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 (6.7 million tonnes per annum by 2011)
• Modikwa achieves a safety record of 2 million fatality free shifts
Operational highlights

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
Operational highlights

**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

Manganese
Nkomati
Platinum
Coal
Iron ore
Chrome

Jul 2007 - Dec 2007
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
Manganese Ore

Iron Ore
- Beeshoek
- Khumani

Ferro Manganese

Charge Chrome
ARM’s strategy on track

- 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

ARM share price relative to the JSE/FTSE Africa Mining Index (Relative, rebased to 100 Aug 2006)

ARM share price outperformed the JSE/FTSE Africa Mining index by 150%
Business review

André Wilkens

Chief Executive Officer
Consistent increase in headline earnings driven by increased commodity prices, higher sales volumes and good cost control
**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%

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

**6 months to 31 December 2007**

- Iron Ore: 12.6%
- Manganese: 41.2%
- Chrome: 5.3%
- Thermal Coal: 0.3%
- Platinum Group Metals: 27.0%
- Nkomati* 13.6%

*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

**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

**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**

- **Electricity**: 11%
- **Labour**: 26%
- **Consumables**: 44%
- **Other**: 19%

- **Electricity**: 3%
- **Labour**: 31%
- **Consumables**: 28%
- **Other**: 38%

- **Electricity**: 3%
- **Labour**: 25%
- **Consumables**: 25%
- **Other**: 47%
Strong US dollar revenue drivers – Period on Period price changes

1H FY08 average price increase from 1H FY07

Percentage (%)


18
Strong US dollar revenue drivers
– Spot price comparison

1H FY08 average price as a % of spot prices

Percentage (%)

-10 - 10 - 20 - 30 - 40 - 50 - 60 - 70 - 80 - 90 - 100

1. Chrome Ore ($/t)
2. Manganese Alloy ($/t)
3. Manganese Ore ($/t)
4. Rhodium ($/oz)
5. Platinum ($/oz)
6. Iron Ore ($/t)
7. Thermal Coal ($/t)
8. Nickel ($/lb)
9. Rand/Dollar exchange rate

Chart showing the 1H FY08 average price as a percentage of spot prices for various commodities.
ARM Platinum:
Modikwa and Two Rivers

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

PGM’s in concentrate sales

<table>
<thead>
<tr>
<th></th>
<th>Dec-06</th>
<th>Jun-07</th>
<th>Dec-07</th>
<th>Jun-08e</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 months ended</td>
<td>Dec-06</td>
<td>Jun-07</td>
<td>Dec-07</td>
<td>Jun-08e</td>
</tr>
</tbody>
</table>

ARM African Rainbow Minerals
ARM Platinum: Nkomati Nickel & Chrome

**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

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**Nickel-in-concentrate (tonnes)**

<table>
<thead>
<tr>
<th>6 months ended</th>
<th>Dec-06</th>
<th>Jun-07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec-07</td>
<td>3,000</td>
<td></td>
</tr>
<tr>
<td>Jun-08e</td>
<td>3,000</td>
<td></td>
</tr>
</tbody>
</table>

**Lumpy Chrome ore ('000 tonnes)**

<table>
<thead>
<tr>
<th>6 months ended</th>
<th>Dec-07</th>
<th>Jun-08e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec-07</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td>Jun-08e</td>
<td>600</td>
<td></td>
</tr>
</tbody>
</table>
ARM Ferrous: Iron Ore and Manganese Ore

**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

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**Graphs:**
- **Iron Ore:**
  - 6 months ended: Dec-06, Jun-07
  - Dec-06: Around 3 million tonnes, Jun-07: Above 4 million tonnes

- **Manganese Ore:**
  - 6 months ended: Dec-07, Jun-08e
  - Dec-07: Just over 1 million tonnes, Jun-08e: Slightly above 2 million tonnes
MANGANESE ALLOYS – 100% basis
- Exceptionally strong US dollar pricing environment is expected to continue

CHARGE CHROME – 100% basis
- Strong pricing environment

6 months ended:  Dec-06  Jun-07  Dec-07  Jun-08e
**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

### Chart

- **Export Thermal Coal**
- **Domestic Thermal Coal**
- 6 months ended: Dec-06, Jun-07, Dec-07, Jun-08e
• 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.

<table>
<thead>
<tr>
<th>ARM attributable headline earnings as reported</th>
<th>R million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Add: Additional amortisation</td>
<td>15</td>
</tr>
<tr>
<td>Imputed interest on Xstrata R4 billion debt facilitation</td>
<td>15</td>
</tr>
<tr>
<td>Less: Taxation</td>
<td>-8</td>
</tr>
<tr>
<td><strong>ARM attributable headline earnings excluding IFRS adjustments</strong>*</td>
<td><strong>28</strong></td>
</tr>
<tr>
<td>Add: Normal interest</td>
<td>40</td>
</tr>
<tr>
<td>Normal amortisation</td>
<td>90</td>
</tr>
<tr>
<td>Taxation</td>
<td>12</td>
</tr>
<tr>
<td><strong>ARM's attributable operating profit</strong></td>
<td><strong>170</strong></td>
</tr>
</tbody>
</table>

*Compared to R24 million for the 6 months to December 2006 financial results
Attributable volume growth from key projects underway

Khumani Iron Ore

Beeshoek  Khumani

Goegevonden (GGV) Thermal Coal

Xstrata Coal SA  GGV

Nkomati Nickel

Thousand tonnes

2005a  2006a  2007a  2008e  2009e  2010e

Nkomati Nickel

2005a  2006a  2007a  2008e  2009e  2010e

Thousand tonnes

2005a  2006a  2007a  2008e  2009e  2010e

Million tonnes

2005a  2006a  2007a  2008e  2009e  2010e
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

<table>
<thead>
<tr>
<th>PCMZ Nickel in concentrate: 5 000 tpa</th>
<th>MMZ Nickel in concentrate: 15 500 tpa</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average grade: 0.25%Ni; PCMZ plant: 250 ktpm</td>
<td>Average grade: 0.45%Ni; MMZ plant: 375 ktpm</td>
</tr>
</tbody>
</table>

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
Ramp-up: 2009
C1 cash cost of c.$3.50/lb
Full production: 2011

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

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

10 mtpa export iron ore (flexible design)

<table>
<thead>
<tr>
<th>Grade Description</th>
<th>Fe%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lumpy</td>
<td>@ 65.25</td>
</tr>
<tr>
<td>Medium sized</td>
<td>@ 64.41</td>
</tr>
<tr>
<td>Fines</td>
<td>@ 64.25</td>
</tr>
</tbody>
</table>

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

### Goedgevonden Coal Project (GGV)

**6.7 mtpa saleable Thermal Coal**

<table>
<thead>
<tr>
<th>3.2 mtpa export sales</th>
<th>3.5 mtpa domestic sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>27 mj/kg</td>
<td>22 mj/kg</td>
</tr>
</tbody>
</table>

- 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, 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

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

<table>
<thead>
<tr>
<th>R million</th>
<th>Unaudited December 2007</th>
<th>Unaudited December 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant, equipment and other</td>
<td>8 214</td>
<td>6 087</td>
</tr>
<tr>
<td>Investments</td>
<td>5 341</td>
<td>7 922</td>
</tr>
<tr>
<td></td>
<td><strong>13 555</strong></td>
<td><strong>14 009</strong></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>3 215</td>
<td>2 577</td>
</tr>
<tr>
<td>Cash and equivalents</td>
<td>1 185</td>
<td>441</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>17 955</strong></td>
<td><strong>17 027</strong></td>
</tr>
<tr>
<td><strong>Shareholders interest</strong></td>
<td>10 352</td>
<td>10 962</td>
</tr>
<tr>
<td><strong>Non-current liabilities: Long-term borrowings</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>: Other</td>
<td>1 483</td>
<td>1 431</td>
</tr>
<tr>
<td><strong>Current liabilities : Short-term borrowings</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>: Other</td>
<td>1 607</td>
<td>927</td>
</tr>
<tr>
<td></td>
<td><strong>1 609</strong></td>
<td><strong>914</strong></td>
</tr>
<tr>
<td><strong>Total Shareholders’ interest and Liabilities</strong></td>
<td><strong>17 955</strong></td>
<td><strong>17 027</strong></td>
</tr>
</tbody>
</table>
## Summarised cash flow

<table>
<thead>
<tr>
<th>R million</th>
<th>Unaudited December 2007</th>
<th>Unaudited December 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash generated by operations</td>
<td>1 565</td>
<td>551</td>
</tr>
<tr>
<td>Net finance costs</td>
<td>(88)</td>
<td>(114)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(315)</td>
<td>-</td>
</tr>
<tr>
<td>Tax paid</td>
<td>(164)</td>
<td>(89)</td>
</tr>
<tr>
<td></td>
<td><strong>998</strong></td>
<td><strong>348</strong></td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>(1 361)</td>
<td>(674)</td>
</tr>
<tr>
<td>Investment into Coal</td>
<td>-</td>
<td>(800)</td>
</tr>
<tr>
<td>Net borrowings raised</td>
<td>371</td>
<td>1 248</td>
</tr>
<tr>
<td>Other</td>
<td>116</td>
<td>92</td>
</tr>
<tr>
<td><strong>Net cash increase</strong></td>
<td><strong>124</strong></td>
<td><strong>214</strong></td>
</tr>
</tbody>
</table>
## Sufficient capacity to fund growth platforms

**EBITDA for the period strong at R1.7 billion**

**Net gearing for ARM relatively low at 20%**

<table>
<thead>
<tr>
<th><strong>R million</strong></th>
<th><strong>Per balance sheet</strong></th>
<th><strong>Net debt calculation</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Long term interest bearing borrowings</td>
<td>2 904</td>
<td>4 511</td>
</tr>
<tr>
<td>Short term interest bearing borrowings</td>
<td>1 607</td>
<td>4 511</td>
</tr>
<tr>
<td><strong>Total interest bearing borrowings</strong></td>
<td><strong>4 511</strong></td>
<td><strong>4 511</strong></td>
</tr>
<tr>
<td>Assmang (50%)</td>
<td>398</td>
<td></td>
</tr>
<tr>
<td>ARM Company</td>
<td>1 258</td>
<td></td>
</tr>
<tr>
<td>Modikwa</td>
<td>296</td>
<td></td>
</tr>
<tr>
<td>TEAL</td>
<td>244</td>
<td></td>
</tr>
<tr>
<td>Two Rivers (ARM share)</td>
<td>909</td>
<td></td>
</tr>
<tr>
<td>Two Rivers (Impala share)</td>
<td>657</td>
<td>(657)</td>
</tr>
<tr>
<td>ARM Coal (Xstrata share)</td>
<td>617</td>
<td>(617)</td>
</tr>
<tr>
<td><strong>ARM attributable total debt</strong></td>
<td><strong>3 237</strong></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td></td>
<td>(1 185)</td>
</tr>
<tr>
<td><strong>Net debt (excluding partner loans)</strong></td>
<td><strong>2 052</strong></td>
<td></td>
</tr>
</tbody>
</table>
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 ?