



# Investing in African Mining Indaba Cape Town - 2005

**GROWTH, GROWTH and MORE GROWTH**

# Disclaimer



## Forward Looking Statements

*Certain statements in this presentation constitute “forward looking statements” within the meaning of Section 27A of the US Securities Act of 1933 and Section 21E of the US Securities Exchange Act of 1934.*

*Such forward looking statements involve 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; labor 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.*

# Introduction

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**It is our dream to grow ARM into a low-cost, globally competitive diversified mining company:  
please join us on this journey....**

*Patrice Motsepe, Executive Chairman, ARM, February 2005*

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- **Background**
- **Critical success factors for growth**
- **Our assets**
  - ARM Platinum**
  - ARM Ferrous**
  - ARM Exploration**
- **Conclusion**

**The business of African Rainbow Minerals Limited is to explore, develop, operate and hold interests in the mining industry. The company's current focus areas are: ferrous; nickel; PGMs; and gold**

# Background



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• Number of shares in issue	204.2 million
• Market capitalization	US\$950m
• Primary listing	JSE
• Number of employees	5 162
• Largest shareholders	ARMI (42%) NewCo (20%)**

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\*\* Shares being sold by Harmony to NewCo

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# Experienced management



***Executive Chairman – Patrice Motsepe***

***Chief Executive Officer – André Wilkens***

***Financial Director – Frank Abbott***

***Executive Director – Mangisi Gule***

**ARM platinum**

***Chief Executive*** – Announcement pending

**ARM ferrous**

***Chief Executive*** – Jan Steenkamp

- Entrepreneurial management team
- Experienced asset builders
- Proven operators over a diverse range of commodities

# Current features

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- **ARM/Avmin transaction successfully bedded down**
  - An exciting growth company with diversified strength has emerged
- **Defined strategic plan's Critical Success Factors being implemented by our experienced mining team**
  - Our “We Do It Better” management style has been introduced and is being implemented
- **An ability to add value operationally and strategically remain key drivers**

# Mergers & acquisitions

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- We are positioning for a year of corporate activity that is **aligned to our growth strategy**
  - ARM is well positioned, with a strong balance sheet, to **participate in future empowerment transactions** in the resource sector
  - Exciting PGM, manganese and iron ore **growth opportunities** being evaluated
  - South African remains our **prime area** of operation

# Project **advancements**

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- **Nickel joint venture announced with LionOre on Nkomati nickel mine and its large expansion project**
  - Logical **partnership**
  - Both companies will use combined **skills and experience** to optimise project feasibility
  - Will accelerate project
- **Significant Two Rivers PGM project in **approval process****

# Exploration portfolio

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- ARM's **attractive African exploration portfolio** to be appropriately structured and positioned
  - Initiatives underway to **enhance** current asset values
  - Objective to extract **maximum value** for ARM
  - Review will be completed **mid-2005**

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  - **Critical success factors for growth**

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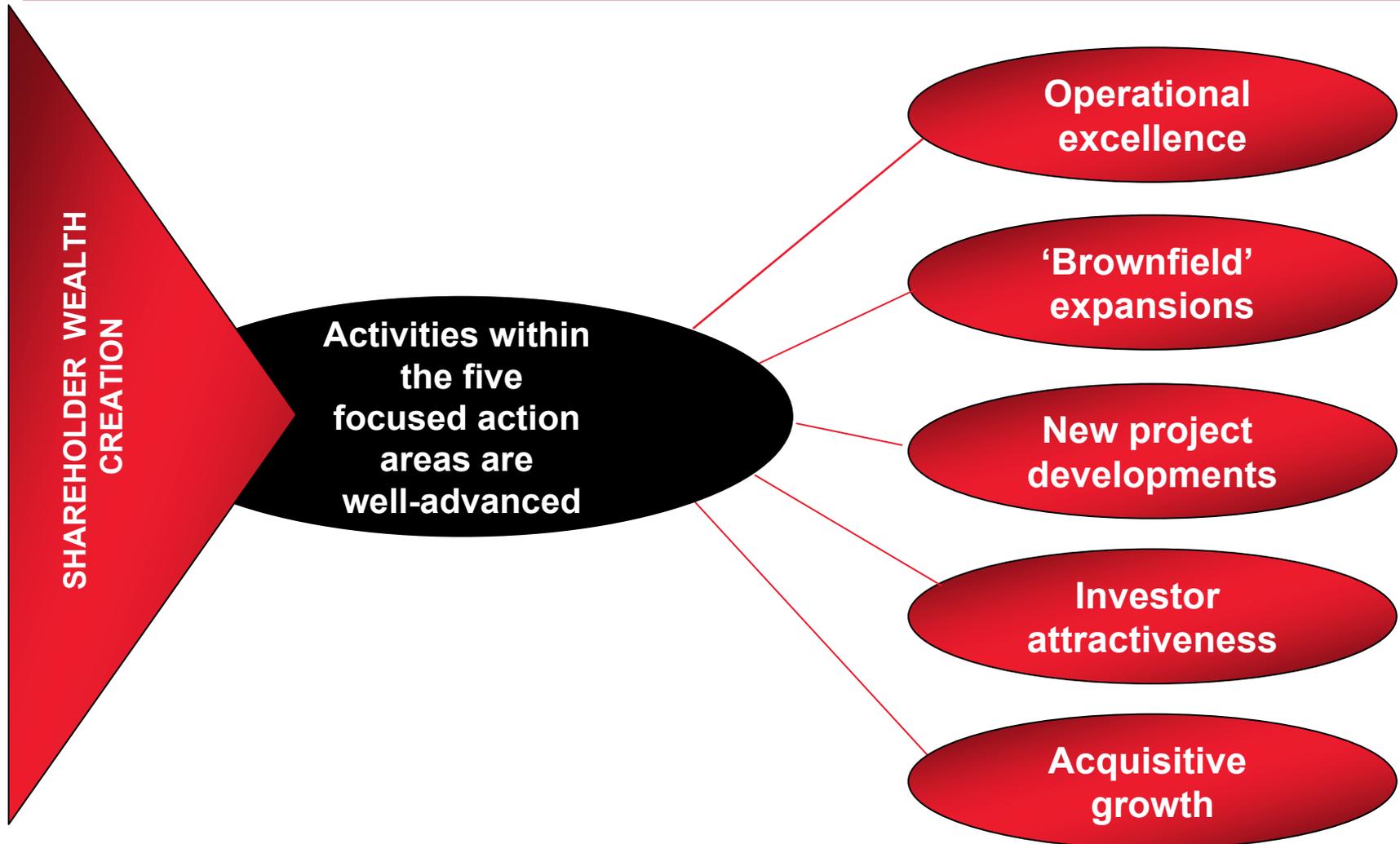
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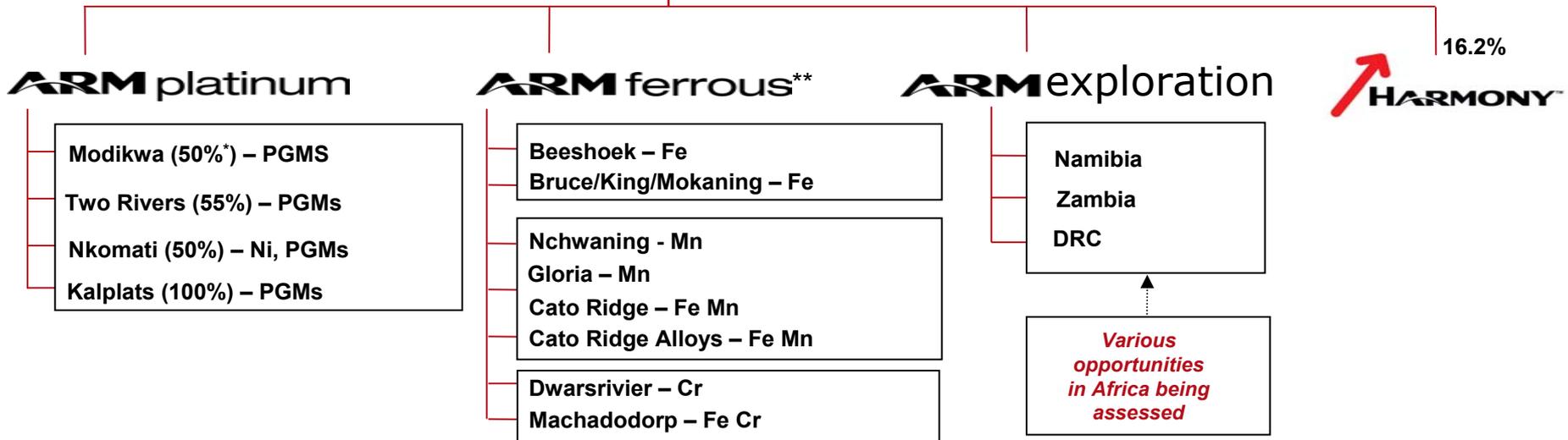
# Critical success factors



# Structure now **simplified**



20%



\* Asset held through the ARM Mining Consortium

\*\* Assets held through a 50.3% shareholding in Assmang Limited

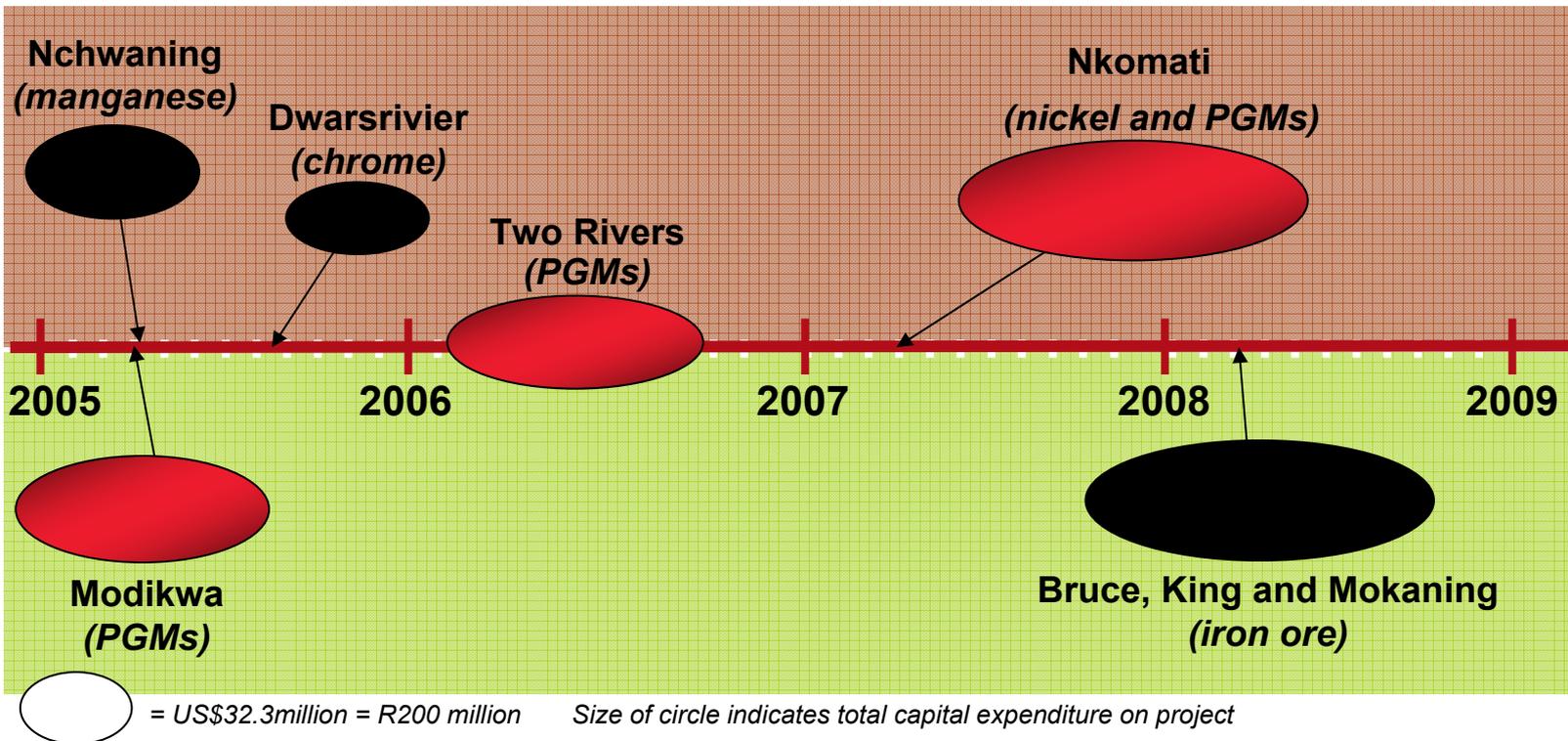
# Striving for **operational excellence**



- **Poor performers have been turned around**
  - Operating efficiencies improved at all operations over last year
- **Manganese and nickel operate at healthy profit margins**
- **Competitive operating costs**
  - Nickel – *one of the lowest cost nickel operations in the world*
  - Manganese – *will be one of the lowest cost underground operations*
  - Iron ore – *extremely competitive mining cost*
  - PGMs – *Modikwa on track for R300/t*
- **Low corporate overhead costs**
  - Reduced by over 45% in first year after formation of ARM
- **Highly skilled and committed employees**
  - Good union relationships

# Project pipeline

## Commencement of production



- **Solid project pipeline**
- **Large resource base** in key commodity sectors
- **Long-life, high quality resources**

# An attractive **investor offering**

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- **Simplifying the structure**
  - Harmony cross-holding is an opportunity
  - Direct access to cash from all operations is key
  - Reporting responsibilities clarified
- **Improved liquidity**
  - NYSE listing linked to growth strategy
- **Improved investor contact**
  - Access to management team improved
  - Company information flow being upgraded
  - 'Reach' into US and Europe markets will be enhanced

# Acquisitive growth is key

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- **Mergers and acquisitions as well as strategic alliances being pursued**
- **Unique South African shareholding composition will be the advantage**
- **Seeking quality assets with strong cash flows**
- **Targeting a limited and focused commodity range with strong industry characteristics**
- **Expand existing commodities**
  - PGMs attractive characteristics
  - Manganese and iron ore are key to growth
- **An ability to add value operationally and strategically remain key 'drivers'**

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## Modikwa nearing **full production**

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- **Overview**

- Situated in Limpopo province – 50:50 joint venture with AngloPlats (41.5% effective to ARM)
- Full production to be achieved mid-2005
- Toll smelt and refine at AngloPlats' infrastructure
- At full production: 366 000oz PGM's a year (160 000oz of platinum)
- Significant community interaction: shareholders, suppliers and employment

- **Significant PGM - 4E - reserves and resources**

- Total UG2 reserves of 17.6Mt and total resources (UG2 and Merensky) of 534Mt

- **Looking ahead**

- Competitive operating cost and improved efficiencies forecast at full production
- Extremely large resource provides exciting future options: Modikwa deeps

## **Major PGM operation at Two Rivers**



- **Overview**

- Situated in Mpumalanga province – in partnership with Implats (ARM 55% and Impala 45%)
- Planned at full production: 230 000oz PGMs a year (110 000oz of platinum)
- Toll smelt and refine at Implats' infrastructure
- Current trial mining (+100kt) has confirmed all mining and geological assumptions – effectively moved project into 'brownfield' status
- Funding being finalised – capital expenditure forecast at R1.2bn (50% project financeable)

## Major PGM operation (cont..)

- **Significant PGM - 4E - reserves and resources**

<b>RESERVES</b>	<b>Moz</b>	<b>Mt</b>	<b>g/t 3 PGE + Au</b>
TOTAL (UG2 Reef only)	5	44.8	3.49
<b>RESOURCES</b>	<b>Moz</b>	<b>Mt</b>	<b>g/t 3 PGE + Au</b>
TOTAL (UG2 & Merensky reefs)	14.7	117	3.91

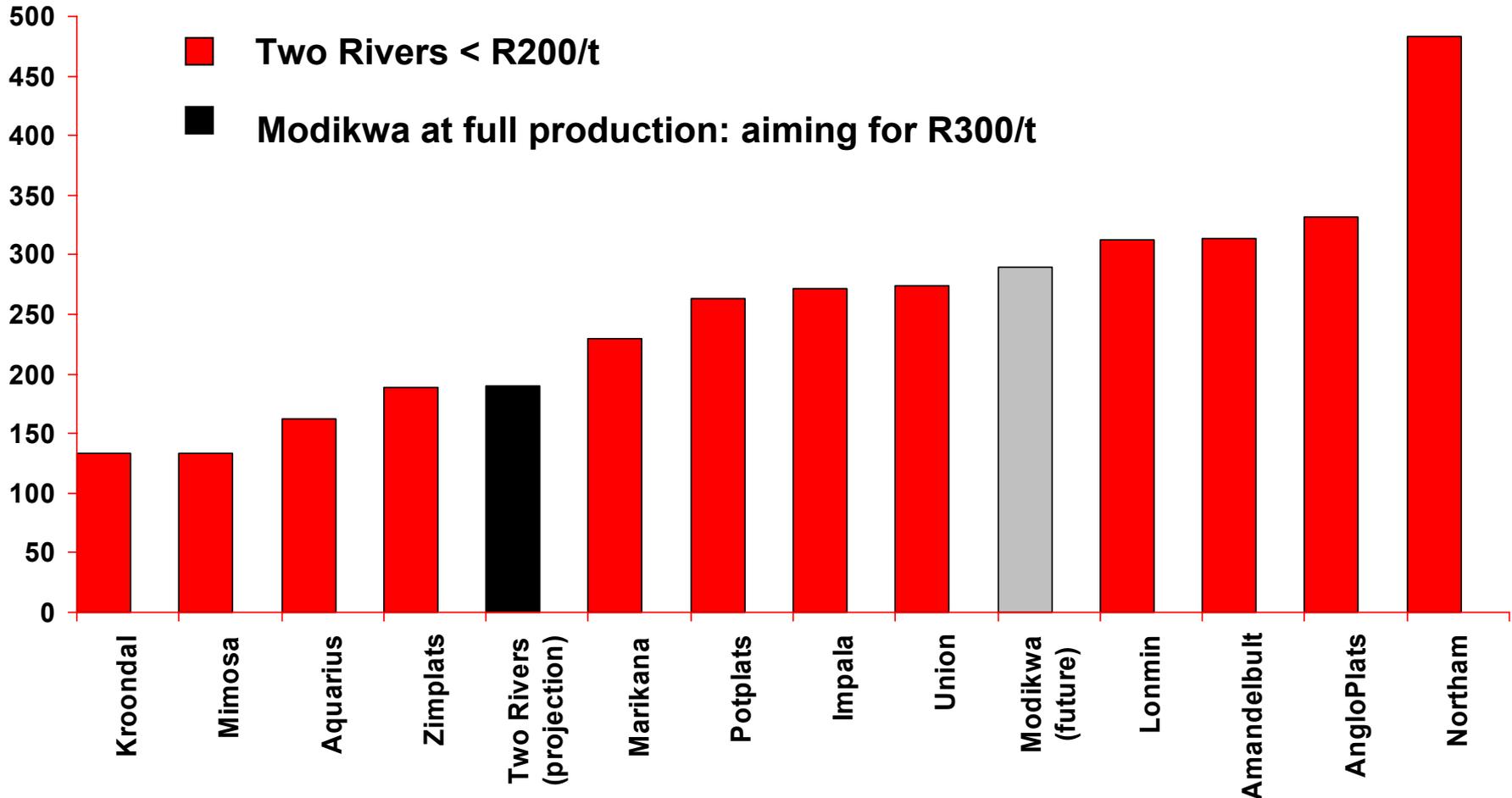
- Pt:Pd ratio of 5:3 – i.e. geologically different to the northern part of the Eastern Bushveld
- **Looking ahead**
  - Competitive operating cost forecast at full production, will be lowest quartile of world operators
  - Merensky Reef provides significant future option

# PGMs – low cost focus



Source: Nedcor Securities

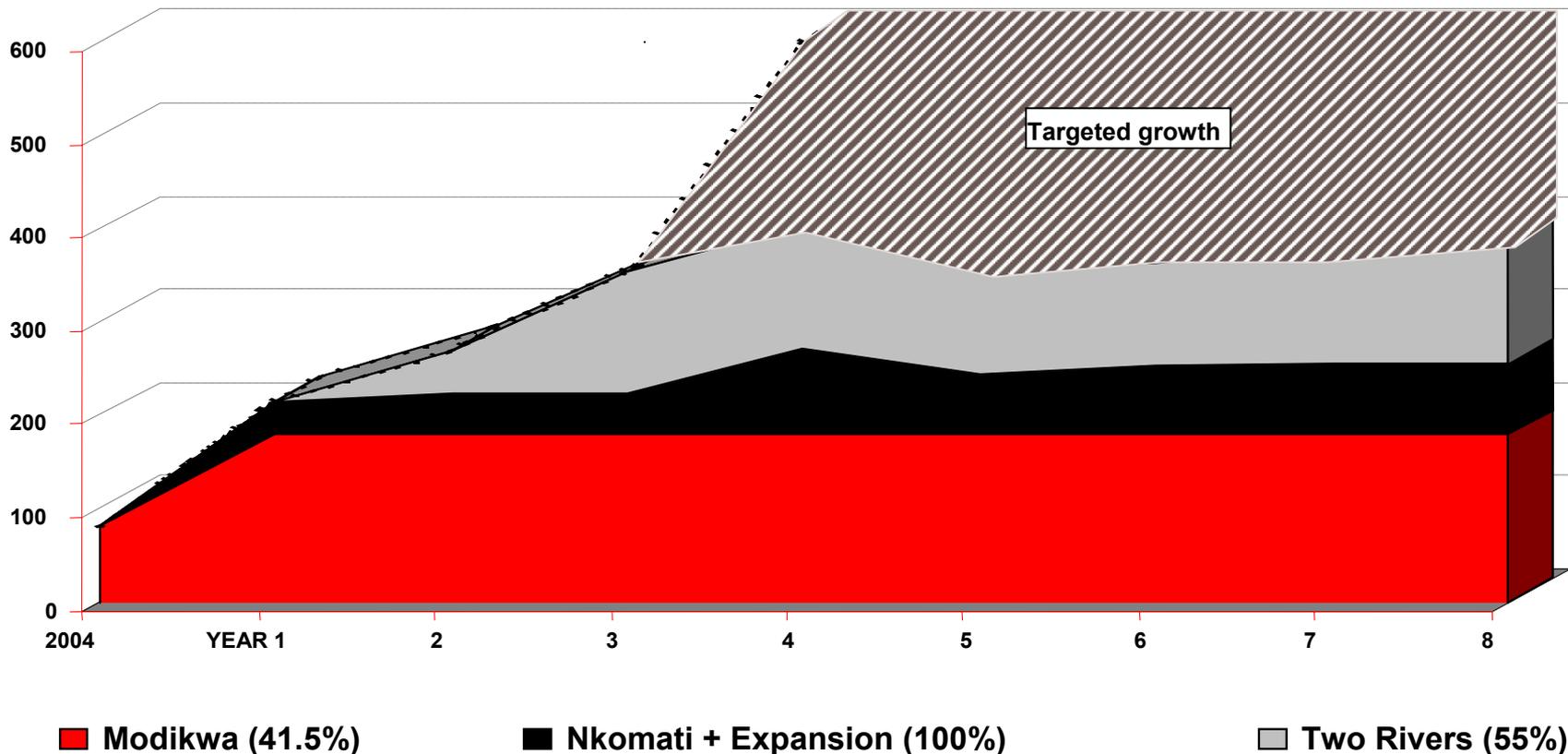
## Cash operating costs



# PGMs – significant growth

Targeting 600 000oz (attributable) in four years

Attributable PGM ounces/year\*



## Exciting nickel developments

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- **Overview**

- LionOre recently introduced to Nkomati at a 50% level in a transaction valued at US\$48.5m
- Current high-grade MSB mine produces about 5kt nickel a year with significant by-product credits
- Large open-pit expansion being assessed: capex forecast at around about US\$310m (around R2bn)
- On-site processing will be further enhanced to include fully-integrated smelting and refining using Activox® technology, which is owned by LionOre
- ARM and LionOre utilizing their joint skills and experience to review and improve the technical and economical feasibility of the expansion

## Exciting nickel developments (cont..)

- **Significant reserves and resources**

<b>RESERVES</b>	<b>Mt</b>	<b>Ni (%)</b>
TOTAL	65	0.50
<b>RESOURCES</b>	<b>Mt</b>	<b>Ni (%)</b>
TOTAL	143	0.47

- **Looking ahead**

- Trial mining underway: ore will be sent to LionOre's Tati operation in Botswana for full-scale testing in its Activox demonstration plant
  - A positive result will reduce the discount factor and project decision could be moved forward
- Expanded mine life estimated at 15 years: forecasting about 16 000tpa nickel and 100 000oz a year of PGMs
- Will remain a competitive cost operation due to significant by-product credits

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## Iron ore exports on the increase

- **Overview**

- Situated in Northern Cape province – open-pit operations
- Total tonnage produced FY2004: 6.3 Mt
- Logistical issues (railway and port) being addressed

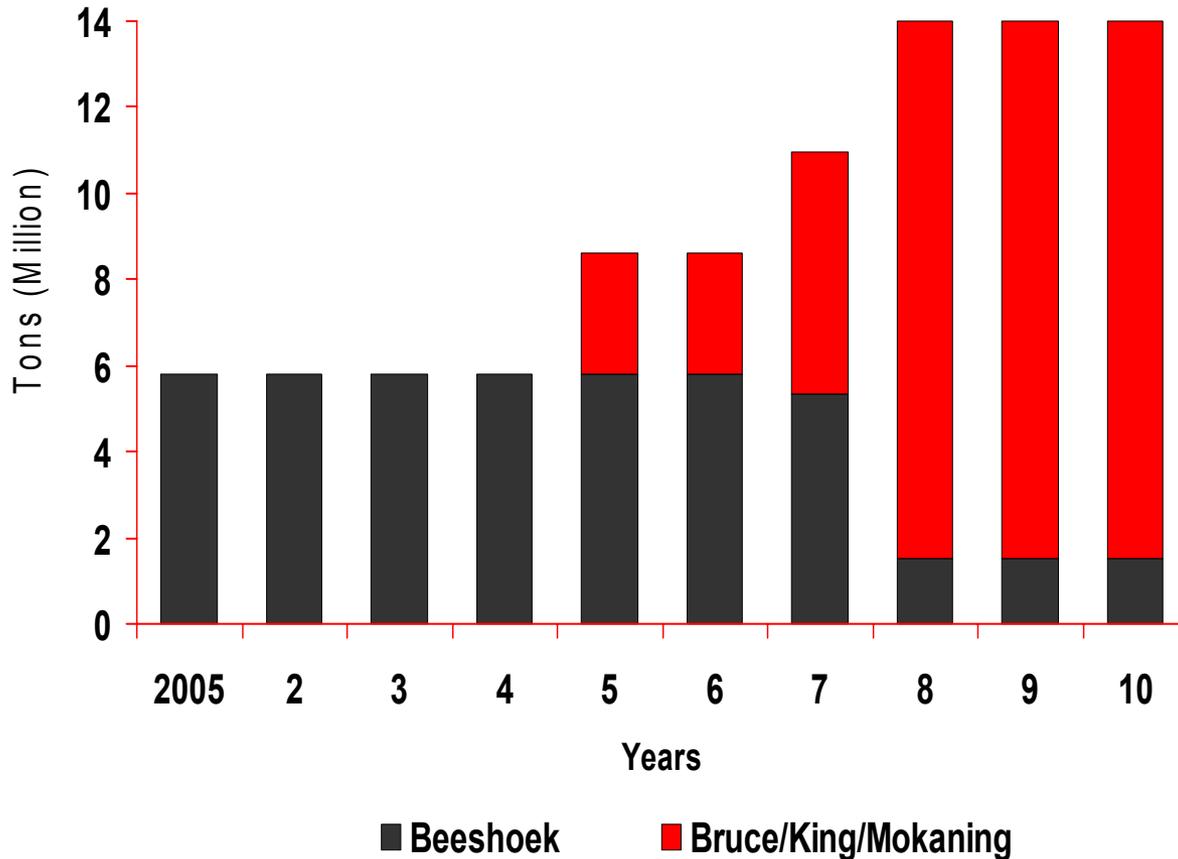
- **Vast iron ore (Fe) reserves and resources**

<b>RESERVES</b>	<b>Mt</b>	<b>Fe (%)</b>
TOTAL	482	65.25
<b>RESOURCES</b>	<b>Mt</b>	<b>Fe (%)</b>
TOTAL	1 215	64.58

- **Northern resources provide massive opportunity**

- Feasibility study underway to assess the potential for a new mine capable of producing 10-15mtpa
  - Feasibility to be completed late 2005
  - Design/construction scheduled for completion in 2008
  - Ramp-up will coincide with rail/port capacity allocation upgrade in 2009/10

# Significant new iron ore operation



- Indicative ramp-up schedule for Bruce, King, Mokaning to meet capacity allocations

# High-grade manganese deposits

- **Overview**

- Gloria (low-grade) and Nchwaning (high-grade) – situated in Northern Cape province
- Ore mined for export market (1.4 Mt sold in FY 2004), as well as material ‘feed’ for ARM’s ferro-manganese smelters
- New shaft commissioned at Nchwaning – will compliment existing manganese production:
  - Costs will be lower: mechanised operations and infrastructure optimisation
  - Total manganese production capacity will be at 3.5Mtpa

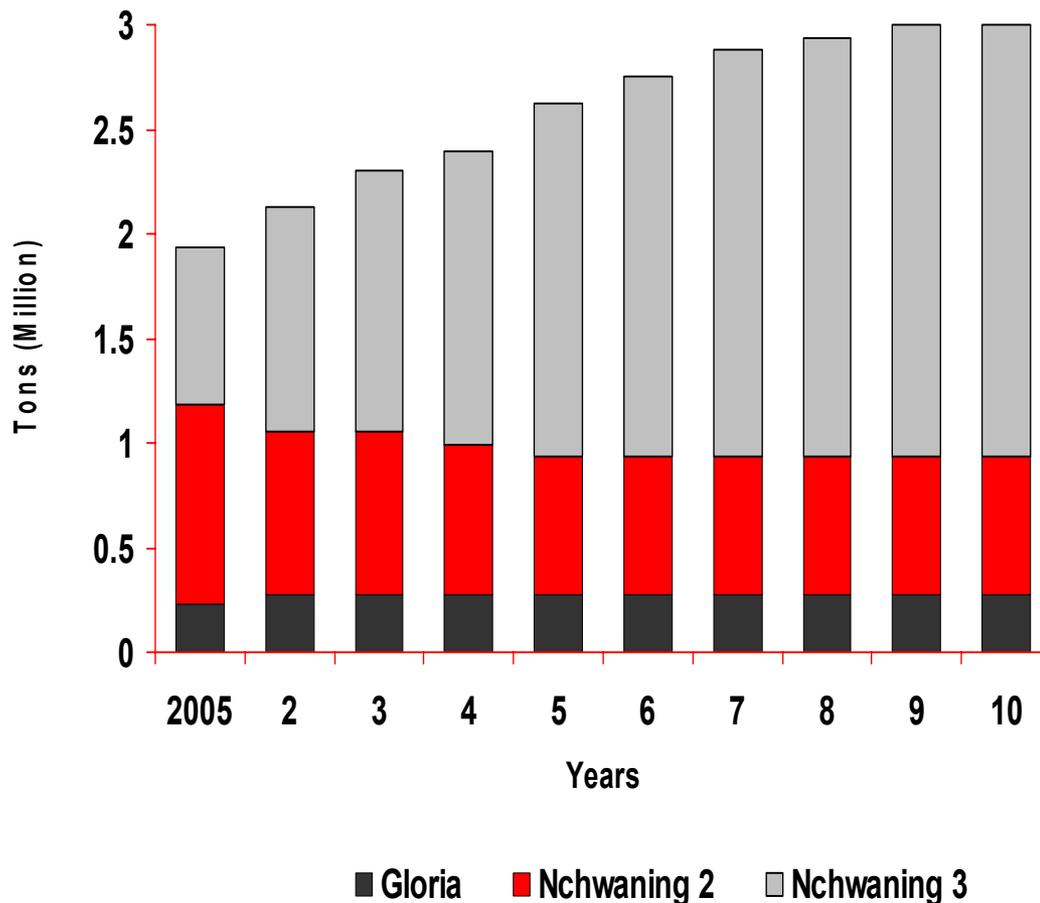
- **Significant manganese reserves and resources**

- Total reserves of 131Mt and total resources of 631Mt
- Quality ore that is much in demand from steel markets

- **Looking ahead**

- Sales volumes anticipated to increase to 2.8Mt (2.2Mt export) over the medium-term (dependent on logistical issues being resolved)

# Increasing manganese profile



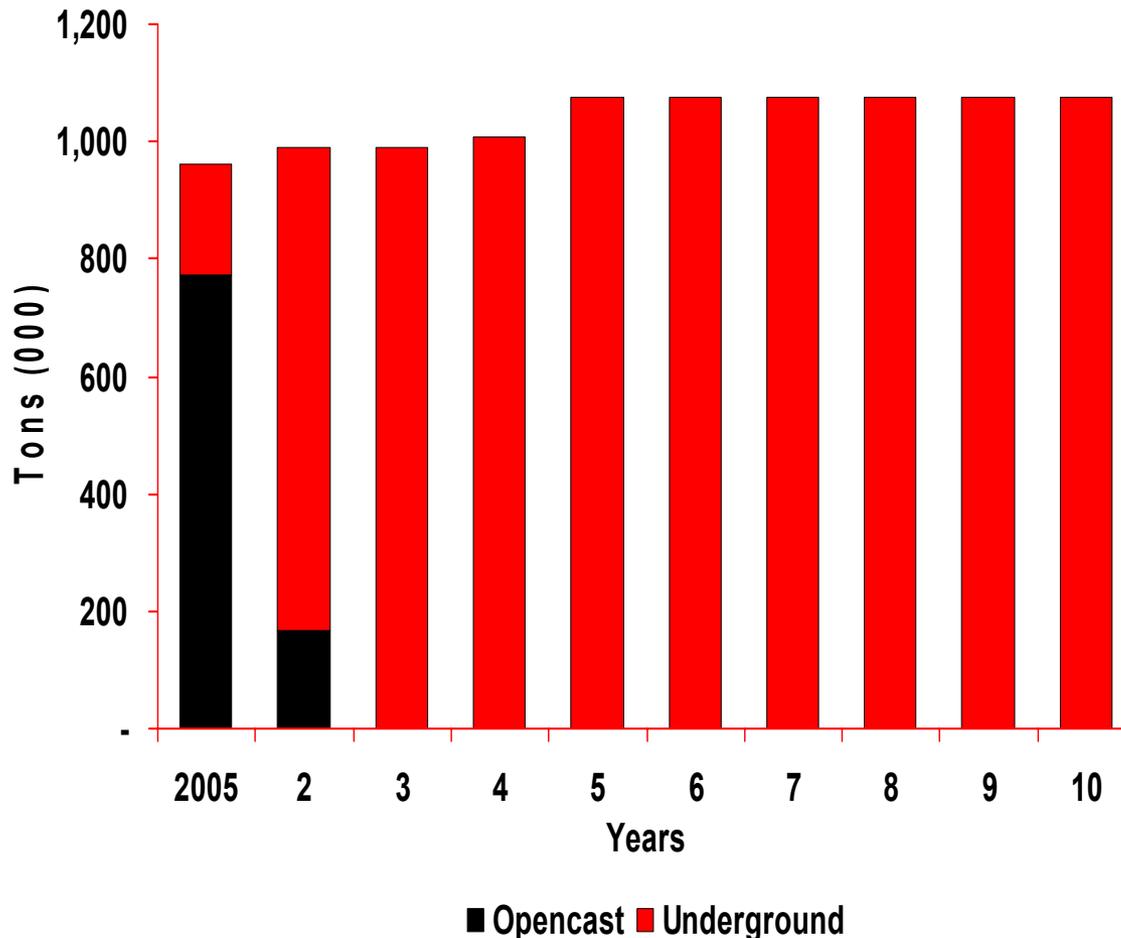
- Indicative ramp-up schedule
- COEGA – future bulk terminal?
- High metal content and low impurities makes the ore from the mine exceptional smelting ore

## **Chrome expansion underway**

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- **Overview**
  - Situated in Mpumalanga province – open-pit operations
  - Dedicated ore supplier to ARM's ferro-chrome smelter (648kt delivered in 2004)
- **Easily accessible chrome ore reserves and resources**
  - Total reserves of 27Mt and total resources of 87Mt
- **Looking ahead**
  - Underground operation currently being built – will maintain alloy sales at approximately 300ktpa in short-term, but increasing in the medium-term (dependent on markets)
  - Mechanisation will result in low on-mine operating costs
  - Efficiencies at ferro-chrome smelter improving and costs declining: production increased 12% year-on-year (2003 – 2004) and expected to increase further in the short-term

# Exciting **chrome** development



- New underground mine construction commenced – first production 2005/06
- Geared to deliver quality metallurgical chromite to Machadodorp
- Beneficiation plant has been designed to produce chemical and foundry grade products
- Resource capacity available to expand chromite production

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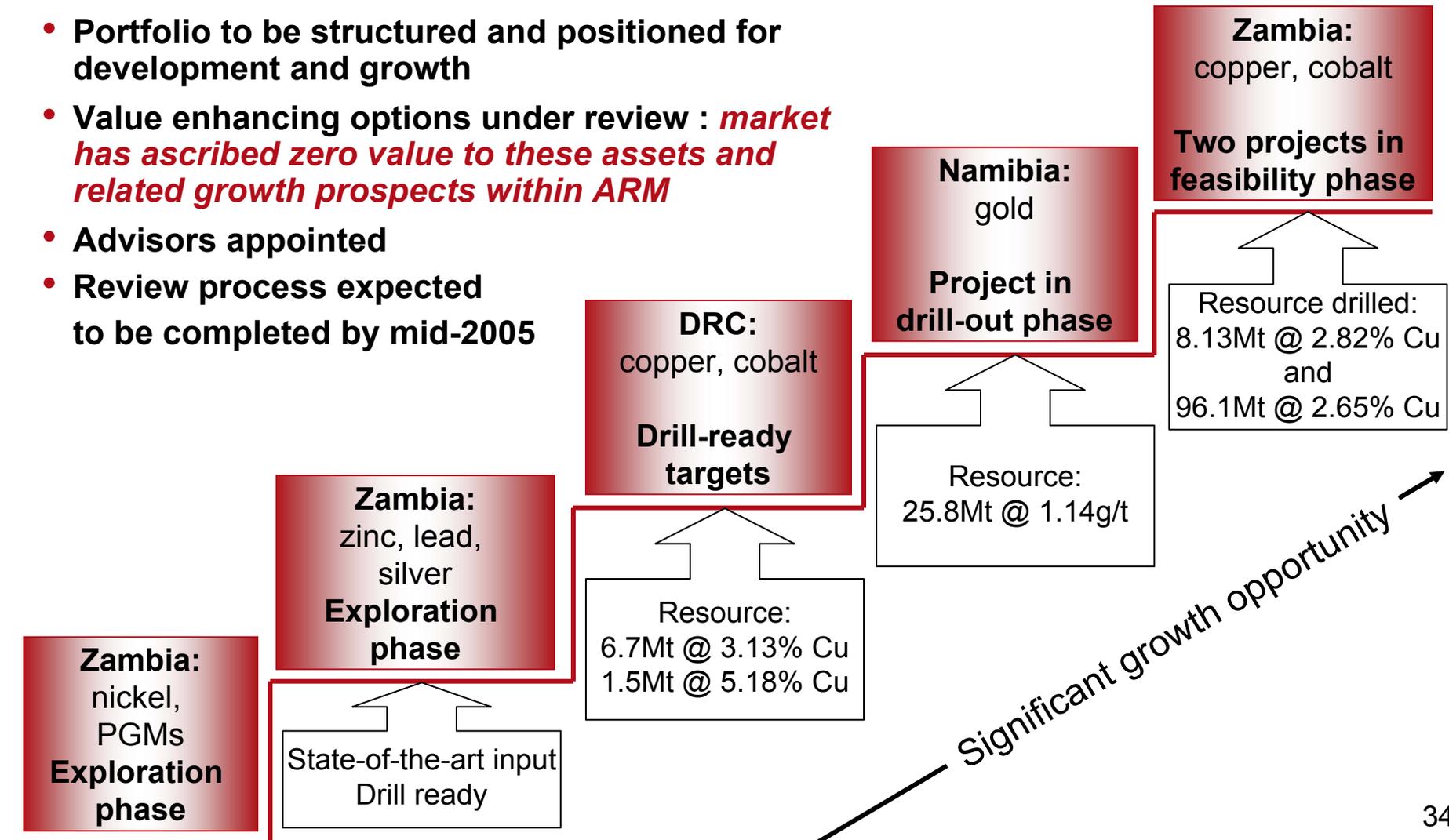
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# Attractive exploration portfolio

- Portfolio to be structured and positioned for development and growth
- Value enhancing options under review : *market has ascribed zero value to these assets and related growth prospects within ARM*
- Advisors appointed
- Review process expected to be completed by mid-2005



# Conclusion

