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

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

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

6 months to 31 December 2007

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

* 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%)

ARM exposed to commodities where South Africa has top global rankings

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


<table>
<thead>
<tr>
<th>Commodity</th>
<th>Reserve Base %</th>
<th>Production %</th>
<th>Exports %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rank</td>
<td></td>
<td>Rank</td>
</tr>
<tr>
<td>PGMs</td>
<td>87.7</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Manganese Ore</td>
<td>80.0</td>
<td>1</td>
<td>13.3</td>
</tr>
<tr>
<td>Chrome Ore</td>
<td>72.4</td>
<td>1</td>
<td>38.7</td>
</tr>
<tr>
<td>Gold</td>
<td>40.1</td>
<td>1</td>
<td>11.1</td>
</tr>
<tr>
<td>Nickel</td>
<td>8.4</td>
<td>5</td>
<td>3.1</td>
</tr>
<tr>
<td>Coal</td>
<td>6.1</td>
<td>8</td>
<td>4.5</td>
</tr>
<tr>
<td>Copper</td>
<td>1.4</td>
<td>14</td>
<td>0.7</td>
</tr>
<tr>
<td>Iron Ore</td>
<td>0.9</td>
<td>9</td>
<td>2.8</td>
</tr>
<tr>
<td>Ferro-Mn/Fe Si-Mn</td>
<td>*</td>
<td>*</td>
<td>6.4</td>
</tr>
</tbody>
</table>

% = SA as a percentage of world
Rank = Ranked according to world
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
- Nikomati has committed supply from Eskom, which is expected to be delayed
- ARM has alternate contingent power supply, production not expected to be delayed

**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

<table>
<thead>
<tr>
<th></th>
<th>Electricity</th>
<th>Labour</th>
<th>Consumables</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARM Ferrous</td>
<td>11%</td>
<td>26%</td>
<td>44%</td>
<td>19%</td>
</tr>
<tr>
<td>ARM Platinum</td>
<td>3%</td>
<td>31%</td>
<td>28%</td>
<td>31%</td>
</tr>
<tr>
<td>ARM Coal</td>
<td>3%</td>
<td>25%</td>
<td>25%</td>
<td>47%</td>
</tr>
</tbody>
</table>

Assmang structure

ARM Ferrous 100%

ASSORE 50%

ARM Ferrous 50%

ASSORE 50%

IRON ORE 100%

CHROME 100%

MANGANESE 100%

Nchwaning Mine 50%

Gloria Mine 50%

Cato Ridge Works 50%

10% Sumitomo

40% M2K

Cato Ridge Alloys
The world of manganese

World manganese ore producing countries

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

- 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

<table>
<thead>
<tr>
<th>Million tonnes of exported manganese ore</th>
<th>PE total capacity</th>
<th>Assmang allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currently</td>
<td>3.5</td>
<td>1.7</td>
</tr>
<tr>
<td>2010/11</td>
<td>4.2</td>
<td>▼</td>
</tr>
<tr>
<td>2012</td>
<td>6.0</td>
<td>▼ 2.9</td>
</tr>
</tbody>
</table>

- Other logistics options: 0.9
- Assmang anticipated export capacity to 2012: 3.4

Currently feasibilities are underway to increase South Africa’s manganese export capacity to 14 million tonnes in the long term.

Export manganese ore sales

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

- Expected manganese ore sales breakdown (2012e)
  - Nchwaning: 2.8
  - Gloria: 0.6
  - Total: 3.4

<table>
<thead>
<tr>
<th>Year</th>
<th>Export</th>
<th>Local</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td></td>
<td></td>
<td>4.3</td>
</tr>
<tr>
<td>2006</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td></td>
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<td>2008e</td>
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<td>2010e</td>
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<td>2011e</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012e</td>
<td></td>
<td></td>
<td>3.5</td>
</tr>
</tbody>
</table>

Expected manganese ore sales breakdown (2012e):

- Nchwaning: 2.8
- Gloria: 0.6
- Total: 3.4

- Total: 4.3

Million tonnes
Nchwaning estimated position on global cost curve

Mn ore cash cost curve, FOB port basis, 2006

World average – $1.30/dmtu

Source: Hatch

Manganese alloys sold

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

Split between products (FY 2007) | Tonnes
---|---
HC FeMn (Furnaces 1 to 6) | 170,100
Metal Recovery Plant | 24,200
Refined FeMn (Cato Ridge alloys) | 56,200
Total manganese alloy sales | 250,500
Cato Ridge estimated position on global cost curve

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

World average ~ 600

Source: Hatch

Assmang manganese competitive advantage

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
Assmang is a successful integrated manganese producer

- Quality Resource
- Experienced People
- Strong Manganese Market
- Stakeholder Relationships
- Balance Sheet
- Good Timing

Thank you