The future looks bright

Nedsec 2009 Investment Conference 8 October 2009

Corporate structure

[Diagram showing ARM's corporate structure]
**Headline earnings over 6 years**

- **F2004**: R47
- **F2005**: R339
- **F2006**: R462
- **F2007**: R1,207
- **F2008**: R315
- **F2009**: R4,013

**Dividends declared (after year-end)**

- **F2004**: R846
- **F2005**: R371
- **F2006**: R1,207
- **F2007**: R2,317
- **F2008**: R315
- **F2009**: R2,868

**Second half severely impacted by global economic slowdown**

**Basic earnings of R2 868 million for F2009**

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**Divisional EBITDA margins**

- **Chrome**
  - **F2004**: -20%
  - **F2005**: 15%
  - **F2006**: 10%
  - **F2007**: 5%
  - **F2008**: 0%
  - **F2009**: 5%
- **Iron ore**
  - **F2004**: -20%
  - **F2005**: 15%
  - **F2006**: 10%
  - **F2007**: 5%
  - **F2008**: 0%
  - **F2009**: 5%
- **Coal**
  - **F2004**: -20%
  - **F2005**: 15%
  - **F2006**: 10%
  - **F2007**: 5%
  - **F2008**: 0%
  - **F2009**: 5%
- **Platinum**
  - **F2004**: 0%
  - **F2005**: 15%
  - **F2006**: 10%
  - **F2007**: 5%
  - **F2008**: 0%
  - **F2009**: 5%
- **Nkomati**
  - **F2004**: 0%
  - **F2005**: 15%
  - **F2006**: 10%
  - **F2007**: 5%
  - **F2008**: 0%
  - **F2009**: 5%
- **Manganese**
  - **F2004**: 0%
  - **F2005**: 15%
  - **F2006**: 10%
  - **F2007**: 5%
  - **F2008**: 0%
  - **F2009**: 5%
- **ARM**
  - **F2004**: 0%
  - **F2005**: 15%
  - **F2006**: 10%
  - **F2007**: 5%
  - **F2008**: 0%
  - **F2009**: 5%
### ARM F2009 EBITDA margin and cash flow from operating activities

<table>
<thead>
<tr>
<th>Product</th>
<th>EBITDA Margin (%)</th>
<th>Cash Flow (R million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manganese</td>
<td>76</td>
<td>2,456</td>
</tr>
<tr>
<td>Iron ore</td>
<td>70</td>
<td>1,422</td>
</tr>
<tr>
<td>Coal</td>
<td>60</td>
<td>414</td>
</tr>
<tr>
<td>Chrome</td>
<td>22</td>
<td>156</td>
</tr>
<tr>
<td>Nikomati</td>
<td>10</td>
<td>177</td>
</tr>
<tr>
<td>Platinum</td>
<td>-13</td>
<td>830</td>
</tr>
</tbody>
</table>

### ARM strategy: Remains on track

- **Performance**: Operational efficiencies and organic growth are on track.
- **Acquisitions**:
  - Owner operator
  - Profit focused
  - Partner of choice
- **Africa**
- **World-class management team**: Entrepreneurial leadership.
Delivering company transforming growth projects

Completed projects >R10 bn* F2005 - F2009
- Khumani Iron Ore (10 mtpa)
- Nchwaning III Manganese
- Modikwa Platinum
- Two Rivers Platinum
- Nkomati Nickel Interim Plant
- Nkomati Chrome Mine
- Dwarsrivier Chrome Mine

Projects in progress >R8 bn* F2010 - F2012
- Khumani Iron Ore (+6 mtpa)
- Nkomati Nickel (20 ktpa)
- GGV Thermal Coal (6.7 mtpa)

Potential future projects
- Konkola North Copper
- Kalplats Platinum
- Modikwa Platinum expansion
- Smelter expansions

* Total attributable capital expenditure

Investing in our future
Quality long-term growth assets under construction

**Khumani Iron Ore**
- Capex committed: 95% (20%)
- Stage: Ramp-up (Building)
- Position on cost curve: 40th percentile
- Steady state: 10mtpa (+6mtpa)
- Commissioning (Calendar year): 2008 (2012)
- Full production (Financial year): 2010 (2013)
- Comment: More efficient, low unit cost

**Goedgedraad Thermal Coal**
- Capex committed: 90%
- Stage: Commissioning
- Position on cost curve: 25th percentile
- Steady state: 3.5m local; 3.2m export
- Commissioning (Calendar year): 2009
- Full production (Financial year): 2012
- Comment: Dragline opencast operation

**Nkomati Nickel Large Scale Expansion**
- Capex committed: 75%
- Stage: Commissioning
- Position on cost curve: 40th percentile
- Steady state: 20.500t nickel
- Commissioning (Calendar year): 2009
- Full production (Financial year): 2012
- Comment: C1 cash cost net of by-products of $3.50/lb

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**Copper / Exploration**

**ARM EXPLORATION**

- S/E Limb mine: 45,000 tpa Copper
- Area A Exploration: Potential: 100,000 tpa Copper 5 year exploration program

**Exploration Projects:**
- Resource target: 150 Mt @ 2.5% Copper
- Production target: 80,000 tpa Copper
- Lupoto Project: 23.0 Mt @ 2.42% Copper
- Kasonta Project: 20.1 Mt @ 1.13% Copper
  - Metallurgical challenging

**Base Metals**
- PGM’s, coal, ferrous
- Sub-Saharan Africa

**3 year exploration program**
Continuous focus on cost reduction

ARM target for operations on the respective global cost curve by 2012
(ARM estimate, benchmarked at steady state/norminalised production volumes)

- Nkomati Chrome
- Manganese Smelter
- Goedevonde Coal
- Kromanti Iron Ore
- Nkresings Manganese
- Two Rivers Platinum
- Nkomati Nickel
- Modikwa Platinum

Kkommodity unit cash cost

25%  50%  75%  100%
Percentile on cost curve (based on cumulative production)

Mining costs

**ARM Ferrous**
Increasing volumes with restructuring implemented

**ARM Platinum**
Cost control and plant optimisation with restructuring implemented

**ARM Coal**
Export volumes increasing and shift to lower cost open cast mining

Approximate on mine and smelter cash cost split

- Consumables: 46%
- Labour: 21%
- Other: 33%

All F2009 figures attributable
Modikwa costs improving

![Graph showing cost reduction](image)

- 30% reduction in costs
- Rand per tonne milled vs. Rand per 6E ounce produced

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Acquisitions

- Correct timing of investment through the cycle
- Potential opportunities with distressed assets - Pricing expectations remain high
- Owner operator – target is for 50% + ownership
- Targets need to be benchmarked against ARM’s organic growth plans
- Cash flows from potential acquisitions a key consideration
- Fit within the ARM quality portfolio and strategic objectives - Low unit cost and long life assets
- Remember “We do it better”
Manganese ore production

<table>
<thead>
<tr>
<th>Region</th>
<th>Total 2008</th>
<th>% Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa &amp; ME</td>
<td>14 mt</td>
<td>48%</td>
</tr>
<tr>
<td>China</td>
<td>3.5 mt</td>
<td>26%</td>
</tr>
<tr>
<td>Asia (ex China)</td>
<td>3.5 mt</td>
<td>26%</td>
</tr>
<tr>
<td>Americas</td>
<td>3.5 mt</td>
<td>26%</td>
</tr>
<tr>
<td>CIS</td>
<td>0.7 mt</td>
<td>5%</td>
</tr>
<tr>
<td>India</td>
<td>0.7 mt</td>
<td>5%</td>
</tr>
<tr>
<td>Other</td>
<td>0.3 mt</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Total 2008</strong>: 14 mt</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: International Manganese Institute (June 2009), ARM estimates

Manganese market outlook improving

- Manganese (Mn) – used for steelmaking
  - 70% used as an alloy agent
  - 30% for its properties as a sulphide former and deoxidant
  - Approximately 10 kg Mn alloy per mt of steel produced
- Manganese ore production for 2008 estimated at 14 mt
- South Africa, China, Australia and Gabon accounted for 69% of the world’s manganese ore production
- 40% of global trade was imported by China
- Developing economies use more manganese in their steel than developed ones
- China and India’s growth prospects are positive for the manganese markets

Source: International Manganese Institute (June 2009), ARM estimates
**Manganese market**

**Manganese commodity prices**

- Mn Ore ($/tonne)
- MC FeMn ($/tonne)
- HC FeMn ($/tonne)

**Manganese ore – China imports**

Source for all charts: International Manganese Institute, ARM estimates

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**2 x 2010 growth strategy – 100% basis**

**Manganese ore**

- Thousand tonnes

**Iron ore**

- Thousand tonnes

Source for all charts: International Manganese Institute, ARM estimates
2 x 2010 growth strategy – 100% basis

Nkomati nickel
Thousand tonnes

Chrome ore
Thousand tonnes

Nickel monthly sales (tonnes)

Chrome ore monthly sales (thousand tonnes)

Growth projects continue

Attributable capital expenditure by division
R million

Modikwa  Nkomati  Two Rivers  ARM Ferrous  ARM Coal  ARM Exploration

Questions

Provisional results for the year ended 30 June 2009