 6/7, Sandton Convention Centre (at the corner of Fifth and Maude Streets), Sandton, for the following business to be transacted and to consider and, if deemed fit, approve, with or without modification, the resolutions set out below.

The record date for the purposes of Section 59(1)(a) of the Companies Act 71 of 2008 (as amended) ("the Companies Act") for shareholders to be entitled to receive the Notice of Annual General Meeting is Friday, 21 October 2016.

The record date for the purposes of Section 59(1)(b) of the Companies Act for shareholders to be recorded as such in the register maintained by the transfer secretaries of the Company for the purposes of being entitled to participate in and vote at the Annual General Meeting is Friday, 25 November 2016 ("voting record date"). The last day to trade in the Company's shares in order to be recorded as a shareholder by the voting record date is Tuesday, 22 November 2016.

PRESENTATION OF FINANCIAL STATEMENTS

To present the annual financial statements: (i) of the Group for the financial year which ended on 30 June 2016, as set out on pages 207 to 299 in the 2016 Integrated Annual Report, including the Directors', Audit and Risk Committee and Independent Auditor's Reports; and (ii) of the Company for the financial year which ended on 30 June 2016, as set out in the separate document accompanying this Notice and referred to as the "2016 Company Annual Financial Statements", including the Directors', Audit and Risk Committee and Independent Auditor's Reports.

The 2016 Integrated Annual Report and the 2016 Company Annual Financial Statements are available on the Company's website: **www.arm.co.za**.

SOCIAL AND ETHICS COMMITTEE REPORT

To present the Report of the Social and Ethics Committee as set out on pages 197 and 198 in the 2016 Integrated Annual Report in terms of Regulation 43(5)(c) of the Regulations promulgated in terms of the Companies Act.

RE-ELECTION OF NON-EXECUTIVE DIRECTORS

Ordinary resolutions numbers 1 to 3 are proposed to re-elect Directors who retire by rotation as Non-executive Directors of the Company in accordance with the provisions of the Company's Memorandum of Incorporation and who, being eligible, offer themselves for re-election. These Directors' *curricula vitae* appear in the 2016 Integrated Annual Report on pages 201 to 203. The Board of Directors of the Company (the "Board") recommends the re-election of these Directors.

Ordinary resolution number 1 – Re-election of Mr F Abbott

1. "Resolved that Mr F Abbott, who retires by rotation in terms of the Company's Memorandum of Incorporation and who is eligible and available for re-election, be and is hereby re-elected as a Director of the Company."

   In order for this resolution to be approved, the support of a majority of the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Ordinary resolution number 2 – Re-election of Mr T A Boardman

2. "Resolved that Mr T A Boardman, who retires by rotation in terms of the Company's Memorandum of Incorporation and who is eligible and available for re-election, be and is hereby re-elected as a Director of the Company."

   In order for this resolution to be approved, the support of a majority of the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Ordinary resolution number 3 – Re-election of Mr W M Gule

3. "Resolved that Mr W M Gule, who retires by rotation in terms of the Company's Memorandum of Incorporation and who is eligible and available for re-election, be and is hereby re-elected as a Director of the Company."

   In order for this resolution to be approved, the support of a majority of the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

NOTICE OF ANNUAL GENERAL MEETING *continued*

RE-APPOINTMENT OF EXTERNAL AUDITOR AND RE-APPOINTMENT OF DESIGNATED AUDITOR

Ordinary resolution number 4 – Re-appointment of external auditor and re-appointment of designated auditor

Ordinary resolution number 4 is proposed to approve the re-appointment of Ernst & Young Inc. as the external auditor of the Company and to re-appoint Mr L I N Tomlinson as the person designated to act on behalf of the external auditor for the financial year ending 30 June 2017 and to remain in office until the conclusion of the next Annual General Meeting.

4. "Resolved that the re-appointment of Ernst & Young Inc. as the external auditor of the Company be and is hereby approved and that Mr L I N Tomlinson be and is hereby re-appointed as the designated auditor for the financial year ending 30 June 2017 and to remain in office until the conclusion of the next Annual General Meeting."

In order for this resolution to be approved, the support of a majority of the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

AUDIT AND RISK COMMITTEE MEMBERS

Ordinary resolution number 5 – Election of Audit and Risk Committee members

Ordinary resolution number 5 is proposed to elect Audit and Risk Committee members in terms of Section 94(2) of the Companies Act and the King Report on Governance for South Africa 2009 (collectively, "King III") as more fully explained in the Annexure on page 308. The *curricula vitae* of those Independent Non-executive Directors offering themselves for election as members of the Audit and Risk Committee are included on pages 201 to 203 of the 2016 Integrated Annual Report.

5. "Resolved that shareholders elect, each by way of a separate vote, the following Independent Non-executive Directors, as members of the Audit and Risk Committee, with effect from the end of this Annual General Meeting:

   5.1 Mr T A Boardman*
   5.2 Mr F Abbott*
   5.3 Dr M M M Bakane-Tuoane
   5.4 Mr A D Botha
   5.5 Mr A K Maditsi
   5.6 Dr R V Simelane

   * *Subject to their election as Directors pursuant to Ordinary Resolutions number 1 and number 2 above."*

In order for each of these resolutions to be approved, the support of a majority of votes cast by shareholders present or represented by proxy at the Annual General Meeting is required in respect of each of these resolutions.

REMUNERATION POLICY

Ordinary resolution number 6 – Non-binding advisory vote on ARM's Remuneration Policy

Ordinary resolution number 6 is proposed for the purpose set out in the Annexure on page 308.

6. "Resolved that shareholders endorse, by way of a non-binding advisory vote, the Company's Remuneration Report, including the Remuneration Policy, as set out in the 2016 Integrated Annual Report on pages 185 to 196."

REMUNERATION OF NON-EXECUTIVE DIRECTORS

Special resolutions numbers 1 and 2 are proposed to ensure that Non-executive Directors' fees attract and retain Non-executive Directors.

Special resolution number 1 – Increase in annual retainer fees and per Board meeting attendance fees

7. "Resolved that with effect from 1 July 2016, the annual retainer fees and per Board meeting attendance fees for Non-executive Directors be increased by 4% per annum (rounded to the nearest R50) as follows:

	Proposed 2016/2017 Fees (Rand)*		2015/2016 Fees (Rand)**	
	Annual	**Per meeting**	Annual	Per meeting
Lead Independent Non-executive Director	**508 300**	**19 450**	488 750	18 700
Independent Non-executive Director	**405 500**	**19 450**	389 900	18 700
Non-executive Director	**324 500**	**19 450**	312 000	18 700

* *Effective 1 July 2016, should the increase be approved by shareholders at the Annual General Meeting.*
** *Effective 1 July 2015."*

In order for this resolution to be approved, the support of at least 75% of the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Special resolution number 2 – Increase in the Committee meeting attendance fees

8. "Resolved that with effect from 1 July 2016, the per Committee meeting attendance fees for Non-executive Directors be increased by 4% per annum (rounded to the nearest R50) as follows:

	Proposed 2016/2017 per meeting attendance fees (Rand)*	2015/2016 per meeting attendance fees (Rand)**
Audit and Risk Committee		
Chairman	**101 350**	97 450
Member	**40 550**	39 000
Investment Committee, Nomination Committee, Remuneration Committee and Social and Ethics Committee		
Chairman	**39 800**	38 250
Member	**26 500**	25 500

* *Effective 1 July 2016, should the increase be approved by shareholders at the Annual General Meeting.*
** *Effective 1 July 2015."*

In order for this resolution to be approved, the support of at least 75% of the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

VOTING AND PROXIES

In terms of Section 63(1) of the Companies Act, any person attending or participating in the Annual General Meeting must present reasonably satisfactory identification and the person presiding at the Annual General Meeting must be reasonably satisfied that the right of any person to participate in and vote whether as a shareholder or as a proxy for a shareholder has been reasonably verified. Acceptable forms of identification include valid identity documents, drivers' licences or passports.

In terms of Section 63(5) of the Companies Act, if voting is by show of hands, every person who is present at the Annual General Meeting, whether as a shareholder or as a proxy for a shareholder, shall have one vote, irrespective of the number of shares held by such shareholder.

In terms of Section 63(6) of the Companies Act, if voting is by polling, every person who is present at the Annual General Meeting, whether as a shareholder or as a proxy for a shareholder, shall have one vote for every share held by such shareholder.

ELECTRONIC PARTICIPATION BY SHAREHOLDERS

Should any shareholder (or any proxy for a shareholder) wish to participate in the Annual General Meeting by way of electronic participation, that shareholder (or its proxy) should make application in writing (including details as to how the shareholder (or its proxy) can be contacted to participate) to the transfer secretaries, at their address below, to be received by the transfer secretaries at least five business days prior to the Annual General Meeting in order for the transfer secretaries to arrange for the shareholder (or its proxy) to provide reasonably satisfactory identification to the transfer secretaries for the purposes of Section 63(1) of the Companies Act and for the transfer secretaries to provide the shareholder (or its proxy) with details as to how to access any electronic participation means to be provided. The Company reserves the right to elect not to provide for electronic participation at the Annual General Meeting in the event that it determines that it is not practical to do so. The costs of accessing any means of electronic participation provided by the Company will be borne by the Company. Please note that although shareholders are entitled to participate in the Annual General Meeting by electronic means, they shall not be entitled to exercise their votes at the Annual General Meeting electronically. Voting at the Annual General Meeting will only be possible by proxy if a shareholder is unable to attend the Annual General Meeting in person.

CERTIFICATED SHAREHOLDERS/ DEMATERIALISED SHAREHOLDERS WITH OWN NAME REGISTRATIONS

Shareholders who have not yet dematerialised their shares with own name registrations ("Entitled Shareholders") may appoint one or more proxies to attend, speak and vote or abstain from voting in such shareholders' stead. The person so appointed need not be a shareholder of the Company. A form of proxy is attached for the use of those Entitled Shareholders who wish to be represented. Such Entitled Shareholders should complete the attached form of proxy in accordance with the instructions contained therein and deposit it at the transfer secretaries, Computershare Investor Services Proprietary Limited, 7th Floor, 70 Marshall Street, Johannesburg 2001, South Africa (or posted to PO Box 61051, Marshalltown 2107, South Africa) (or faxed to the Proxy Department Fax +27 11 688 5238) (or emailed to Proxy@computershare.co.za). Any hand deliveries made after 28 November 2016, should be made to Computershare's new address: Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196.

DEMATERIALISED SHAREHOLDERS

Shareholders who have dematerialised their shares (other than those with own name registrations) should provide their Central Securities Depository Participant ("CSDP") or broker with their voting instructions in terms of the custody agreement entered into with the relevant CSDP or broker. Should such shareholders wish to attend the Annual General Meeting or send a proxy to represent them at the Annual General Meeting, they should inform their CSDP or broker timeously and request their CSDP or broker to issue them with the necessary letter of representation to attend.

By order of the Board

A N D'Oyley (Ms)
Company Secretary

12 October 2016

ANNEXURE

EXPLANATORY NOTE RELATING TO ORDINARY RESOLUTION NUMBER 5: ELECTION OF AUDIT AND RISK COMMITTEE MEMBERS

Ordinary resolution number 5 is proposed to provide for the election of Audit and Risk Committee members.

Section 94(2) of the Companies Act and Chapter 3 of the King Report on Governance for South Africa 2009 and the King Code of Governance Principles (collectively, King III) requires the shareholders of a public company to elect the members of an audit committee at each annual general meeting. In accordance therewith the Nomination Committee should present shareholders with suitable candidates for election as audit committee members. The members of the Nomination Committee satisfied themself that, *inter alia*, the Independent Non-executive Directors offering themselves for election as members of the Audit and Risk Committee:

> are Independent Non-executive Directors as contemplated in King lll and the JSE Listings Requirements;

> are suitably qualified and experienced for Audit and Risk Committee membership (see the *curricula vitae* on pages 201 to 203 of the 2016 Integrated Annual Report and the Report of the Audit and Risk Committee which appears on page 209 of the 2016 Integrated Annual Report and page 3 of the 2016 Company Annual Financial Statements);

> have an understanding of integrated annual reporting (including financial reporting), internal financial controls, external and internal audit processes, risk management, sustainability issues and the governance process (including information technology governance) within the Group;

> collectively possess skills which are appropriate to the Group's size and circumstance, as well as its industry;

> have an understanding of International Financial Reporting Standards and other financial and sustainability reporting standards, regulations and guidelines applicable to the Group; and

> adequately keep up to date with key developments affecting their required skills set.

The Nomination Committee recommended that the Board recommend to the shareholders the election of those existing Audit and Risk Committee members, who offer themselves for election.

For further details regarding the performance of the Audit and Risk Committee during the period under review, please refer to the Report of the Audit and Risk Committee which appears on pages 208 to 210 of the 2016 Integrated Annual Report and pages 2 to 4 of the 2016 Company Annual Financial Statements.

EXPLANATORY NOTE RELATING TO ORDINARY RESOLUTION NUMBER 6: NON-BINDING ADVISORY VOTE

Ordinary resolution number 6 is proposed to provide for a non-binding advisory vote on the Company's Remuneration Policy.

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

The Company's Remuneration Report, Part I, may be found on pages 185 to 196 of the 2016 Integrated Annual Report. The Remuneration report includes, *inter alia*, the Company's Remuneration Policy, details of the members of the Remuneration Committee and describes the remuneration arrangements in place for the Executive Directors and Non-executive Directors.

Ordinary resolution number 6 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing arrangements. However, the Board will take the outcome of the vote into consideration when considering the Company's Remuneration Policy.

FORM OF PROXY

AFRICAN RAINBOW MINERALS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1933/004580/06)
JSE share code: ARI
ADR ticker symbol: AFRBY
ISIN: ZAE000054045
("ARM" or "the Company")

A shareholder is entitled to appoint one or more proxies (none of whom need to be a shareholder of the Company) to attend, speak and vote or abstain from voting in the place of that shareholder at the Annual General Meeting.
Shareholders who have dematerialised their shares (other than those with own name registrations) should provide their Central Securities Depository Participant ("CSDP") or broker with their voting instructions in terms of the custody agreement entered into with their relevant CSDP or broker. Should such shareholders wish to attend the Annual General Meeting of the Company, they should inform their CSDP or broker timeously and request their CSDP or broker to issue them with the necessary letter of representation to attend and vote their ARM shares.

For completion by shareholders who have not yet dematerialised their shares or who have dematerialised their shares with own name registration.
Shareholders who have not yet dematerialised their shares or who have dematerialised their shares with own name registration ("Entitled Shareholders") may appoint one or more proxies to attend, speak and vote or to abstain from voting in such shareholder's stead. The person so appointed need not be a shareholder of the Company. This form of proxy is for the use of those Entitled Shareholders who wish to be so represented. Such Entitled Shareholders should complete this form of proxy in accordance with the instructions contained herein and return it to the transfer secretaries, to be received by the time and date stipulated herein.

If you are unable to attend the 83rd Annual General Meeting of shareholders of the Company convened for Friday, 2 December 2016 at 14:00, South African time, but wish to be represented thereat you should complete and return this form of proxy as soon as possible, but in any event to be received by not later than 14:00, South African time, on Wednesday, 30 November 2016 (or such other time as the Chairman of the meeting may decide).

I/We (name in block letters)

of (address)

(email) (cell number)

being the holder of shares in the issued share capital of

the Company, do hereby appoint

or failing him/her,

or failing him/her, the Executive Chairman of the Board of Directors, or failing him/her the Chairman of the meeting, as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 14:00, South African time, on Friday, 2 December 2016 and at any cancellation, postponement or adjournment thereof and in particular in respect of the following resolutions:

Indicate with an X in the spaces below how votes are to be cast

	For	Against	Abstain
Ordinary Business			
1. Ordinary Resolution number 1: To re-elect Mr F Abbott as a Director			
2. Ordinary Resolution number 2: To re-elect Mr T A Boardman as a Director			
3. Ordinary Resolution number 3: To re-elect Mr W M Gule as a Director			
4. Ordinary Resolution number 4: To re-appoint Ernst & Young Inc. as external auditor and to re-appoint Mr L I N Tomlinson as the person designated to act on behalf of the external auditor			
5. Ordinary Resolution number 5: To individually elect the following independent Non-executive Directors as members of the Audit and Risk Committee:			
5.1 Mr T A Boardman			
5.2 Mr F Abbott			
5.3 Dr M M M Bakane-Tuoane			
5.4 Mr A D Botha			
5.5 Mr A K Maditsi			
5.6 Dr R V Simelane			
6. Ordinary Resolution number 6: To endorse the Company's Remuneration Report, which includes the Remuneration Policy.			
Special Business			
7. Special Resolution number 1: With effect from 1 July 2016, the annual retainer fees and the per Board meeting attendance fees of Non-executive Directors be increased as outlined on page 306 of the Notice of Annual General Meeting.			
8. Special Resolution number 2: With effect from 1 July 2016, the per Committee meeting attendance fees of Committee members be increased as outlined on page 306 and 307 of the Notice of Annual General Meeting.			

Number of shares
Unless this section is completed for a lesser number, the Company is authorised to insert in the said section the total number of shares registered in my/our name(s) one business day before the meeting.

Signed at on 2016

Signature

Assisted by me (where applicable)

Please see notes overleaf ►

NOTES TO THE PROXY

INSTRUCTIONS ON SIGNING AND LODGING THE FORM OF PROXY

Please read the notes below:

1. The completion and lodging of this form of proxy will not preclude the Entitled Shareholder who grants this proxy from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should he or she wish to do so.

2. Every shareholder present in person or represented by proxy and entitled to vote shall, on a show of hands, have only one vote and upon a poll every shareholder shall have one vote for every ordinary share held.

3. You may insert the name of any person(s) whom you wish to appoint as your proxy in the blank space(s) provided for that purpose. The person whose name appears first on the form of proxy and who is present at this meeting will be entitled to act as a proxy to the exclusion of those whose names follow.

4. When there are joint holders of shares, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders for which purpose seniority will be determined by the order in which the names stand in the register of members in respect of the joint holding. Only that holder whose name appears first in the register need sign this form of proxy.

5. If the form of proxy is signed under the authority of a power of attorney or on behalf of a company or any other juristic person, then it must be accompanied by such power of attorney or a certified copy of the relevant enabling resolution or other authority of such company or other juristic person, unless proof of such authority has been recorded by the Company.

6. If the Entitled Shareholder does not indicate in the appropriate place on the face hereof how he or she wishes to vote in respect of a resolution, his or her proxy shall be entitled to vote as he or she deems fit in respect of that resolution.

7. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alteration must be signed, not initialled.

8. The Chairman of the meeting may, in his or her absolute discretion, reject any form of proxy which is completed other than in accordance with these instructions.

9. Forms of proxy, powers of attorney or any other authority appointing a proxy shall be deposited at the transfer secretaries, Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg 2001, South Africa (or posted to PO Box 61051, Marshalltown 2107, South Africa) (or faxed to the Proxy Department +2711 688 5238) (or emailed to Proxy@computershare.co.za) so as to be received not later than 14:00, South African time, on Wednesday, 30 November 2016 (in respect of the meeting) or 48 hours, before the time appointed for holding of any adjourned meeting (or at any time as the Chairman of the meeting may decide). Any hand deliveries made after 28 November 2016, should be made to Computershare's new address: Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196.

10. No form of proxy shall be valid after the Annual General Meeting or any cancellation, postponement or adjournment thereof, as the case may be.

11. Summary in terms of Section 58(8)(b)(i) of the Companies Act, 2008, as amended. Section 58(8)(b)(i) provides that if a company supplies a form of instrument for appointing a proxy, the form of proxy supplied by the company for the purpose of appointing a proxy must bear a reasonably prominent summary of the rights established by Section 58 of the Companies Act, 2008, as amended, which summary is set out below:

    > A shareholder of a company may, at any time, appoint any individual, including an individual who is not a shareholder of that company, as a proxy, among other things, to participate in, and speak and vote at, a shareholders' meeting on behalf of the shareholder.

    > A shareholder may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder.

    > A proxy may delegate the proxy's authority to act on behalf of the shareholder to another person.

    > A proxy appointment must be in writing, dated and signed by the shareholder; and remains valid only until the end of the meeting at which it was intended to be used, unless the proxy appointment is revoked, in which case the proxy appointment will be cancelled with effect from such revocation.

    > A shareholder may revoke a proxy appointment in writing.

    > A proxy appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder.

    > A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction.

CONTACT DETAILS

African Rainbow Minerals Limited

Registration number: 1933/004580/06
Incorporated in the Republic of South Africa
JSE share code: ARI
ADR ticker symbol: AFRBY
ISIN: ZAE000054045

Registered and corporate office

ARM House
29 Impala Road
Chislehurston
Sandton
2196

PO Box 786136, Sandton, 2146

Telephone: +27 11 779 1300
Fax: +27 11 779 1312
E-mail: ir.admin@arm.co.za
Website: **www.arm.co.za**

Company Secretary

Alyson D'Oyley, BCom, LLB, LLM
Telephone: +27 11 779 1300
Fax: +27 11 779 1312
E-mail: alyson.doyley@arm.co.za

Business Development

Stompie Shiels
Executive: Business Development
Telephone: +27 11 779 1476
Fax: +27 11 779 1312
E-mail: stompie.shiels@arm.co.za

Investor Relations

Jongisa Magagula
Corporate Development and Head of Investor Relations
Telephone: +27 11 779 1507
Fax: +27 11 779 1312
E-mail: jongisa.magagula@arm.co.za

Auditors

External auditor: Ernst & Young Inc.
Internal auditor: KPMG

Bankers

ABSA Bank Limited
FirstRand Bank Limited
The Standard Bank of South Africa Limited
Nedbank Limited

Sponsors

Deutsche Securities (SA) Proprietary Limited

Transfer Secretaries

Computershare Investor Services Proprietary Limited
To 27 November 2016:
Ground Floor, 70 Marshall Street
Johannesburg 2001
From 28 November 2016:
Rosebank Towers
15 Biermann Avenue
Rosebank, 20196

PO Box 61051, Marshalltown, 2107

Telephone: +27 11 370 5000
Fax: +27 11 688 5222
E-mail: web.queries@computershare.co.za
Website: www.computershare.co.za

Directors

P T Motsepe (Executive Chairman)
M P Schmidt (Chief Executive Officer)
F Abbott*
M Arnold
Dr M M M Bakane-Tuoane*
T A Boardman*
A D Botha*
J A Chissano (Mozambican)*
W M Gule*
A K Maditsi*
H L Mkatshana
Dr R V Simelane*
Z B Swanepoel*
A J Wilkens

* *Independent Non-executive*

FORWARD LOOKING STATEMENTS

Certain statements in this report constitute forward-looking statements that are neither reported financial results nor other historical information. They include but are not limited to statements that are predictions of or indicate future earnings, savings, synergies, events, trends, plans or objectives. Such forward-looking statements may or may not take into account and may or may not be affected by known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from the future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other important factors include among others: economic, business and political conditions in South Africa; decreases in the market price of commodities; hazards associated with underground and surface mining; labour disruptions; changes in government regulations, particularly environmental regulations; changes in exchange rates; currency devaluations; inflation and other macro-economic factors; and the impact of the HIV & Aids crisis in South Africa. These forward-looking statements speak only as of the date of publication of these pages. The Company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of publication of these pages or to reflect the occurrence of unanticipated events.