Coaltrans South Africa
Realising the value of South African coal
Stompie Shiels, Executive Director: Business Development
8 September 2008
Disclaimer

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Perfect diversified commodity mix

**ARM market capitalisation:**
R50 billion or $6.5 billion

**ARM share price:**
R235 per share at 25 August 2008

- **ARM Platinum**
  - PGMs
    - 50% Modikwa*
    - 55% Two Rivers
  - Nickel, PMGs and chrome
    - 50% Nkomati
  - PGM exploration
    - 90% Kalplats

- **ARM Ferrous**
  - Iron Ore
    - 50% Beechwood
    - 50% Khumani
  - Manganese Ore
    - 50% Nchwaning
    - 50% Ulon
  - Manganese Alloys
    - 50% Cato Ridge (CR)
    - 20% CR Alloys
  - Chrome Ore
    - 50% Dwarsrivier
  - Ferrochrome
    - 50% Machadodorp

- **ARM Coal**
  - 20% Xstrata Coal
    - South Africa
  - 51% Guergevonden

- **Exploration TEAL** (primary listing on TSX)
  - Zambia
    - 100%* Konkola North
    - 70% Mwambashi
    - 51% Kafue JV
    - 70% Copper Bell JV
  - DRC
    - 60% Karumines
  - Namibia
    - 90% Otjikoto

- **Gold Harmony** (primary listing on TSX)

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*Assets held through the ARM Mining Consortium, effective interest at 41.5%, the balance held by the local communities.
**Assets held through a 50% shareholding in Assmang Limited.
*Konkola North is subject to a buy-in right up to 20% (51% carried) by state-owned ZCCM Investment Holdings plc.
Growing diversified commodity business

Attributable EBIT split between operations

12 months to 30 June 2007

- Iron Ore: 20.6%
- Manganese: 19.3%
- Chrome: 2.6%
- Thermal Coal: 0.3%
- Platinum Group Metals: 37.0%
- Nkomati*: 20.3%

12 months to 30 June 2008

- Manganese: 49.1%
- Chrome: 7.5%
- Thermal Coal: 0.7%
- Platinum Group Metals: 24.4%
- Nkomati*: 9.6%

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

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

* Nkomati operating profit split:
  Nickel (44%) and Chrome (56%)
Continuous focus on reducing costs

ARM target for operations on the respective global cost curves by 2012 (steady state)
Role of partnership:

- Access to good coal assets
- Access to coal markets
- Exposure to XCSA expertise
- Funding facilitation
- Successful black owned entity
- Access to Eskom and RBCT
- Fulfils the spirit of MPRDA
- Vehicle for future growth
- Contribute and share mining skills and experience
- Building good relationships in the rest of Africa
Location of coalfields

* Operational complexes and future prospects under joint evaluation
ARM Coal EBIT profile

EBIT – attributable to ARM Coal

F2008: R329 million

PCB  GGV

F2007  F2008

<table>
<thead>
<tr>
<th></th>
<th>PCB</th>
<th>GGV</th>
</tr>
</thead>
<tbody>
<tr>
<td>F2007</td>
<td>90</td>
<td>7</td>
</tr>
<tr>
<td>F2008</td>
<td>284</td>
<td>45</td>
</tr>
<tr>
<td></td>
<td>F2008</td>
<td>F2007</td>
</tr>
<tr>
<td>--------------------------------</td>
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<td>-------</td>
</tr>
<tr>
<td><strong>Total production and sales</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Saleable production</td>
<td>Mt</td>
<td>25.3</td>
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<tr>
<td>Export thermal coal sales</td>
<td>Mt</td>
<td>13.7</td>
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<tr>
<td>Domestic thermal coal sales</td>
<td>Mt</td>
<td>13.2</td>
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<tr>
<td><strong>Attributable production and sales</strong></td>
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<tr>
<td>Saleable production</td>
<td>Mt</td>
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<tr>
<td>Export thermal coal sales</td>
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<tr>
<td>Domestic thermal coal sales</td>
<td>Mt</td>
<td>2.8</td>
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<tr>
<td><strong>Average received coal price</strong></td>
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<td></td>
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<tr>
<td>Export (FOB)</td>
<td>US$/t</td>
<td>58.5</td>
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<tr>
<td>Domestic (FOR)</td>
<td>R/t</td>
<td>104.3</td>
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<tr>
<td>On mine saleable cost</td>
<td>R/t</td>
<td>148.4</td>
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<tr>
<td><strong>Cash operating profit</strong></td>
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<td></td>
</tr>
<tr>
<td>Total</td>
<td>R million</td>
<td>2 620</td>
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<tr>
<td>Attributable</td>
<td>R million</td>
<td>540</td>
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<tr>
<td>Headline earnings attributable to ARM</td>
<td></td>
<td>175</td>
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</table>
• Limited impact from load shedding on all coal operations of XCSA, however infrastructure related power disruptions more significant
• Industry awaits clarification of Eskom’s proposed power conservation programme (PCP) and implementation for Q4’08 inclusive of regulatory process (Nersa), power allocations and tariff structure
• However measures in place to reduce consumption include:
  • Stoppage of less efficient plants (Phoenix plant)
  • On-mine power saving strategies and energy efficiency programmes
  • Introduction of diesel generators
  • Diesel instead of electric shovels chosen at GGV
• Increase in Eskom coal supply year on year, especially from GGV
Goedgevonden Coal Project

Sales volumes

- Export sales
- Eskom sales

Years:
- 2007
- 2008
- 2009
Goedgevonden Coal Project

Sales prices

- Eskom coal
- Export price Rands

R/tonne

2007 2008 2009

Years
Revenue composition – Total ARM Coal

- **Export**:
  - **F2007**: R1000000
  - **F2008**: R1500000
  - **F2009**:

- **Eskom**:
  - **F2007**:
  - **F2008**:
  - **F2009**:

- **Domestic**:
  - **F2007**: R500000
  - **F2008**:
  - **F2009**:

R'000
Goedgevonden Coal Project (GGV) is 51% owned by ARM Coal and 49% owned by Xstrata

<table>
<thead>
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<th>6.7 mtpa saleable thermal coal</th>
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<tr>
<td>3.2 mtpa export sales</td>
</tr>
<tr>
<td>27,5 mj/kg</td>
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<tr>
<td>3.5 mtpa domestic sales</td>
</tr>
<tr>
<td>22 mj/kg</td>
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- ARM Coal has secured 3.2 mtpa additional capacity at Richard’s Bay Coal Terminal (RBCT)
- 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, 70% committed, funded by Xstrata Coal
Goedgevonden orebody

- Multi Seam and Multi-product
  - Three different seams namely: 2 Seam, 4 Seam and 5 Seam
  - Eskom washed product of 22MJ/kg
  - Export 6,000 kcal/kg (27,5 MJ/kg) product
  - 5 Seam for local ferrochrome/alloys market
- Average strip ratio of 2.2 bcm/tonnes
- Mineable reserves of 357 Mt ROM, life of mine is 33 years
- Product yield of 55% (12 Mt ROM and 6.7 Mt salable product)
Goedgevonden orebody

Deep weathering due to draping and associated fracturing of overlying strata.

PRE-KAROO HIGH

Coal seams lap onto the pre-Karoo Basement.

Legend:
- No. 5 Seam
- No 4 Seam
- No 2 Seam
- Dwyka
- Pre-Karoo Basement
- Weathered Zone
- 5 Seam Overburden
- 4-5 Interburden
- 2-4 Interburden
Cross-section of GGV coal seams

LEGEND
- Overburden
- Grit
- Sandstone
- Siltstone
- Shale
- Mudstone
- Coal
- Dwyka
- Pre-Karoo Basement

- Very fine-grained
- Fine-grained
- Medium-grained
- Coarse-grained
- Very coarse-grained

BUSHVELD COMPLEX

VRYHEID FORMATION

- Number 5 Seam
- Number 4 Top Seam
- Number 4 Select Seam
- Number 3 Seam
- Number 2 Top Seam
- Number 2 Select Seam
- Number 1 Seam
- Dwyka Tillite
- Pre-Karoo Basement
- Overburden
• 5 km of provincial road diversion
• 14 km of stream diversion (initial 7 km, and further 7 km over LOM)
• Construction of 10 km of rail link from GGV to Saaiwater siding to link into Transnet’s Richards Bay dedicated coal line
• 2 x 1000 tph primary DMS multi-product coal processing plant
• Stacker and tunnel reclaim system with rapid loading rail terminal
• Mine residue facility
• Pit development, using draglines and diesel truck / shovels
• General mine infrastructure (offices, workshops, etc.)
• Eskom dispatch options (rail / road and conveyor)
Project key milestones

- Road diversion
  - East Portion in May 2008
  - West Portion in Aug 2008
- Bridges
  - Rail over Rail in July 2008
  - Rail over Road in July 2008
  - Road over Rail in July 2008
  - Rail over Stream in July 2008
- River Diversion (Northern Portion) in August 2008
- Commissioning of mining equipment fleet in August 2008
Construction site
Sumps installation at CHPP
Conclusion

- ARM Coal has established a track record of operational performance and project delivery
- Addition of coal into the portfolio has added value to ARM
- Partnership with Xstrata has been very rewarding
- ARM Coal’s BEE credentials facilitated the license conversion at GGV and Zaaiwater and 3.2 million tonne RBCT Phase V allocation
- Goedgevonden Coal Project is well in track for delivery on time and on budget
- Current Xstrata prospecting licenses are being reviewed for further ARM Coal growth opportunities
Thank you