Nkomati Nickel Mine
Large Scale Expansion

Wednesday, 24 October 2007
Disclaimer

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Agenda

• André Wilkens, CEO, African Rainbow Minerals
  • ARM 2 x 2010 growth strategy

• Horst Jäger, General Manager, Nkomati Mine
  • Safety
  • Geology
  • Current operation – Phase 1
  • Large Scale Expansion Project
  • Key milestones
André Wilkens
CEO, African Rainbow Minerals

ARM 2 x 2010 growth strategy
Investing in our future

More matured portfolio with lower risk profile and stronger balance sheet
### Nkomati expansion phases

#### Phase 1
- **Plant capacity (MSB):** 30 000 tpm
  - MSB underground
- **Plant capacity (MMZ):** 100 000 tpm
  - MMZ underground
  - MMZ opencast
- **Ni:** c. 5 500 tpa
- **Ni grade:** 1.85%
- **Capital expenditure:** R 400 m

#### Phase 2
- **Plant capacity (MMZ):** 375 000 tpm
  - MMZ underground
  - MMZ opencast
  - MMZ/PCMZ opencast
- **Ni:** c. 15 000 tpa
- **Ni grade:** 0.45%
- **Capital expenditure:** R 3 200 m

- **Plant capacity (PCMZ):** 250 000 tpm
  - PCMZ opencast
- **Ni:** c. 5 500 tpa
- **Ni grade:** 0.23%

#### Total Nkomati at steady state
- **Plant capacity (MMZ):** 625 000 tpm
- **Ni:** c. 20 500 tpa
- **Ni grade:** 0.36%

### Cumulative plant capacity (tpm)

<table>
<thead>
<tr>
<th>Source of ore (tpm)</th>
<th>Current</th>
<th>Phase1</th>
<th>Phase2a</th>
<th>Phase2b</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSB</td>
<td>30</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>MMZ</td>
<td>-</td>
<td>100</td>
<td>375</td>
<td>375</td>
</tr>
<tr>
<td>PCMZ</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>250</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>30</strong></td>
<td><strong>100</strong></td>
<td><strong>375</strong></td>
<td><strong>625</strong></td>
</tr>
</tbody>
</table>
Horst Jäger
General Manager, Nkomati Mine

- Safety
- Geology
- Current operation – Phase 1
- Large Scale Expansion Project
- Key milestones
Our vision

Nkomati
A significant nickel producer
creating quality of life
and sustainable growth
Overview of Nkomati

- Nkomati is South Africa’s only primary nickel mine
- Polymetallic deposit - nickel, copper, chrome and PGMs
- Ultra low cash cost nickel mine: $-0.75/lb nickel net of by-products (FY: 2006)
- Major mining expansion and Activox® potential
- Large resource and potential for growth

Mine comprises:
- Underground nickel mine
- Nickel open pits
- Two metallurgical plants
- Large disseminated sulphide ore body
- Chrome operation
- 520 employees plus contractors
The history of Nkomati

- 1990 Discovered massive sulphides
- 1997 Nkomati Mine established
- 2005 LionOre acquires 50%
- 2006 Approval for Phase 1 Expansion and chrome operation
- 2007 Norilsk successfully acquires Nkomati from LionOre
- 2007 Completion of Phase 1 Expansion in time and budget
- 2007 Large Scale Expansion Phase 2 feasibility study completed
- 2007 Large Scale Expansion Phase 2 released
Safety performance

LOST TIME INJURY FREQUENCY RATE

<table>
<thead>
<tr>
<th>Year</th>
<th>LTIFR</th>
</tr>
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<tbody>
<tr>
<td>2004-2005</td>
<td>3.2</td>
</tr>
<tr>
<td>2005-2006</td>
<td>3.35</td>
</tr>
<tr>
<td>2006-2007</td>
<td>0.8</td>
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<tr>
<td>07-Jul</td>
<td>2.97</td>
</tr>
<tr>
<td>07-Aug</td>
<td>3.22</td>
</tr>
<tr>
<td>07-Sep</td>
<td>8.80</td>
</tr>
</tbody>
</table>
Regional geology
Orebody footprint
Underground mining in relation to surface mining
Idealized cross section of Uitkomst Complex
Mineralized zones

PCMZ

MMZ

BMZ

MSB
### 2007 MINERAL RESOURCES, NKOMATI MINE & PHASE 2 EXPANSION PROJECT (with depletion by production as at 30 June 2007)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cut-off (N%)</td>
<td>Tonnes</td>
<td>Ni%</td>
</tr>
<tr>
<td><strong>Current Mine &amp; Phase 1 Expansion</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MSB - Lens 1, Lens 3 &amp; Mauhom Lens</td>
<td>0.35</td>
<td>68,000</td>
<td>2.23</td>
</tr>
<tr>
<td>GMZ (Underground)</td>
<td>0.35</td>
<td>46,000</td>
<td>0.67</td>
</tr>
<tr>
<td>MMZ (Underground)</td>
<td>0.35</td>
<td>1,090,000</td>
<td>0.55</td>
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<tr>
<td>MMZ (Open Pit) Pit 1</td>
<td>0.35</td>
<td>2,413,000</td>
<td>0.49</td>
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<tr>
<td><strong>Phase 2 Expansion Project</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>MMZ (Underground) [Includes Current Mine]</td>
<td>0.30</td>
<td>48,602,000</td>
<td>0.48</td>
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<tr>
<td>MMZ (Open Pit) Pits 2 &amp; 3</td>
<td>0.24</td>
<td>82,641,000</td>
<td>0.43</td>
</tr>
<tr>
<td>PCMZ (Underground)</td>
<td>0.30</td>
<td>19,948,000</td>
<td>0.38</td>
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<tr>
<td>PCMZ (Open Pit) Pits 2 &amp; 3</td>
<td>0.18</td>
<td>122,697,000</td>
<td>0.23</td>
</tr>
<tr>
<td><strong>TOTAL 2007 MINERAL RESOURCE</strong></td>
<td>1,193,000</td>
<td>0.67</td>
<td>0.30</td>
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<tr>
<td><strong>TOTAL 2008 MINERAL RESOURCE</strong></td>
<td>1,316,000</td>
<td>1.03</td>
<td>0.49</td>
</tr>
</tbody>
</table>

4E means platinum + palladium + rhodium + gold
## Reserve Statement

### 2007 MINERAL RESERVES, NKOMATI MINE & PHASE 2 EXPANSION PROJECT (with depletion by production as at 30 June 2007)

<table>
<thead>
<tr>
<th></th>
<th>Proved Mineral Reserve</th>
<th></th>
<th>Probable Mineral Reserve</th>
<th></th>
<th>Total Mineral Reserve</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cut-off (Ni%)</td>
<td>Tonnes</td>
<td>Ni%</td>
<td>Cu%</td>
<td>Co%</td>
</tr>
<tr>
<td><strong>Current Mine/Phase 1 Expansion</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MSB - Lens 1, Lens 3 &amp; Mauhom Lens</td>
<td>0.35</td>
<td>62,000</td>
<td>1.83</td>
<td>1.00</td>
<td>0.07</td>
</tr>
<tr>
<td>MMZ (Underground)</td>
<td>0.50</td>
<td>330,000</td>
<td>0.58</td>
<td>0.24</td>
<td>0.03</td>
</tr>
<tr>
<td>MMZ (Open Pit) Pit 1</td>
<td>0.35</td>
<td>1,600,000</td>
<td>0.58</td>
<td>0.24</td>
<td>0.04</td>
</tr>
<tr>
<td><strong>Phase 2 Expansion Project</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MMZ (Open Pit) Pits 2 &amp; 3</td>
<td>0.24</td>
<td>67,900,000</td>
<td>0.42</td>
<td>0.18</td>
<td>0.03</td>
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<tr>
<td>PCMZ (Open Pit) Pits 2 &amp; 3</td>
<td>0.16</td>
<td>86,230,000</td>
<td>0.22</td>
<td>0.06</td>
<td>0.01</td>
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<tr>
<td><strong>TOTAL 2007 MINERAL RESERVE</strong></td>
<td>392,000</td>
<td>0.79</td>
<td>0.36</td>
<td>0.04</td>
<td>2.03</td>
</tr>
<tr>
<td><strong>TOTAL 2008 MINERAL RESERVE</strong></td>
<td>716,000</td>
<td>1.34</td>
<td>0.66</td>
<td>0.06</td>
<td>5.09</td>
</tr>
</tbody>
</table>

4E means platinum+ palladium+ rhodium+ gold
### Oxidised Massive Chromite Resource as at 30 June 2007

<table>
<thead>
<tr>
<th>Chromitite (at 30% Cr2O3 cut off)</th>
<th>Tonnes</th>
<th>Cr2O3%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measured Resource</td>
<td>735,000</td>
<td>36.36</td>
</tr>
<tr>
<td>Indicated Resource</td>
<td>5,498,000</td>
<td>33.08</td>
</tr>
<tr>
<td><strong>Total Measured &amp; Indicated Resource</strong></td>
<td><strong>6,233,000</strong></td>
<td><strong>33.47</strong></td>
</tr>
<tr>
<td>Inferred Resource</td>
<td>2,373,000</td>
<td>32.85</td>
</tr>
</tbody>
</table>

### Oxidised Massive Chromite Reserves as at 30 June 2007

<table>
<thead>
<tr>
<th>Chromitite</th>
<th>Tonnes</th>
<th>Cr2O3%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Probable Mineral Reserve (30% Cr2O3 Cut-off)</td>
<td>6,560,000</td>
<td>31.10</td>
</tr>
</tbody>
</table>
Current operation – Phase 1
Nkomati Phase 1 – Current Mine

- Interim Plant for MSB closure in 2007 and commissioning of the Large Scale Expansion (Phase 2) Project
- Objective of the Phase 1 (interim) project
  - Financially self-sustaining
  - Sustain metal output for a period of 10 years
  - Maintain skill set
  - Trial mining opportunity, e.g. grade control
  - Tax implications
  - Rehabilitation implications
  - South African Mineral Rights retention
- Project incorporated as strategic part of the Large Scale Expansion (Phase 2) Project
Current Operation – Phase 1

- 47 Kt nickel ore sourced from underground – remaining MSB (till December 2007) and MMZ
- 65Kt nickel MMZ ore sourced from Pit 1 and Pit 2
- Two plants - original MSB plant capacity of 12 ktpm ROM MMZ
  - new 100Kt Plant ramp up to 100 Kt by November 2007
- Concentrate production is toll treated at BCL and Xstrata’s Sudbury
- Chrome – 150 Kt feed producing 75 Kt chrome product from Pit 2 and Pit 3
- Stockpiling of 75 Kt chrome fines per month
- 180 Kt of ROM chrome production to stockpile
- Dry screening of ore to produce a lump product
- Chrome sold “free on truck”
Underground mining

- Mechanized mining
- Highly automated - direct labour 4 x 4 shift arrangement
- Primary drift and benching with backfill (MSB)
- Remote loading was introduced where bench mining between backfill pillars is taking place > 10.0m
- Bord and pillar or retreat open stoping (MMZ)
Open-pit mining

- Current Mining
  - Pit 1B
    - Overburden stripping – 200 kt
    - MMZ ore – 50 kt
  - Pits 2 & 3
    - Overburden stripping – 249 kt
    - Ore 350 kt
      - ROM feed – 170 kt
      - ROM stockpile – 180 kt
- Drill and blast operations are owner operated
- Muck and haul contracted to ECMP
Metallurgy – concentrate production

- Concentrator process is crush, mill and float
- Two Plants running in tandem
  - 100 Ktpm concentrator
  - 12 Ktpm milling circuit from MSB plant
- Flow sheet consists of:
  - two stage crushing
  - one stage milling
- Average run of mill grade - 0.58%
- Concentrate grade - 9%
Concentrate is toll smelted and refined

Forecast production of 5 000 tpa nickel (100% basis)

Associated by-products:
  - Cu 2 500 t
  - Co 300 t
  - Pt 6 500 oz
  - Pd 19 000 oz
  - Au 1 000 oz

Estimated cash cost $2.65 – 2.75/lb nickel

Capital cost $62 million (R384 million)

Nickel price assumption of below $4/lb. yields an IRR of above 20%
Large Scale Expansion Project
<table>
<thead>
<tr>
<th>Phase</th>
<th>Start Date</th>
<th>End Date</th>
<th>Timeline Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSB (30 ktpm)</td>
<td>2006</td>
<td>2006</td>
<td>Completed</td>
</tr>
<tr>
<td>Phase 1: 100 ktpm MMZ (100 ktpm)</td>
<td>2006</td>
<td>2009</td>
<td>Feasibility study, Construction, Production</td>
</tr>
<tr>
<td>Phase 2A: 375 ktpm MMZ (475 ktpm)</td>
<td>2006</td>
<td>2010</td>
<td>Feasibility study, Construction, Production</td>
</tr>
<tr>
<td>Phase 2B: PCMZ upgrade P1 to 250 ktpm (625 ktpm)</td>
<td>2006</td>
<td>2011</td>
<td>Feasibility study, Construction, Production</td>
</tr>
<tr>
<td>Activox Refinery Phase 3 (+20 000 tonnes nickel per annum)</td>
<td>2006</td>
<td>2011</td>
<td>Feasibility study, Construction, Production</td>
</tr>
</tbody>
</table>
Phase 2 - underground mining

- Remains at 47 Kt per month
- Additional ore converted to reserves from resources
- Potential for additional studies to investigate methods to increase underground ore extraction
- Exploration continues for another MSB body
  - 18 new nickel prospecting licenses in area secured
Phase 2 - Surface Mining

- Focus on Pits 2 and 3 – assumptions Pit 1 mined out and chrome removed
  - MMZ – mined at a rate of 325 Ktpm ramping up to 425 Kt
  - PCMZ – mined at a rate of 250 Kt ramping up to 300 Kt
- Drill and blast operations are owner operated
- Muck and haul contracted out
- Pre-stripping of Pit 3 to start by January 2008
- Tonnage ramp up to 3 million tonnes moved per month
- Waste rock dump building and scheduling a challenge
Phase 2 –
Proposed Pit 2 and Pit 3
Annual Mined Tonnages

Year 2007/08: 4,500,000
Year 2008/09: 6,166,439
Year 2009/10: 3,608,513
Year 2010/11: 35,131,919
Year 2011/12: 36,981,371
Year 2012/13: 36,840,577
Year 2013/14: 33,775,005
Year 2014/15: 35,035,005
Year 2015/16: 36,790,988
Year 2016/17: 36,999,988
Year 2017/18: 37,000,000
Year 2018/19: 36,999,988
Year 2019/20: 37,000,000
Year 2020/21: 37,000,000
Year 2021/22: 37,000,000
Year 2022/23: 37,000,000
Year 2023/24: 37,000,000
Year 2024/25: 36,999,988
Year 2025/26: 63,471,600

- Pit 3 capacity (xpac)
- Pit 2 capacity (xpac)
- Total rock
Annual Ni Mill Headgrades
Phase 2 concentrate production - metallurgy
Phase 2 concentrate production - metallurgy

- Areas of responsibility
  - ROM ore delivery system
- Two concentrator plants
  - 375 Ktpm MMZ
  - 250 Ktpm PCMZ
  - the 375 Ktpm MMZ Plant - a new plant under construction
  - the 250 Ktpm PCMZ Plant will be an upgrade of current 100 Ktpm plant
Nickel production
• Oxidised Chrome (1 mtpa – 4 years)
  • Current (monthly)
    • ROM feed – 170 kt
    • Lump and chips – 102 kt
    • Fines to stockpile – 68 kt
  • Future (July 2008)
    • Chrome washing plant
    • 900 kt stockpile
    • 50 kt per month
    • Scope for producing graded products
• Future PCMZ chrome (July 2011)
  • 37 kt
  • Scope for producing graded products
Phase 2 waste rock dump design

- Terraced slope – 12m berms, faces at 22 degrees
- Slope angle 1:3 or 18 degrees
- Water drained on each terrace 1:200
- Bottom up construction in 20 meter lifts
- Layered profile – hard rock, soft rock, saprolite, topsoil
- ARD encapsulated within CDSF
- Compacted saprolite layer lining
Key milestones

• Hot commissioning starts (MMZ) : September 2009
• Full production reached (MMZ) : February 2010
• Hot commissioning starts (PCMZ) : November 2010
• Full production (PCMZ) : January 2011

• Life of Interim Plant : 10 years
• Construction period : 24 months
• Ramp-up period : 6 months
• Phase 2 Project production period : 18 years
Questions?