African Rainbow Minerals

Interim results for the six months ended 31 December 2006

Tuesday, 20 February 2007

ARM
African Rainbow Minerals

"Headline earnings increased by 318% to R548 million for the six months under review.

We continue to make good progress in building a globally competitive diversified mining company."

Patrice Motsepe, Executive Chairman

African Rainbow Minerals

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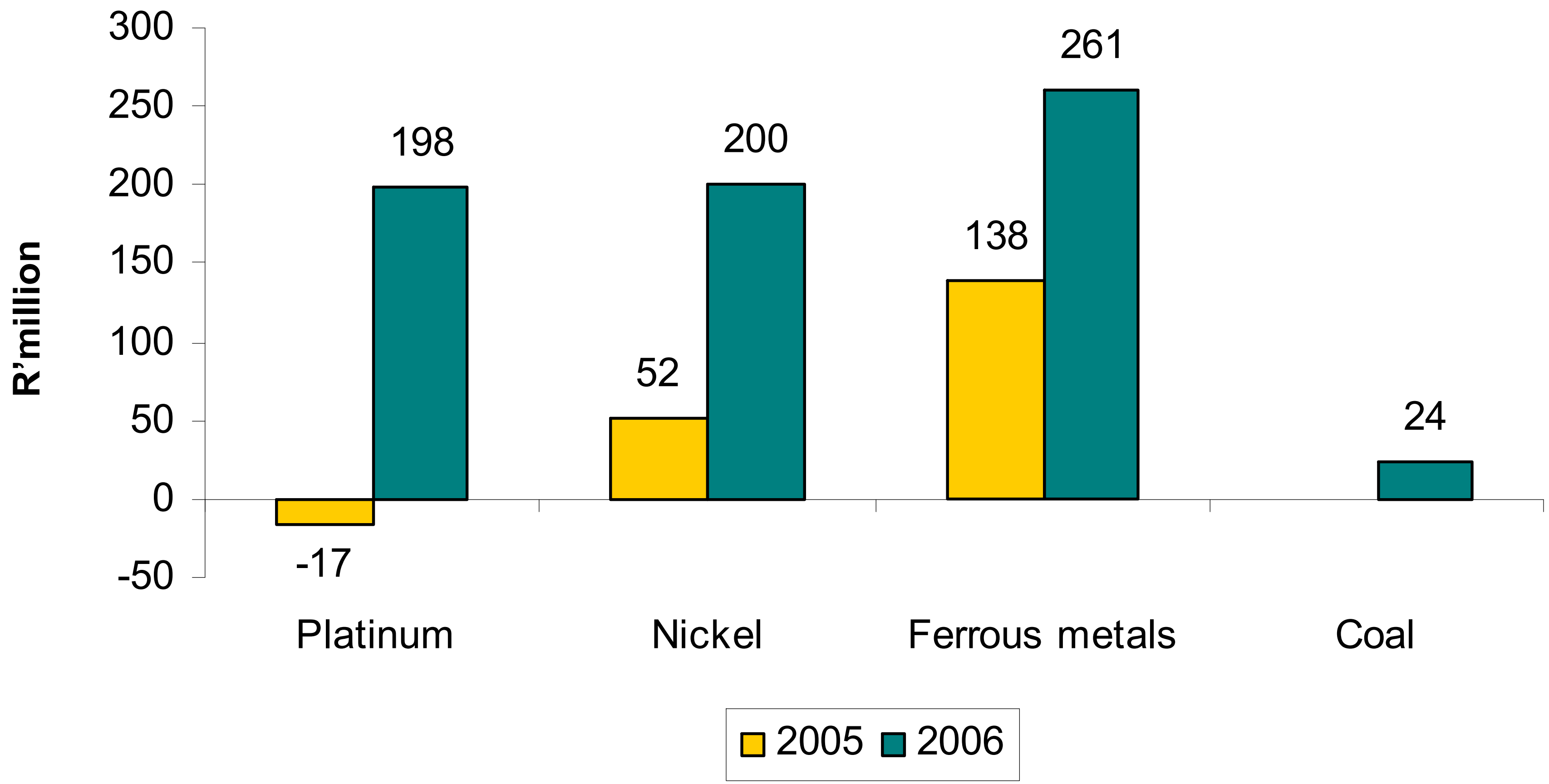
Overview and strategy

Patrice Motsepe

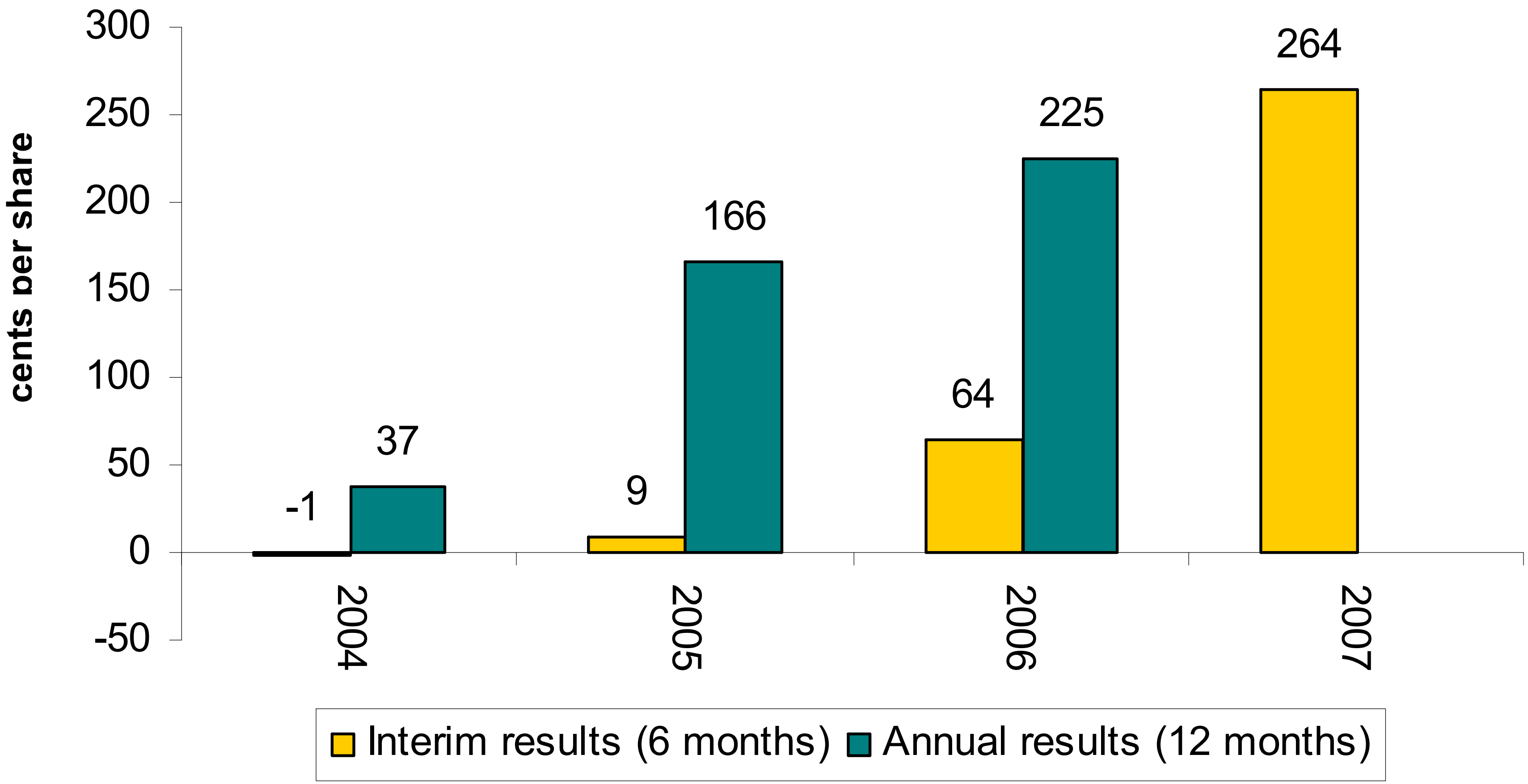
Executive Chairman

Highlights

- Headline earnings increased by 318% to R548 million from R131 million
- Headline earnings by operation significantly up period-on-period

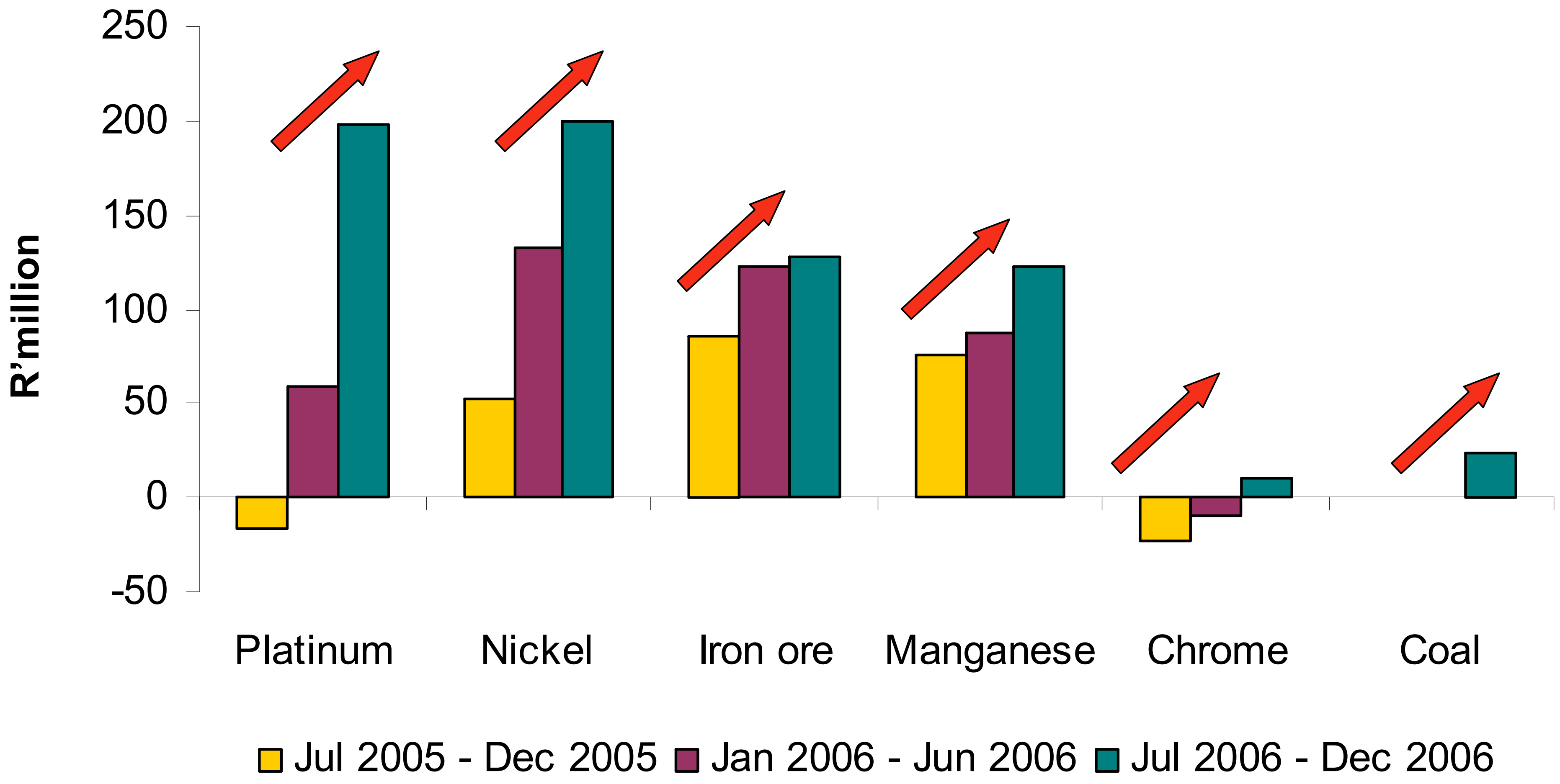


Headline earnings per share over 3 years



More balanced and diversified

Growth in headline earnings on a six monthly basis



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Highlights

- Two Rivers Platinum Mine commissioned and contributed R97 million to headline earnings for the period – capex R197 million below budget and ahead of schedule
- ARM Coal transaction with Xstrata successfully completed
  - Xstrata acquired Total SA’s 50% stake in ATC and ATCOM mines
- Khumani export iron ore mine construction commenced
  - evaluating the opportunity to increase first phase from 8.4 mtpa to 10 mtpa
- Record profits from Nkomati Nickel Mine

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Highlights

- Significant increases in product sales:

PGMs	↑	46% to 213 thousand ounces
Iron ore	↑	7% to 2.8 million tonnes
Manganese ore	↑	82% to 1 million tonnes
Ferromanganese	↑	2% to 133 thousand tonnes
Chrome ore	↑	23% to 69 thousand tonnes
Chrome alloys	↑	20% to 107 thousand tonnes

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Growth strategy

- We will continue investing capital in our organic growth programme to double production in key commodities in South Africa by 2010 :

Goedgevonden	➢ coal	TEAL	➢ copper / gold
Khumani	➢ iron ore	Modikwa	➢ platinum
Nkomati	➢ nickel	Manganese smelters	

- Significant exploration investment into Africa through TEAL
- We expect volume demand and commodity prices to remain strong
- Growth will be underpinned in the medium term by the favourable prices on certain key commodities
  - iron ore, PGMs, nickel and gold to remain strong
  - ferromanganese and ferrochrome have stabilised
- Good progress on our projects will continue to set a strong base for ARM to achieve its growth strategy

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We do it better

- Nchwaning III
- Two Rivers
- Khumani Mine
- Nkomati Chrome Mine
- Upgrading and modernisation of smelters
- Continuous cost reduction strategies at all operations

Increasing operational efficiency to maintain and improve competitiveness

Creating organic growth in key commodities and core assets – 2 x 2010 strategy

- Two Rivers
- Nkomati expansion
- Modikwa
- Dwarsrivier
- Khumani
- Nchwaning III
- GGV coal

ARM

Unlocking value in the exploration portfolio

Growing the company through value adding acquisitions

Listing and capitalisation of exploration assets through TEAL

Formation of ARM Coal with Xstrata

Business review

André Wilkens

Chief Executive Officer

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2 x 2010 growth strategy – 100% basis

ARM Platinum at a glance

Operation	Steady-state, ramp-up or exploration / project	Production in FY 2006	At steady state		Life of mine (years)
			Production	Financial year	
Modikwa	Ramp-up	293 313 oz PGMs	350 000 oz PGMs	2007	30 years on the UG2 orebody
Two Rivers	Ramp-up	n/a	220 000 oz PGMs	2008	20 years on the UG2 orebody
Nkomati Extension	Ramp-up	5 616 t Ni 3 398 t Cu 49 437 oz PGMs	5 000 t Ni n/a	n/a	10 years without large scale expansion released
Nkomati Large Scale Expansion	Project	n/a	21 500 t Ni 12 000 t Cu 130 000 oz PGMs	2010	20
Nkomati Chrome	Ramp-up	n/a	720 000 tpa	2007	5
Kalplats PGM Project	Exploration	n/a	n/a	n/a	n/a

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2 x 2010 growth strategy – 100% basis

ARM Ferrous at a glance

Operation	Metal / product	Production in FY 2006 Tonnes (000)	Capacity at steady-state		Life-of-mine (years)
			Tonnes 000 p/a	Financial year	
Nchwaning II & III	Manganese	2 424	3 000	Volumes dependent on market demand and logistical constraints	30
Gloria	Manganese	148	600	Volumes dependent on market demand and logistical constraints	30
Dwarsrivier	Chrome	526	1 500	2009	30
Beeshoek	Iron ore	5 536	6 000	Volumes to decline as Khumani ramp-up occurs	7
Khumani Ph1 Khumani Ph 2	Iron ore	Nil	8 400 16 800	2008 2010	30

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Attributable capital expenditure by division

R million	Actual June 2006	Estimate June 2007	June 2008	June 2009
ARM Platinum	1 114	820	355	257
• Modikwa	107	184	171	161
• Nkomati	50	213	54	-
• Two Rivers**	957	423	130	96
ARM Ferrous	554	907	920	583
ARM Coal	n/a	177	428	262
TEAL	2	73	1	1
ARM company	1	1	1	1
TOTAL	**1 671**	**1 978**	**1 570**	**944**

*** Excluding Nkomati Expansion and Modikwa Expansion (currently in feasibility)**

**** Consolidated (Impala share to be 45%)**

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We do it better

Unit cost improvements

			% decline for the period
ARM Ferrous (Assmang) (real terms)	Iron ore	↑	(6)
	Manganese ore	↓	11
	Manganese alloys	↓	6
	Chrome	↑	(3)
ARM Platinum	Modikwa	↑	(6)
	Two Rivers	↓	In build-up phase
Nickel	Nkomati (C1 cost)	↓	87

Khumani Iron Ore Project

- Construction of Phase 1 (8,4 mtpa) commenced on site in 2006
- R2 billion committed to date
- Application for mining license approved in December 2006
- On schedule for first export railings in April 2008
- Completion July 2008
- Saleable tonnage at Beeshoek continues at 5 mtpa
- On mine production costs anticipated to reduced by 20% to 30% compared with Beeshoek
- Negotiations with Transnet for a long term (25 years) export contract nearing finality
- 10 mtpa expansion and Phase 2 to be presented to boards during early 2007
- Funding from internal Assmang resources and debt capacity

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ARM Ferrous

Earnings for Assmang – 100% basis

	Six months ended 31 December	
R'million	**2006**	**2005**
Iron ore division	260	169
Manganese division	244	152
Chrome division	21	(46)
Total	**525**	**275**

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ARM Ferrous

Assmang product sales volumes – 100% basis

Six months ended 31 December

	2006 ‘000 metric tonnes	2005 ‘000 metric tonnes	% change
Iron ore	2 783	2 600	7%
Manganese ore *	1 046	573	82%
Manganese alloys	133	130	2%
Charge chrome	107	89	20%
Chrome ore *	69	56	23%

* Excluding intra-group sales

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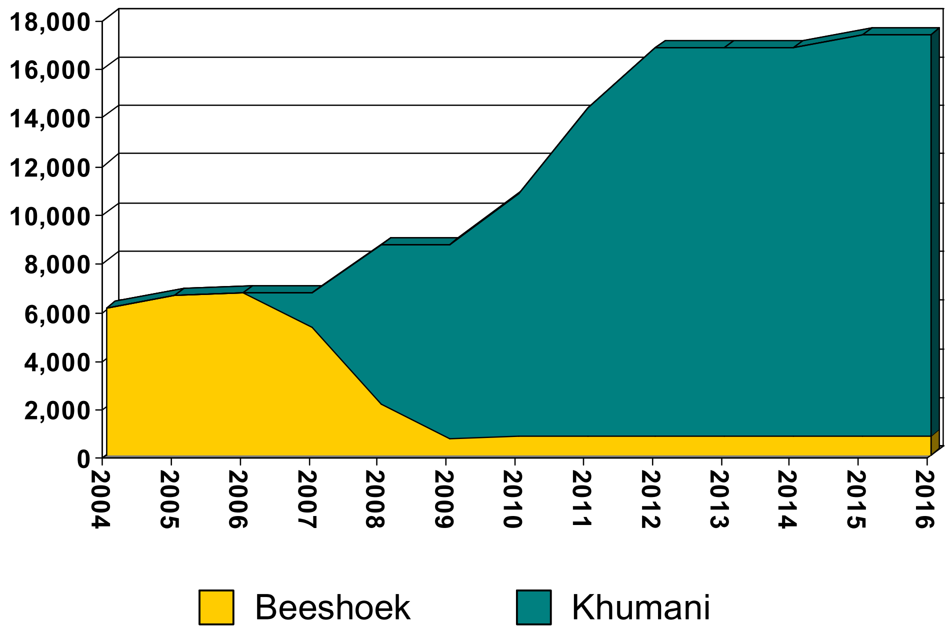
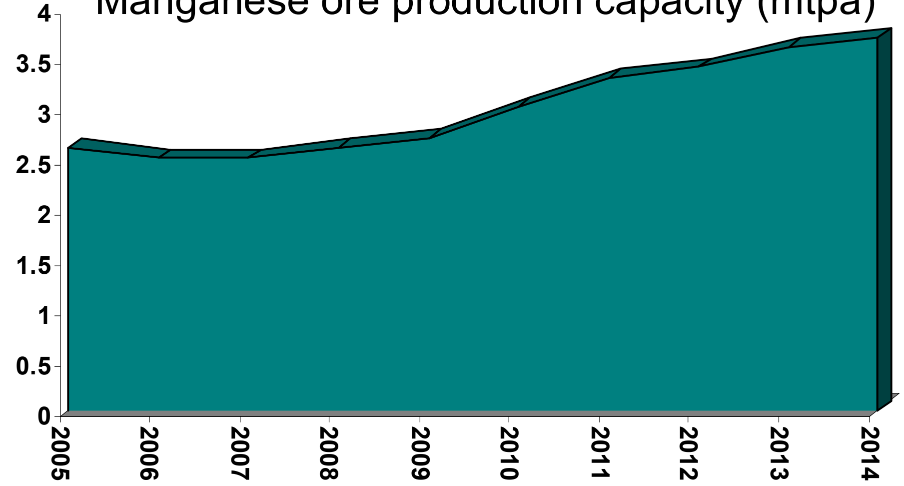
ARM Ferrous – production growth

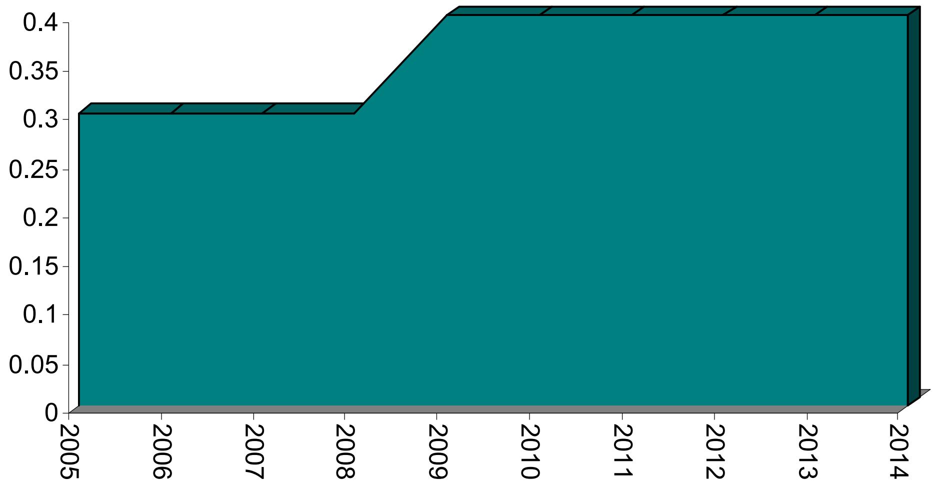
Iron ore: Projected export volumes (tpa)



Manganese ore production capacity (mtpa)



Ferromanganese production capacity (mtpa)



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ARM Platinum

- Modikwa Platinum Mine
  - Modikwa reported attributable earnings of R101 million, up from a loss of R17 million for the prior period
  - PGM in concentrate up by 8%
  - Cost per PGM ounce increased by 6% to R3 528 (US$487 per PGM ounce)
  - Ramp-up substantially complete and change in mining method (to breast mining on strike) sufficiently advanced
  - Opportunity to focus more aggressively on cost targets
- Future strategies:
  - entrench production levels
  - 24 km of strike and substantial amount of resources in the ground
    - further optimisation plans of the orebodies are being considered
    - Merensky trial mining

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ARM Platinum

Modikwa – 100% basis		Six months ended 31 December		
		2006	**2005**	**% change**
Tonnes milled	Million tonnes	1.31	1.29	2
Head grade (4E)	g/t	4.43	4.15	7
PGMs-in-concentrate	ounces	158 247	145 932	8
Cash cost:	• R/tonne	426	373	(14)
	• R/Pt oz	7 808	7 349	(6)
	• R/4E oz	3 528	3 311	(7)
Capex	R million	99	60	65
Cash operating profit	R million	491	82	499

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ARM Platinum

- Two Rivers Platinum Mine
  - Plant started ahead of schedule with ore throughput in August 2006
  - Cost capitalised to September 2006
  - Design milling capability of 225 000 tonnes per month achieved in January 2007 on a weekly basis
  - Mine to be at full capacity during Q4 of 2007 calendar year

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Two Rivers Platinum Mine

Current status

Project capex	R1.104 billion
Projected capital saving	R197 million
Mining production • initial ore stockpile • footwall decline down to 7 level • + North decline	 1 220 000 tonnes 40 000 tonnes per month
Concentrator • concentrator design throughput	 225 000 tonnes per month

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ARM Platinum

Two Rivers – 100% basis		Six months ended 31 December		
		2006	2005	% change
Tonnes milled	Million tonnes	0.75	n/a	n/a
Head grade (4E)	g/t	3.34	n/a	n/a
PGMs-in-concentrate	ounces	54 882	n/a	n/a
Cash cost:	• R/tonne	284	n/a	n/a
	• R/Pt oz	4 508	n/a	n/a
	• R/4E oz	2 580	n/a	n/a
Capex	R million	228	n/a	n/a
Cash operating profit (3 months)	R million	288	n/a	n/a

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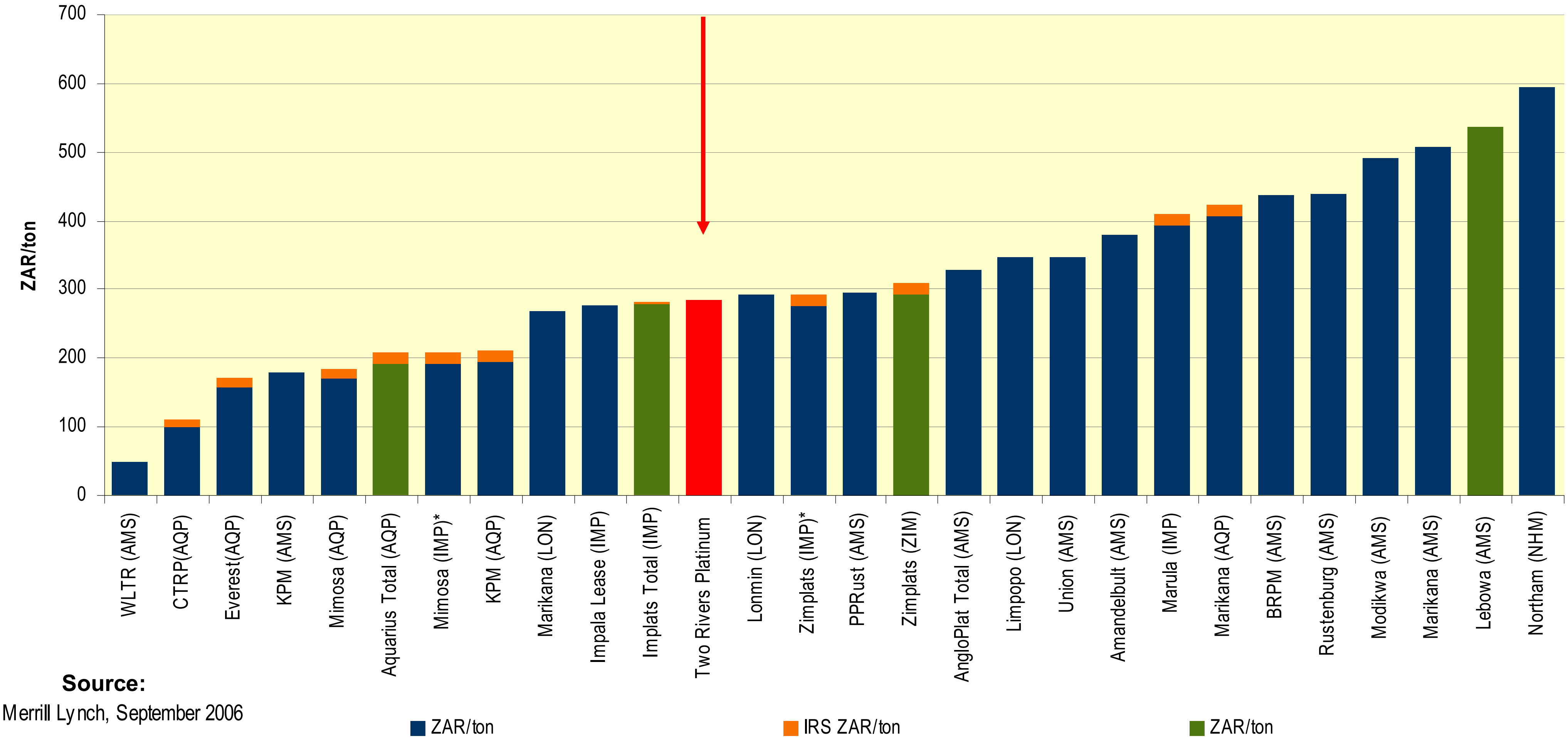
Two Rivers Platinum Mine

Industry cost curve



Source:
Merrill Lynch, September 2006

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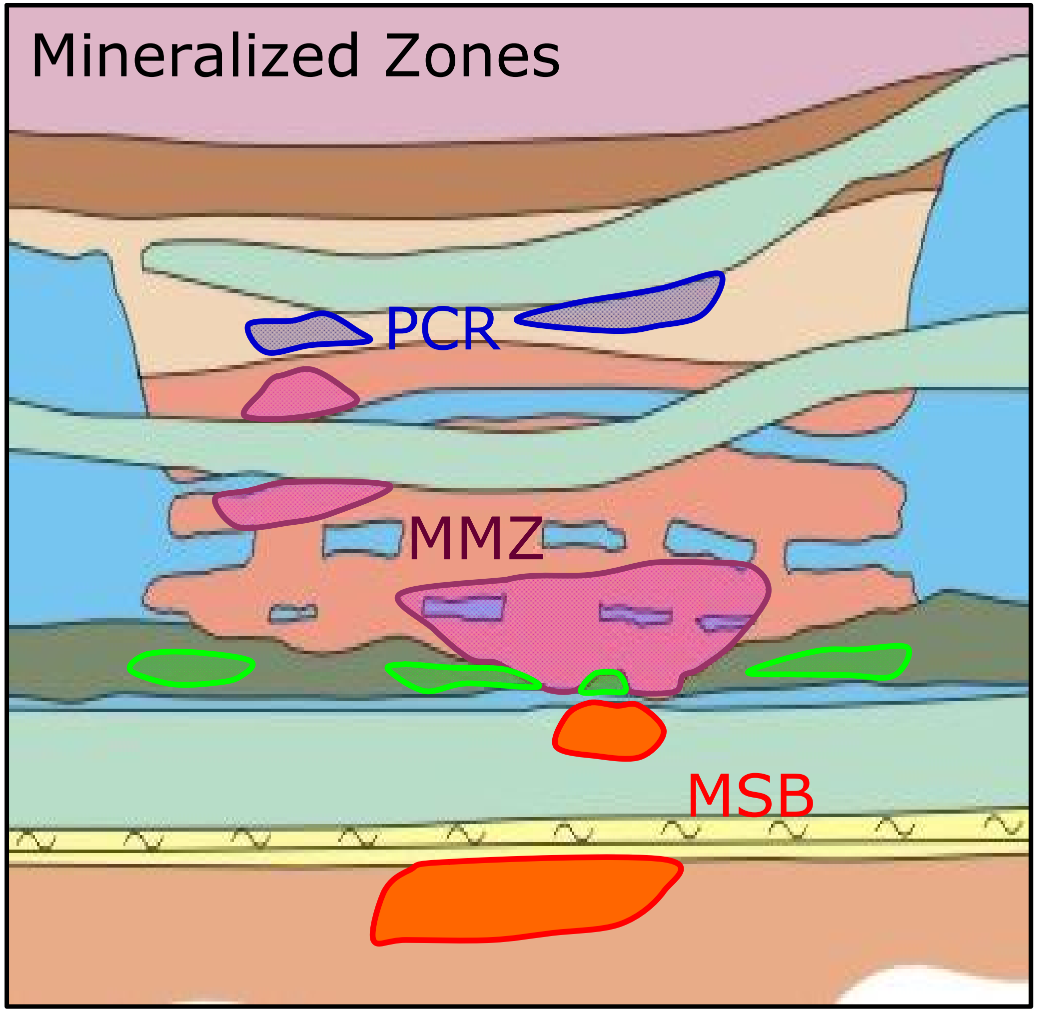
ARM Platinum

- Nkomati Nickel Mine
  - Mine fully exploited current high nickel prices
  - Resources and reserves for large scale expansion significantly increased
  - Transformation from low volume / high grade (MSB) to high volume / lower grade (MMZ) to take place this year



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Nkomati Expansion Phases

		Year 1	Year 2	Year 3	Year 4	Year 5
MSB **(30 tpm)**	Capex Revenue					
MMZ Phase 1 **(100 ktpm)**	Capex Revenue	R 400 m				
MMZ Phase 2 a (+ 375 ktpm) **475 ktpm**	Capex Revenue					
MMZ Phase 2b (Increase Phase 1 to 300 ktpm) **675 ktpm**	Capex Revenue					
Phase 3 Nickel refining **21 500t Ni/a**	Capex Revenue					

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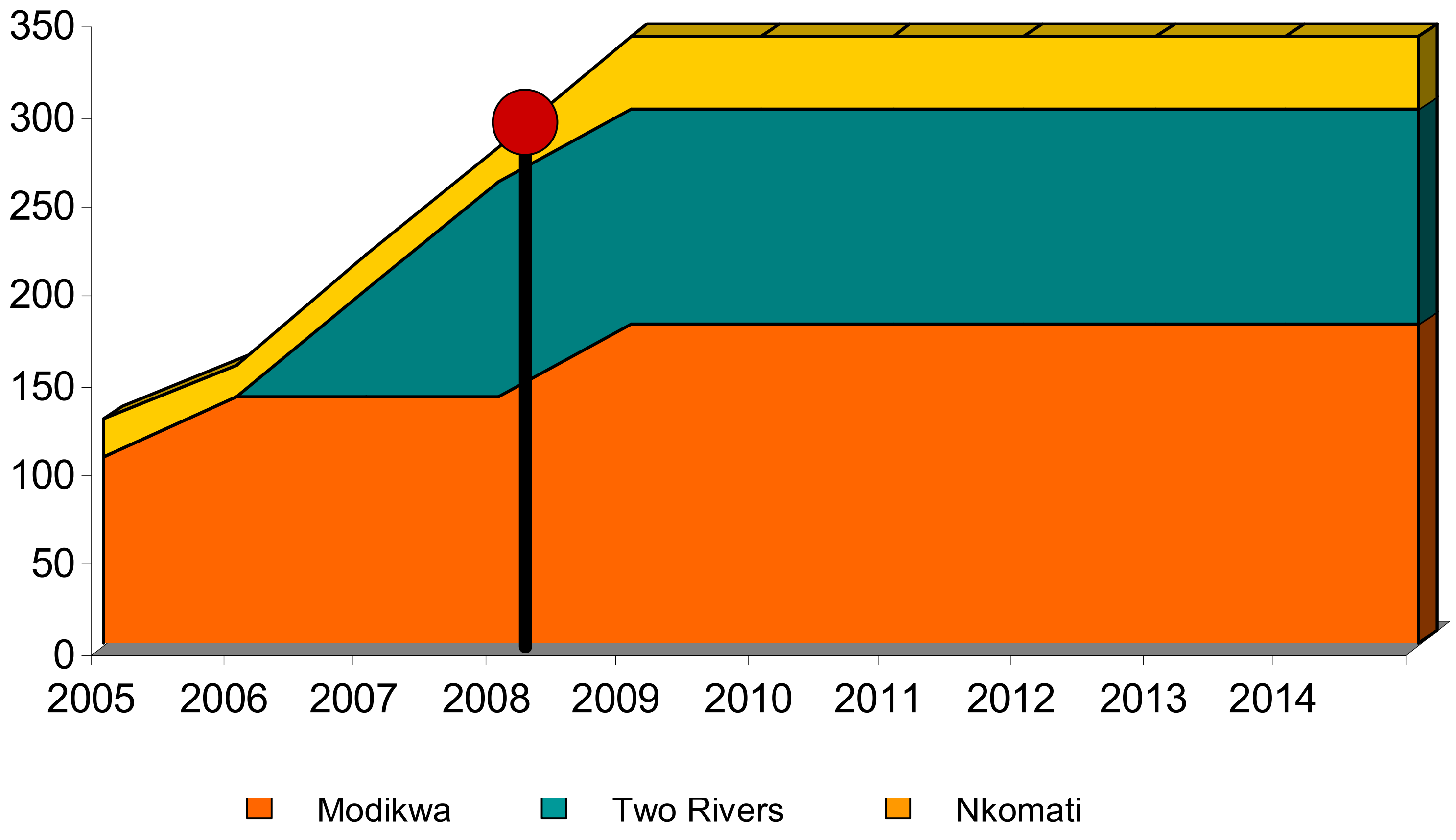
ARM Platinum

Nkomati – 100% basis

		Six months ended 31 December		
		2006	**2005**	**% change**
Cash operating profit	R million	602	195	209
Tonnes milled	Million tonnes	170	182	(7)
Head grade	% nickel	1.98	1.97	1
On-mine cash cost per tonnes treated	R/tonne	446	508	12
Cash cost (net of by-products)	US$/lb	0.11	0.87	87
Market sales				
Nickel	tonnes	2 448	2 534	(3)
Copper	tonnes	1 555	1 485	5
Cobalt	tonnes	36	42	(14)
PGMs	ounces	19 428	16 431	18
Chrome ore	tonnes	166 648	n/a	n/a

ARM Platinum – PGM production growth

Growth in attributable PGM ounces (000oz)



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ARM Coal

- Formation of ARM Coal now fully implemented
  - Effective economic stake in Xstrata Coal South Africa at 20.2% (post option exercised by ARM)
  - 51% shareholding in the 6.6 mtpa Goedgevonden project
- Xstrata Coal SA bought the 50% held by Total SA in the ATCOM and ATC mines thereby securing outright control
  - Xstrata now able to enhance efficiency of these mines and resource significantly
- Goedgevonden coal project:
  - 6.6 mtpa saleable coal per annum
  - 3.2 mtpa of the above to be exported
  - total capex of R2.9 billion
  - first production Q1 2009
  - RBCT capacity application submitted

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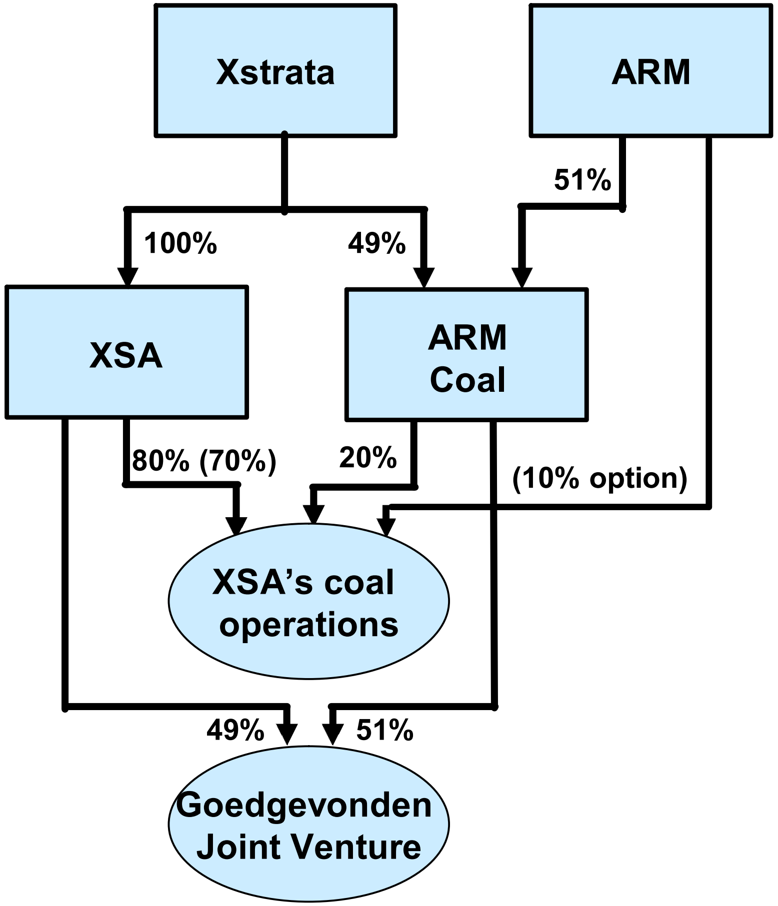
ARM Coal

Structure



Transaction Steps

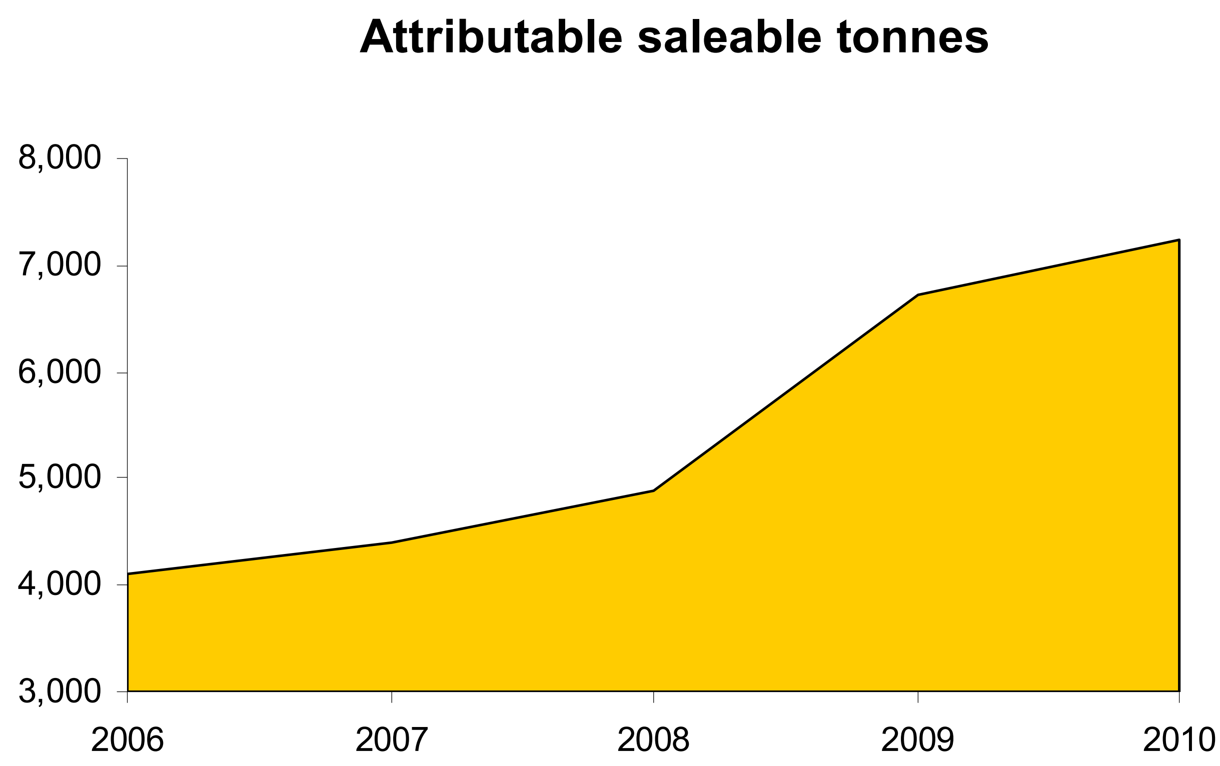
❶ ARM Coal is established and ARM and Xstrata subscribe for their interests through respective contributions of R400 million and R384 million

❷ ARM Coal subscribes for a 20% interest in Xstrata Coal SA in the form of participating preference shares, giving ARM Coal the right to participate in Xstrata's existing South African coal business

❸ ARM Coal acquires a 51% controlling stake in the Goedgevonden (unincorporated) Joint Venture

❹ On 1 September 2006 ARM acquired an additional 10% direct equity based participation interest in Xstrata Coal South Africa for a subscription price of R400 million

ARM Coal – production growth



- 76% growth over 5 years
- Total synergy with ATC
- Applied for 3,2 mtpa Phase V Richards Bay Coal Terminal
- 18 new prospecting licenses

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TEAL

- Significant upside achieved on Otjikoto gold orebody
  - 873 000 oz defined in IPO prospectus in late 2005
  - Upgraded by 46% to 1 300 000 ounces by 2006
  - Further drill results being analysed
- Mwambashi feasibility study completed
  - 12 000 tonnes per annum of copper
- Konkola North feasibility study expected to be finalised by April 2007
- Progress in the DRC:
  - resolved issue with artisanal miners
  - established drill rigs and bulldozers on site at Kalumines copper-cobalt project
  - Three drill rigs on site

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Summarised income statement

R'million	Six months ended 31 December Unaudited** 2006	Reviewed 2005
Revenue	**2 641**	2 362
Profit from operations	**1 039**	498
Income from investments	**24**	10
Finance costs	**(151)**	(81)
Income from associate	**34**	-
Exceptional items	**14**	116
Taxation	**(329)**	(166)
Minority interest	**(71)**	(130)
Profit after tax and minorities	**560**	247
Headline earnings	**548**	131

** Assmang proportionately consolidated with effect from 1 March 2006

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Summarised balance sheet

R'million	Unaudited December 2006	Audited June 2006
ASSETS		
Non-current assets	**14 009**	12 305
Current assets	**3 018**	2 306
	17 027	14 611
EQUITY AND LIABILITIES		
Capital and reserves	**10 745**	10 250
Minority interest	**217**	143
Total shareholders' interest	**10 962**	10 393
Non-current liabilities	**4 224**	2 606
Current liabilities	**1 841**	1 612
	17 027	14 611
Net debt	**3 279**	1 813

- Balance sheet strong with total assets of R17 billion

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Breakdown of total debt

Long and short term debt at 31 December 2006

	R million
Assmang – 50%	143
ARM Company	1 283
Modikwa	454
ARM Coal	445
Two Rivers (ARM share)	455
ARM attributable debt	2 780
Two Rivers (Impala share)	940
Total debt	**3 720**
Net gearing (attributable debt)	**2 339**

- EBITDA for the period strong at R1.2 billion
- Net gearing for ARM relatively low at 21%
- Sufficient capacity to fund current growth

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Questions?