



Results for the half-year ended 31 December 2004

GROWTH, GROWTH and MORE GROWTH

Disclaimer



Forward Looking Statements

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Welcome



An exceptional half-year performance with strong cash flows driven by a significant increase in production, sales and commodity prices, with improved unit costs

Half-year highlights



- Revenue increased by 54% from R1.6bn to R2.4bn
- Profit from operations increased 400% from R125m to R626m
- Headline earnings increased from a loss of R1m to a profit of R20m

Half-year highlights



- **Cash generated from operations higher by 278%, from R161m to R608m**
- **Balance sheet strong with net gearing of 19%**
- **Operations are cash flow positive and are profitable in existing exchange rate environment**

Half-year highlights

- **Nickel joint venture announced with LionOre on Nkomati nickel mine and its large expansion project**
 - **Transaction valued at US\$48,5m: world-class partnership**
 - **Both companies will use combined skills and experience to optimise project feasibility: will accelerate project**
 - **Will increase nickel output from 6 000tpa to 16 000tpa for 15 years**
- **Significant Two Rivers PGM project in approval process to produce 230 000oz of PGMs a year**
- **Modikwa on track (currently at 74%) for full production later this year**
- **Nchwaning 3 manganese shaft ramping-up to full sales requirement, which is expected in third quarter of this calendar year**
- **Dwarsrivier underground chrome mine will reach full capacity by July 2006**
- **ARM's attractive African exploration portfolio to be appropriately structured and positioned**
 - **Objective to extract maximum value for ARM**

Critical success factors



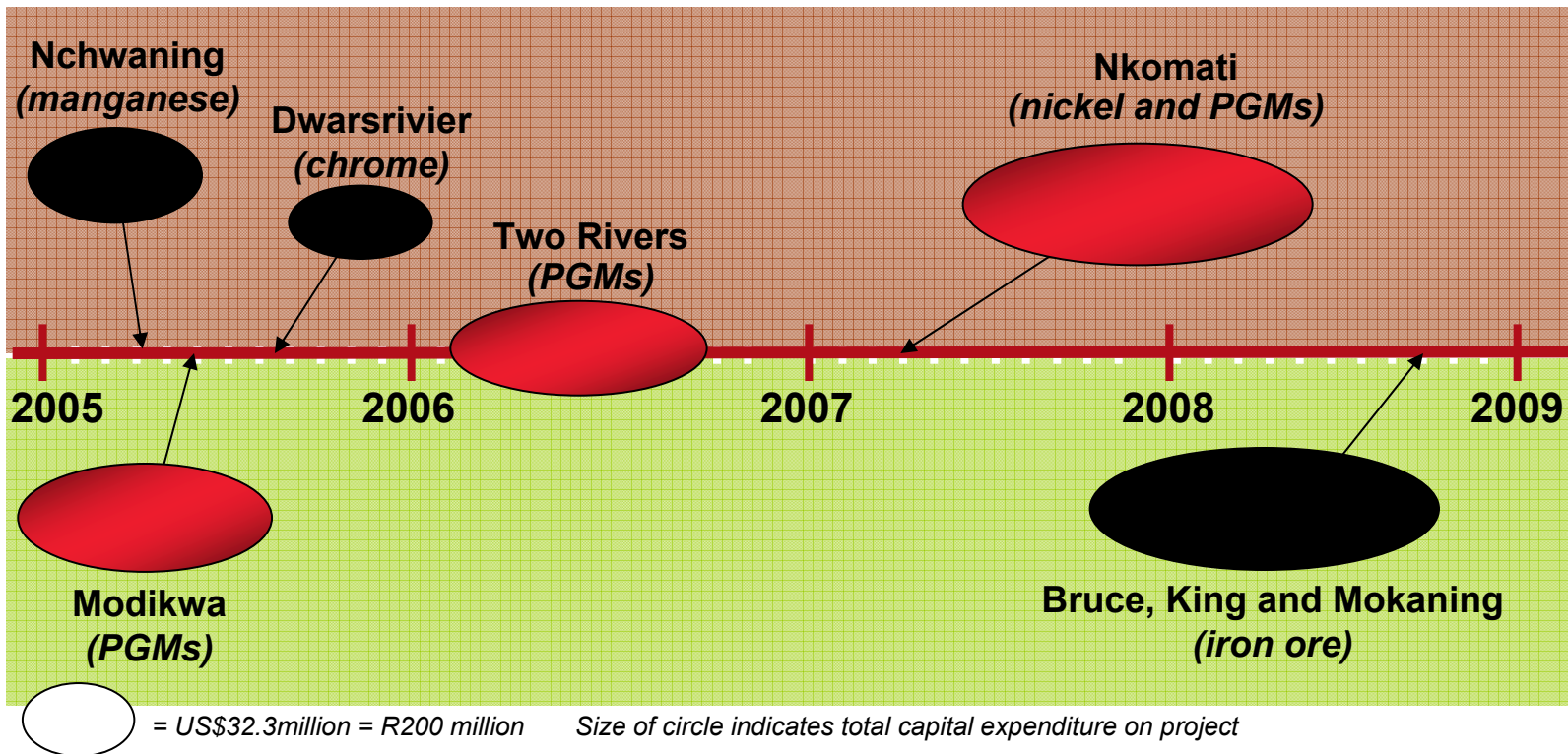
Mergers & acquisitions



- **We are positioning for a year of corporate activity that is aligned to our growth strategy**
 - **ARM is well positioned, with a strong balance sheet, to participate in future empowerment transactions in the resource sector**
 - **Exciting opportunities being evaluated**
 - **South Africa remains our prime area of operation**

Project pipeline

Full production



- **Solid project pipeline**
- **Large resource base in key commodity sectors**
- **Long-life, high quality resources**

Operational and financial review

Commodity sales on the increase



<i>Half-years ended</i>		2004	2003
Manganese ore	tons	767 986	662 867
Iron ore	tons	2 540 595	2 493 824
Nickel*	tons	2 272	2 440
Platinum (Modikwa only)	ounces	60 000	57 700

* Lower due to one delayed shipment of concentrate to Canada

- **Excellent operational efficiencies and higher sales demand enabled improved production**
- **Commodity prices strong: optimistic medium-term outlook**
- **Half-year capex of R286m as significant capital program continues**
 - **Nchwaning manganese shaft has commenced production and ramping-up**
- **On-going growth program on-track:**
 - **The underground chrome mine has advanced significantly**
 - **Iron ore feasibility study on Bruce, King, Mokaning to be completed in the fourth quarter of this calendar year**
- **Excellent progress to resolve an increase in rail/port capacity**
 - **Potential to fully utilise 3,5Mtpa manganese design capacity**

Segmental information



Half-year to 31 December 2004	<i>Iron ore</i>	<i>Manganese</i>	<i>Chrome</i>	<i>TOTAL</i>
Revenue (Rm)	317	1 112	458	1 887
Contribution to Assmang headline earnings (Rm)	7	333	13	353

Half-year to 31 December 2003	<i>Iron ore</i>	<i>Manganese</i>	<i>Chrome</i>	<i>TOTAL</i>
Revenue (Rm)	298	633	402	1 333
Contribution to Assmang headline earnings (Rm)	14	52	(62)	4

- **Full production build-up on track for later this year**
 - All mining faces for full production equipped and available
- **Change of management**
- **Significant resources allocated to improve team productivity**
 - External consultant has confirmed management analysis and action plan
- **Remain confident that the R300/ton cost objective will be achieved**

<i>Modikwa (100% basis)</i>		31 December 2004	30 June 2004	Increase/ (decrease)
Tons milled	Mtons	1,14	1,23	(8%)
Head grade (4E)	g/t	4.35	3.85	13%
Cash cost	R/ton	373	327	(14%)
Capital expenditure	Rm	54,2	34,2	58%

Major PGM operation at Two Rivers



- **Current trial mining (+100kt) has confirmed all mining and geological assumptions – effectively moved project into ‘brownfield’ status**
- **Planned at full production: 230 000oz PGMs a year (120 000oz of platinum)**
- **Funding being finalised – capital expenditure forecast at R1.2bn (50% project financeable)**
- **Pt:Pd ratio of 5:3 – i.e. geologically different to the northern part of the Eastern Bushveld**
- **Competitive operating cost forecast at full production, will be lowest quartile of world operators at below R200/ton**

Nkomati nickel



- **Excellent six months: operating efficiencies improved**
- **Average nickel grade unchanged at 1.94%**
 - **Despite more lower grade material being milled from the Main Mineralized Zone (MMZ)**
 - **MMZ ore extracted from pre-development areas being mined for expansion**
- **Current mine operates at a cash cost of US\$0,95/lb, net of by-products**
- **Trial mining pit being prepared to extract ore to transport to LionOre operation in Botswana for testing**

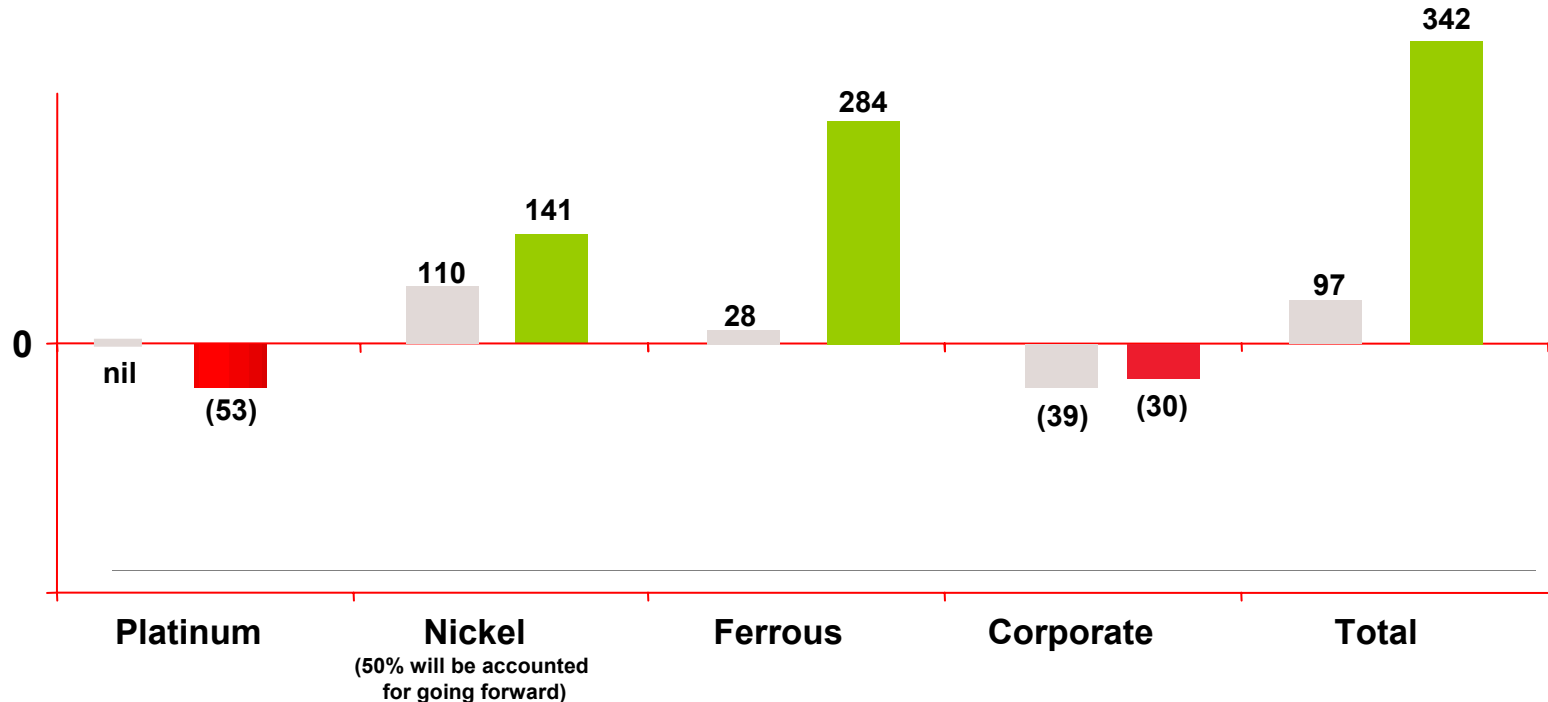
<i>Nkomati</i>		31 December 2004	31 December 2003	Increase/ (decrease)
Tons milled	tons	184 000	169 000	9%
Concentrate sales	tons	32 384	28 700	13%
PGM sales	ounces	21 457	19 800	9%
On mine cash costs	R/ton	333	354	6%
Cash costs (net of by-products)	US\$/lb	0,95	1,15	17%
Nickel price received	US\$/lb	6,34	4,94	28%

Financial highlights



- **Headline earnings of R20m from a loss of R1m**
 - **Headline earnings per share of 10 cents (1 cents a share loss)**
- **Cash generated from operations up significantly to R608m from R161m**
 - **Ferrous and nickel divisions delivered strong results**
- **ARM's interest in Harmony reduced to 16% from 20% following Harmony share issue**
 - **Harmony treated as an investment: loss of R138m (for five months)**
- **Balance sheet strong: short- and long-term borrowings reduced to R1.6bn (consolidated) with ARM, excluding Assmang, at R1bn**
- **Net debt to equity ratio remains at 19%**

Attributable profit from operations



- half-year ended 31 December 2003

- Profitable at prevailing exchange rates
- Benefited from diversification and commodity price cycle
- Manganese and nickel are significant 'drivers'

We Do It Better



Questions?
