

Moving into overdrive

Interim results for the six months
ended 31 December 2007

Wednesday, 20 February 2008

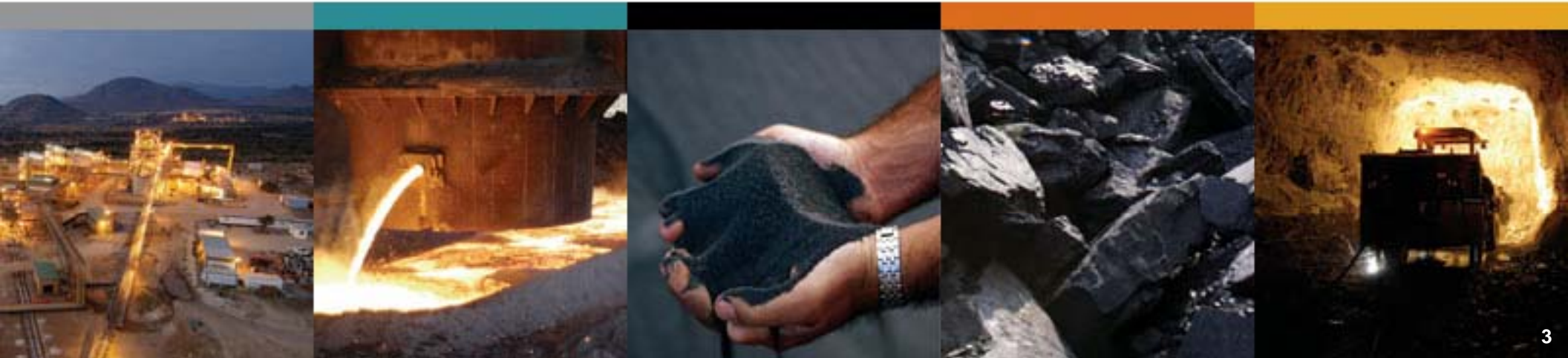


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Overview and strategy

Patrice Motsepe

Executive Chairman



- Headline earnings increased by 35% to R741 million
- Headline earnings per share increased by 34% to 353 cents per share
- EBITDA increased by 38% to R1.7 billion
- Record volumes in Manganese Ore, Iron Ore, Thermal Coal and Chrome Ore
- 9% increase in PGM sales
- All projects progressing on schedule and within budget
 - Khumani Iron Ore Mine (10 million tonnes per annum by 2010);
 - Nkomati Nickel Expansion (20 500 tonnes per annum by 2011); and
 - Goedgevonden Coal Project (6.7million tonnes per annum by 2011)
- Modikwa achieves a safety record of 2 million fatality free shifts

Increased product sales (100% basis) . . .

- 37% increase in manganese ore sales to 1.4 million tonnes
- 18% increase in iron ore sales to 3.3 million tonnes
- 12% increase in manganese alloy sales to 122 thousand tonnes
- 55% increase in domestic thermal coal sales to 7 million tonnes
- 9% increase in PGM sales to 243 thousand ounces
- 177% increase in chrome ore sales to 653 thousand tonnes
- First copper production from TEAL in the DRC

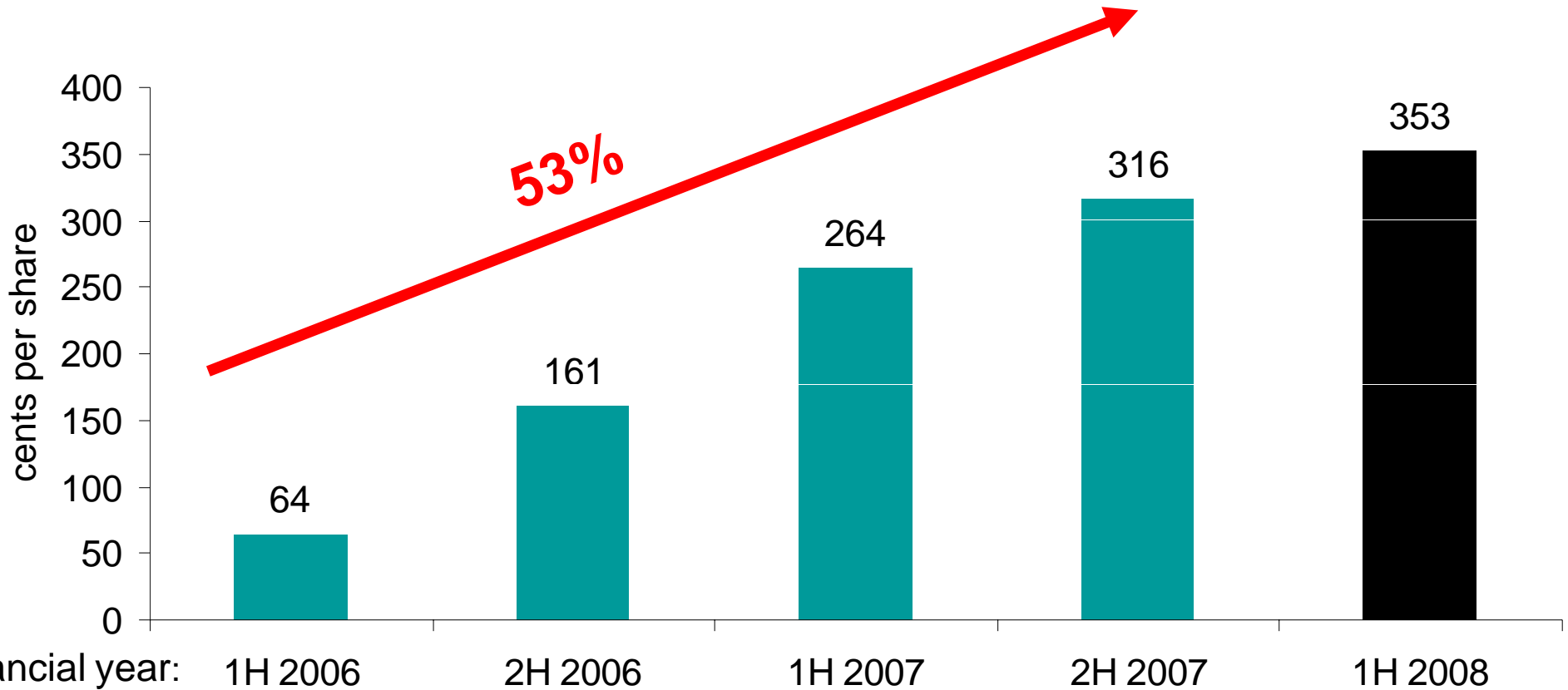
Strong commodity price markets . . .

- Rand PGM basket prices increased by 18%
- Ferrous metals prices all experienced price increases, especially manganese ore and alloys, and charge chrome
- Domestic thermal coal prices increased by 52%
- Nickel prices decreased by 5%

. . . with continued focus on cost control.

- ARM is building new, cost competitive operations
- Operational cost changes are in line with planned growth

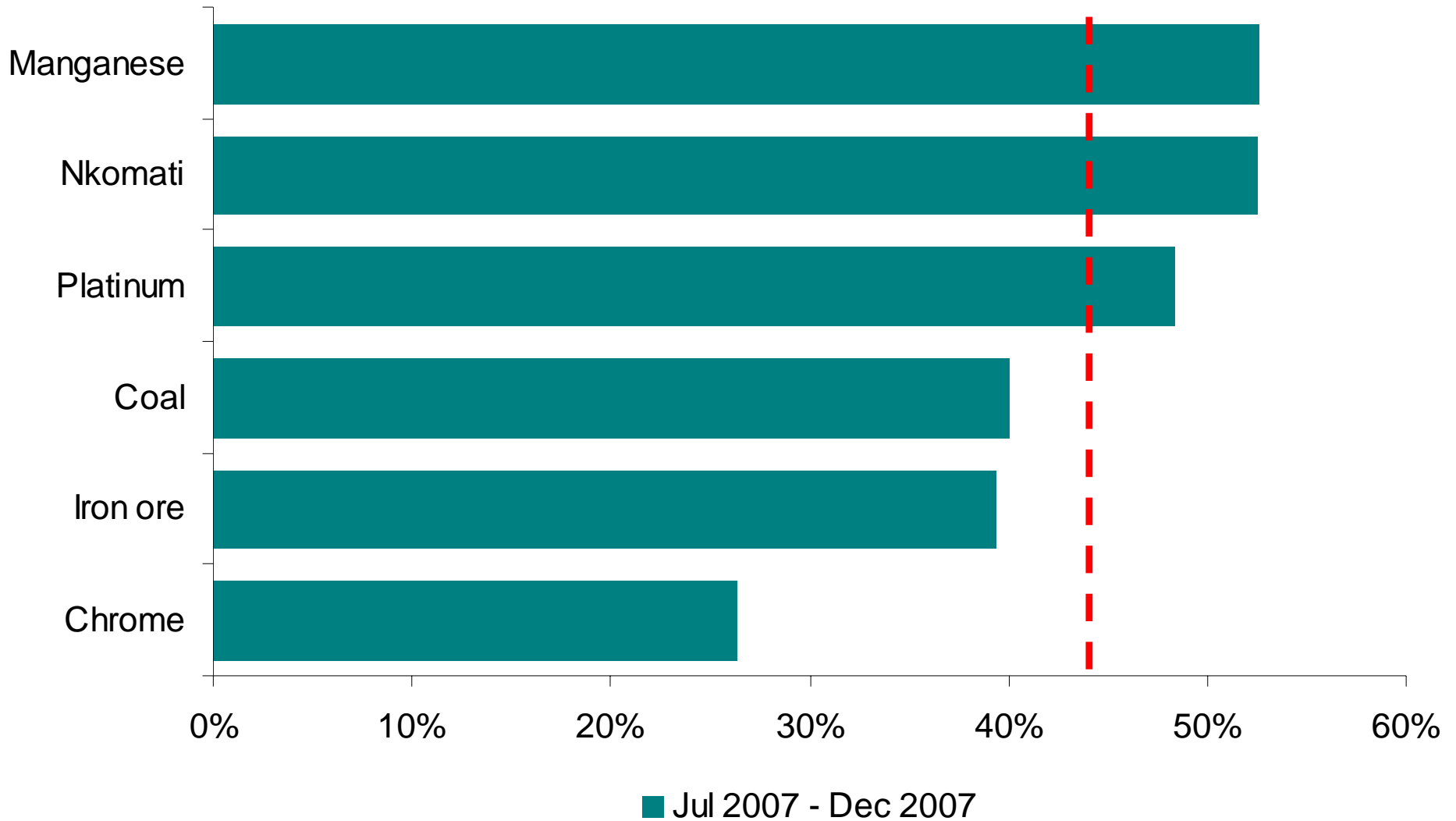
5 consecutive periods of HEPS growth



- 53% compound annual HEPS growth over the last 5 consecutive half year periods
- ARM market capitalisation has increased 365% from R8,6 billion in 1H 2006 to R40 billion currently

High margin diversified mining company

ARM EBITDA margin is 44% for the period under review



Delivering company transforming growth

Completed projects

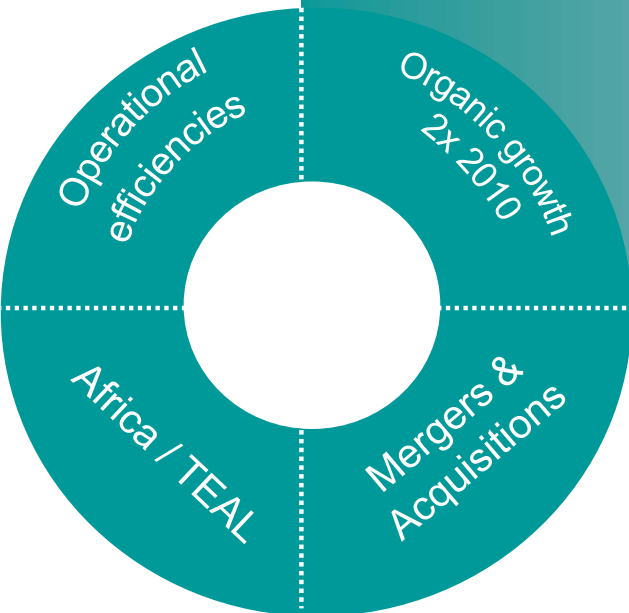
>R5 bn* 2004 - 2007:

- Nchwaning III Manganese
- Modikwa Platinum
- Two Rivers Platinum
- Nkomati Nickel interim plant
- Nkomati Chrome mine
- Dwarsrivier Chrome

Projects in progress

>R7 bn* 2007 - 2012:

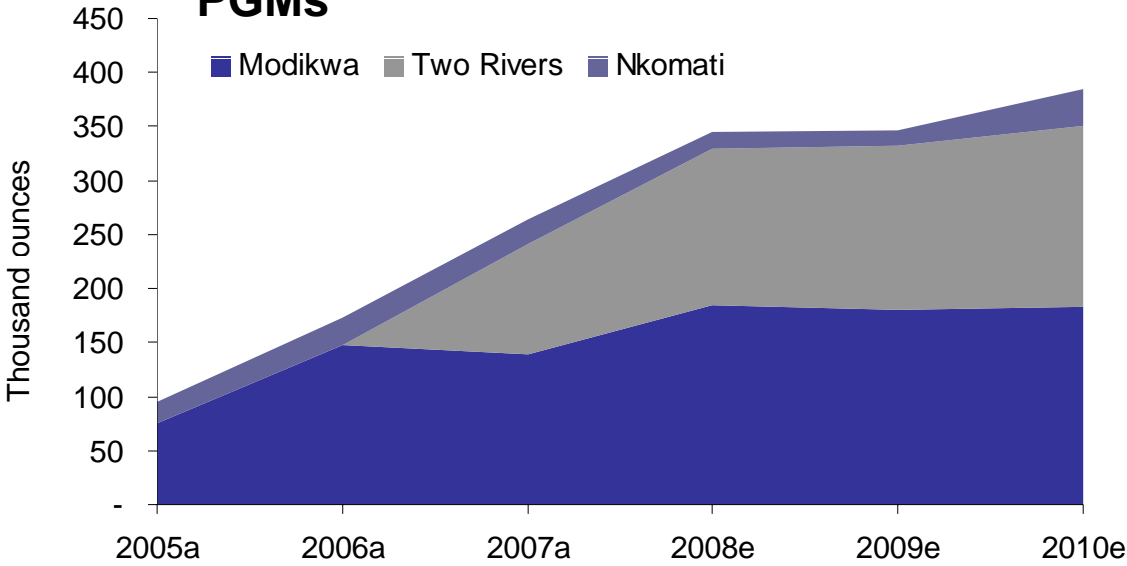
- Khumani Iron Ore (10 mtpa)
- Nkomati Nickel (20.5 ktpa)
- GGV thermal coal (6.7 mtpa)
- Both Khumani and GGV have the potential to increase volumes further



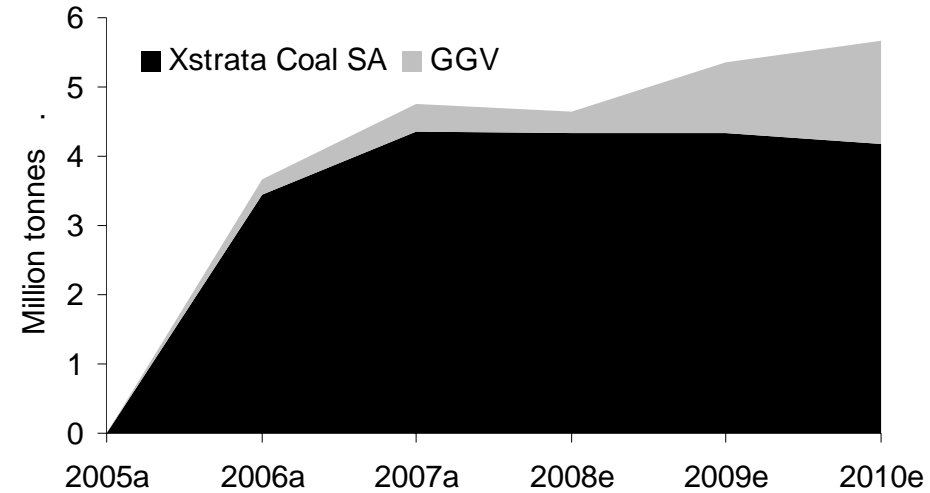
* Total attributable capital expenditure

2 x 2010 Growth Strategy Attributable to ARM

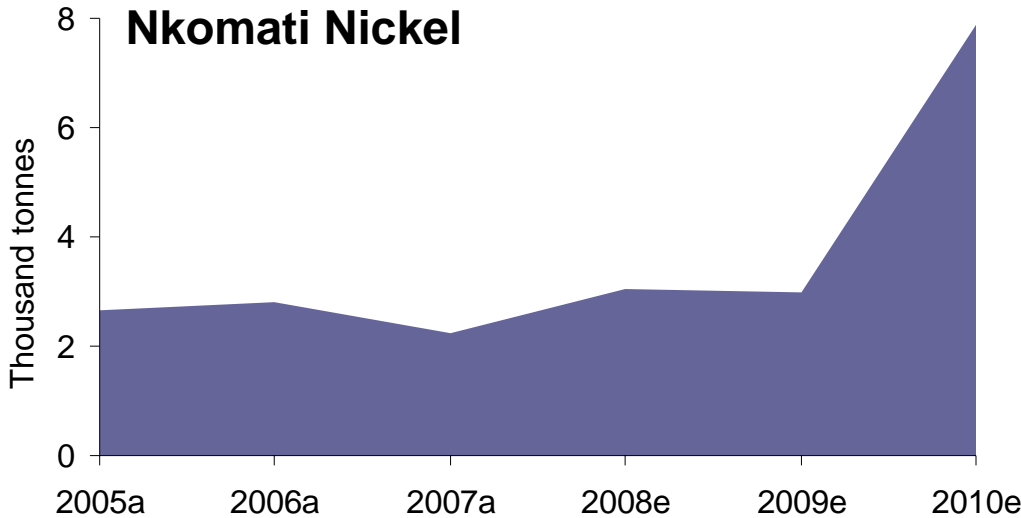
PGMs



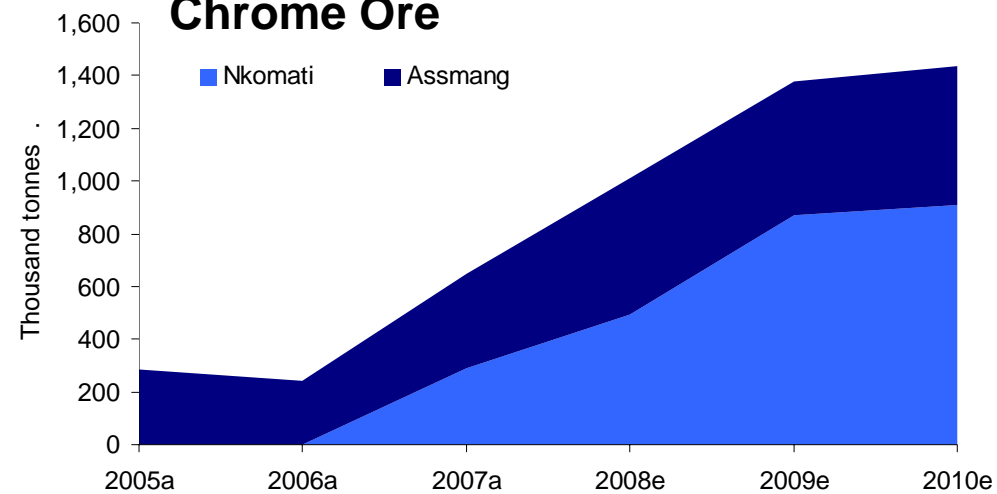
Thermal Coal



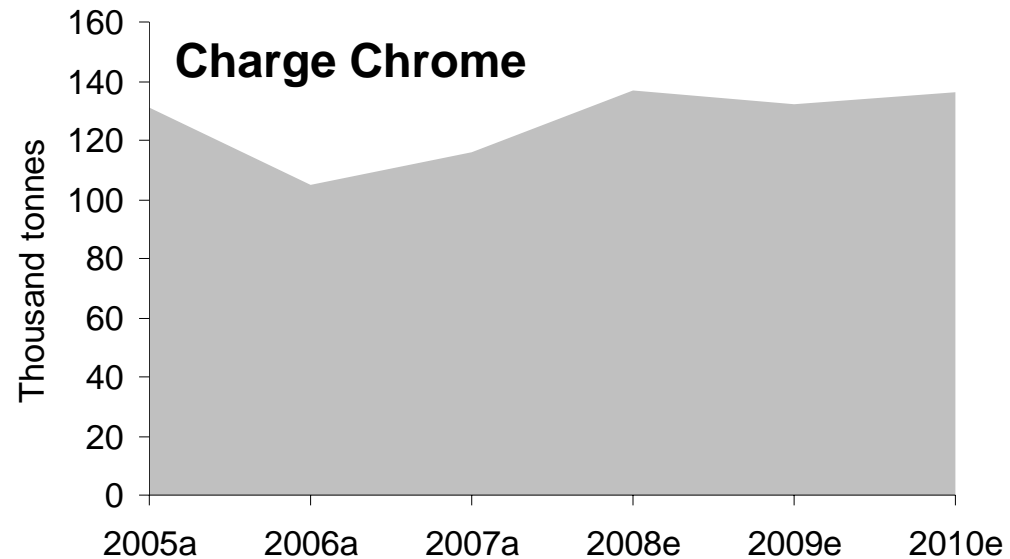
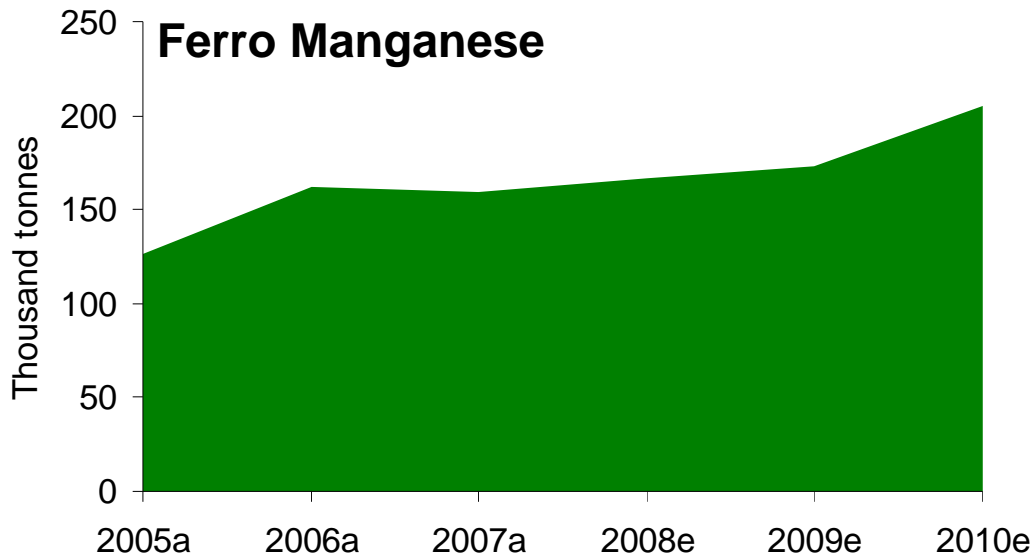
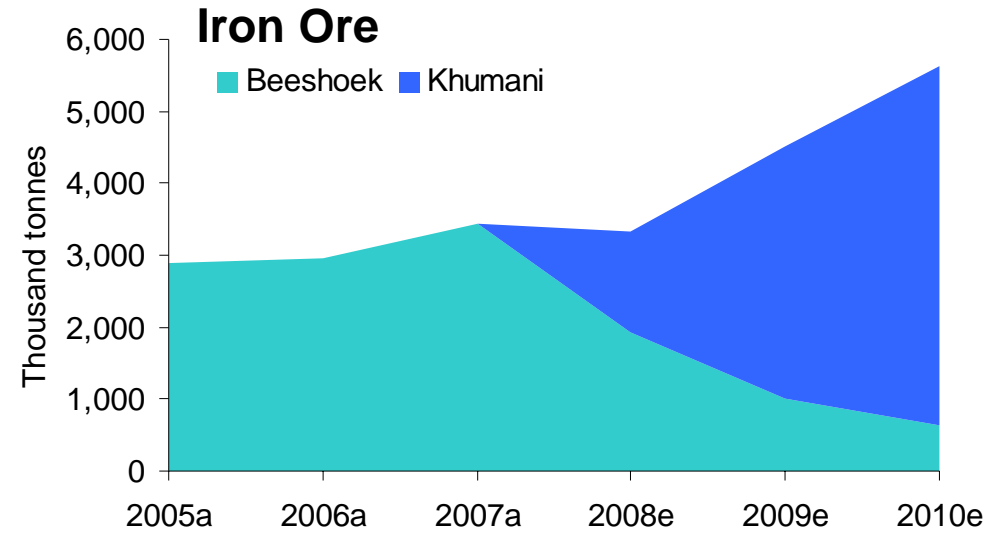
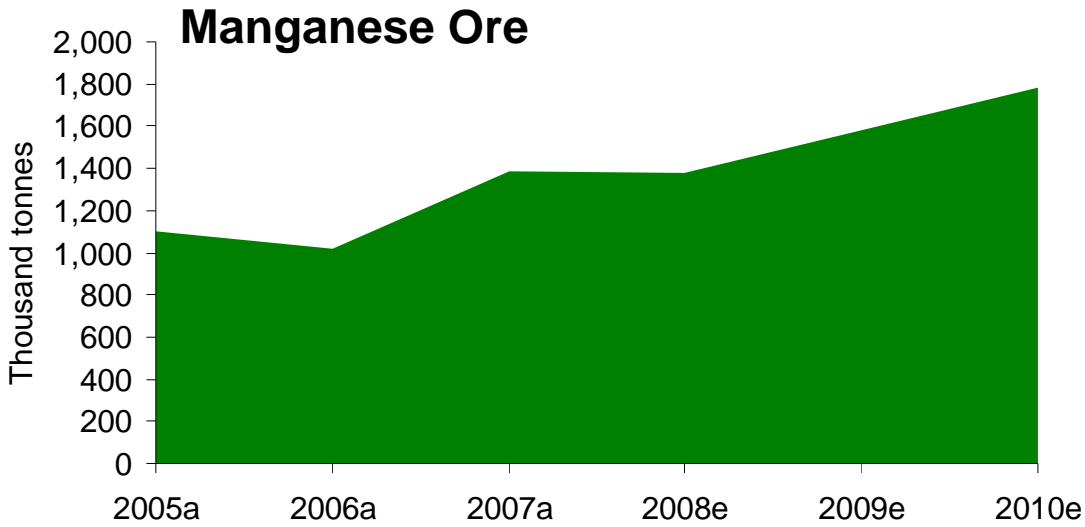
Nkomati Nickel



Chrome Ore

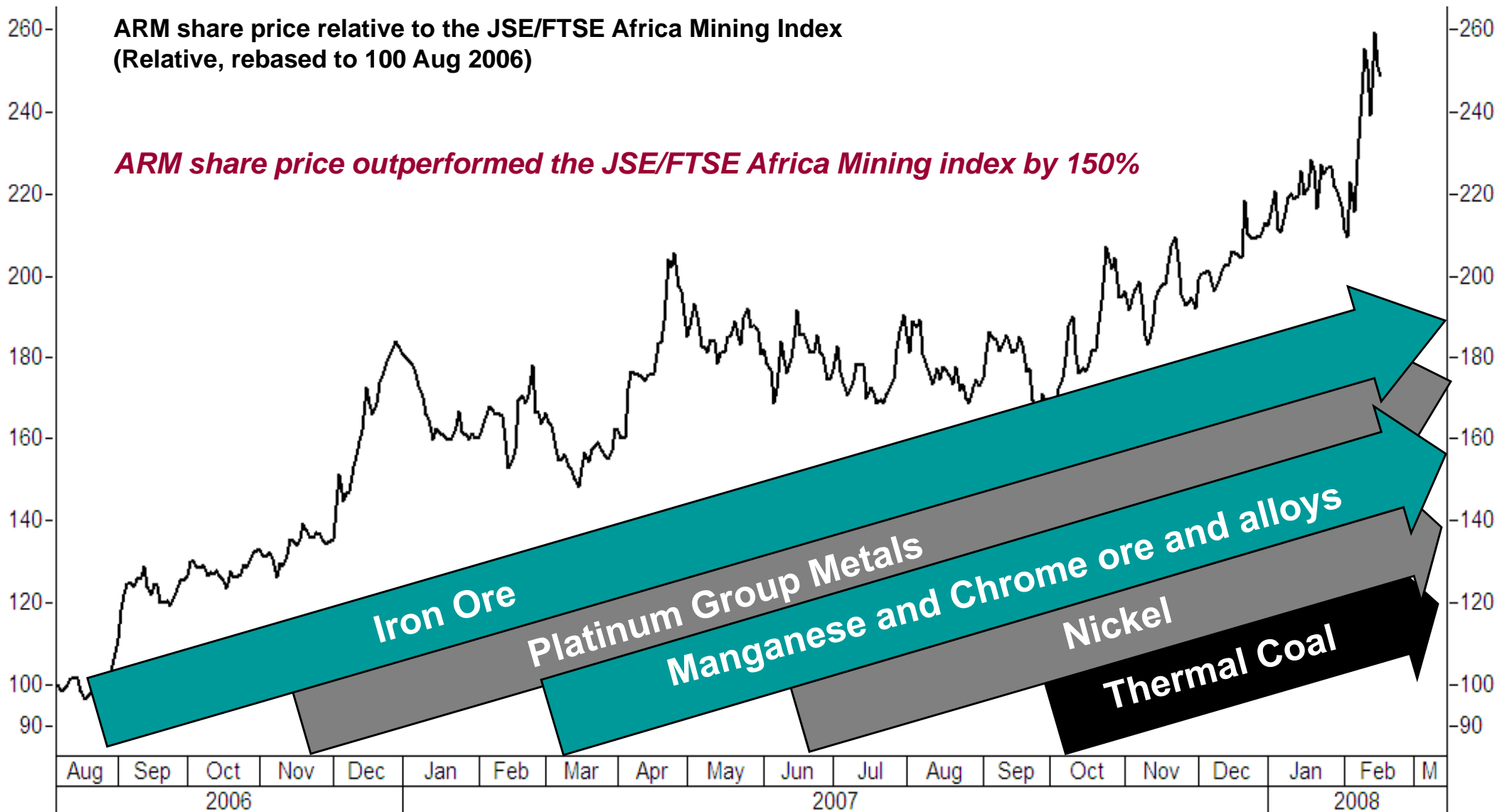


2 x 2010 Growth Strategy Attributable to ARM



- ARM's partnership with world class mining companies continues to deliver value across our operations
- ARM continues to be well positioned to participate in the local and global merger and consolidation opportunities
- ARM continues to focus on growth in Africa, with Teal achieving first copper production from the DRC
- Harmony is repositioning itself with better quality assets and stronger balance sheet
- BBEE Trust has been able to distribute R7.6 million to the beneficiaries, despite two years remaining before the debt funding is repaid

ARM supported by strong commodity fundamentals



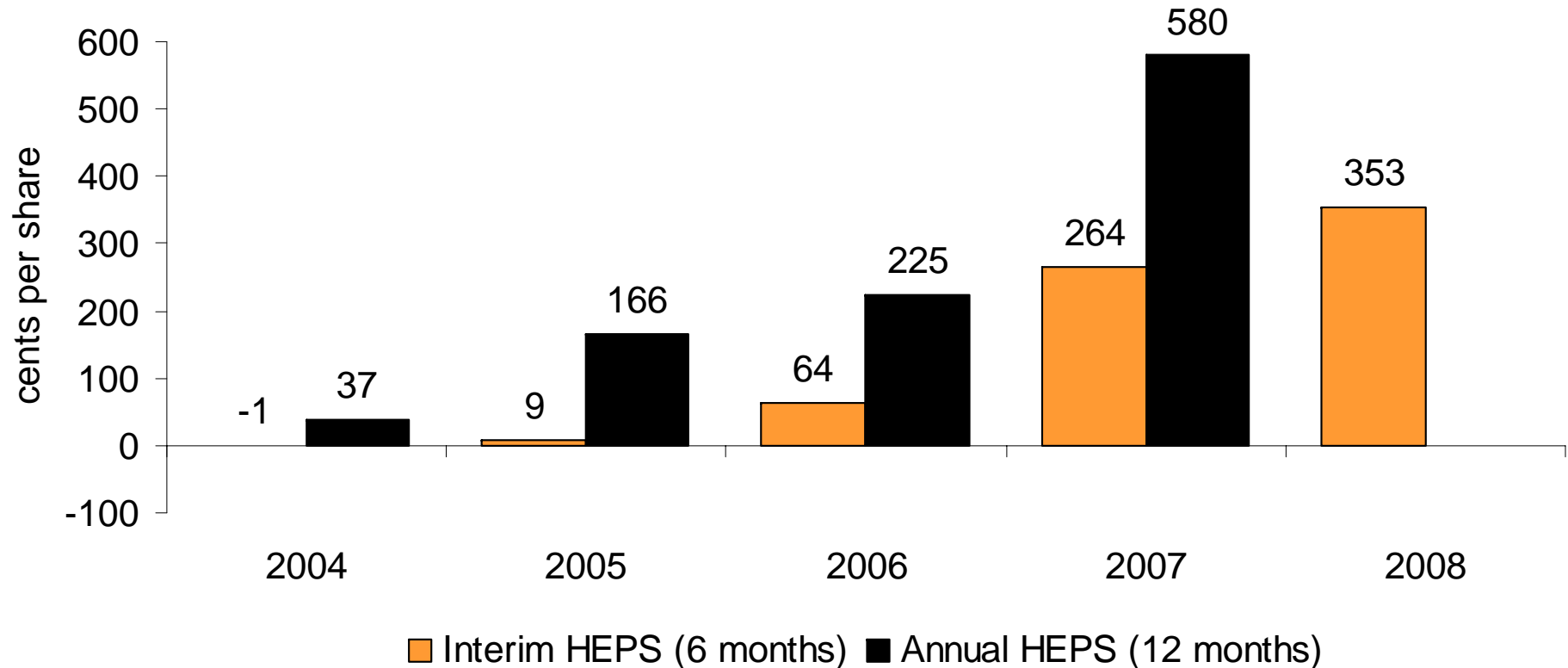


Business review

André Wilkens

Chief Executive Officer

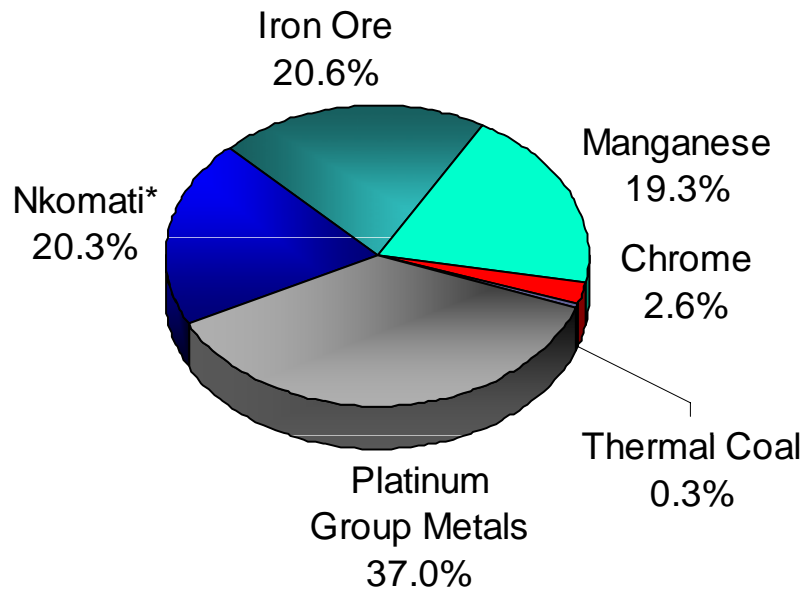
Headline earnings per share over 5 years



- **Consistent increase in headline earnings driven by increased commodity prices, higher sales volumes and good cost control**

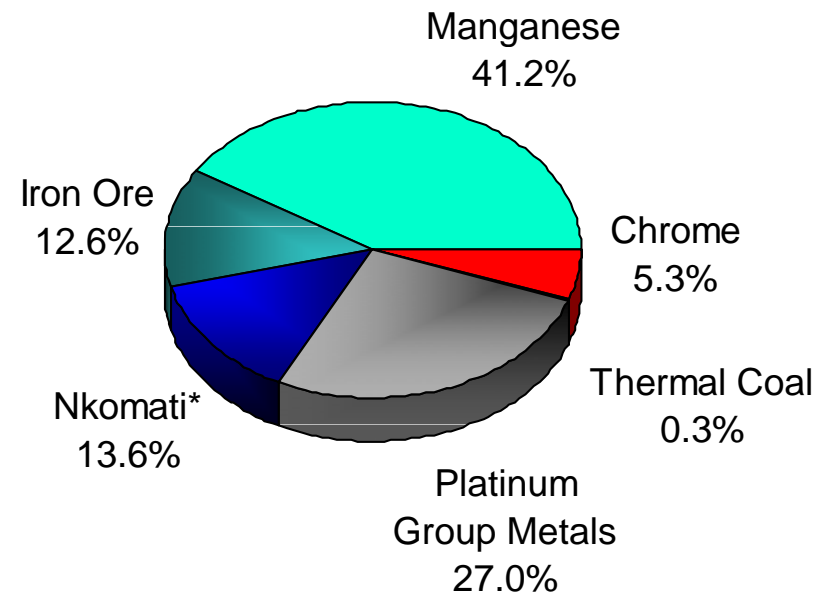
Attributable EBIT split between operations

12 months to 30 June 2007



* Nkomati operating profit split:
Nickel (86%) and Chrome (14%)

6 months to 31 December 2007



* Nkomati operating profit split:
Nickel (52%) and Chrome (48%)

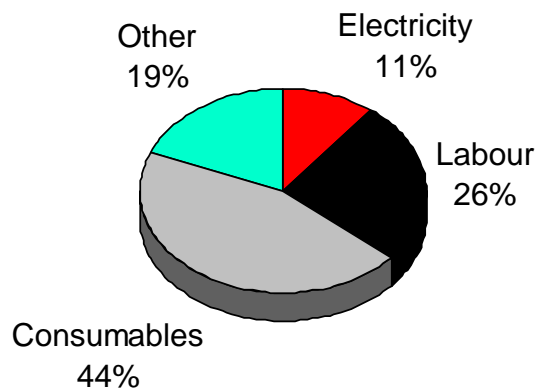
Attributable EBIT split between operations calculated from published EBIT (or segmental results) before corporate and exploration expenses and excluding the 45% minority interest in Two Rivers

No significant impact due to expected electricity cut backs

ARM Ferrous

- Most operations at **90%** of steady-state demand
- Some offset between operations possible, ensuring limited impact on operations
- Khumani has committed supply from Eskom

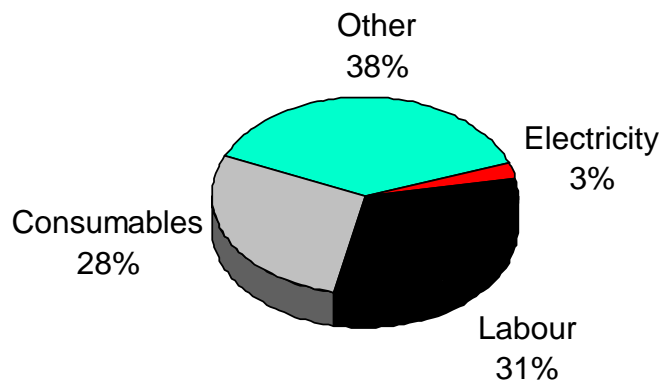
Approximate on mine cash cost split



ARM Platinum

- All operations operating at below **90%** of steady-state demand
- No significant impact on operations
- Nkomati has committed supply from Eskom
- Projects in ramp-up not expected to be negatively impacted

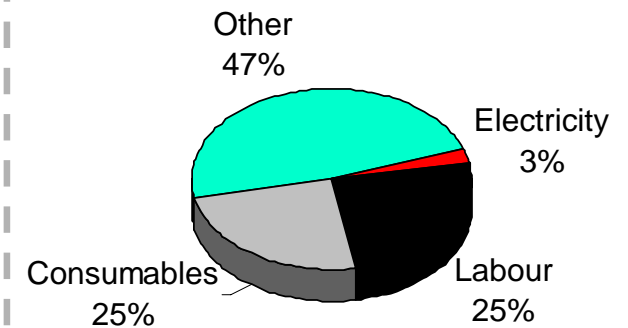
Approximate on mine cash cost split



ARM Coal

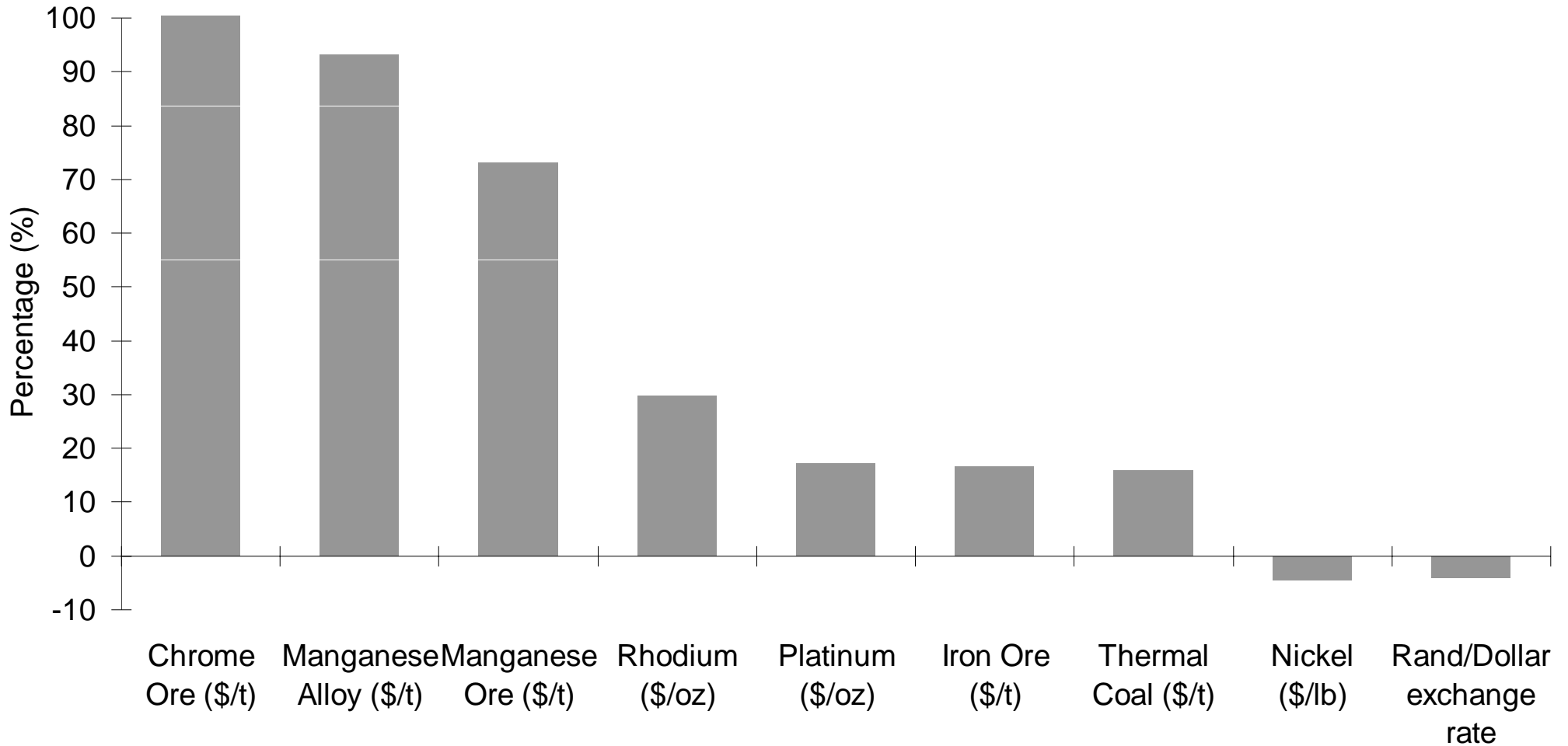
- All operations at **100%** as Eskom requires uninterrupted coal supply from the mines
- GGV presently installing new electrical supply

Approximate on mine cash cost split



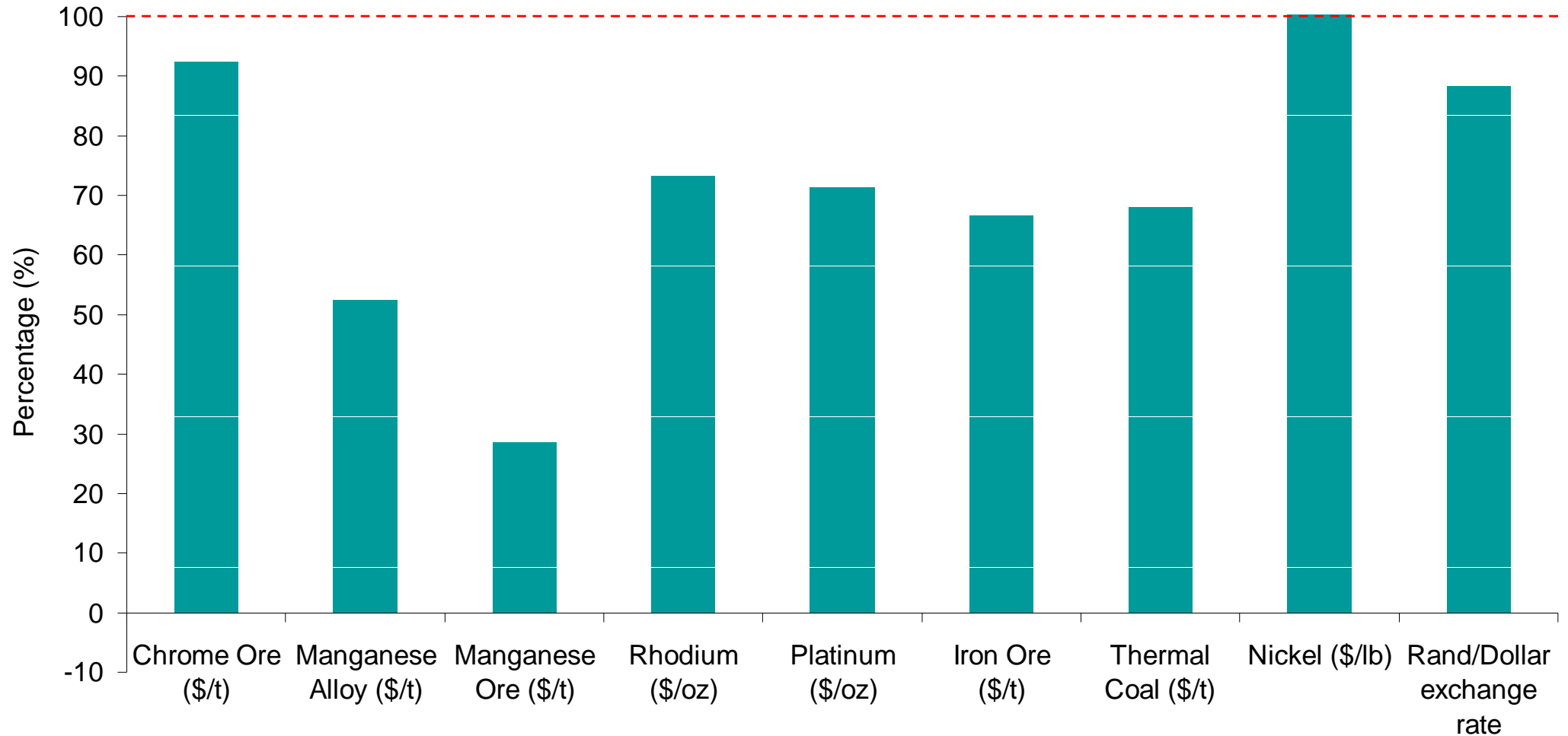
Strong US dollar revenue drivers – Period on Period price changes

1H FY08 average price increase from 1H FY07



Strong US dollar revenue drivers – Spot price comparison

1H FY08 average price as a % of spot prices



MODIKWA (4E) – 100% basis

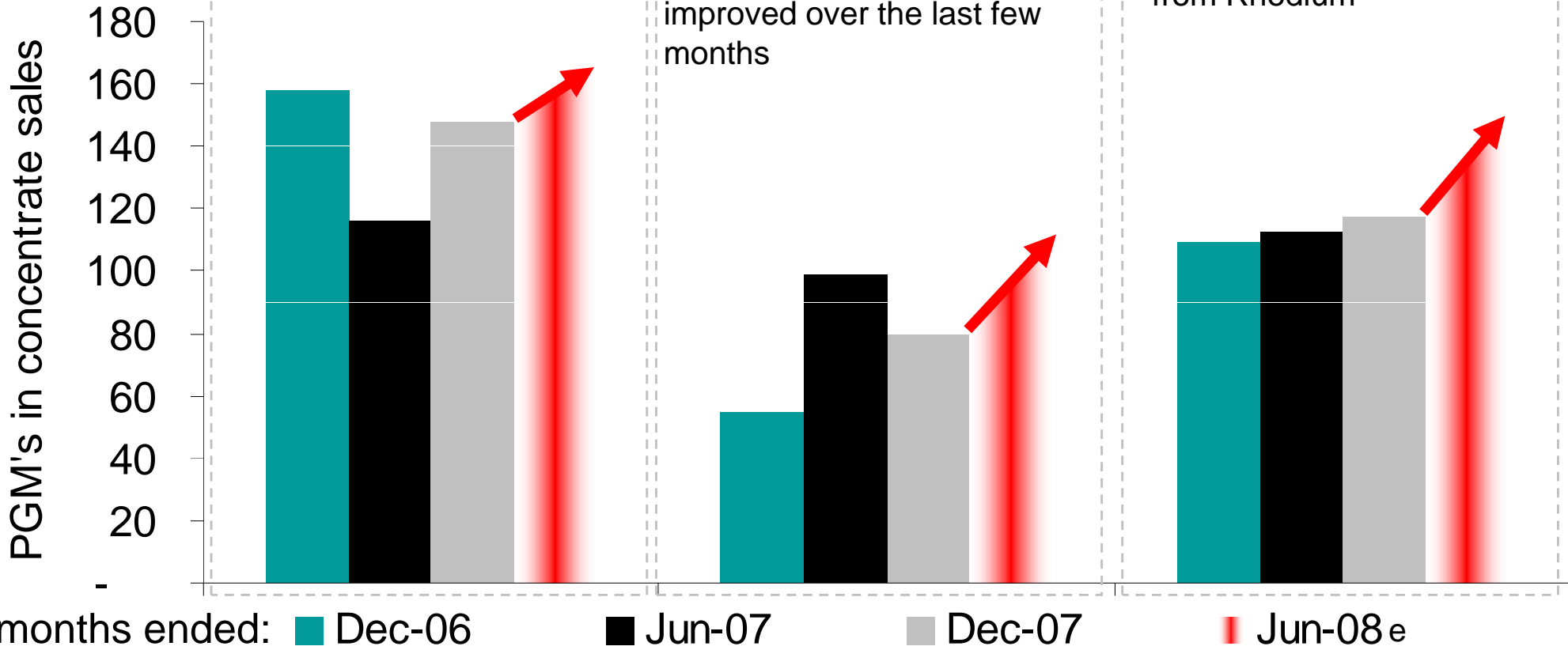
Improving mining flexibility while building up to full design capacity

TWO RIVERS (4E) – 100% basis

Building up to full design capacity, grades have improved over the last few months

ARM attributable (4E)

Continued increase in PGM production, with 10% of PGM's production from Rhodium



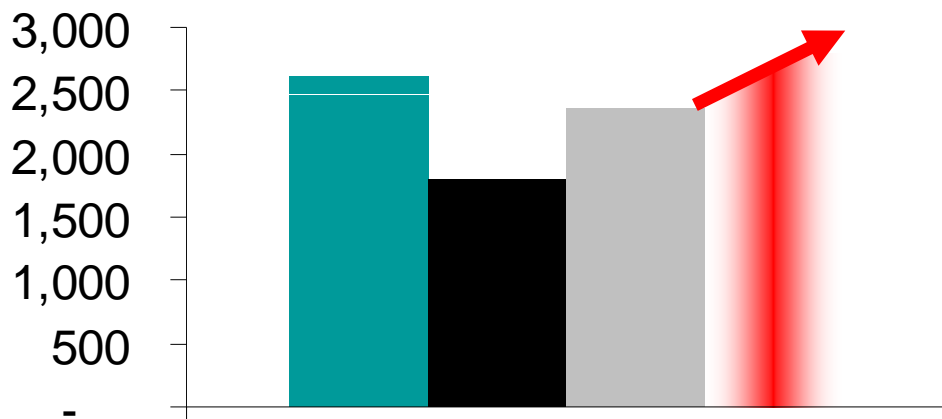
NKOMATI NICKEL – 100% basis

- Interim plant (100 000 tpm) approaching full production
- Volumes in accordance with our business plan
- Still producing at net negative C1 cash cost at \$(1.67)/lb

NKOMATI CHROME – 100% basis

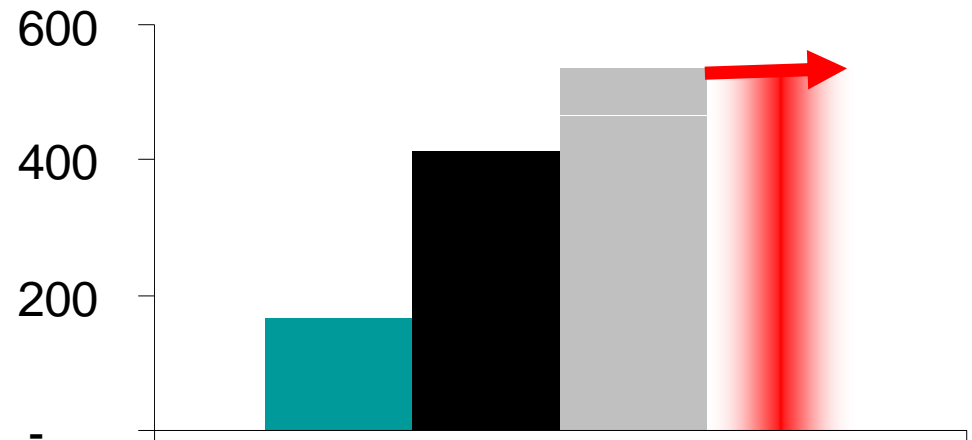
- Chrome contribution increased to 45% of Nkomati divisional operating profit (FY 2007: 14%)
- Chrome fines re-treatment plant under construction

Nickel-in-concentrate (tonnes)



6 months ended: ■ Dec-06 ■ Jun-07

Lumpy Chrome ore ('000 tonnes)



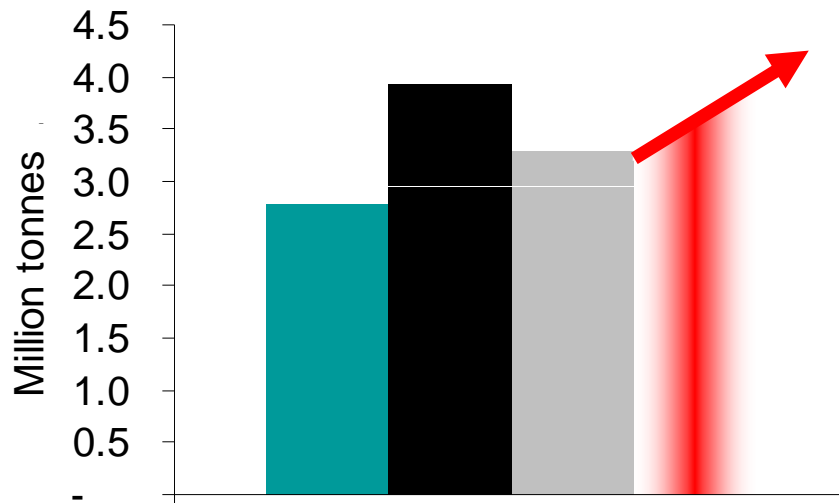
6 months ended: ■ Dec-07 ■ Jun-08e

IRON ORE – 100% basis

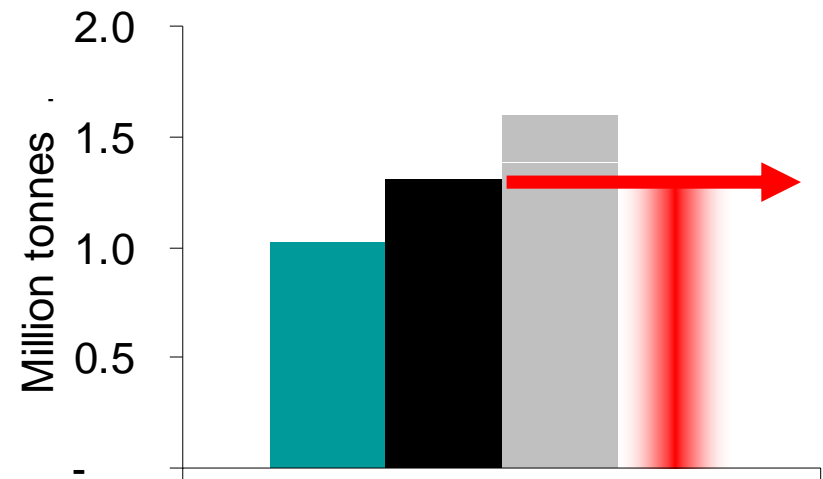
- First production from Khumani mine
- Iron Ore division continues to deliver excellent sales volumes, currently transporting iron ore from Khumani for processing at Beeshoek

MANGANESE ORE – 100% basis

- Manganese ore has delivered excellent sales, through exports via Durban and Richards Bay ports



6 months ended: ■ Dec-06 ■ Jun-07



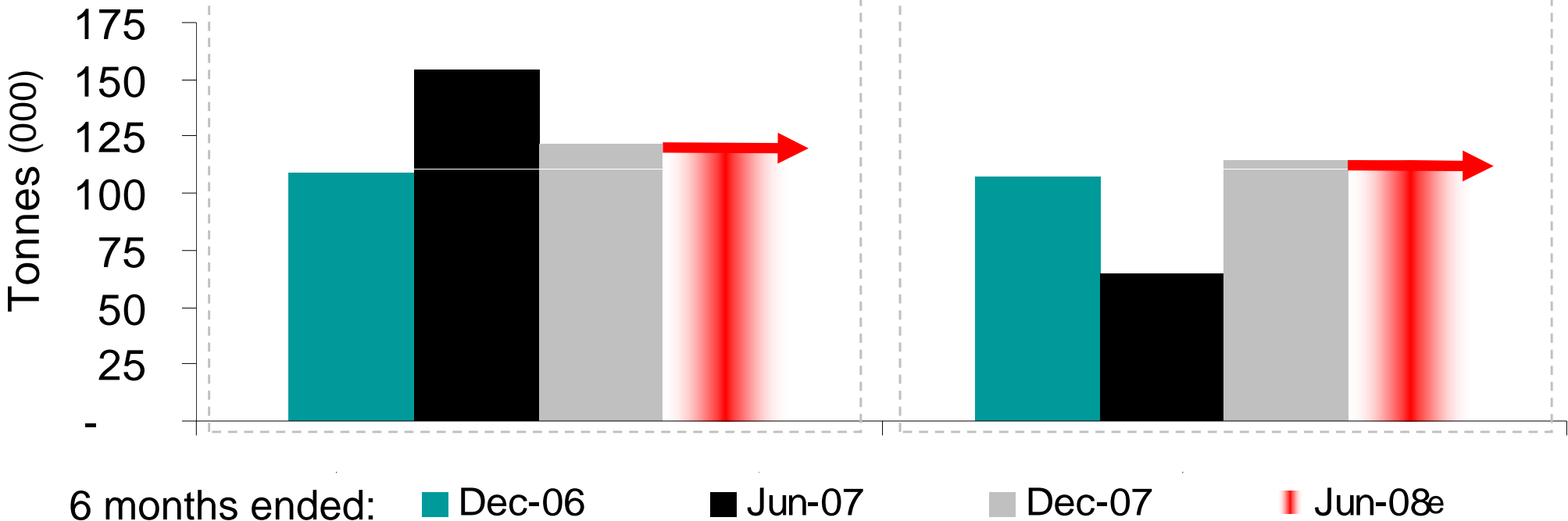
■ Dec-07 ■ Jun-08e

MANGANESE ALLOYS – 100% basis

- Exceptionally strong US dollar pricing environment is expected to continue

CHARGE CHROME – 100% basis

- Strong pricing environment



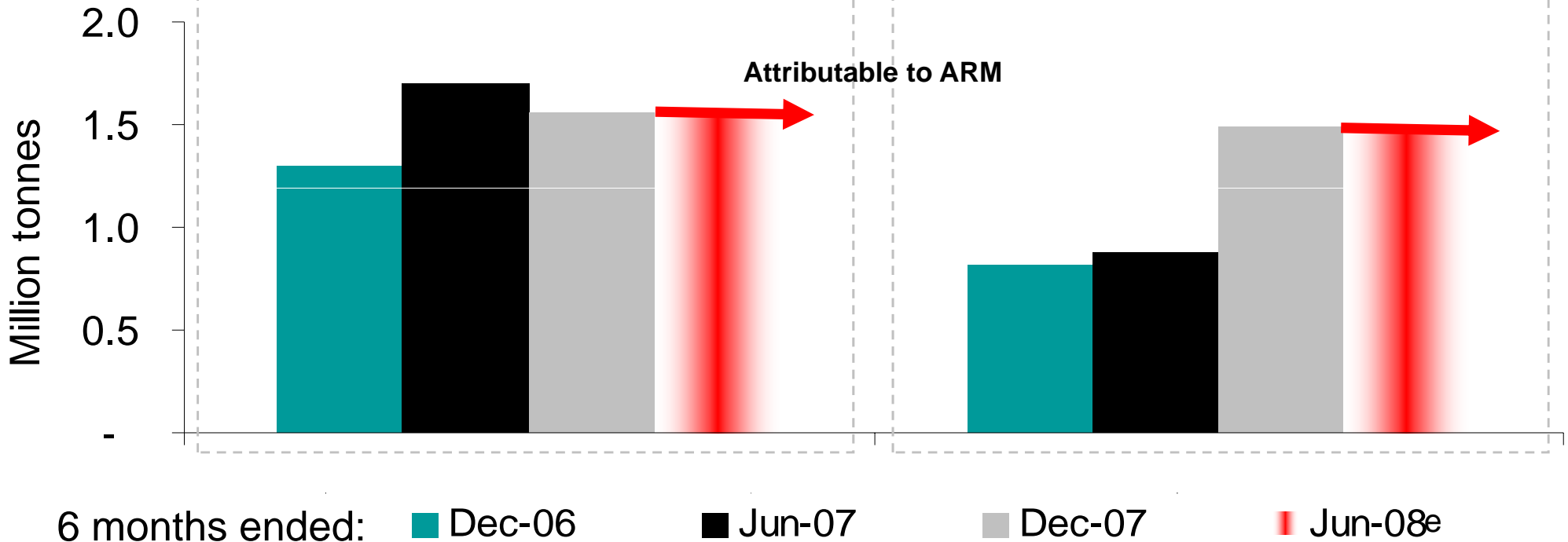
Export and Domestic Thermal Coal

EXPORT THERMAL COAL

- Strategy implemented to maximise benefit from higher export spot sales prices
- RBCT expansion progressing well and on track for GGv

DOMESTIC THERMAL COAL

- 52% increase in the domestic thermal coal price
- 81% increase in domestic thermal coal sales, mainly from GGv



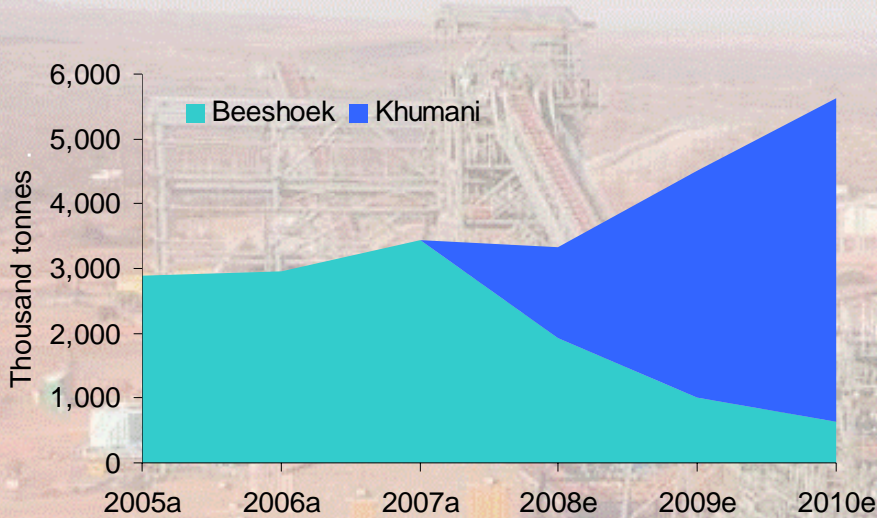
- During the six months under review cash flow from Xstrata Coal South Africa (excluding Goedevonden) was re-invested into capital expenditure and as a result no dividend was received by ARM Coal
- A R20 million dividend was received from ARM Coal during the period under review for the six month period to June 2007
- Earnings from the Coal division attributable to ARM are negatively impacted by a number of accounting issues:
 - the IFRS accounting requirement relating to imputed interest on the Xstrata debt facilitation
 - additional amortization at the ARM level provided as a result of the IFRS purchase price allocation rules.

	R million
ARM attributable headline earnings as reported	6
Add: Additional amortisation	15
Imputed interest on Xstrata R4 billion debt facilitation	15
Less: Taxation	-8
ARM attributable headline earnings excluding IFRS adjustments*	28
Add: Normal interest	40
Normal amortisation	90
Taxation	12
ARM's attributable operating profit	170

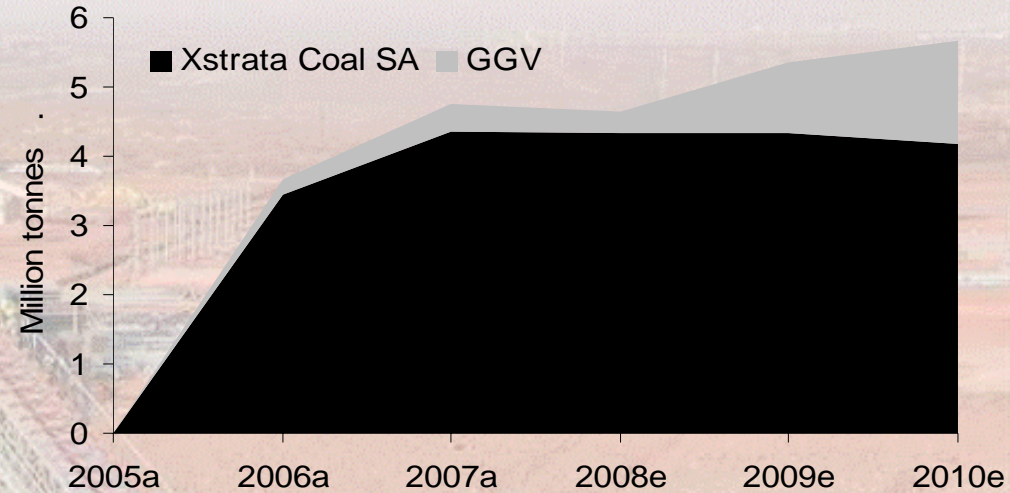
*Compares to R24 million for the 6 months to December 2006 financial results

Attributable volume growth from key projects underway

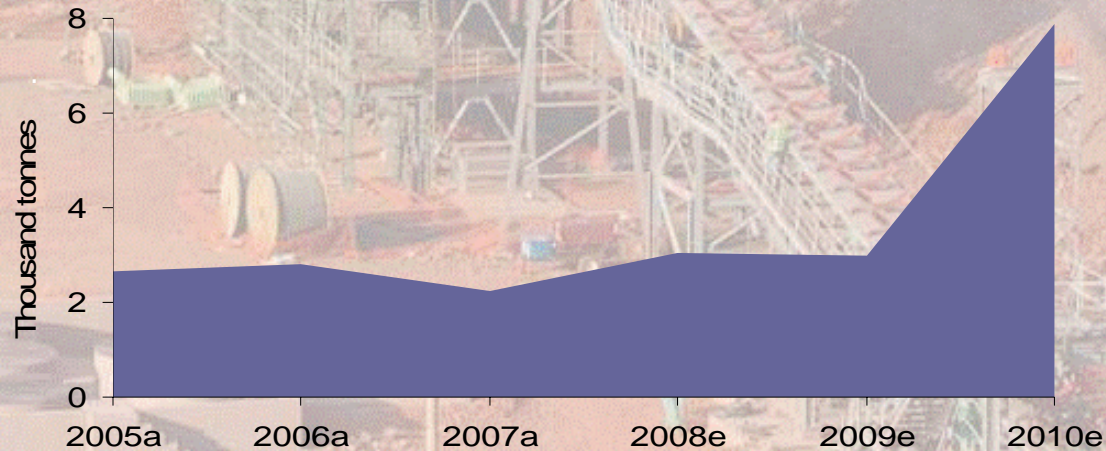
Khumani Iron Ore



Goegevonden (GGV) Thermal Coal



Nkomati Nickel



Nkomati Nickel is a 50:50 JV between ARM and Norilsk Nickel

Total nickel in concentrate: 20 500 tpa
Average grade: 0.35% Ni; Total plant capacity: 625 ktpm

PCMZ Nickel in concentrate: 5 000 tpa
Average grade: 0.25%Ni; PCMZ plant: 250 ktpm

MMZ Nickel in concentrate: 15 500 tpa
Average grade: 0.45%Ni; MMZ plant: 375 ktpm

CHROME a significant value contributor

- Oxidised lumpy chrome sales of 1 mtpa for 4 yrs
- Chrome concentrate sales of 1 mtpa (2011) from PCMZ plant completed and processing of chrome fines currently being stockpiled

Other By-products include:

- 110 000 ounces of PGM (Pt:Pd 1:2.7)
- 9 000 tpa Copper
- 250 tpa Cobalt

Project released
Sept 2007

Open cast mine expected to produce at a steady state
C1 cash cost of c.\$3.5

Ramp-up: 2009
Full production: 2011

Capital cost of R3.2 billion, >20% committed, mainly funded from Nkomati cash flows

Khumani Iron Ore mine is 50% owned by ARM and 50% by Assore

10 mtpa export iron ore (flexible design)

44% Lumpy @ 65.25 Fe%

44% Medium Sized @ 64.41 Fe%

12% Fines @ 64.25 Fe%

Indicative over life-of-mine

- New modern and cost competitive mine due to lower stripping ratio, the area already dewatered and favourable positioning in relation to infrastructure
- Potential to double export sales to 20 mtpa
 - In negotiations with Transnet
 - Feasibility expected before end of 2008 financial year

Project released
2006

Open cast mine expected
to produce 25% lower costs
than the existing mine (Beeshoek)

Ramp-up: 2008
Full production: 2010

Capital cost of R4 billion, >85% committed, funded through Assmang balance sheet and cash flows

Goedgevonden Coal Project

Goedgevonden Coal Project (GGV) is 51% owned by ARM Coal and 49% owned by Xstrata

6.7 mtpa saleable Thermal Coal

3.2 mtpa export sales

27 mj/kg

- ARM Coal has secured 3.2 mtpa additional capacity at Richard's Bay Coal Terminal (RBCT)

3.5 mtpa domestic sales

22 mj/kg

- Eskom off-take negotiations ongoing
- In close proximity to 4 power stations
- Supplying a premium product (washed and sized)

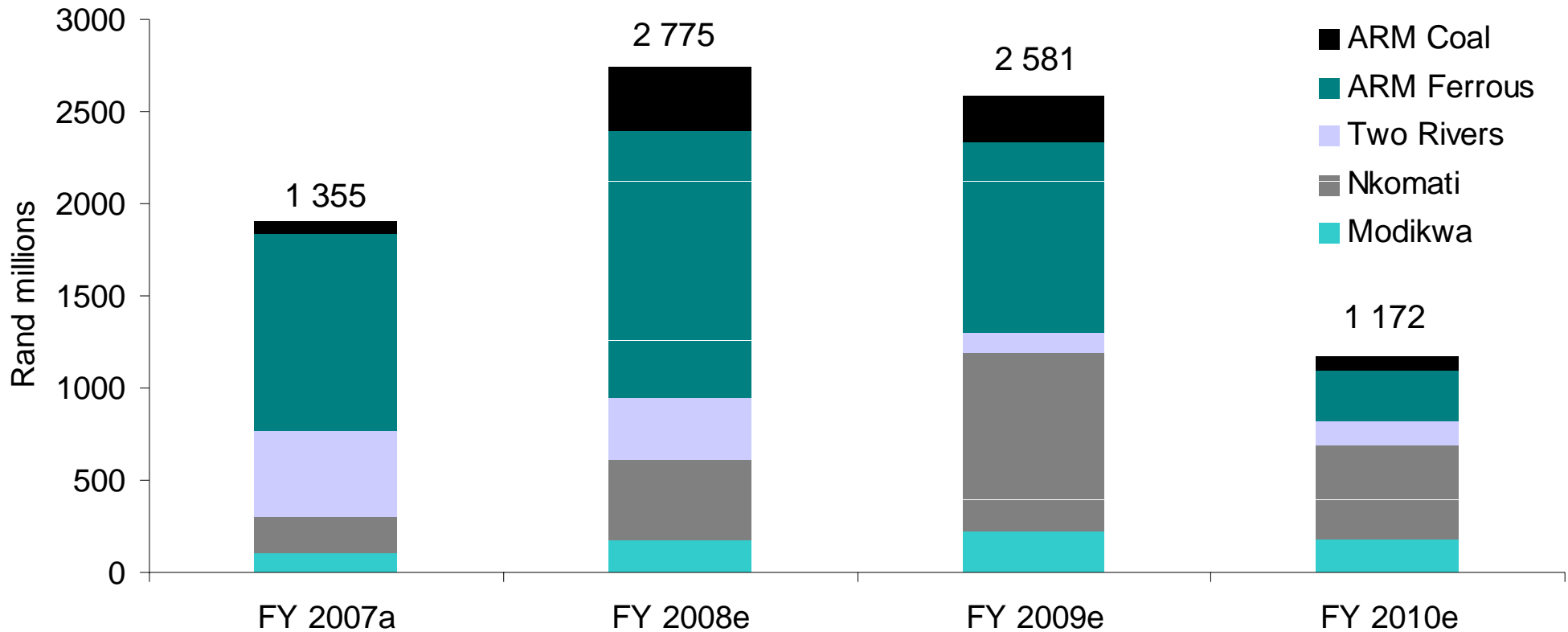
Project released
2007

Open cast mine expected
to produce lower quartile
of global cost curve

Ramp-up: 2009
Full production: 2011

Capital cost of R3.2 billion, 55% committed, funded by Xstrata Coal

Attributable capital expenditure by division



- Strong EBITDA of R1.7 billion generated for the 6 months under review
- All projects fully funded

Summarised income statement

6 months ended 31 December

R million	Unaudited	Unaudited	% Change
	2007	2006	
Sales	3 991	2 606	53
Profit from operations and associates (before exceptional items)	1 515	1 073	41
Income from investments	52	24	117
Finance costs	(209)	(151)	(38)
Exceptional items	135	14	
Taxation	(526)	(329)	(60)
Minority interest	(97)	(71)	
Profit after tax and minorities	870	560	55
Headline earnings	741	548	35
Headline earnings cents per share	353	264	34

Summarised balance sheet

R million	Unaudited	Unaudited
	December 2007	December 2006
Non-current assets		
Property, plant, equipment and other	8 214	6 087
Investments	5 341	7 922
	13 555	14 009
Current assets		
Other	3 215	2 577
Cash and equivalent	1 185	441
Total Assets	17 955	17 027
Shareholders interest		
Shareholders interest	10 352	10 962
Non-current liabilities: Long-term borrowings		
: Other	1 483	1 431
Current liabilities : Short-term borrowings		
: Other	1 609	914
Total Shareholders' interest and Liabilities	17 955	17 027

Summarised cash flow

R million	Unaudited December 2007	Unaudited December 2006
Cash generated by operations	1 565	551
Net finance costs	(88)	(114)
Dividends paid	(315)	-
Tax paid	(164)	(89)
	998	348
Capital expenditure	(1 361)	(674)
Investment into Coal	-	(800)
Net borrowings raised	371	1 248
Other	116	92
Net cash increase	124	214

Sufficient capacity to fund growth platforms

R million	Per balance sheet	Net debt calculation
Long term interest bearing borrowings	2 904	
Short term interest bearing borrowings	1 607	
Total interest bearing borrowings	4 511	4 511
	Assmang (50%)	398
	ARM Company	1 258
	Modikwa	296
	TEAL	244
	Two Rivers (ARM share)	909
	Two Rivers (Impala share)	657
	ARM Coal (Xstrata share)	617
ARM attributable total debt		3 237
Cash and cash equivalents		(1185)
Net debt (excluding partner loans)		2 052

EBITDA for the period strong at R1.7 billion

Net gearing for ARM relatively low at 20%

ARM positioned as partner of choice in the Southern African mining industry

- Quality, long-life resources
- >70 years operational mining and project skills
- Strong balance sheet to contribute capital
- Active business relationships across Southern Africa



Platinum, Palladium,
Rhodium



Platinum, Palladium,
Rhodium



Nickel and Chrome



Iron Ore, Manganese
& Chrome Ore &
Alloys



Thermal Coal



QUESTIONS ?

