



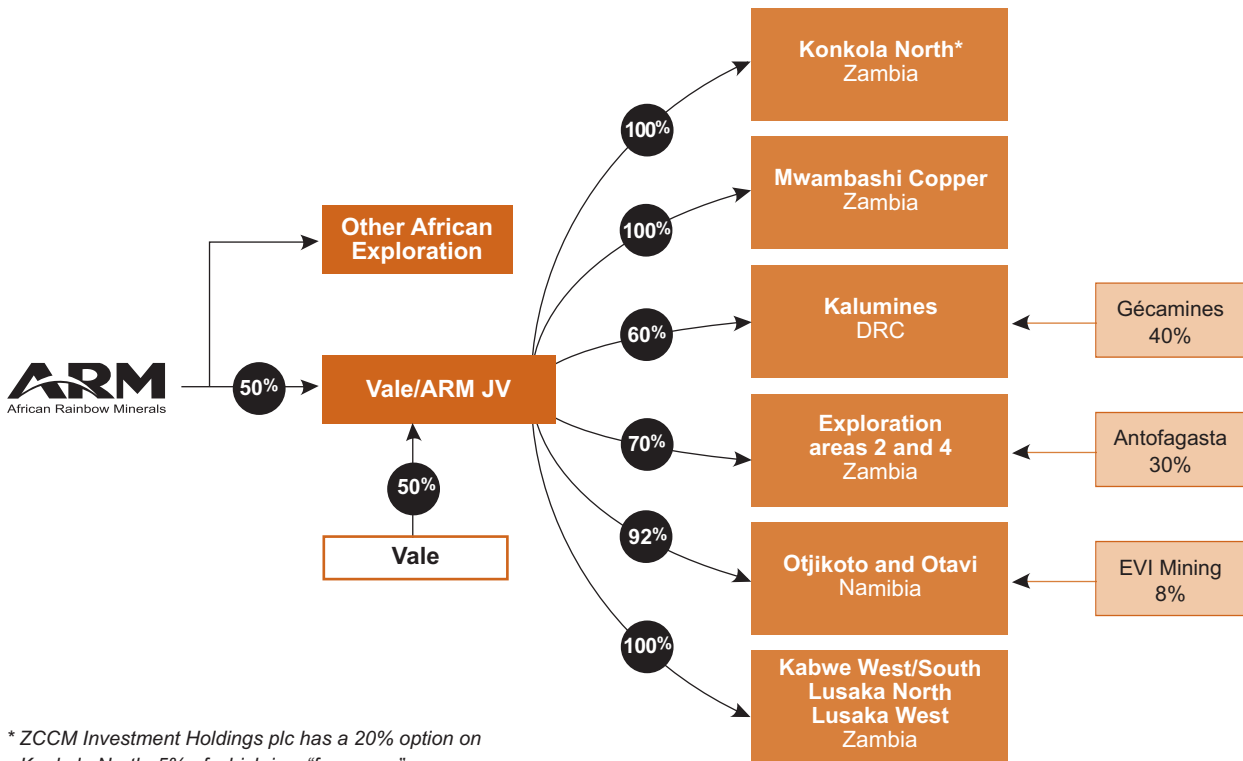
ARM Exploration

The Vale/ARM joint venture's primary projects are focused on copper in Zambia (the Konkola North Copper Project) and copper-cobalt on the Kalumines property in the Democratic Republic of Congo. The JV's steering committee and Board have been constituted, and a dedicated management team is being put in place to implement our strategy of growing the copper operations.

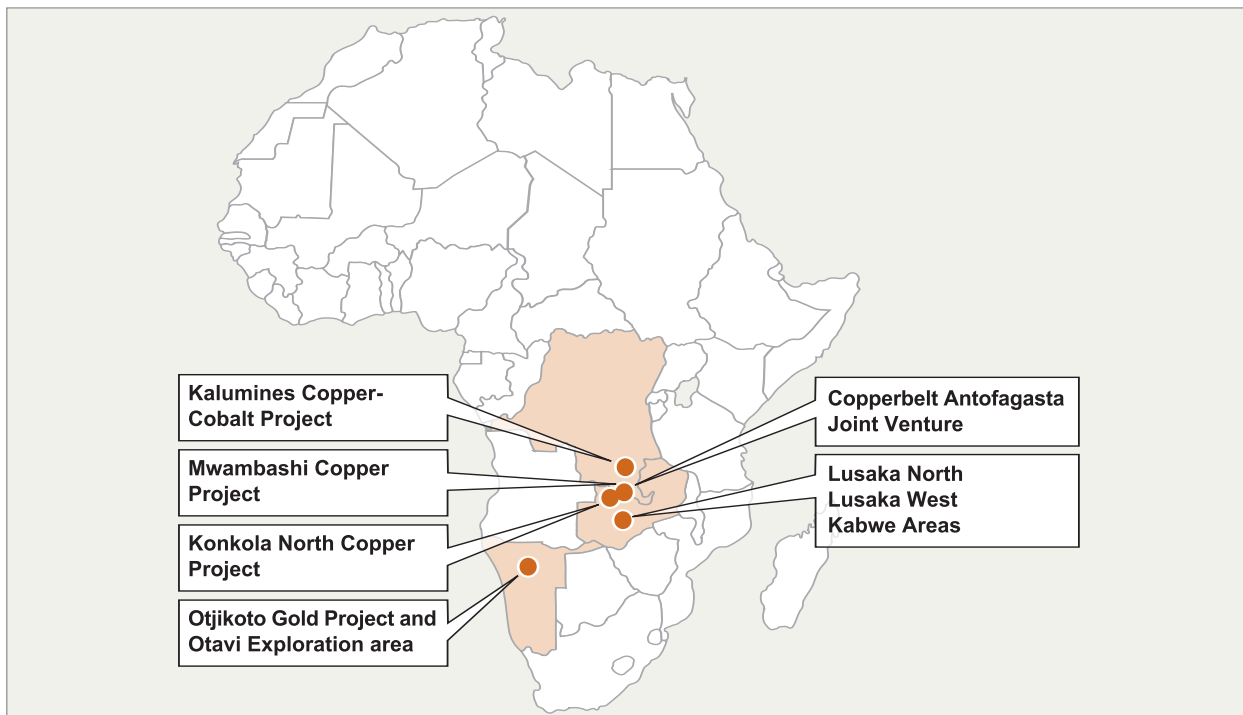
ARM Exploration



Divisional structure



* ZCCM Investment Holdings plc has a 20% option on Konkola North, 5% of which is a "free carry".





Dan Simelane
Chief Executive: ARM Exploration

Scorecard

| F2009 objectives | F2009 performance | F2010 objectives |
|--|--|---|
| Zambia | | |
| Complete 18 000 metres drilling programme in the Konkola North Area 'A' to assess the best way forward to further verify and upgrade this mineral resource base. | The drilling programme was successfully completed over a total of 18 024 metres. A geological evaluation of Area 'A' is in progress. With a current Inferred Resource of 219 mt, grading 2.64%, it was determined that a further infill drilling programme was required. | Complete the geological evaluation and plan a further resource delineation and infill drilling programme. |
| Complete the feasibility study to an acceptable level of accuracy for the Board to make a decision on the development of a new mine. | A 2.5 mtpa feasibility study for the South and East Limb ore bodies was completed and is currently being revised. | Complete a 23 000 metre resource conversion drilling programme, undertake geotechnical and hydrological studies, improve the costing accuracy and complete a final feasibility study. |
| DRC | | |
| Complete the current exploration programme and independently verify a Final Resource, which will be used in a feasibility study for a new copper mining operation. | The drilling programme was successfully completed and an Indicated Resource of 15.1 mt at 2.32% grade has been independently estimated. | Undertake additional drilling to further delineate the complete resource estimations and advance various metallurgical studies. |
| Namibia | | |
| Exploration drilling, specifically targeting high-grade sections of the orebody, to increase and upgrade the gold resource further. | Numerous studies were completed culminating in a mining scoping study and financial evaluation of the project. 612 boreholes over a total of 88 397 meters define the resources of the Otjikoto Gold Project. | Gold is not a core business and the JV commenced with a process to possibly divest its interest in the Otjikoto Gold Project through a selected tender process. |



MVA AC ARC Furnace, DRC



Pouring blister copper, DRC

Review of the year

The Vale/ARM joint venture's primary projects are focused on copper in Zambia (the Konkola North Copper Project) and copper-cobalt on the Kalumines property in the Democratic Republic of Congo (DRC). A conservative, modular and phased approach will be adopted in the development of the ore bodies in Zambia, which at this stage is expected to be followed by the development of the DRC ore bodies. The JV's steering committee and Board have been constituted, and a dedicated management team is being put in place to implement our strategy of growing the copper operations.

The earnings loss attributable to ARM increased from R211 million in F2008 to R689 million in F2009, due mainly to increased stock write-down costs and restructuring costs arising from the cancellation of mining operations. The small-scale mine at Kalumines in the DRC was mining at a loss when the Company decided to cease all mining activities with immediate effect. This resulted in penalty payments (R87 million) due to the contract being stopped 20 months early. Furthermore, the mining licence was under review and required further modifications to the agreement (R25 million). The ore on stockpile of 1.1 mt at 4.5% Cu incurred a write-down of R103 million and is currently valued at US\$34 million. The JV has restructured and retrenched 150 people in the DRC and will focus on exploration targets over the 77 square kilometres under licence. The weaker Rand/US Dollar exchange rate also impacted on the reported results as the functional reporting currency for ARM Exploration is in US Dollar.

Zambia

The Konkola North Copper Project is located within the Greater Konkola Area of the Zambian Copperbelt and consists of a large-scale mining licence covering an area of approximately 44 square kilometres.

The Vale/ARM joint venture intends to focus initially on the development of the northern portion of the deposit, known as the South and East Limb areas, and the re-equipping of the existing infrastructure at the South Limb, which includes a 423 metre vertical shaft, two ventilation shafts and three ore haulage levels. At the East Limb, the Company is considering the sinking of a decline shaft to access the mineralisation.

A feasibility study for the Konkola North East/South Limb ore bodies has been completed. The study envisages a mine production rate of 2.5 mtpa which equates to about 45,000 tonnes per year of copper.

Additional work is required to fulfil the JV partners' requirements for a bankable feasibility study and thereby increase the confidence limits for the project. Additional work includes further resource conversion drilling, geotechnical and hydrological studies, a review of operating and capital costs and the finalisation of off-take agreements and power supply agreements.

It is envisaged that a final study will be presented to the respective shareholder boards in the fourth quarter of F2010.

Konkola North's Area 'A' hosts a potentially world-class resource, with approximately 219 mt of ore at grades of 2.64% copper. The Company has completed a first phase of definition drilling in Area 'A'. Following the geological data processing and interpretation, another drilling programme will be planned to further define the copper resources in this area. It is anticipated that drilling will commence in the next financial year.

Numerous discussions have been held with ZCCM-IH and the Minister of Mines and we anticipate an extension of time for the development of this project.

Democratic Republic of Congo

Situated in the DRC close to Lubumbashi, the Kalumines Copper-Cobalt Project, a joint venture with La Générale des Carrières et des Mines (Gécamines), covers an area of around 77 square kilometres. The mining licence area hosts numerous deposits, including the Lupoto, Kasonta, Kasonta South, Niamumenda and Karavia prospects.

Exploration drilling commenced in March 2007. At Lupoto a small-scale mining operation was commissioned in 2008 and a total of 2.25 mt of copper ore with an average grade of 4.5% copper was mined and upgraded through a screening and sorting plant. A total of 1,663 tonnes of lumpy ore, at a grade of 22.46% copper, and 15,931 tonnes of fine ore material, at a grade of 12.69% copper, was produced this financial year and sold to third parties. The remainder of the ore comprises a stockpile of 1.1 mt with an average grade of 4.5% copper. All mining and processing related work has now stopped, and the copper furnace previously commissioned is on care and maintenance. The Company will focus on exploration and resource definition work.

In February 2008, written notification was received from the Minister of Mines in the DRC informing the Company of the outcome of the DRC Mining Contracts Review Commission. Numerous meetings were held with the DRC authorities and an agreement was reached in December 2008. In March 2009, however, a further amended requirement was tabled by the DRC authorities and the Company proceeded with further discussions. It is anticipated that a final agreement will be reached by the end of calendar 2009.

Namibia

The Otjikoto Gold Project is situated within the Company's 92%-owned Otavi Exploration Area, which totals 3,800 square kilometres in north-central Namibia. An environmental impact assessment study is at an advanced stage and a mine technical study and financial evaluation has been completed. The JV has decided to refocus its priorities on the development of its copper assets and will possibly divest of its interest in the Otjikoto Gold Project through a selected tender process.



Prospects

The JV believes that a conservative, modular and phased approach to the development of the Konkola North ore bodies in Zambia is appropriate, which at this stage is expected to be followed by the development of the ore bodies presently being defined on the Kalumines property in the DRC.

In the DRC, the JV will continue to explore identified shallow deposits with the objective of defining a total of 100 mt of copper-bearing ore at grades higher than 2% copper. In addition, we will be doing metallurgical test work on the Kasonta orebodies.

ARM Exploration continues to develop relationships in sub-Saharan African countries and is simultaneously assessing opportunities in PGMs, base and ferrous metals, and coal.

| Mineral resources summary as at 30 June 2009 | | | | | | | |
|--|---------------|----------------------------|-------|------------------|-----------------------|----------------|----------------------|
| Mineral project | Ownership (%) | Mineral resources category | Mt | Total copper (%) | Contained copper (Mt) | Gold grade g/t | Contained gold (Moz) |
| Konkola North Copper Project ⁽¹⁾ South Limb ⁽²⁾ | 100 | Measured | 10.0 | 2.23 | 0.22 | | |
| | | Indicated | 22.2 | 2.13 | 0.47 | | |
| | | Inferred | 16.2 | 2.22 | 0.36 | | |
| East Limb ⁽²⁾ | | Measured | 7.1 | 2.34 | 0.17 | | |
| | | Indicated | 11.7 | 2.87 | 0.34 | | |
| | | Inferred | 10.7 | 2.83 | 0.30 | | |
| Area 'A' | | Inferred | 219.5 | 2.64 | 5.79 | | |
| Kalumines Property^(3,4) | | | | | | | |
| Lupoto | | Indicated | 15.1 | 2.32 | 0.35 | | |
| Lupoto | | Inferred | 9.1 | 2.09 | 0.19 | | |
| Kasonta | | Inferred | 20.9 | 1.13 | 0.24 | | |
| Kasonta South | | Inferred | 5.1 | 1.66 | 0.08 | | |
| Niamumenda | | Inferred | 2.2 | 2.36 | 0.05 | | |
| Stockpile | | | 1.1 | 4.50 | 0.05 | | |
| Mwambashi Copper Project⁽⁵⁾ | 100 | Indicated | 12.4 | 1.74 | 0.22 | | |
| | | Inferred | 1.8 | 2.09 | 0.04 | | |
| Otjikoto Gold Project⁽⁶⁾ | 92 | Indicated | 28.4 | | | 1.34 | 1.22 |
| | | Inferred | 17.2 | | | 1.28 | 0.71 |

Notes:

- (1) ZCCM-IH has buy-in rights for up to 20% (5% carried interest).
- (2) The mineralised zones were modelled on a 1% total copper cut-off.
- (3) The resources defined for the Kalumines Property are unofficial resource estimates.
- (4) The mineralised zones were modelled on a 1% total copper cut-off.
- (5) The mineralised zones were modelled on a 0.5% total copper cut-off.
- (6) The mineralised zones were modelled on a 0.4 g/t gold cut-off.

Joint venture with Vale on Africa assets

