“ARM’s headline earnings increased by 66% as a result of increased contributions from the iron ore, manganese ore, Two Rivers, Nkomati and Goedgevonden mines.”

Patrice Motsepe
Executive Chairman
Disclaimer

Certain statements in this report constitute forward looking statements that are neither reported financial results nor other historical information. They include but are not limited to statements that are predictions of or indicate future earnings, savings, synergies, events, trends, plans or objectives. Such forward looking statements may or may not take into account and may or may not be affected by known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from the future results, performance or achievements expressed or implied by such forward looking statements. Such risks, uncertainties and other important factors include among others: economic, business and political conditions in South Africa; decreases in the market price of commodities; hazards associated with underground and surface mining; labour disruptions; changes in government regulations, particularly environmental regulations; changes in exchange rates; currency devaluations; inflation and other macro-economic factors; and the impact of the AIDS crisis in South Africa. These forward looking statements speak only as of the date of publication of these pages. The Company undertakes no obligation to update publicly or release any revisions to these forward looking statements to reflect events or circumstances after the date of publication of these pages or to reflect the occurrence of unanticipated events.
1. ARM’s effective interest in Modikwa Mine is 41.5%, local communities hold 8.5% of Modikwa Mine.

2. ARM’s shareholding in Two Rivers will reduce to 51% once the transfer of Kalkfontein portions 4, 5 and 6 and the Tweefontein prospecting rights has been effected.

3. Platinum Australia submitted a revised feasibility study during 2013, thereby completing Phase II of the exploration programme and earning 44% participation in the Kalplats Project.
Salient features

Headline earnings increased by 66% to R2.34 billion (1H F2013: R1.41 billion). Headline earnings per share were 1 084 cents compared to 654 cents per share in the corresponding period.

Basic earnings of R1.71 billion were negatively affected by exceptional items of R627 million.
The largest exceptional item related to a R510 million unrealised mark-to-market loss on the Harmony investment.
Salient features

ARM Ferrous’ contribution to headline earnings increased by 108% from R1.04 billion (restated) to R2.15 billion mainly as a result of:
- higher US Dollar prices realised for iron ore and
- a weaker Rand.

ARM Platinum’s contribution to headline earnings increased from R299 million to R363 million.
The increase was achieved despite lower US Dollar PGM and nickel prices.
Salient features

Increased sales volumes were achieved in:
- iron ore
- PGMs
- nickel
- manganese alloys
- export coal from Goedgevonden
- chrome concentrate and
- copper.

Decrease in unit production costs achieved at Nkomati Nickel Mine.
Cost increases at Dwarsrivier and Two Rivers were lower than inflation.
Update on growth projects

Lubambe Copper Mine:
- the concentrate specification issues have been resolved.
- challenges with the late commissioning of the vertical shaft have also been resolved.

Earthworks have commenced at the Sakura manganese alloy smelting project.
Safety

ARM managed operations completed 23 months without a fatality.

The Lost Time Injury Frequency Rate (LTIFR) remained constant at 0.41 per 200 000 man-hours compared to the corresponding period.
Headline earnings increased by 66% compared to the corresponding period.
Headline earnings per share

Headline earnings per share (Rands)

- F2010: First half (1H) 2.14, Second half (2H) 5.93
- F2011: First half (1H) 7.34, Second half (2H) 8.51
- F2012: First half (1H) 9.37, Second half (2H) 6.78
- F2013: First half (1H) 6.54, Second half (2H) 10.81
- F2014: First half (1H) 10.84
Iron ore and copper sales contribution increased.
EBITDA margins have improved.
The copper mine is not reflected as it is in early stage ramp-up.
ARM strategy

Operational efficiencies

Quality growth continues in ARM’s portfolio of commodities

Acquisitions and partnerships

Ramping up volumes and initiating new growth projects

Africa

ARM Exploration

All operations to be below the 50th percentile

Continuing to assess acquisitions and joint venture opportunities

Owner operator

Entrepreneurial management

Profit focused

Partner of choice

Employer of choice

World-class management team

Responsible community development

ARM
African Rainbow Minerals
Copper produced (thousand tonnes)

Steady state production is expected in F2016.
Quality growth opportunities

- Manganese ore expansion beyond 3 mtpa
- Iron ore expansion
- Expansion of Modikwa Platinum Mine
- Lubambe Copper Extension
- Exploration with Rovuma Resources
- Thermal coal projects
Operational efficiencies

ARM’s objective is to have its operations below the 50th percentile on the global cost curve.
ARM Exploration continues with base metal exploration in Northern Mozambique.

ARM Exploration is investigating and evaluating brownfields exploration opportunities in several African countries.
Mergers and Acquisitions

ARM continues to evaluate value adding acquisitive growth opportunities.

ARM’s strong financial status, positions it favourably to pursue value adding acquisitive growth.
Outlook

Global commodity prices and currencies remain volatile.

The Chinese economy remains supportive of demand for the commodities that ARM produces.
Outlook

The South African mining industry is being challenged by rising costs for labour, fuel and electricity.

ARM is focussing on containing costs to ensure that its operations continue to be positioned below the 50\textsuperscript{th} percentile of the global cost curves.
Operational review

Mike Schmidt, Chief Executive Officer
# Divisional headline earnings

## Contribution to headline earnings (R million)

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Six months ended 31 December</th>
<th>2013</th>
<th>2012</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Platinum Group Metals</td>
<td></td>
<td>206</td>
<td>152</td>
<td>36</td>
</tr>
<tr>
<td>Nkomati Nickel and Chrome</td>
<td></td>
<td>157</td>
<td>147</td>
<td>7</td>
</tr>
<tr>
<td>Ferrous Metals*</td>
<td></td>
<td>2 153</td>
<td>1 035</td>
<td>108</td>
</tr>
<tr>
<td>Coal</td>
<td></td>
<td>(34)</td>
<td>105</td>
<td>(132)</td>
</tr>
<tr>
<td>Copper</td>
<td></td>
<td>(122)</td>
<td>(21)</td>
<td>&gt; (250)</td>
</tr>
<tr>
<td>Exploration</td>
<td></td>
<td>(24)</td>
<td>(36)</td>
<td>33</td>
</tr>
<tr>
<td>Gold</td>
<td></td>
<td>-</td>
<td>32</td>
<td>-</td>
</tr>
<tr>
<td>Corporate and Other*</td>
<td></td>
<td>5</td>
<td>(8)</td>
<td>-</td>
</tr>
<tr>
<td><strong>ARM Headline Earnings</strong></td>
<td></td>
<td>2 341</td>
<td>1 406</td>
<td>66</td>
</tr>
</tbody>
</table>

*Includes IFRS 11 adjustments related to ARM Ferrous.*
No fatalities on ARM managed mines in 1H F2014
Segmental profit variance analysis

Unaudited profit variance analysis – Profit from operations before exceptional items (R million)

Factors subject to market conditions
- Exchange rate: 1,697
- Commodity dollar prices: 359

Factors subject to management’s control
- Volume: 701
- Cash cost: (982)
- Non cash cost: (209)
- Corporate and other: (8)

1H F2013:
- Exchange rate: 2,061
- Commodity dollar prices: 2,061

1H F2014:
- Total: 3,619

Copper sold for 1H F2014 was 14 325 tonnes.

Changes in sales volumes

1H F2014 vs. 1H F2013 sales volumes % change

<table>
<thead>
<tr>
<th>Product</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nkomati chrome concentrate</td>
<td>55%</td>
</tr>
<tr>
<td>GGV Export coal</td>
<td>22%</td>
</tr>
<tr>
<td>Ferromanganese</td>
<td>9%</td>
</tr>
<tr>
<td>PGMs</td>
<td>4%</td>
</tr>
<tr>
<td>Iron ore</td>
<td>4%</td>
</tr>
<tr>
<td>Nickel</td>
<td>4%</td>
</tr>
<tr>
<td>Dwarsrivier chrome ore</td>
<td>-1%</td>
</tr>
<tr>
<td>Manganese ore</td>
<td>-7%</td>
</tr>
<tr>
<td>GGV Eskom coal</td>
<td>-21%</td>
</tr>
</tbody>
</table>

Copper sold for 1H F2014 was 14 325 tonnes.
Changes in US Dollar realised prices

1H F2014 vs. 1H F2013 realised prices % change

-22%  -15%  -14%  -13%  -8%  -7%  -6%  14%  19%  27%

Spot price comparison to 1H F2014

Spot prices on 26 February 2014 vs. 1H F2014 realised prices % change

- Iron ore ($/t) - Copper ($/lb) - Platinum ($/oz) - Nickel ($/lb) - Palladium ($/oz) - Chrome concentrate ($/t) - Export coal ($/t) - Gold ($/oz) - Manganese ore ($/t) - Exchange rate (R/$) - FeMn ($/t) - Rhodium ($/oz)

-4% 1% 2% 3% 3% 3% 3% 4% 8% 13% 16%
Unit cost changes by commodity

1H F2014 vs. 1H F2013 on-mine production unit cost % change

PCB Coal
GGV Coal
PGM: Modikwa
Iron ore
Manganese alloys
Manganese ore
Chrome ore
PGM: Two Rivers
Nickel

Nkomati C1 cash cost net of by products decreased 15% to $4.35/lb produced
COSTS ANALYSIS
ARM Ferrous

**Iron ore operations**
- Labour: 30%
- Consumables: 63%
- Electricity: 4%
- Other: 3%

**Manganese ore operations**
- Labour: 62%
- Consumables: 28%
- Electricity: 5%
- Other: 5%

**Manganese alloy operations**
- Labour: 21%
- Consumables: 48%
- Electricity: 27%
- Other: 4%
COSTS ANALYSIS

ARM Platinum

Two Rivers Platinum Mine

- Labour: 50%
- Consumables: 36%
- Electricity: 6%
- Other: 8%

Modikwa Platinum Mine

- Labour: 54%
- Consumables: 22%
- Electricity: 6%
- Other: 18%

Nkomati Nickel Mine

- Labour: 41%
- Consumables: 24%
- Electricity: 10%
- Other: 25%

Electricity

Labour

Consumables

Other
The transition of PCB from underground to open-cast mining is expected to be completed by 2016.
Iron ore and manganese ore sales volumes on a 100% basis (million tonnes)

*Manganese ore sales exclude intra-group sales.*
PGM and nickel production on a 100% basis

- **1H F2010**: 353, 353
- **1H F2011**: 361, 11258
- **1H F2012**: 384, 6014
- **1H F2013**: 409, 11258
- **1H F2014**: 427, 11859

**Y-axis**: 6E PGM thousand ounces

**X-axis**: Nickel tonnes
Sustained improvement in Nkomati operational performance

### Nickel produced (thousand tonnes)

<table>
<thead>
<tr>
<th>Year</th>
<th>1H F2010</th>
<th>1H F2011</th>
<th>1H F2012</th>
<th>1H F2013</th>
<th>1H F2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.8</td>
<td>5.3</td>
<td>6.0</td>
<td>11.2</td>
<td>11.9</td>
<td></td>
</tr>
</tbody>
</table>

### Average concentrator recoveries (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>1H F2010</th>
<th>1H F2011</th>
<th>1H F2012</th>
<th>1H F2013</th>
<th>1H F2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>62%</td>
<td>65%</td>
<td>62%</td>
<td>72%</td>
<td>77%</td>
<td></td>
</tr>
</tbody>
</table>

### Average milling grade (% nickel content)

<table>
<thead>
<tr>
<th>Year</th>
<th>1H F2010</th>
<th>1H F2011</th>
<th>1H F2012</th>
<th>1H F2013</th>
<th>1H F2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.50%</td>
<td>0.39%</td>
<td>0.30%</td>
<td>0.42%</td>
<td>0.39%</td>
<td></td>
</tr>
</tbody>
</table>

### Cash operating cost

<table>
<thead>
<tr>
<th></th>
<th>1H F2012</th>
<th>1H F2013</th>
<th>1H F2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-mine operating costs US$/lb</td>
<td>10.65</td>
<td>6.08</td>
<td>5.58</td>
</tr>
<tr>
<td>Off-mine operating cost US$/lb</td>
<td>3.17</td>
<td>2.35</td>
<td>2.63</td>
</tr>
<tr>
<td>PGM, copper and cobalt by-product credits US$/lb</td>
<td>(3.31)</td>
<td>(3.04)</td>
<td>(3.62)</td>
</tr>
<tr>
<td>Chrome by-product credit US$/lb</td>
<td>(0.28)</td>
<td>(0.26)</td>
<td>(0.23)</td>
</tr>
<tr>
<td>C1 cash cost net of by products US$/lb</td>
<td>10.24</td>
<td>5.13</td>
<td>4.35</td>
</tr>
<tr>
<td>On-mine cost per tonne milled R/t</td>
<td>328</td>
<td>297</td>
<td>283</td>
</tr>
</tbody>
</table>
### Copper produced per six months (tonnes)

<table>
<thead>
<tr>
<th></th>
<th>1H F2013</th>
<th>2H 2013</th>
<th>1H F2014</th>
<th>Steady state</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>3,230</td>
<td>11,641</td>
<td>10,567</td>
<td>22,500</td>
</tr>
</tbody>
</table>

### Average mill head grade (% copper content)

<table>
<thead>
<tr>
<th></th>
<th>1H F2013</th>
<th>2H 2013</th>
<th>1H F2014</th>
<th>Steady state</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>1.71%</td>
<td>2.07%</td>
<td>1.97%</td>
<td>2.30%</td>
</tr>
</tbody>
</table>

### Average concentrator recoveries (%)

<table>
<thead>
<tr>
<th></th>
<th>1H F2013</th>
<th>2H 2013</th>
<th>1H F2014</th>
<th>Steady state</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>64%</td>
<td>75%</td>
<td>75%</td>
<td>78%</td>
</tr>
</tbody>
</table>

### Cash operating costs

<table>
<thead>
<tr>
<th></th>
<th>2H F2013</th>
<th>1H F2014</th>
<th>Steady State</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-mine operating costs</td>
<td>US$/lb</td>
<td>3.10</td>
<td>2.62</td>
</tr>
<tr>
<td>Off-mine operating cost</td>
<td>US$/lb</td>
<td>0.41</td>
<td>0.61</td>
</tr>
<tr>
<td>C1 cash cost</td>
<td>US$/lb</td>
<td>3.51</td>
<td>3.23</td>
</tr>
<tr>
<td>On-mine and off-mine cost per tonne milled</td>
<td>US$/t</td>
<td>119</td>
<td>107</td>
</tr>
</tbody>
</table>
There has been an increase in resource tonnes and average grade of the target area.

### Total resource (indicated + inferred)

<table>
<thead>
<tr>
<th>Description</th>
<th>AMEC statement Feb 2014</th>
<th>AMEC statement Feb 2013</th>
<th>Variance</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resource tonnage Mt</td>
<td>134.00</td>
<td>105.00</td>
<td>29.00</td>
<td>28</td>
</tr>
<tr>
<td>Total Copper grade %</td>
<td>4.07</td>
<td>3.66</td>
<td>0.41</td>
<td>11</td>
</tr>
<tr>
<td>Acid soluble Copper grade %</td>
<td>0.46</td>
<td>0.59</td>
<td>(0.13)</td>
<td>(22)</td>
</tr>
<tr>
<td>Cobalt grade %</td>
<td>0.06</td>
<td>0.09</td>
<td>(0.03)</td>
<td>(33)</td>
</tr>
<tr>
<td>True thickness Metres</td>
<td>10.43</td>
<td>10.74</td>
<td>(0.31)</td>
<td>(3)</td>
</tr>
<tr>
<td>Contained copper Mt</td>
<td>5.46</td>
<td>3.84</td>
<td>1.62</td>
<td>42</td>
</tr>
</tbody>
</table>
**Capital expenditure: segmental analysis**

The forecasted capital expenditure for F2015 to F2016 is an estimation based on approved projects and projects under consideration.

*The forecasted capital expenditure for F2015 to F2016 is an estimation based on approved projects and projects under consideration.*
Projects pipeline and operations

- Exploration to feasibility
  - Rovuma Resources Exploration
  - Kalplats
  - Lubambe Extension Area

- Project development and ramp-up
  - Iron ore expansion beyond 16 mtpa
  - Beeshoek Village Pit
  - Manganese ore expansion beyond 3 mtpa
  - Sakura Ferroalloys

- Steady state (>15 years life-of-mine)
  - Lubambe Copper Mine
  - Modikwa Platinum Mine Expansion
  - Goedgevonden Thermal Coal Mine
  - Dwarsrivier Chrome Mine
  - Khumani Iron Ore Mine
  - Beeshoek Iron Ore Mine
  - Thermal coal mines
  - Manganese and chrome smelters
  - Manganese ore mines
  - Two Rivers Platinum Mine
  - Modikwa Platinum Mine
  - Nkomati Nickel Mine

- Declining operations
  - Modikwa Platinum Mine Expansion

Stage of development
Thank you
Appendix
Accounting policy change

ARM has implemented changes to its accounting policies following changes to IFRS.

The changes affect disclosures made in the financial statements but do not affect the earnings or the segmental analysis.
Accounting policy change

Assmang is no longer proportionately consolidated.

ARM’s share of Assmang is now disclosed as a single line item on the consolidated income statement as “Income from joint venture”

ARM’s share of Assmang is disclosed on the statement of financial position as “Investment in joint venture”

ARM’s share of Assmang is disclosed on the cash flow statement as “Dividends received from joint venture”
Transnet’s Market Demand Strategy

- **Manganese Division**
  - Nchwaning & Gloria Mines

- **Iron Ore Division**
  - Beeshoek & Khumani Iron Ore Mines

- **Coal Division**
  - Goedgevonden Impunzi and Tweefontein Mines

**Railage Routes**

**Roadroutes**

- **Iron ore export capacity to increase to 82.5 mtpa by 2020**
- **Manganese ore export capacity to increase to 16 mtpa by 2018/2019**
- **Coal export capacity to be increased to 97.5 mtpa (81 mtpa by 2015)**
<table>
<thead>
<tr>
<th>ARM Platinum (100% basis)</th>
<th>PGMs in concentrate</th>
<th>Ounces, 6E</th>
<th>1H F2014</th>
<th>1H F2013</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Modikwa</td>
<td>Cash cost</td>
<td>R/kg, 6E</td>
<td>213 441</td>
<td>187 418</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>Cash operating margin</td>
<td>%</td>
<td>18</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>Two Rivers</td>
<td>PGMs in concentrate</td>
<td>Ounces, 6E</td>
<td>193 503</td>
<td>179 513</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>Cash cost</td>
<td>R/kg, 6E</td>
<td>165 667</td>
<td>164 629</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Cash operating margin</td>
<td>%</td>
<td>38</td>
<td>34</td>
<td></td>
</tr>
<tr>
<td>Nkomati</td>
<td>Nickel sales</td>
<td>Tonnes</td>
<td>11 859</td>
<td>11 258</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Chrome ore / concentrate sold</td>
<td>kt</td>
<td>117</td>
<td>76</td>
<td>55</td>
</tr>
<tr>
<td></td>
<td>C1 cash cost net of by-products produced</td>
<td>US$/lb</td>
<td>4.35</td>
<td>5.13</td>
<td>(15)</td>
</tr>
<tr>
<td></td>
<td>Cash operating margin</td>
<td>%</td>
<td>30</td>
<td>33</td>
<td></td>
</tr>
<tr>
<td>ARM Copper (100% basis)</td>
<td>Copper sales</td>
<td>Tonnes</td>
<td>14 325</td>
<td>2 874</td>
<td>&gt;250</td>
</tr>
<tr>
<td></td>
<td>C1 cash cost</td>
<td>US$/lb</td>
<td>3.23</td>
<td>4.30</td>
<td>(25)</td>
</tr>
<tr>
<td></td>
<td>Cash operating margin</td>
<td>%</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>ARM Ferrous (100% basis)</td>
<td>Iron ore</td>
<td>Sales tonnes</td>
<td>Mt</td>
<td>7 738</td>
<td>7 433</td>
</tr>
<tr>
<td></td>
<td>Change in costs compared to comparable period</td>
<td>%</td>
<td>11</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td></td>
<td>EBITDA margin</td>
<td>%</td>
<td>13</td>
<td>48</td>
<td></td>
</tr>
<tr>
<td>Manganese ore</td>
<td>Sales tonnes (excl intra-group sales)</td>
<td>Mt</td>
<td>1 411</td>
<td>1 513</td>
<td>(7)</td>
</tr>
<tr>
<td></td>
<td>Change in costs compared to comparable period</td>
<td>%</td>
<td>6</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td></td>
<td>EBITDA margin</td>
<td>%</td>
<td>7</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>Chrome ore</td>
<td>Sales tonnes</td>
<td>kt</td>
<td>477</td>
<td>483</td>
<td>(1)</td>
</tr>
<tr>
<td></td>
<td>Change in costs compared to comparable period</td>
<td>%</td>
<td>1</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td></td>
<td>EBITDA margin</td>
<td>%</td>
<td>1</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Manganese alloy</td>
<td>Sales tonnes (excl intra-group sales)</td>
<td>kt</td>
<td>117</td>
<td>107</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Change in costs compared to comparable period</td>
<td>%</td>
<td>11</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td></td>
<td>EBITDA margin</td>
<td>%</td>
<td>12</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>ARM Coal (100% basis)</td>
<td>GGV</td>
<td>Total saleable production</td>
<td>Mt</td>
<td>3.77</td>
<td>4.41</td>
</tr>
<tr>
<td></td>
<td>On mine saleable cost</td>
<td>R/tonne</td>
<td>207</td>
<td>158</td>
<td>31</td>
</tr>
<tr>
<td>PCB</td>
<td>Total saleable production</td>
<td>Mt</td>
<td>5.98</td>
<td>6.65</td>
<td>(10)</td>
</tr>
<tr>
<td></td>
<td>On mine saleable cost</td>
<td>R/tonne</td>
<td>417</td>
<td>302</td>
<td>38</td>
</tr>
</tbody>
</table>