



South African Ferro Alloys Conference
Manganese Mine to market: do we have the power?
André Wilkens, ARM CEO
8 July 2008

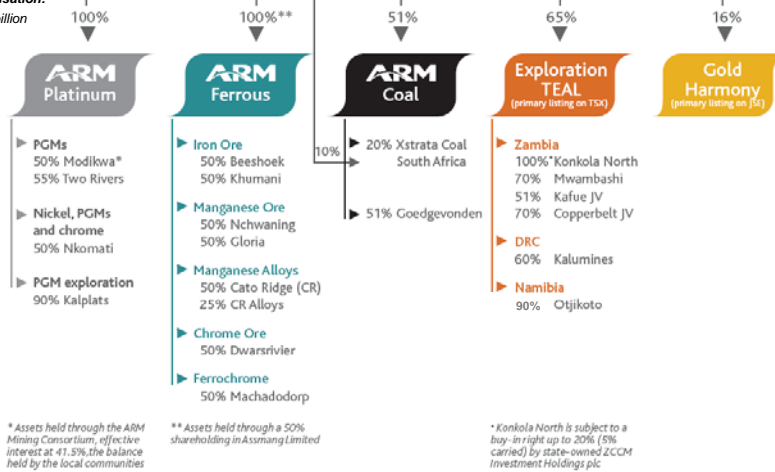


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Perfect diversified commodity mix

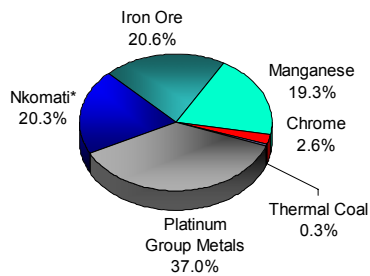
ARM market capitalisation:
R 58 billion or \$ 7.8 billion
ARM share price:
R 280 per share
At 19 May 2008



Growing diversified commodity business

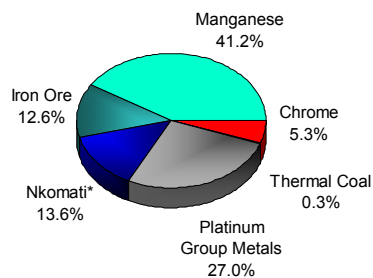
Attributable EBIT split between operations

12 months to 30 June 2007



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

6 months to 31 December 2007



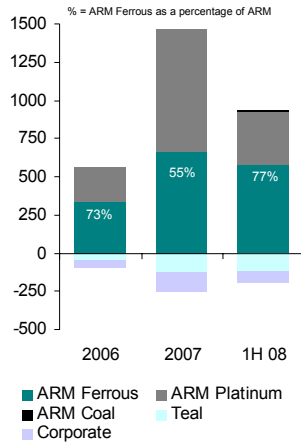
* Nkomati operating profit split:
Nickel (52%) and Chrome (48%)

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

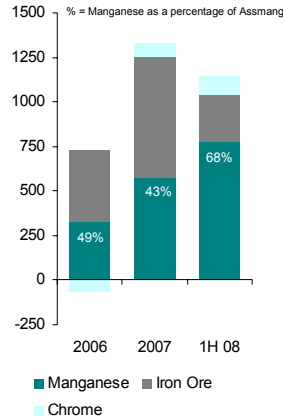


Manganese ore and alloys forms a significant part of ARM

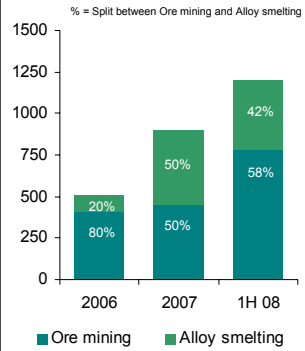
ARM Headline earnings (Rand million, Attributable)



Assmang Headline earnings (Rand million, 100%)



Manganese division operating Profit (Rand Million, 100%)



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ARM exposed to commodities where South Africa has top global rankings

South Africa's role in world mineral reserves, production and exports (2006)

The DME's South African Mineral Industry 2006/2007 report

Commodity	Reserve Base		Production		Exports	
	%	Rank	%	Rank	%	Rank
PGMs	87.7	1	59.3	1	*	*
Manganese Ore	80.0	1	13.3	2	19.7	2
Chrome Ore	72.4	1	38.7	1	10.9	4
Gold	40.1	1	11.1	1	*	*
Nickel	8.4	5	3.1	9	*	*
Coal	6.1	8	4.5	5	8.4	4
Copper	1.4	14	0.7	16	*	*
Iron Ore	0.9	9	2.8	7	3.6	6
Ferro-Mn/Fe Si-Mn	*	*	6	4	16.4	2

% = SA as a percentage of world

Rank = Ranked according to world

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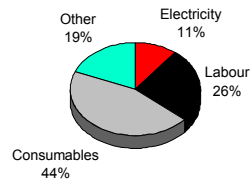


No significant impact due to expected electricity cut backs

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

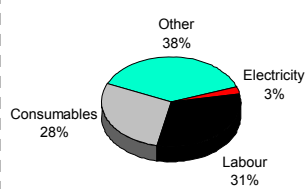
Approximate on mine cash cost split



ARM Platinum

- All operations operating at below **90%** of steady-state demand
- No significant impact on operations
- Nkomati has committed supply from Eskom, which is expected to be delayed
- ARM has alternate contingent power supply, production not expected to be delayed

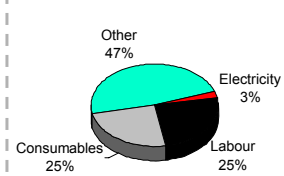
Approximate on mine cash cost split



ARM Coal

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

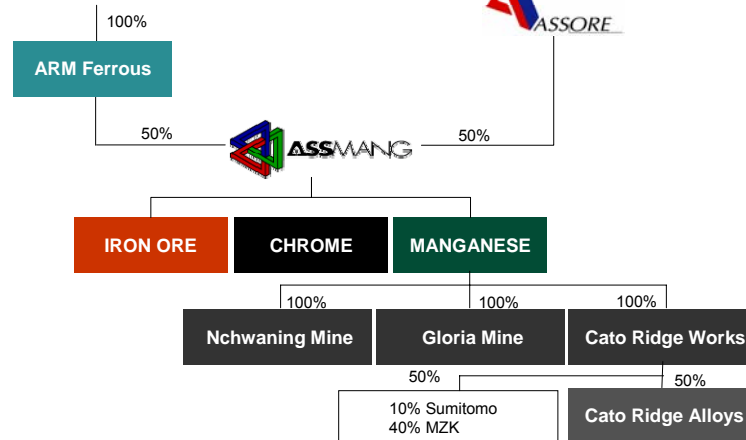
Approximate on mine cash cost split



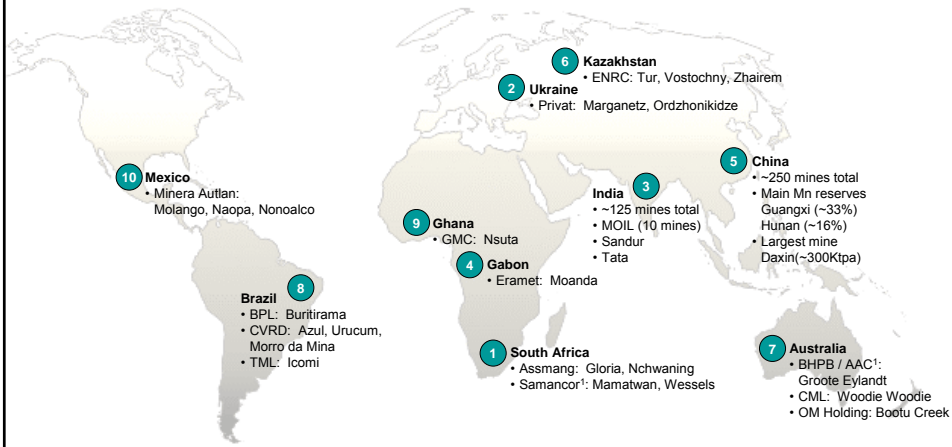
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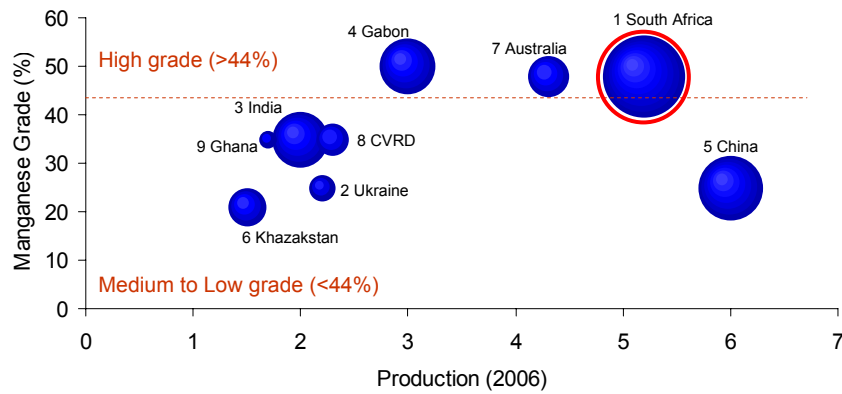
Assmang structure



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Data: Hatch Beddows, IMnI.
Note: Rankings shown here are by national manganese mineral resources. 1. JV: BHP Billiton (60%) and Anglo American (40%)



Bubble size denotes contained manganese reserve base

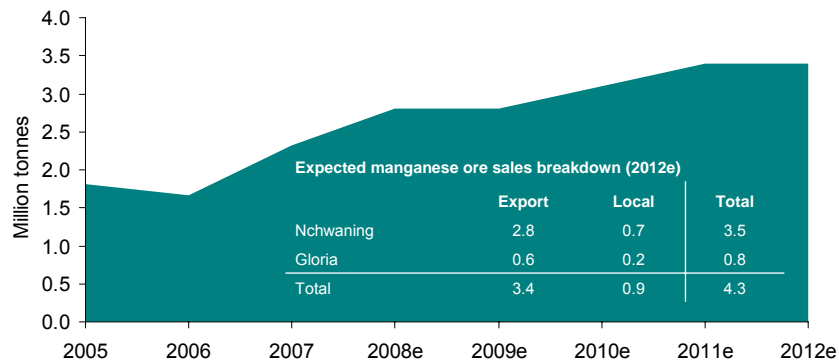
Source: Hatch; IMnI; Assmang

- Manganese Ore mining capacity = 5.4 million tonnes per annum (incl new plant)
 - Local / Cato Ridge capacity requirements = 0.9 million tonnes per annum
 - Total volume available for export = 4.5 million tonnes per annum
- Resource can support significant increase in production, but volume growth constrained by
 - Significant increases in capital cost
 - Logistical constraints
 - Future market demand
 - Electricity: Ability to expand alloy capacity – Cato Ridge planned 80 000 tonne per annum increase delayed till 2014 (EIA outstanding)
- Main export channel is through Port Elizabeth, Assmang will need to continue to be innovative

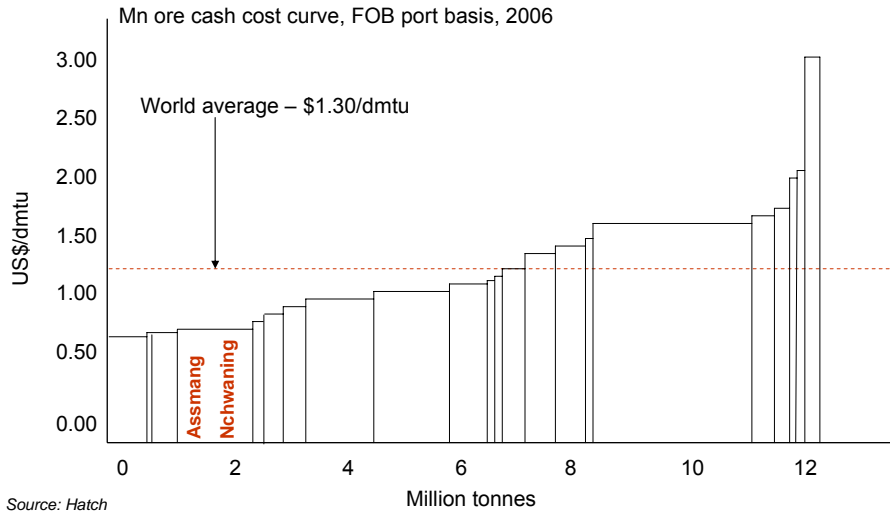
Million tonnes of exported manganese ore	PE total capacity	Assmang allocation
Currently	3.5	1.7
2010/11	4.2	↓
2012	6.0	2.9
	Other logistics options	0.9
	Assmang anticipated export capacity to 2012	3.4

Currently feasibility studies are underway to increase South Africa's manganese export capacity to 14 million tonnes in the long term

Assmang manganese ore expected export sales (million tonnes, 100% basis)



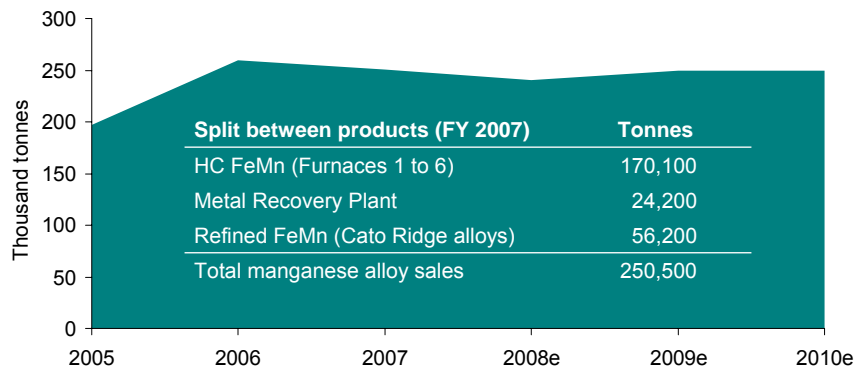
Nchwanging estimated position on global cost curve



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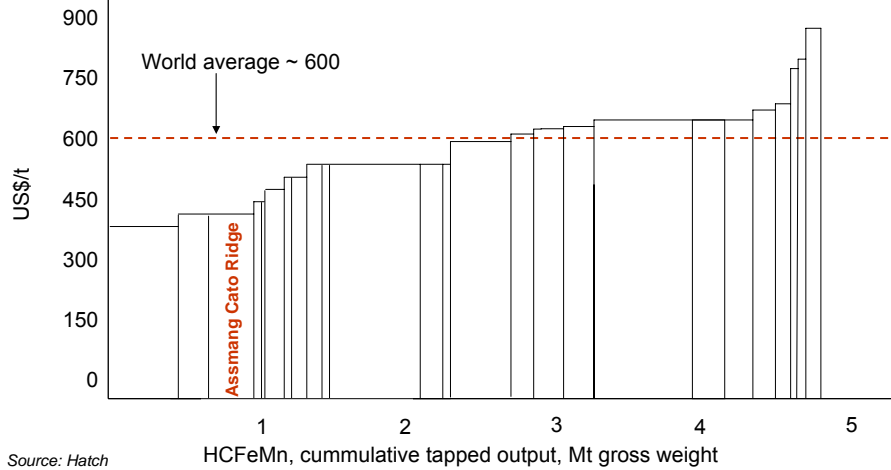
Manganese alloys sold

Assmang manganese alloys expected sales (thousand tonnes, 100% basis)



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High Carbon Ferro Manganese cash cost curve (captive ore transfer price, FOB port basis), 2006



Timing

- Nchwaning III – only new manganese ore mine in last seven years
- Invested capital in new mine – lower cost of invested capital

High Grade

- Currently mining 60% of high grade resources in KMF (in SA)
- 3rd highest grade globally
 - Nchwaning average grade over life of mine = 44%Mn
 - Gloria average grade over life of mine = 36%Mn

Low Cost

- Bottom quartile on the cost curve for ore and alloy
- Integrated High Carbon Ferro Manganese alloy producer
- New cost effective infrastructure, shafts and plants



Assmang manganese competitive advantage



Experience

- 75 years of mining/marketing experience
 - Customer relationship
 - 60% of Nchwaning resources mined i.e still 40% available at low cost mining
 - 20% of Gloria resources mined

Customers

- Established customer base over many years in ore and alloys operations

Refined FeMn capability

- To facilitate higher steel grade demand

Consistency

- Consistency of product key to customers
 - Homogenous ore body
 - New underground blending stockpiles at Nchwaning

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Assmang Manganese competitive advantage



Product

- Excellent blend ore and ideal for use in high grade alloys and steel products
- Low degradation in transport and furnaces
- Less fines – improved smelter efficiencies
- Low phosphorous

Infrastructure

- Excellent surface infrastructure currently in place
 - New town for housing employees
 - Water link in place
 - Power supply secured (with ability to supplement Eskom electricity if required)
 - Rail links in place

Strong financial position to pursue further opportunities to develop the business

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**Assmang is a
successful integrated
manganese producer**

**Quality
Resource**

**Experienced
People**

**Strong
Manganese
Market**

Stakeholder
Relationships

Balance
Sheet

Good
Timing

Thank you

