



## **Merrill Lynch**

**Sixth-annual 'one-on-one' investor conference**

**March 2005**

**GROWTH, GROWTH and MORE GROWTH**

# Disclaimer



## Forward Looking Statements

*Certain statements in this presentation constitute “forward looking statements” within the meaning of Section 27A of the US Securities Act of 1933 and Section 21E of the US Securities Exchange Act of 1934.*

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# Introduction

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**It is our dream to grow ARM into a low-cost, globally competitive diversified mining company:  
please join us on this journey....**

*Patrice Motsepe, Executive Chairman, ARM*



# Background

• Number of shares in issue	204.2 million
• Market capitalization	US\$1bn
• Primary listing	JSE
• Number of employees	5 162
• Largest shareholders	ARMI (42%) NewCo (20%)**

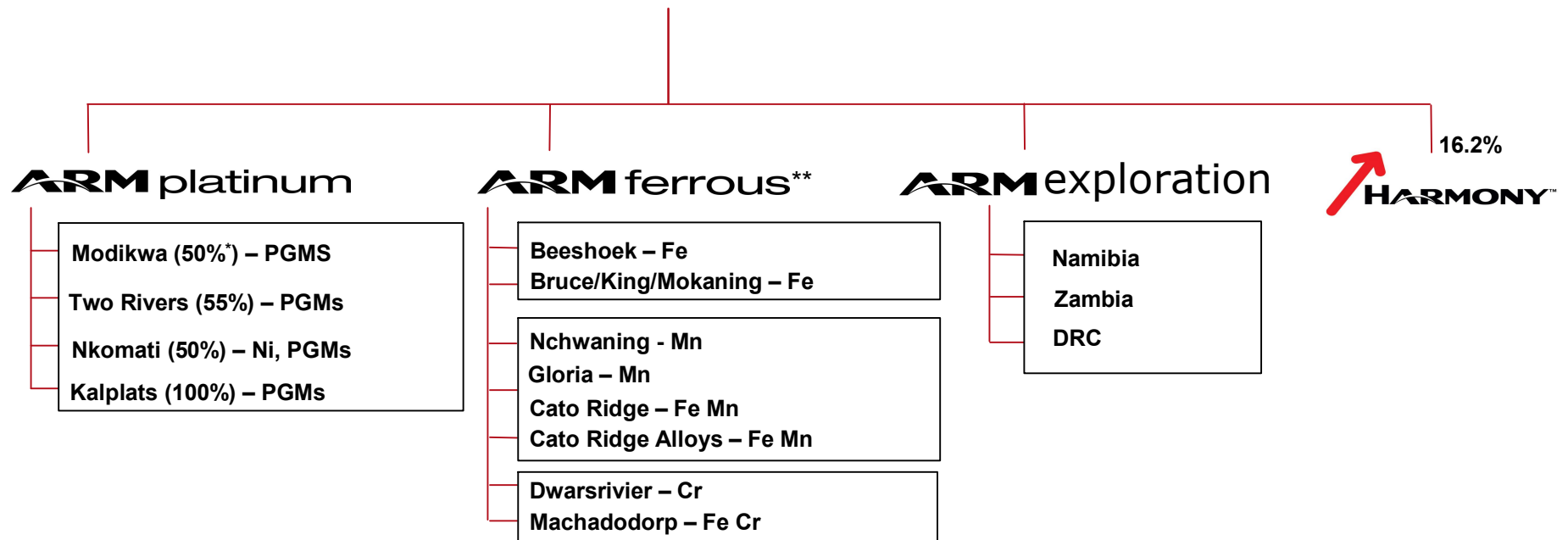
\*\* Shares being sold by Harmony to NewCo

**The business of African Rainbow Minerals Limited is to explore, develop, operate and hold interests in the mining industry. The company's current focus areas are: ferrous; nickel; PGMs; and gold**

# Structure now simplified



← 20%



\* Asset held through the ARM Mining Consortium

\*\* Assets held through a 50.3% shareholding in Assmang Limited

# Current highlights

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- **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 approved: funding being finalised**
- **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**
- **New 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**

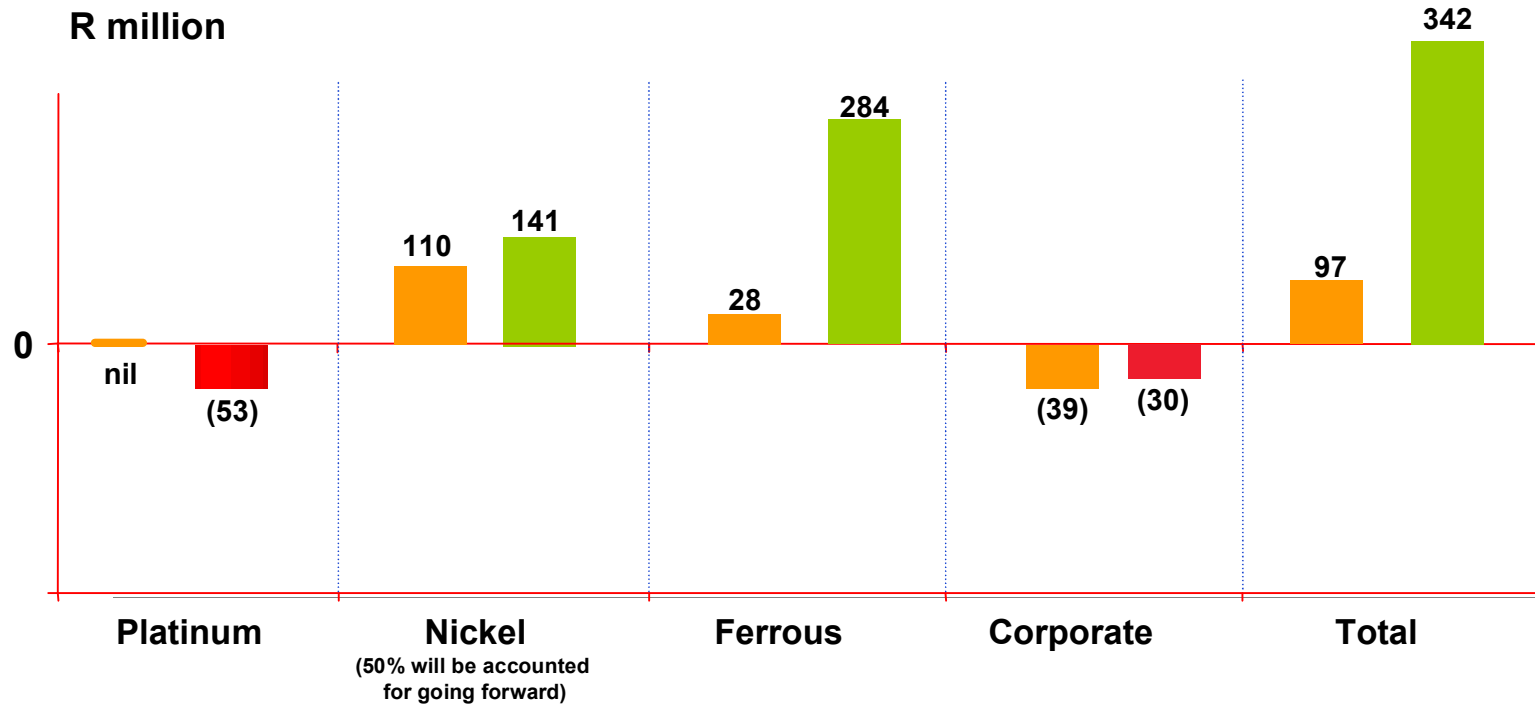
# Half-year financial highlights

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- **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'

## Commodity sales on the increase



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

\* Lower due to one delayed shipment of concentrate to Canada

***ARM Ferrous***

## **Assmang**

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- **Excellent operational efficiencies, higher sales demand and rail capacity enabled improved production volumes**
- **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**
  - **Increased iron ore line capacity to meet targeted production of 10 – 15 million tons by 2015**

## ARM Platinum

# Modikwa



- Full production: 366 000oz PGM's a year (160 000oz of platinum)
- Build-up on track for later this year: all faces equipped and available
- Change of management
- Significant resources allocated to improve team productivity
- Remain confident that the R300/ton cost objective will be achieved

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

## *ARM Platinum*

# Major PGM operation at Two Rivers



- In partnership with Implats (ARM 55% and Impala 45%)
- Current trial mining (+100kt) has confirmed all mining and geological assumptions – effectively moved project into ‘brownfield’ status
- ARM and IMPLATS boards have given approvals:
  - Funding being finalised – capital expenditure forecast at R1.2bn (50% project financeable)
- Planned at full production: 230 000oz PGMs a year (120 000oz of platinum)
- 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

## ARM Platinum

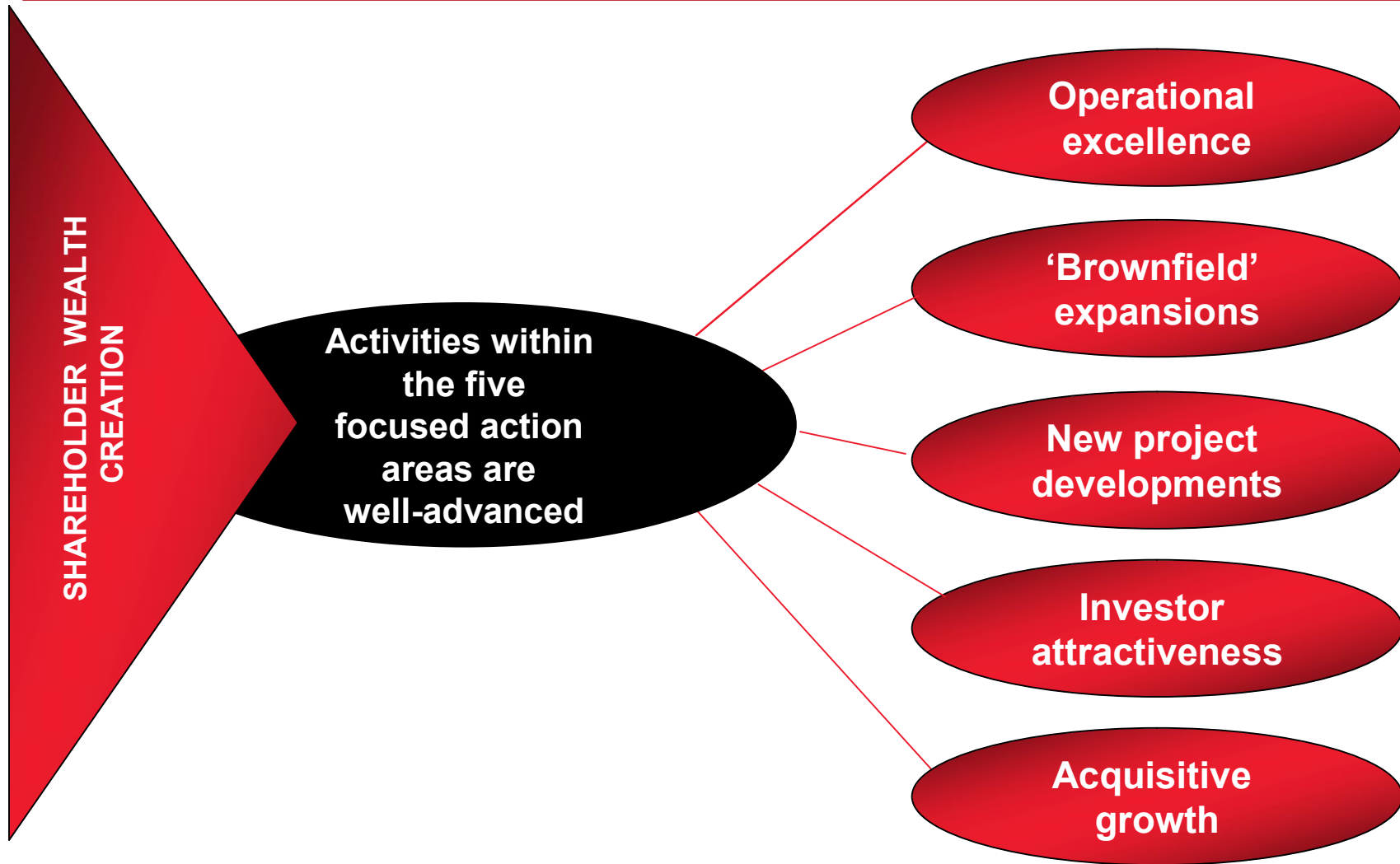
# Nkomati nickel



- Excellent six-month result: operating efficiencies improved
- Average nickel grade unchanged at 1.94%
  - 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)
<b>Tons milled</b>	tons	<b>184 000</b>	169 000	9%
<b>Concentrate sales</b>	tons	<b>32 384</b>	28 700	13%
<b>PGM sales</b>	Ounces	<b>21 457</b>	19 800	9%
<b>On mine cash costs</b>	R/ton	<b>333</b>	354	6%
<b>Cash costs (net of by-products)</b>	US\$/lb	<b>0,95</b>	1,15	17%
<b>Nickel price received</b>	US\$/lb	<b>6,34</b>	4,94	28%

# Critical success factors



# An attractive investor offering

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- **Simplifying the structure**
  - Harmony cross-holding is an opportunity
  - Direct access to cash from all operations is key
  - Reporting responsibilities clarified
- **Improved liquidity**
- **Improved investor contact**
  - Access to management team improved
  - Company information flow being upgraded
  - 'Reach' into US and European markets will be enhanced

## Conclusion

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- **Mergers and acquisitions as well as strategic alliances being *pursued***
- ***Unique* South African shareholding composition will be the *advantage***
- **Seeking *quality* assets with *strong* cash flows**
- **Targeting a limited and focused commodity range with *strong* industry characteristics**
- ***Expand* existing commodities**
  - **PGMs *attractive* characteristics**
  - **Manganese and iron ore are key to *growth***
- **An ability to add *value* operationally and strategically remain key 'drivers'**

## Additional information

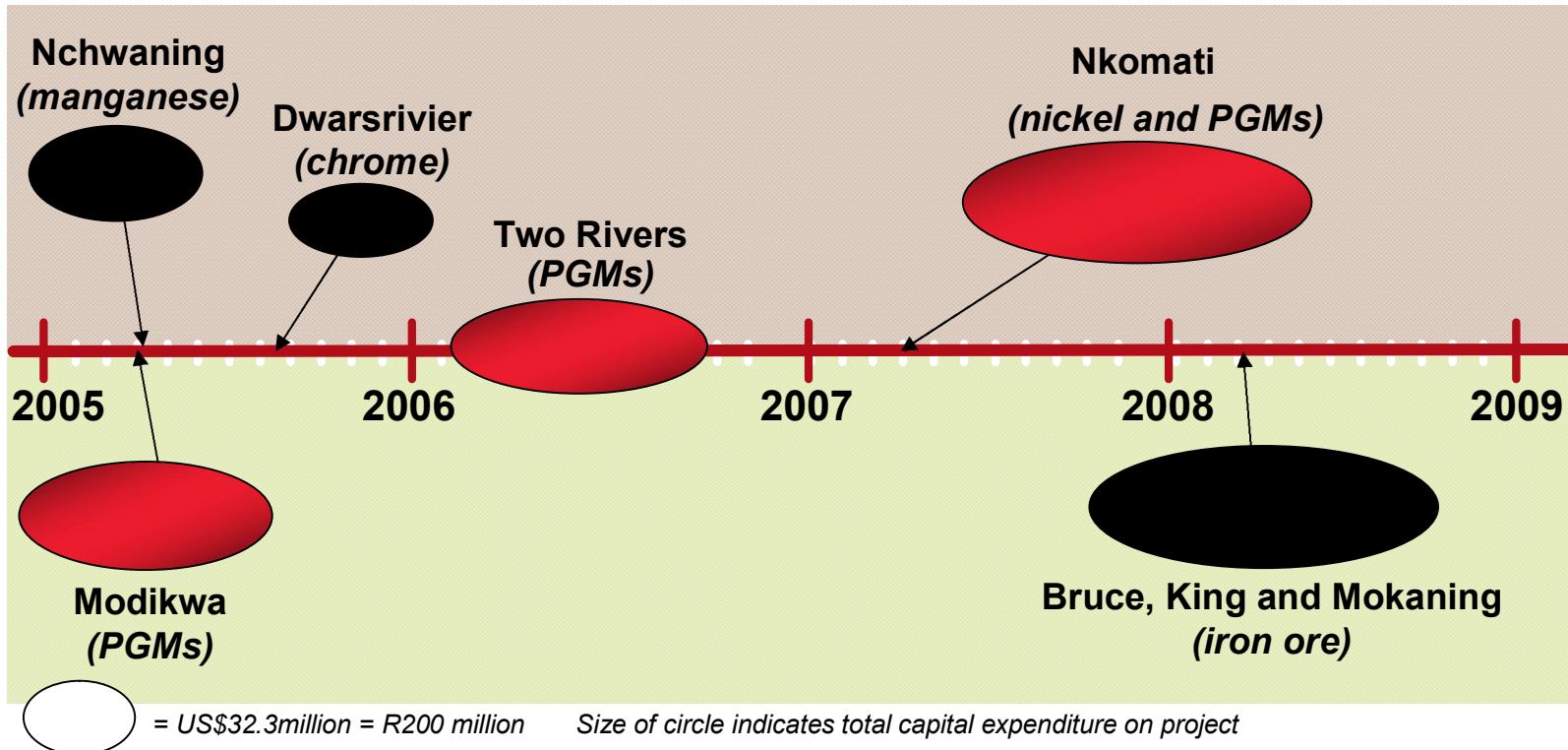
# Striving for operational excellence



- **Poor performers have been turned around**
  - Operating efficiencies improved at all operations over last year
- **Manganese and nickel operate at healthy profit margins**
- **Competitive operating costs**
  - Nickel – *one of the lowest cost nickel operations in the world*
  - Manganese – *will be one of the lowest cost underground operations*
  - Iron ore – *extremely competitive mining cost*
  - PGMs – *Modikwa on track for R300/t*
- **Low corporate overhead costs**
  - Reduced by over 45% in first year after formation of ARM
- **Highly skilled and committed employees**
  - Good union relationships

# Project pipeline

## Commencement of production



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

# Modikwa nearing full production



- **Overview**

- Situated in Limpopo province – 50:50 joint venture with AngloPlats (41.5% effective to ARM)
- Full production to be achieved mid-2005
- Toll smelt and refine at AngloPlats' infrastructure
- At full production: 366 000oz PGM's a year (160 000oz of platinum)
- Significant community interaction: shareholders, suppliers and employment

- **Significant PGM - 4E - reserves and resources**

- Total UG2 reserves of 17.6Mt and total resources (UG2 and Merensky) of 534Mt

- **Looking ahead**

- Competitive operating cost and improved efficiencies forecast at full production
- Large resource provides exciting future options: Modikwa deeps

*ARM Platinum*

## Major PGM operation at Two Rivers



- **Overview**

- **Situated in Mpumalanga province – in partnership with Implats (ARM 55% and Impala 45%)**
- **Planned at full production: 230 000oz PGMs a year (110 000oz of platinum)**
- **Toll smelt and refine at Implats' infrastructure**
- **Current trial mining (+100kt) has confirmed all mining and geological assumptions – effectively moved project into 'brownfield' status**
- **Funding being finalised – capital expenditure forecast at R1.2bn (50% project financeable)**

## Major PGM operation (cont..)

- **Significant PGM - 4E - reserves and resources**

<b>RESERVES</b>	<b>Moz</b>	<b>Mt</b>	<b>g/t 3 PGE + Au</b>
TOTAL (UG2 Reef only)	5	44.8	3.49
<b>RESOURCES</b>	<b>Moz</b>	<b>Mt</b>	<b>g/t 3 PGE + Au</b>
TOTAL (UG2 & Merensky reefs)	14.7	117	3.91

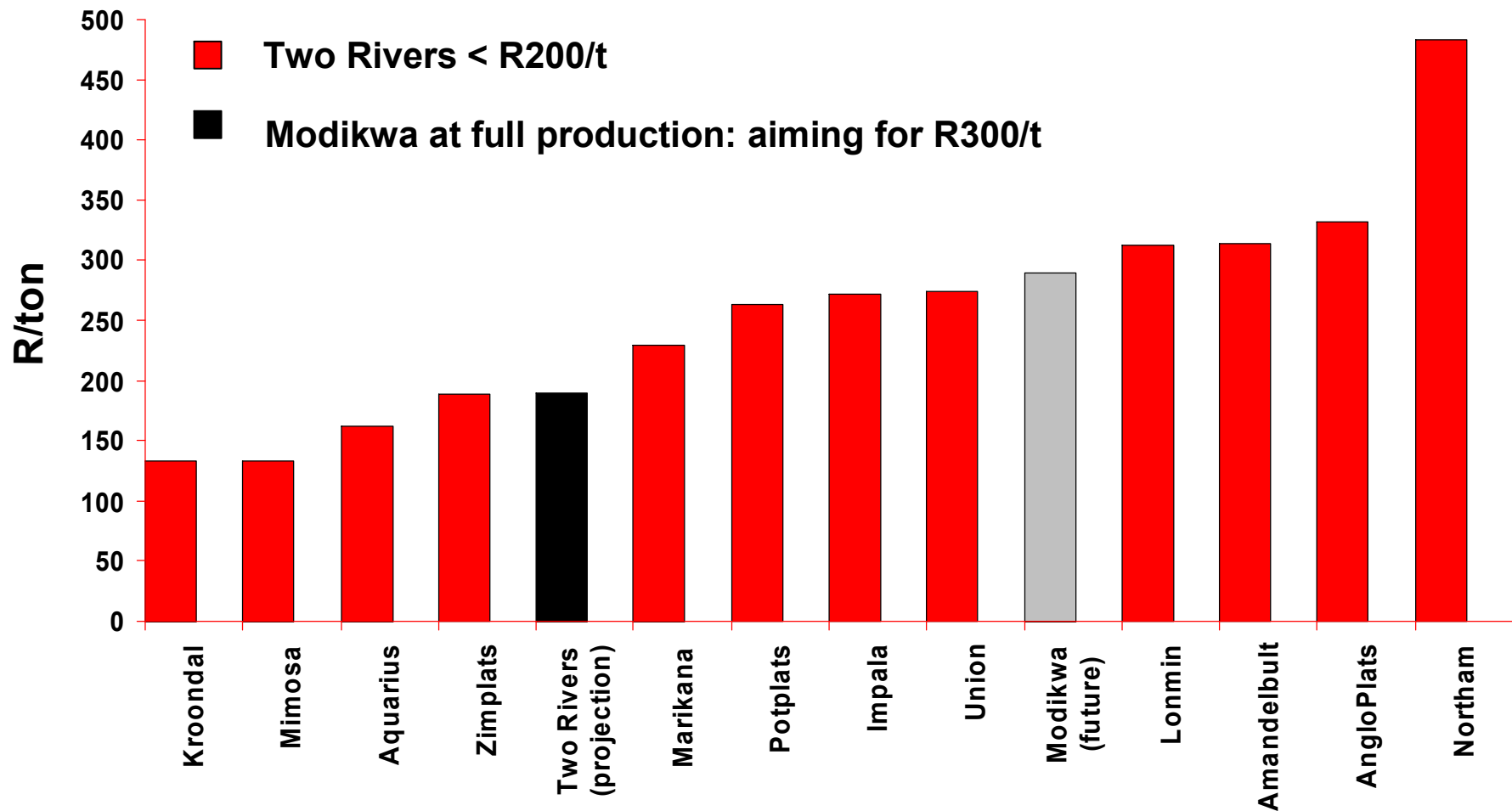
- **Pt:Pd ratio of 5:3 – i.e. geologically different to the northern part of the Eastern Bushveld**
- **Looking ahead**
  - **Competitive operating cost forecast at full production, will be lowest quartile of world operators**
  - **Merensky Reef provides significant future option**

# PGMs – low cost focus



Source: Nedcor Securities

## Cash operating costs



## Exciting nickel developments

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- **Overview**

- **LionOre recently introduced to Nkomati at a 50% level in a transaction valued at US\$48.5m**
- **Current high-grade MSB mine produces about 5kt nickel a year with significant by-product credits**
- **Large open-pit expansion being assessed: capex forecast at around about US\$310m (around R2bn)**
- **On-site processing will be further enhanced to include fully-integrated smelting and refining using Activox<sup>®</sup> technology, which is owned by LionOre**
- **ARM and LionOre utilizing their joint skills and experience to review and improve the technical and economical feasibility of the expansion**

## Exciting nickel developments (cont..)



- **Significant reserves and resources**

<b>RESERVES</b>	<b>Mt</b>	<b>Ni (%)</b>
TOTAL	65	0.50
<b>RESOURCES</b>	<b>Mt</b>	<b>Ni (%)</b>
TOTAL	143	0.47

- **Looking ahead**

- **Trial mining underway: ore will be sent to LionOre’s Tati operation in Botswana for full-scale testing in its Activox demonstration plant**
  - A positive result will reduce the discount factor and project decision could be moved forward
- **Expanded mine life estimated at 15 years: forecasting about 16 000tpa nickel and 100 000oz a year of PGMs**
- **Will remain a competitive cost operation due to significant by-product credits**

## Iron ore exports on the increase

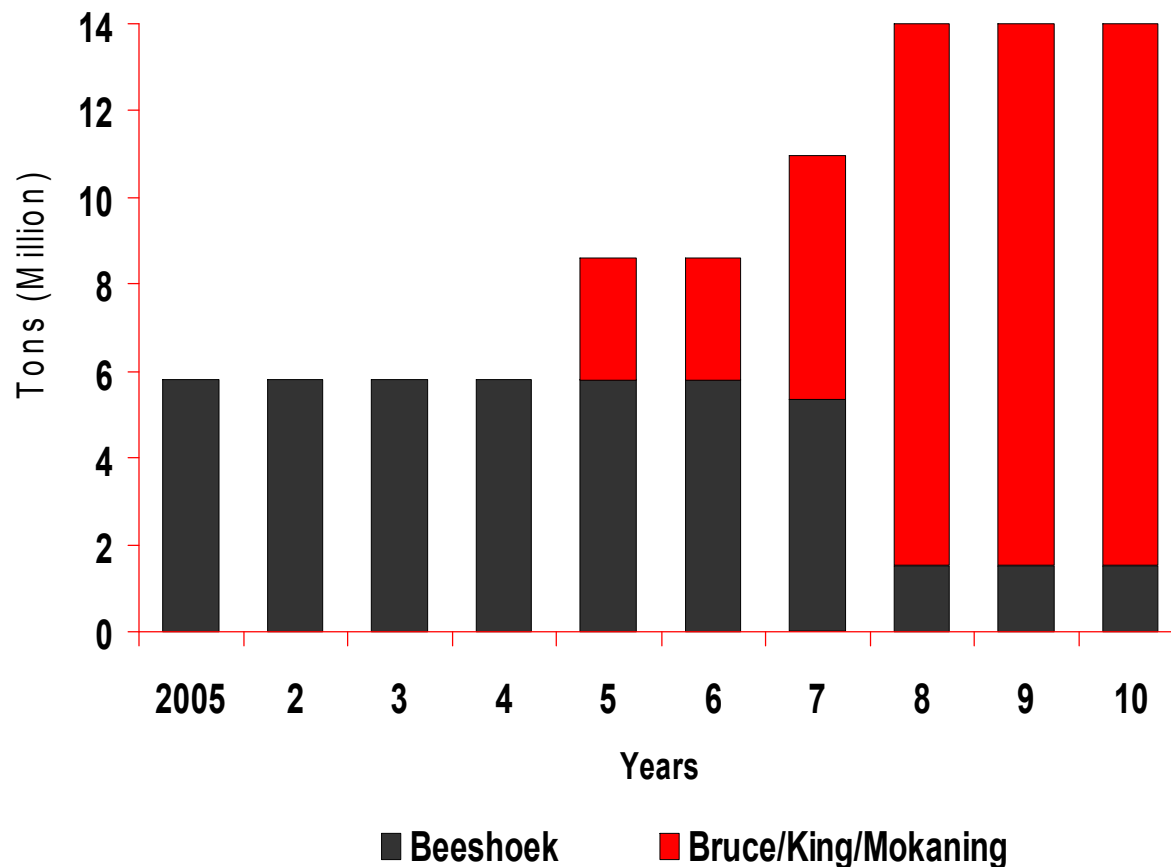
- Overview
  - Situated in Northern Cape province – open-pit operations
  - Total tonnage produced FY2004: 6.3 Mt
  - Logistical issues (railway and port) being addressed
- Vast iron ore (Fe) reserves and resources

<b>RESERVES</b>	<b>Mt</b>	<b>Fe (%)</b>
TOTAL	482	65.25
<b>RESOURCES</b>	<b>Mt</b>	<b>Fe (%)</b>
TOTAL	1 215	64.58

- Northern resources provide massive opportunity
  - Feasibility study underway to assess the potential for a new mine capable of producing 10-15mtpa
    - Feasibility to be completed late 2005
    - Design/construction scheduled for completion in 2008
    - Ramp-up will coincide with rail/port allocation upgrade in 2009/10

*ARM Ferrous*

# Significant new iron ore operation



- Indicative ramp-up schedule for Bruce, King, Mokaning to meet capacity allocations

# High-grade manganese deposits



- **Overview**

- Gloria (low-grade) and Nchwaning (high-grade) – situated in Northern Cape province
- Ore mined for export market (1.4 Mt sold in FY 2004), as well as material ‘feed’ for ARM’s ferro-manganese smelters
- New shaft commissioned at Nchwaning – will compliment existing manganese production:
  - Costs will be lower: mechanised operations and infrastructure optimisation
  - Total manganese production capacity will be at 3.5Mtpa

- **Significant manganese reserves and resources**

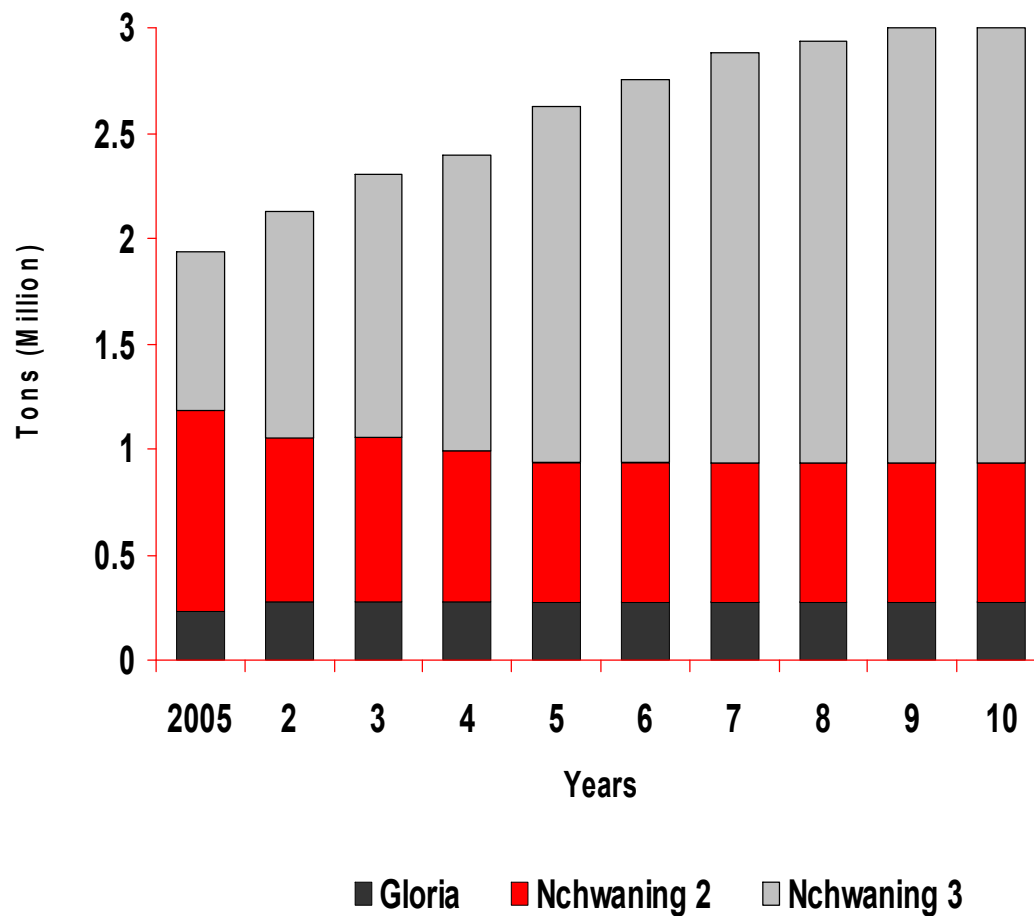
- Total reserves of 131Mt and total resources of 631Mt
- Quality ore that is much in demand from steel markets

- **Looking ahead**

- Sales volumes anticipated to increase to 2.8Mt (2.2Mt export) over the medium-term (dependent on logistical issues being resolved)

*ARM Ferrous*

## Increasing manganese profile



- Indicative ramp-up schedule
- COEGA – future bulk terminal?
- High metal content and low impurities makes the ore from the mine exceptional smelting ore

## Chrome expansion underway

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- **Overview**

- Situated in Mpumalanga province – open-pit operations
- Dedicated ore supplier to ARM's ferro-chrome smelter (648kt delivered in 2004)

- **Easily accessible chrome ore reserves and resources**

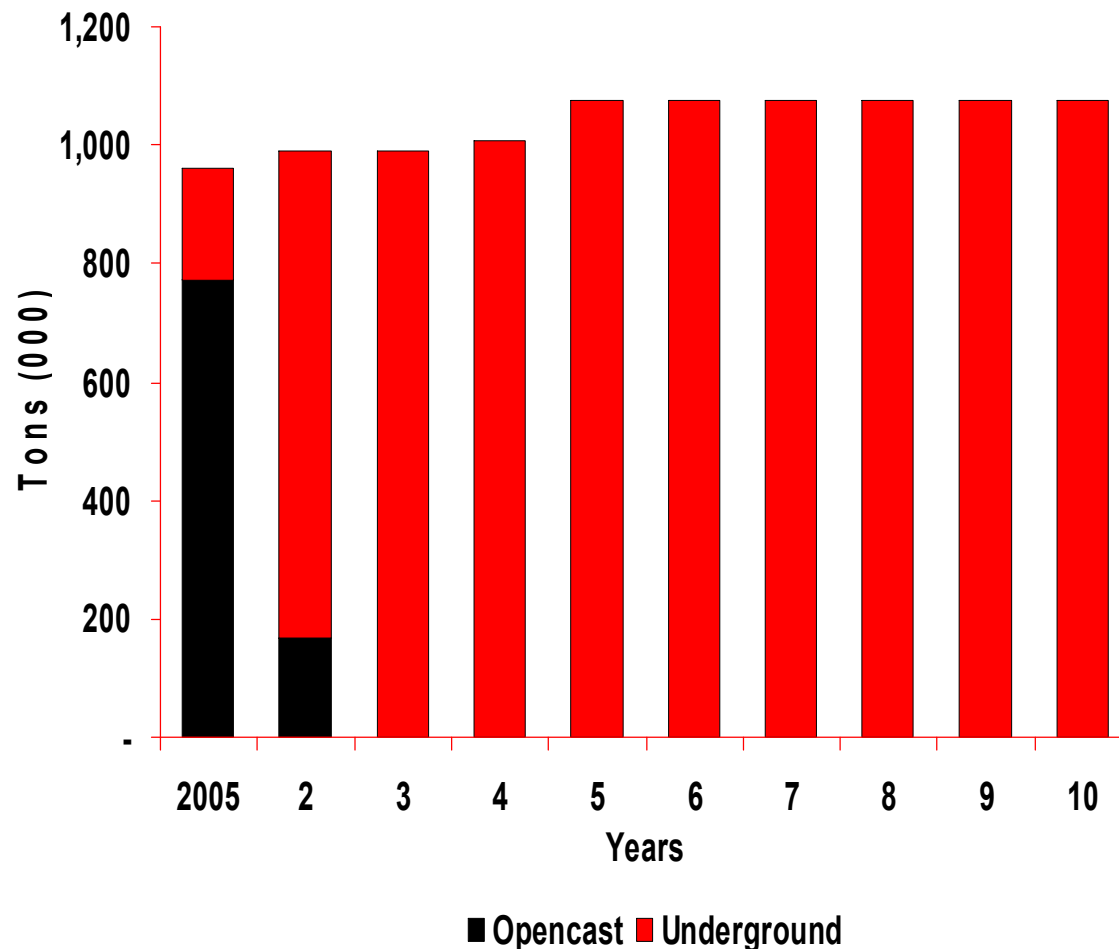
- Total reserves of 27Mt and total resources of 87Mt

- **Looking ahead**

- Underground operation currently being built – will maintain alloy sales at approximately 300ktpa in short-term, but increasing in the medium-term (dependent on markets)
- Mechanisation will result in low on-mine operating costs
- Efficiencies at ferro-chrome smelter improving and costs declining: production increased 12% year-on-year (2003 – 2004) and expected to increase further in the short-term

**ARM Ferrous**

# Exciting chrome development



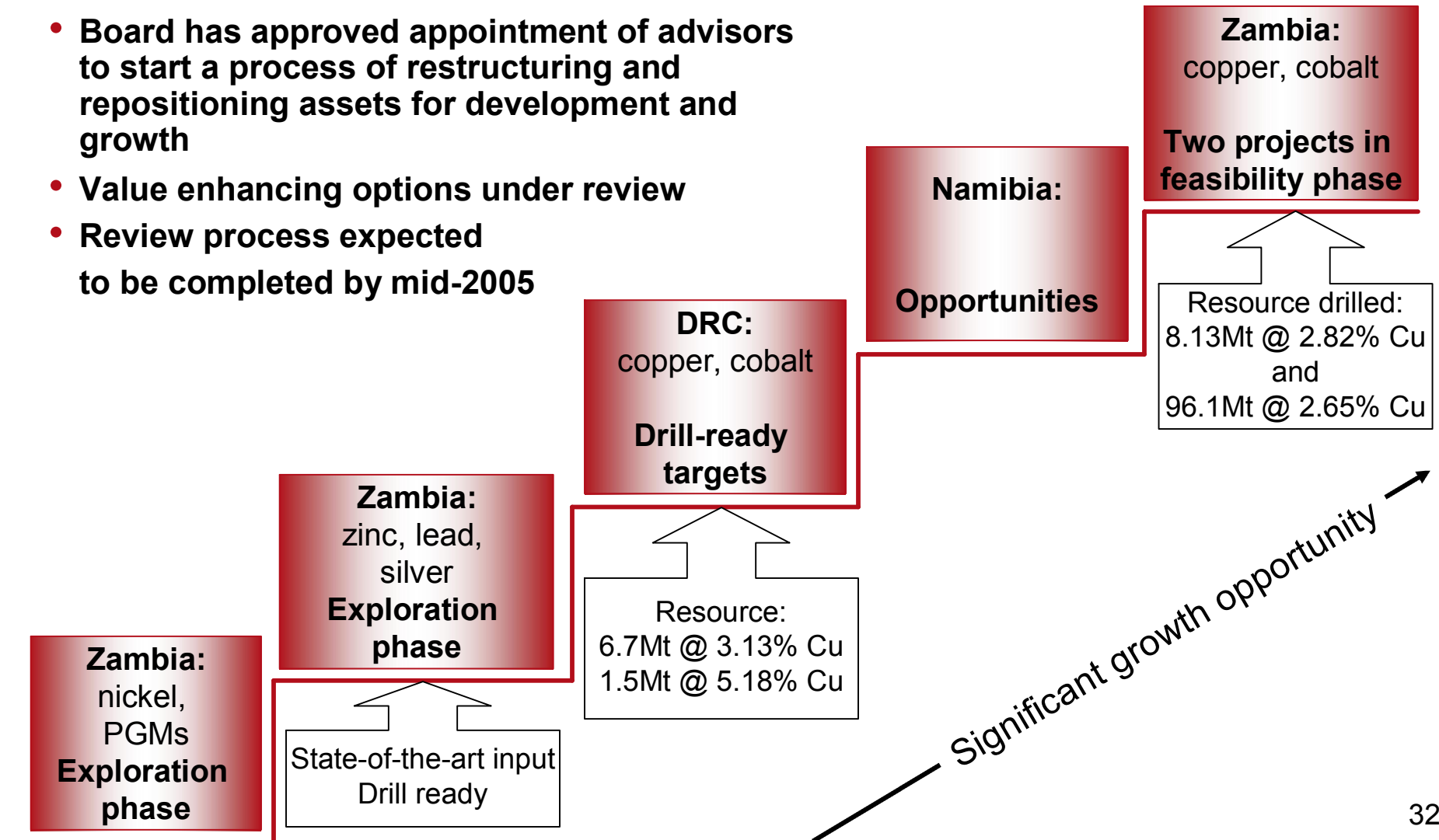
- New underground mine construction commenced – first production 2005/06
- Geared to deliver quality metallurgical chromite to Machadodorp
- Beneficiation plant has been designed to produce chemical and foundry grade products
- Resource capacity available to expand chromite production

## ARM Exploration

# Attractive exploration portfolio



- Board has approved appointment of advisors to start a process of restructuring and repositioning assets for development and growth
- Value enhancing options under review
- Review process expected to be completed by mid-2005



# Conclusion

