“ARM’s headline earnings were negatively impacted primarily by the decline in US Dollar commodity prices. Costs were well controlled at most operations. ARM is focussing on improving productivity, reducing costs and optimising cash flow.”

Patrice Motsepe
Executive Chairman
Overview and strategy

Patrice Motsepe, Executive Chairman
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.
ARM’s effective interest in Modikwa Mine is 41.5%, local communities hold 8.5% of Modikwa Mine.

ARM’s shareholding in Two Rivers Mine reduced from 55% to 51% following completion of the transfer of the Kalkfontein portions 4, 5 and 6 and Tweefontein prospecting rights. The transfer was completed after the end of the reporting period.
Salient features

Headline earnings decreased by 56% to R1 026 million (1H F2014: R2 341 million). Headline earnings per share were 473 cents (1H F2014: 1 084 cents).

Basic earnings were negatively impacted by exceptional items of R225 million, the largest of which related to a R222 million unrealised mark-to-market loss after tax on the Harmony investment.

Cash generated from non-ferrous operations increased significantly by R624 million to R1 485 million (1H F2014: R861 million) while the dividend from Assmang remained constant at R750 million.
Salient features

Costs were well controlled at most operations. The iron ore, manganese alloy, chrome ore and Two Rivers operations achieved below inflation increases and the coal operations achieved a decrease in unit production costs.

Lubambe Mine copper production increased to 12 563 tonnes (1H F2014: 10 567 tonnes). Ramp-up has been slower than planned and as a result short-term changes to the mine plan are being considered.

Cash operating profit at the Participating Coal Business (PCB) increased as the Tweefontein Optimisation Project (TOP) ramps up.
Salient features

Two River’s life of mine will be increased by approximately 30 years by ARM’s acquisition of the Tamboti Platinum (Pty) Ltd mining right on a property adjacent to Two Rivers and through the addition of portions of the Buffelshoek, Kalkfontein and Tweefontein farms into the Two Rivers mining area.

ARM concluded an in principle agreement for the disposal of its effective 50% interest in Dwarsrivier Chrome Mine to Assore.

Review of the manganese alloy smelter at Machadodorp Works has been completed. The current operating furnace at Machadodorp will be stopped and placed on care and maintenance at the end of April 2015.
ARM maintained a good safety record in the six months under review. The Lost Time Injury Frequency Rate (LTIFR) improved to 0.40 per 200 000 man-hours (1H F2014: 0.41 per 200 000 man-hours).

Two Rivers Mine completed two million fatality-free shifts on 5 September 2014.

Nkomati Mine completed four million fatality-free shifts on 31 August 2014.
Headline earnings per share (cents)

F2010: 214, 593
F2011: 734, 851
F2012: 937, 678
F2013: 1,081, 654
F2014: 1,084, 816
F2015: 473

First half (1H) vs. Second half (2H)
EBITDA margins by commodity

- Iron ore: 39% (1H F2014), 58% (1H F2015)
- Coal (GGV): 37% (1H F2014), 43% (1H F2015)
- Manganese ore: 32% (1H F2014), 37% (1H F2015)
- PGM: 28% (1H F2014), 30% (1H F2015)
- Chrome: 11% (1H F2014), 18% (1H F2015)
- Nickel: 10% (1H F2014), 17% (1H F2015)
- Manganese alloy: 3% (1H F2014), 10% (1H F2015)
- Copper: -21% (1H F2014), -6% (1H F2015)

(Note: The chart shows EBITDA margins for various commodities over the first half of 2014 and 2015.)

African Rainbow Minerals
ARM strategy

Operational efficiencies
- All operations to be below the 50th percentile

Quality growth continues in ARM’s portfolio of commodities

Acquisitions and partnerships
- Continuing to assess acquisitions and joint venture opportunities

Africa

ARM Exploration

Owner operator
- Entrepreneurial management
- Profit and cash flow focused
- Partner of choice

Employer of choice
- World-class management team
- Partnering with communities, workers and other stakeholders
Operational efficiencies

ARM’s objective is that all operations to be below the 50th percentile

Percentile on cost curve (based on cumulative production)
Acquisition and partnerships

Continuing to assess acquisitions and joint venture opportunities

ARM acquired Tamboti Platinum (Pty) Ltd for a consideration of R400 million. Tamboti is the holder of a mining right over a property adjacent to Two Rivers Mine. ARM is in discussions with its partner, Impala, to transfer the acquired resources into the Two Rivers mining area. ARM expects its equity in Two Rivers Mine to increase.

Portions of the Buffelshoek, Kalkfontein and Tweefontein farms were added into the Two Rivers mining area. ARM’s interest in Two Rivers Mine reduced from 55% to 51% following completion of the transfer of the Kalkfontein portions 4, 5 and 6 and Tweefontein prospecting rights on 6 February 2015.

ARM reached an in principle agreement to dispose of its effective 50% interest in the Dwarsrivier Chrome Mine to Assore.
Two Rivers Mine Improvement

Acquisition of the prospecting right from Impala has been completed. As a result effective from 6 February 2015 ARM shareholding in Two Rivers reduces from 55% to 51%.

ARM acquired Tamboti Platinum (Pty) Ltd, holder of a mining right over this property. ARM is in discussions with Impala to transfer this property into Two Rivers.

Two Rivers life of mine will be increased by approximately 30 years.
Growth

Quality growth in ARM’s portfolio of commodities

Exploration/feasibility

Project development and ramp-up

Steady state (>15 years life-of-mine)

Declining operations

1. Rovuma Resources Exploration
2. Kalplats
3. Lubambe Extension Area
4. Manganese Ore Expansion beyond 3 mtpa
5. Beeshoek Village Pit
6. Sakura Ferroalloys Project
7. Tweefontein Optimisation Project

Stage of development

- Beeshoek Iron Ore Mine
- Thermal coal mines
- Manganese smelters
- Manganese ore mines
- Two Rivers Platinum Mine
- Modikwa Platinum Mine
- Nkomati Nickel Mine
- Goedgevonden Thermal Coal Mine
- Dwarsrivier Chrome Mine
- Khumani Iron Ore Mine
- Lubambe Copper Mine
- Modikwa Platinum Mine Recapitalisation
ARM Exploration

The final phase of exploration on the Rovuma prospecting areas has been concluded.

The Rovuma geological report is being evaluated.  
The way forward is currently under review with Rovuma Resources.

ARM’s exploration is focusing on brownfields projects
## Divisional contribution to headline earnings

<table>
<thead>
<tr>
<th>Division</th>
<th>2014</th>
<th>2013</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARM Platinum</td>
<td>277</td>
<td>363</td>
<td>(24)</td>
</tr>
<tr>
<td>ARM Ferrous*</td>
<td>833</td>
<td>2 153</td>
<td>(61)</td>
</tr>
<tr>
<td>ARM Coal</td>
<td>(10)</td>
<td>(34)</td>
<td>71</td>
</tr>
<tr>
<td>ARM Copper</td>
<td>(233)</td>
<td>(122)</td>
<td>(91)</td>
</tr>
<tr>
<td>ARM Exploration</td>
<td>(40)</td>
<td>(24)</td>
<td>(67)</td>
</tr>
<tr>
<td>Gold</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Corporate and other*</td>
<td>199</td>
<td>5</td>
<td>&gt;250</td>
</tr>
<tr>
<td><strong>ARM Headline Earnings</strong></td>
<td><strong>1 026</strong></td>
<td><strong>2 341</strong></td>
<td><strong>(56)</strong></td>
</tr>
</tbody>
</table>

*Includes IFRS 11 adjustments related to ARM Ferrous.*
The proportional EBITDA contribution from manganese, PGM and coal is increasing. The iron ore contribution is decreasing due to lower iron ore prices.
Segmental profit variance analysis

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

Factors subject to market conditions
- Exchange rate: Increase 782
- US Dollar commodity prices: Decrease (2 193)

Factors subject to management’s control
- Volume: Decrease (212)
- Cash costs: Decrease (335)
- Non-cash costs: Decrease (81)
- Corporate and other: Increase 107
- 1H F2015: Increase 1 687

1H F2014:
- Increase 3 619

1H F2015:
- Increase 3 000

Exchange rate and commodity prices are subject to market conditions, while volume, cash costs, non-cash costs, and corporate and other factors are subject to management’s control.
Changes in sales volumes

1H F2015 vs. 1H F2014 sales volume changes (%)

* The Lubambe Copper Mine is in ramp-up.
Changes in average US Dollar realised prices and average exchange rate changes (%)

1H F2015 versus 1H F2014 US Dollar realised prices and exchange rate changes (%)

- Iron ore ($/t): (45%)
- Export coal ($/t): (18%)
- Manganese ore ($/t): (17%)
- Copper ($/lb): (10%)
- Platinum ($/oz): (6%)
- FeMn ($/t): 1%
- Exchange rate (R/$): 9%
- Chrome concentrate ($/t): 11%
- Palladium ($/oz): 14%
- Nickel ($/lb): 22%
- Rhodium ($/oz): 27%

* The Lubambe Copper Mine is in ramp-up.
## Unit cost changes by commodity

### 1H F2015 versus 1H F2014 on-mine production unit cost changes (%)

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>PCB Coal</td>
<td>-18%</td>
</tr>
<tr>
<td>GGV Coal</td>
<td>-9%</td>
</tr>
<tr>
<td>Copper *</td>
<td>-4%</td>
</tr>
<tr>
<td>Iron ore</td>
<td>2%</td>
</tr>
<tr>
<td>Nickel</td>
<td>3%</td>
</tr>
<tr>
<td>Chrome ore</td>
<td>4%</td>
</tr>
<tr>
<td>Manganese alloys</td>
<td>4%</td>
</tr>
<tr>
<td>PGM: Two Rivers</td>
<td>4%</td>
</tr>
<tr>
<td>Manganese ore</td>
<td>19%</td>
</tr>
<tr>
<td>PGM: Modikwa</td>
<td>21%</td>
</tr>
</tbody>
</table>

* The Lubambe Copper Mine is in ramp-up.

Inflation (CPI) at 5.9%

Below inflation cost increases were achieved at all operations except the manganese ore and Modikwa operations.
Realised US Dollar iron ore export prices decreased by 45%.

Export iron ore sales were lower due to loading problems at Saldanha Port and three vessels totalling 553 thousand tonnes being loaded only on 3 January 2015.

Local sales volumes were 41% higher as ArcelorMittal started up their Newcastle furnace.

Unit production costs were well controlled increasing below inflation.

### Iron ore operational performance (100% basis)

<table>
<thead>
<tr>
<th></th>
<th>1H F2015</th>
<th>1H F2014</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export sales volumes</td>
<td>000 tonnes</td>
<td>5,999</td>
<td>6,697</td>
</tr>
<tr>
<td>Local sales volumes</td>
<td>000 tonnes</td>
<td>1,461</td>
<td>1,041</td>
</tr>
<tr>
<td>Change in unit production costs</td>
<td>%</td>
<td>2</td>
<td>13</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>R million</td>
<td>710</td>
<td>902</td>
</tr>
</tbody>
</table>

### 62% iron ore fines spot price CIF (US$/t)

Source: INet Bridge
Sales volumes were maintained but production decreased as lower than expected ore grades were intersected in certain mining areas.

Unit cost increases were above inflation due to lower than expected ore grades in some mining areas of the Nchwaning III shaft.

Operating costs are being reduced at Black Rock Mine through modernisation of the mine, the redeployment of employees and a possible reduction of the workforce.

### Manganese ore operational performance (100% basis)

<table>
<thead>
<tr>
<th></th>
<th>1H F2015</th>
<th>1H F2014</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export sales volumes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>000 tonnes</td>
<td>1 383</td>
<td>1 368</td>
<td>1</td>
</tr>
<tr>
<td>Local sales volumes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>000 tonnes</td>
<td>39</td>
<td>43</td>
<td>(9)</td>
</tr>
<tr>
<td>Change in production unit cost</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>%</td>
<td>19</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Capital expenditure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rm</td>
<td>832</td>
<td>486</td>
<td>71</td>
</tr>
</tbody>
</table>

44% manganese ore spot prices CIF Tianjin (US$/mtu)

Source: iNet Bridge
ARM Ferrous: Manganese alloys

Sales volumes decreased as a decision was taken to shut down two unprofitable furnaces at Cato Ridge Works.

The remaining operating furnace at Machadodorp will be stopped and placed on care and maintenance from end April 2015.

Capital expenditure was reduced by 69% for the alloy operations.

The Sakura Ferroalloys Project is progressing on schedule and within budget.

### Manganese alloy operational performance (100% basis)

<table>
<thead>
<tr>
<th></th>
<th>1H F2015</th>
<th>1H F2014</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales volumes</td>
<td>000 tonnes</td>
<td>112</td>
<td>117</td>
</tr>
<tr>
<td>Change in production unit cost</td>
<td>%</td>
<td>4</td>
<td>12</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>Rm</td>
<td>17</td>
<td>55</td>
</tr>
</tbody>
</table>

### 78% ferromanganese spot price (US$/t)

Source: INet Bridge
ARM Ferrous interventions to deal with the current commodity cycle

Review of all capital expenditure and renewed focus on operational efficiency and elimination of bottlenecks.

Reduction of operating costs at the Black Rock Mine, this will include redeployment of employees and possible reduction of the workforce.

Timing of capital expenditure for the Black Rock Project is being reviewed to closely match the expected increase in Transnet Freight Rail’s capacity of the manganese export channels.
Two Rivers once again delivered an excellent operational performance with headline earnings increasing by 12%.

Modikwa’s production and cost performance was impacted by safety stoppages, an extended break in December 2014 and labour inefficiencies.

### PGM operational performance (100% basis)

<table>
<thead>
<tr>
<th></th>
<th>1H F2015</th>
<th>1H F2014</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td>396 813</td>
<td>426 695</td>
<td>(7)</td>
</tr>
<tr>
<td>Modikwa cash cost</td>
<td>8 029</td>
<td>6 639</td>
<td>21</td>
</tr>
<tr>
<td>Two Rivers cash cost</td>
<td>5 376</td>
<td>5 135</td>
<td>4</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>574</td>
<td>458</td>
<td>25</td>
</tr>
</tbody>
</table>

### Platinum spot price (US$/oz)

![Platinum spot price chart]

### Palladium spot prices (US$/oz)

![Palladium spot prices chart]
Nickel produced decreased to 10,587 tonnes (1H F2014: 11,859) due to lower grade areas being mined in the pit, consistent with the mine plan.

Chrome concentrate sold increased by 60% to 188 thousand tonnes.

On-mine production costs were well controlled increasing 3% but C1 cash cost net of by-products increased 15% due to the lower grade.

<table>
<thead>
<tr>
<th></th>
<th>1H F2015</th>
<th>1H F2014</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-mine cash cost</td>
<td>US$/lb</td>
<td>6.07</td>
<td>5.61</td>
</tr>
<tr>
<td>Off-mine cash cost</td>
<td>US$/lb</td>
<td>2.56</td>
<td>2.63</td>
</tr>
<tr>
<td>By-product credits</td>
<td>US$/lb</td>
<td>(3.63)</td>
<td>(3.85)</td>
</tr>
<tr>
<td>C1 cash cost net of by-products</td>
<td>US$/lb</td>
<td>5.00</td>
<td>4.39</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>R/t milled</th>
<th>R/t milled</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-mine unit cost</td>
<td>291</td>
<td>283</td>
</tr>
<tr>
<td>Off-mine unit cost</td>
<td>181</td>
<td>177</td>
</tr>
<tr>
<td>Total unit cost</td>
<td>472</td>
<td>460</td>
</tr>
</tbody>
</table>

Nickel spot price (US$/t)

Source: INet Bridge
ARM Platinum interventions to deal with the current commodity cycle

A recovery plan for the Modikwa Mine has been developed and is being evaluated.

Execution of the Modikwa recovery plan is expected to enhance efficiencies and head grade whilst simultaneously reducing cash costs.

Reductions and deferrals of capital expenditure at all operations are being considered.
Goedgevonden delivered an excellent operational performance increasing saleable production by 17% and reducing costs by 9%.

PCB saleable production increased by 7% and costs reduced by 18% as the Tweefontein Optimisation Project ramps up.

TOP is commissioning ahead of schedule and well within budget.

<table>
<thead>
<tr>
<th></th>
<th>1H F2015</th>
<th>1H F2014</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total export sales volumes</td>
<td>Mt</td>
<td>8.93</td>
<td>7.10</td>
</tr>
<tr>
<td>Total Eskom sales volumes</td>
<td>Mt</td>
<td>2.09</td>
<td>2.59</td>
</tr>
<tr>
<td>GGV on-mine saleable cost</td>
<td>R/t</td>
<td>189.10</td>
<td>207.20</td>
</tr>
<tr>
<td>PCB on-mine saleable cost</td>
<td>R/t</td>
<td>341.23</td>
<td>417.44</td>
</tr>
</tbody>
</table>

Thermal coal spot price FOB Richards Bay (US$/t)

Source: INet Bridge
ARM Coal: Dealing with the current commodity cycle

**ARM Coal’s interventions to deal with the current commodity cycle**

Closure of high cost underground operations at Tweefontein. Just over 100 employees have taken pension or severance packages, while others have been redeployed.

A decrease in waste stripping costs together with the replacement of contractors by permanent employees for some functions resulted in costs reducing by more than 15%.

Capital expenditure of all operations has been critically reviewed and has resulted in deferment of over R300 million of capital expenditure at PCB.
Lubambe tonnes mined increased by 34%.

Grade dilution, especially in the flatter dipping slopes, is resulting in a slower than planned ramp-up.

The mine plan is being adapted to counter the grade dilution. Improvements as a result of these changes are expected in the next 6 to 12 months.
Ramp-up of the Lubambe Mine has been slower than planned due to bad ground conditions and the undulating, variable reef width and reef dips which has resulted in grade dilution.

Changes to the mining plan are being considered to improve profitability, reduce capital requirements and optimise cash flow at the mine. An updated plan is expected to be approved and communicated within the 2015 financial year.

ARM remains committed to the Lubambe Mine and Extension Area and expects a recovery in the copper price in the medium to long term.
**Capital expenditure: segmental analysis**

<table>
<thead>
<tr>
<th>Year</th>
<th>Actual 1H F2015</th>
<th>Segmental Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>F2011a</td>
<td>3,494</td>
<td>ARM Platinum: 1,000, ARM Ferrous: 1,600, ARM Coal: 200, ARM Copper: 50</td>
</tr>
<tr>
<td>F2012a</td>
<td>4,321</td>
<td>ARM Platinum: 1,100, ARM Ferrous: 1,900, ARM Coal: 200, ARM Copper: 50</td>
</tr>
<tr>
<td>F2013a</td>
<td>3,489</td>
<td>ARM Platinum: 1,000, ARM Ferrous: 1,600, ARM Coal: 200, ARM Copper: 50</td>
</tr>
<tr>
<td>F2014a</td>
<td>2,918</td>
<td>ARM Platinum: 1,000, ARM Ferrous: 1,600, ARM Coal: 200, ARM Copper: 50</td>
</tr>
<tr>
<td>F2015e</td>
<td>3,200</td>
<td>ARM Platinum: 1,000, ARM Ferrous: 1,600, ARM Coal: 200, ARM Copper: 50</td>
</tr>
<tr>
<td>F2016e</td>
<td>2,900</td>
<td>ARM Platinum: 1,000, ARM Ferrous: 1,600, ARM Coal: 200, ARM Copper: 50</td>
</tr>
<tr>
<td>F2017e</td>
<td>2,450</td>
<td>ARM Platinum: 1,000, ARM Ferrous: 1,600, ARM Coal: 200, ARM Copper: 50</td>
</tr>
</tbody>
</table>

* Capital expenditure includes (i) deferred stripping at Nkomati and Khumani mines, (ii) Eskom infrastructure as a finance lease at Nkomati Mine (iii) financed fleet replacement and (iv) sustaining capital expenditure but excludes the Sakura Ferroalloys Project.
Thank you