



Coaltrans South Africa
Realising the value of South African coal
Stompie Shiels, Executive Director: Business Development
8 September 2008

Disclaimer

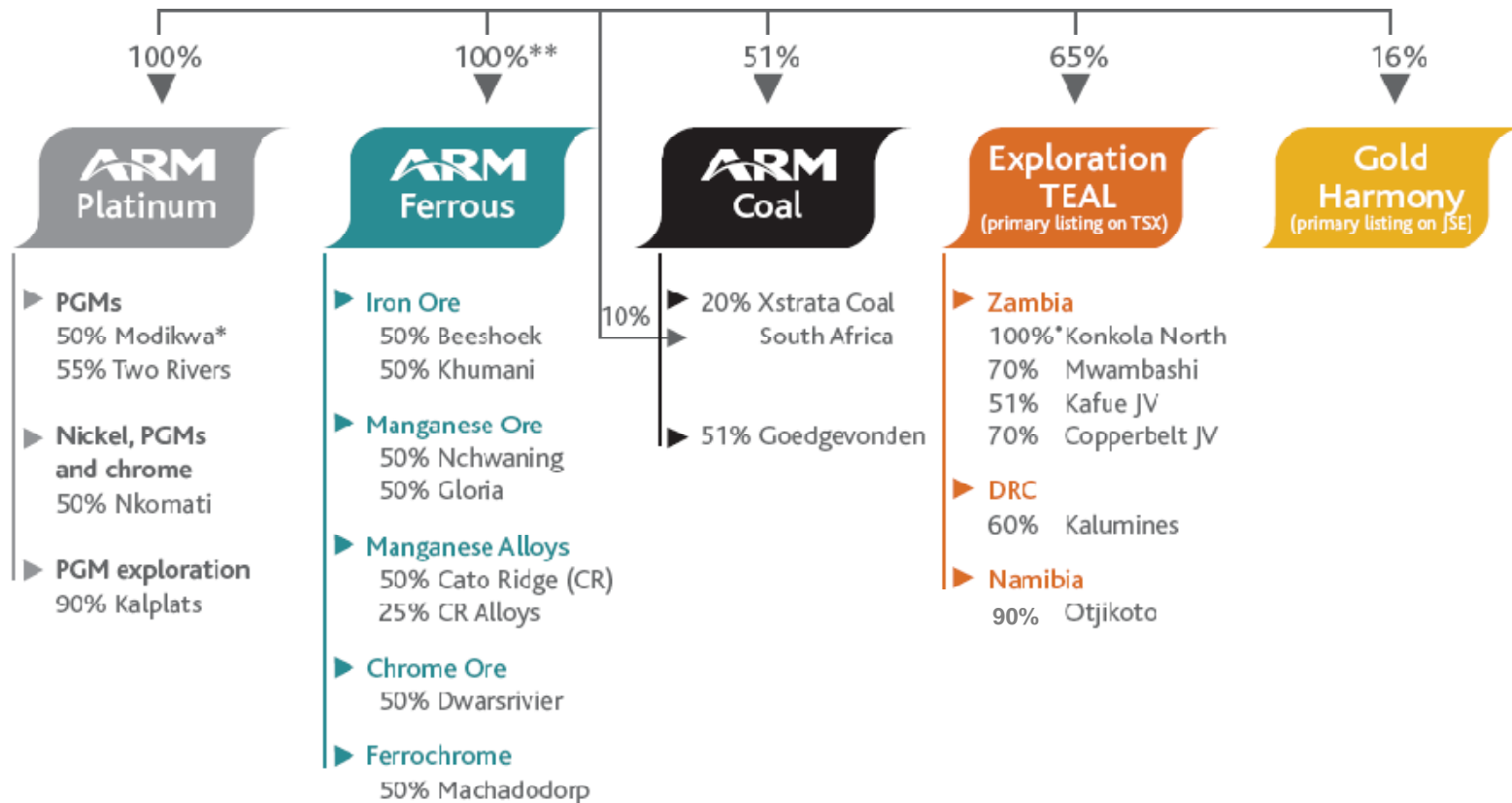
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Perfect diversified commodity mix

ARM market capitalisation:
R50 billion or \$6.5 billion

ARM share price:
R235 per share at 25 August 2008



* Assets held through the ARM Mining Consortium, effective interest at 41.5%, the balance held by the local communities

** Assets held through a 50% shareholding in Assmang Limited

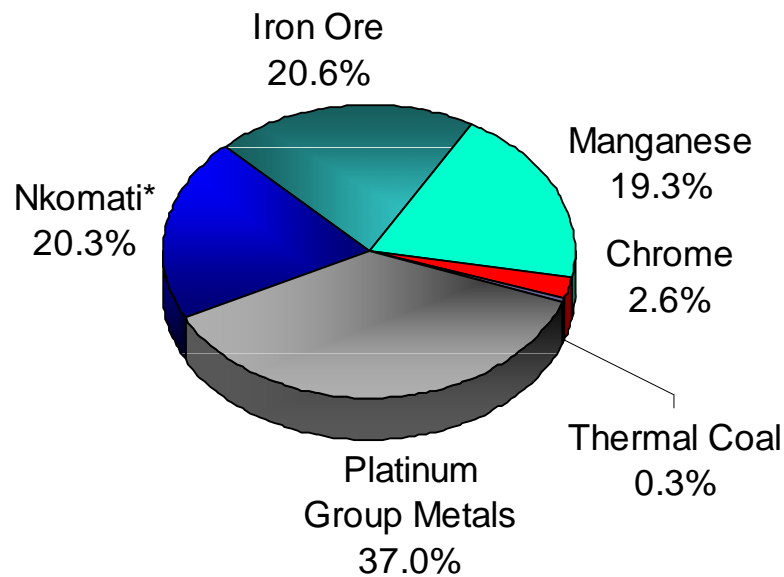
* Konkola North is subject to a buy-in right up to 20% (5% carried) by state-owned ZCCM Investment Holdings plc

Growing diversified commodity business



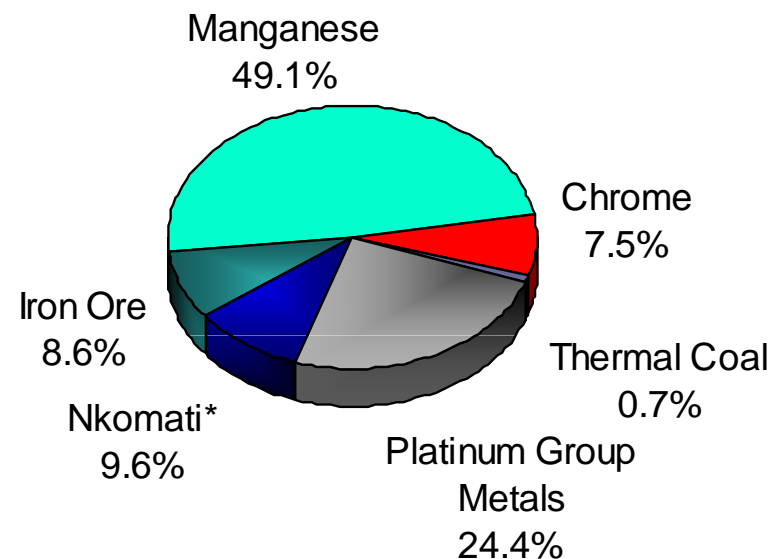
Attributable EBIT split between operations

12 months to 30 June 2007



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

12 months to 30 June 2008

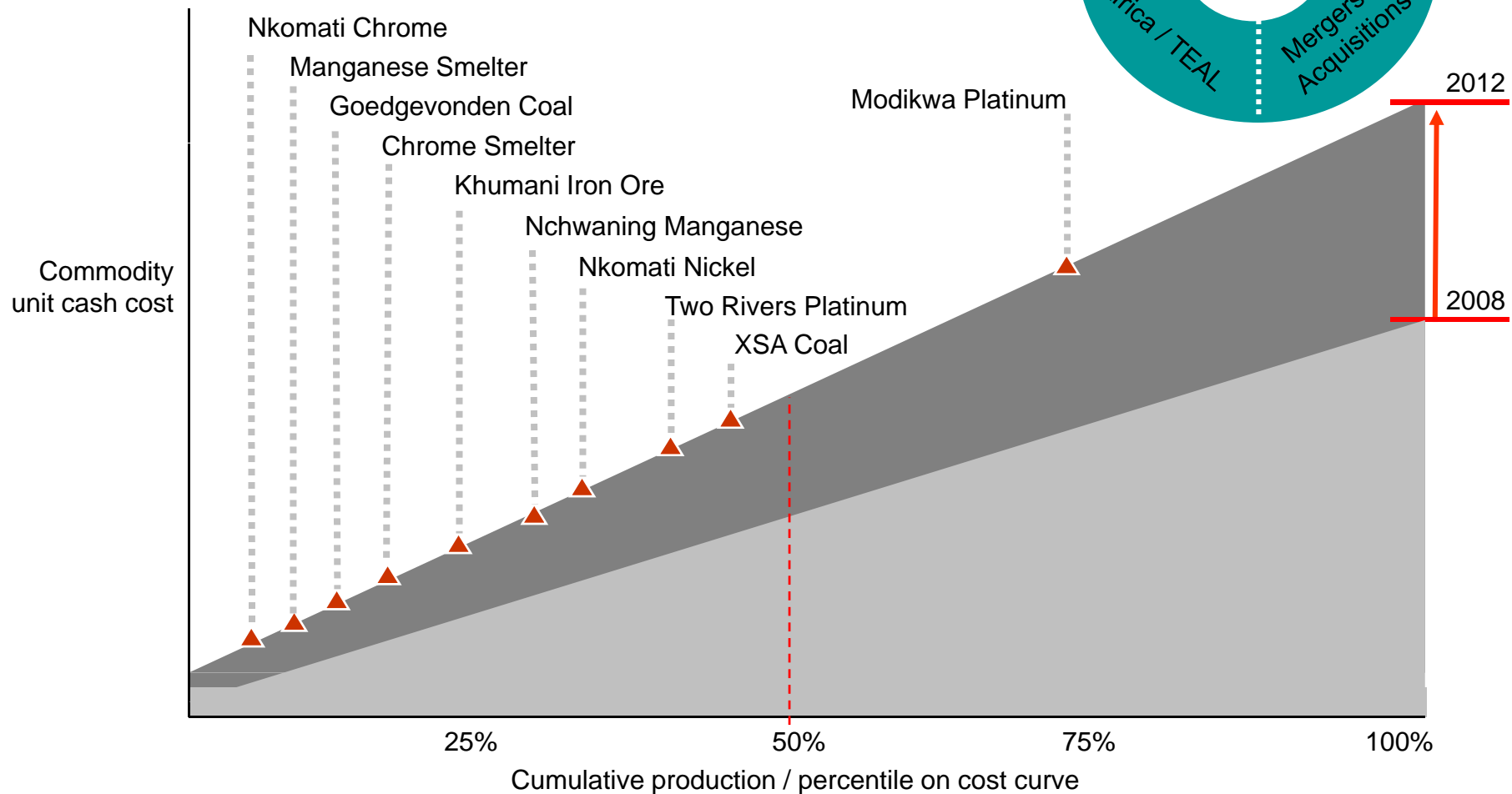
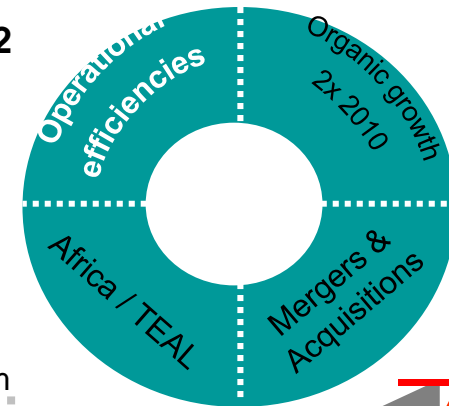


* Nkomati operating profit split:
Nickel (44%) and Chrome (56%)

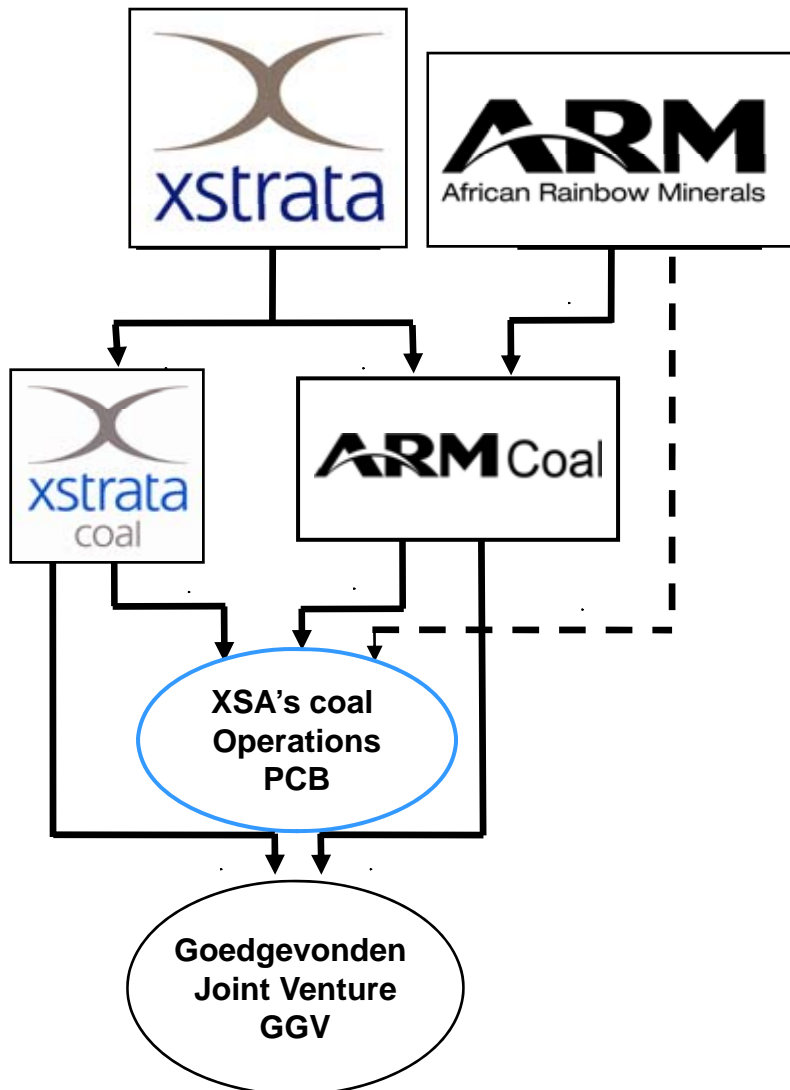
Attributable EBIT split between operations calculated from published EBIT (or segmental results) before corporate and exploration expenses and excluding the 45% minority interest in Two Rivers

Continuous focus on reducing costs

ARM target for operations on the respective global cost curves by 2012 (steady state)



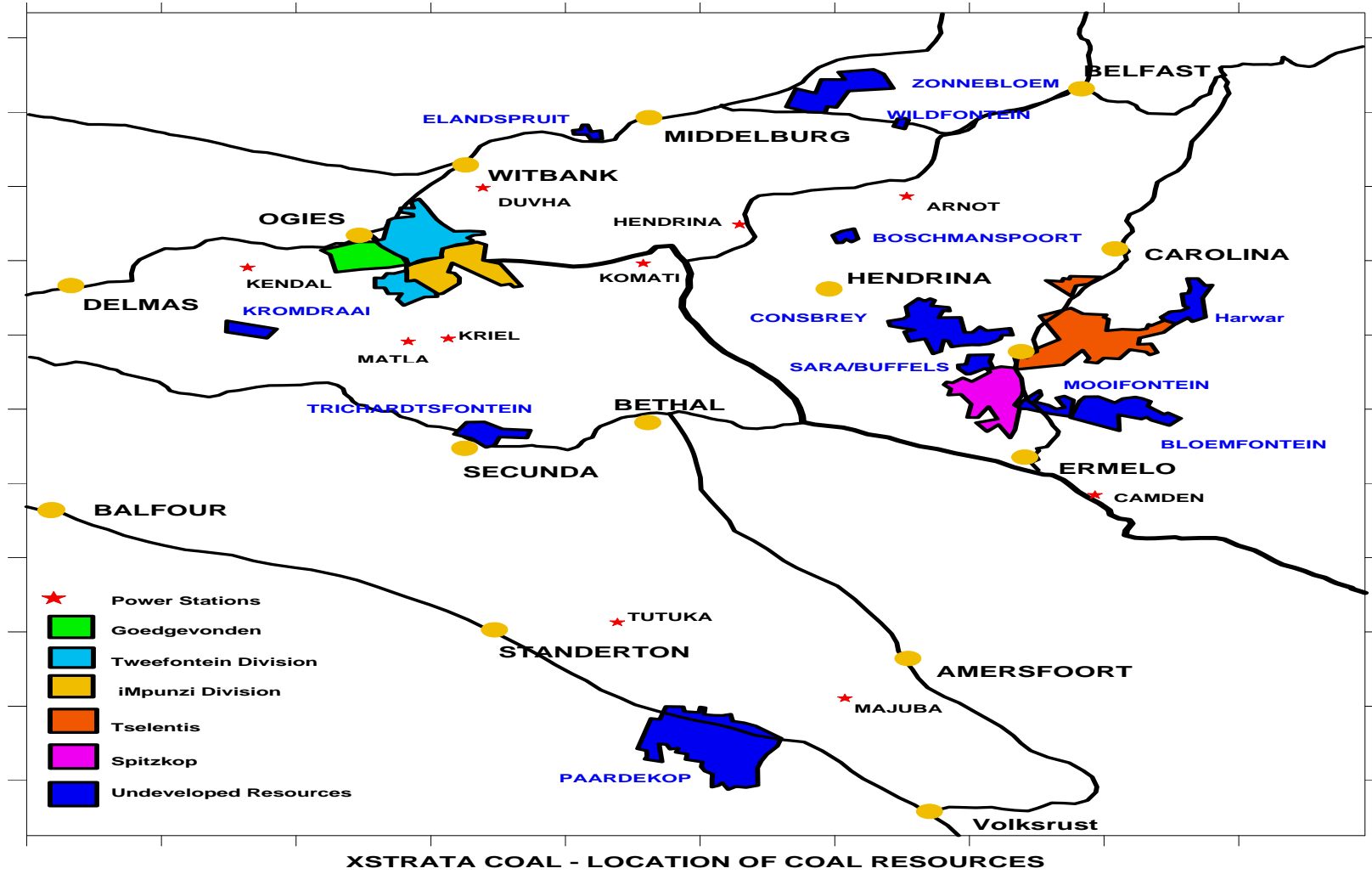
ARM Coal structure



Role of partnership:

- Access to good coal assets
- Access to coal markets
- Exposure to XCSA expertise
- Funding facilitation
- Successful black owned entity
- Access to Eskom and RBCT
- Fulfils the spirit of MPRDA
- Vehicle for future growth
- Contribute and share mining skills and experience
- Building good relationships in the rest of Africa

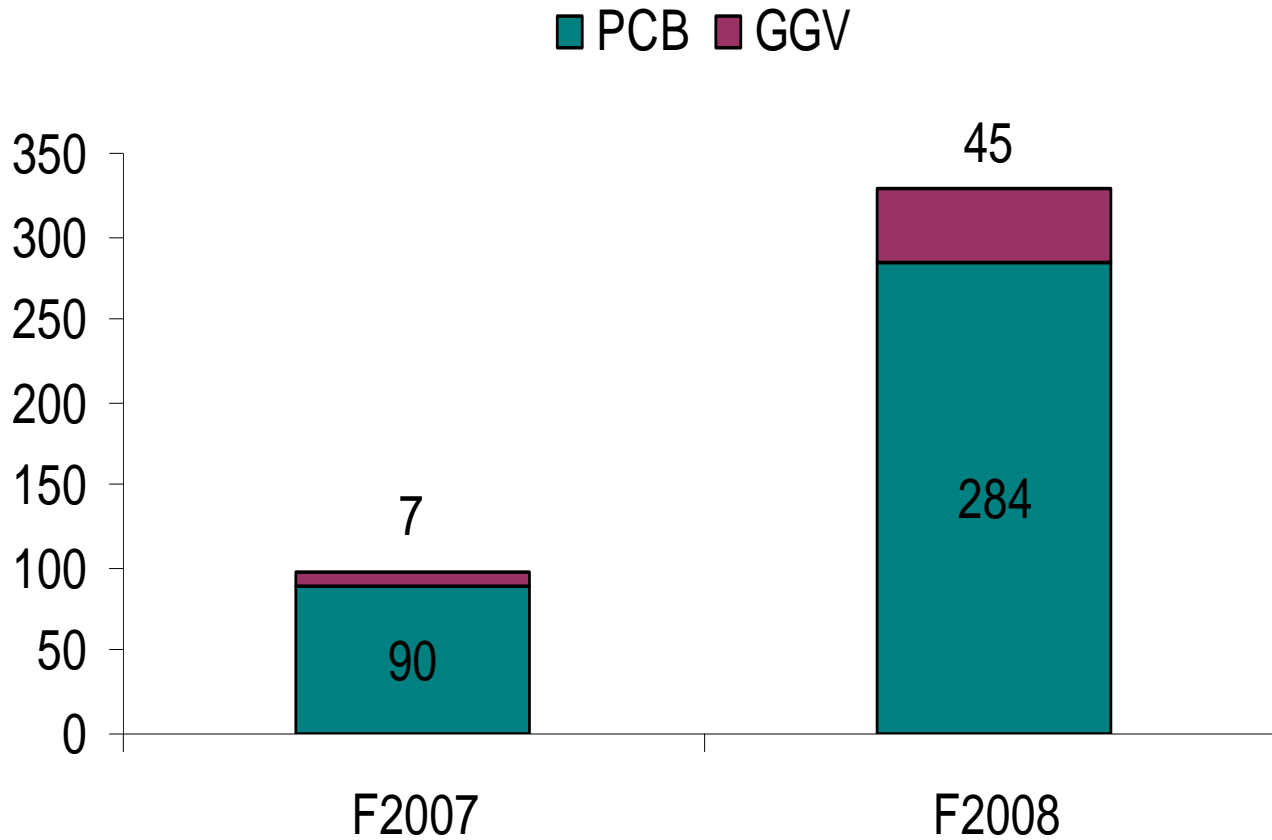
Location of coalfields



* Operational complexes and future prospects under joint evaluation

EBIT – attributable to ARM Coal

F2008: R329 million





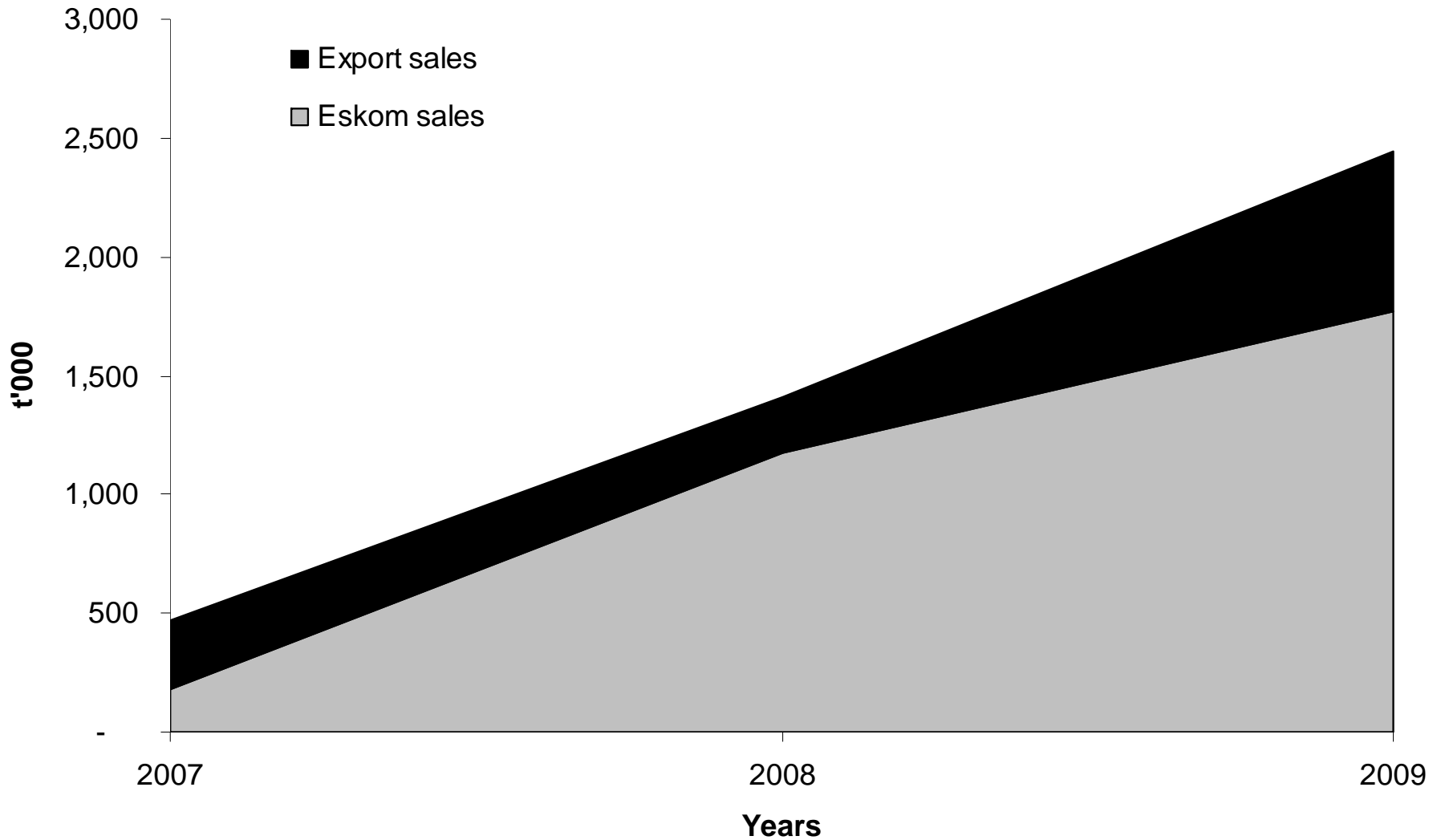
ARM Coal operational statistics



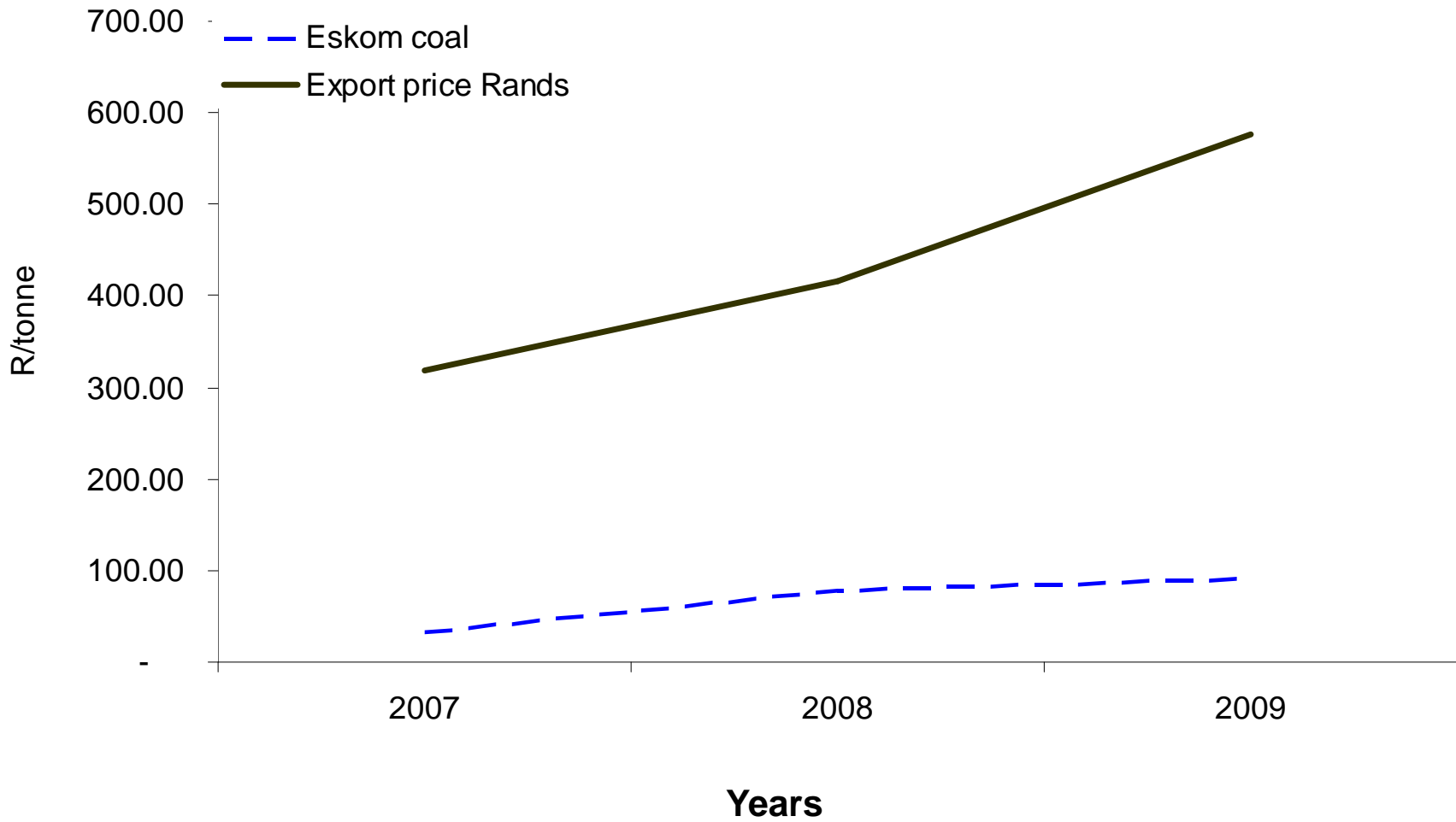
		F2008	F2007	% change
Total production and sales				
Saleable production	Mt	25.3	23.1	9
Export thermal coal sales	Mt	13.7	13.6	1
Domestic thermal coal sales	Mt	13.2	9.0	47
Attributable production and sales				
Saleable production	Mt	5.2	4.5	16
Export thermal coal sales	Mt	2.8	3.0	-7
Domestic thermal coal sales	Mt	2.8	1.7	65
Average received coal price				
Export (FOB)	US\$/t	58.5	44.5	31
Domestic (FOR)	R/t	104.3	70.0	49
On mine saleable cost	R/t	148.4	147.9	-1
Cash operating profit				
Total	R million	2 620	1 387	89
Attributable	R million	540	268	101
Headline earnings attributable to ARM		175	1	>500

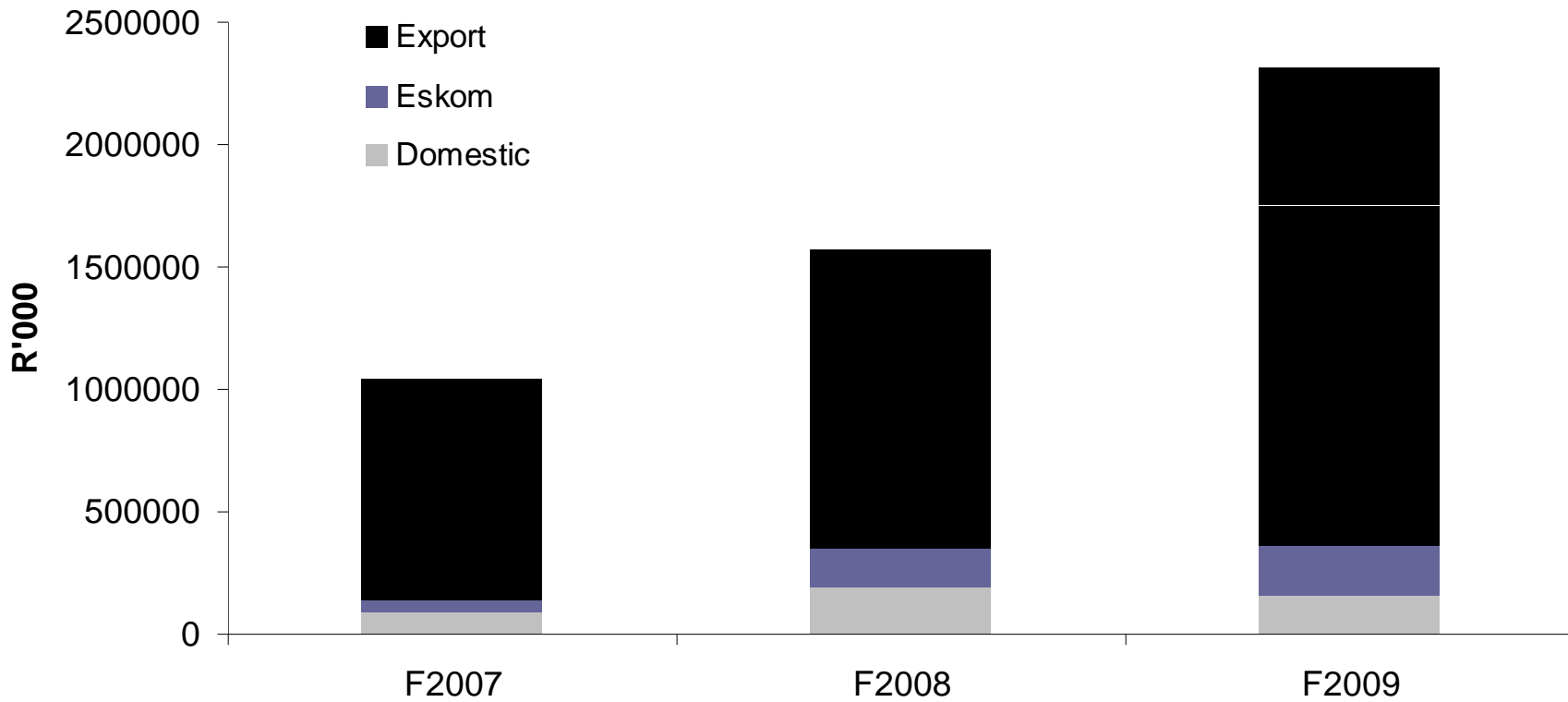
- Limited impact from load shedding on all coal operations of XCSA, however infrastructure related power disruptions more significant
- Industry awaits clarification of Eskom's proposed power conservation programme (PCP) and implementation for Q4'08 inclusive of regulatory process (Nersa), power allocations and tariff structure
- However measures in place to reduce consumption include:
 - Stoppage of less efficient plants (Phoenix plant)
 - On-mine power saving strategies and energy efficiency programmes
 - Introduction of diesel generators
 - Diesel instead of electric shovels chosen at GGV
- Increase in Eskom coal supply year on year, especially from GGV

Sales volumes



Sales prices







Goedgevonden Coal Project



Goedgevonden Coal Project (GGV) is 51% owned by ARM Coal and 49% owned by Xstrata

6.7 mtpa saleable thermal coal

3.2 mtpa export sales
27,5 mj/kg

3.5 mtpa domestic sales
22 mj/kg

- ARM Coal has secured 3.2 mtpa additional capacity at Richard's Bay Coal Terminal (RBCT)
- Eskom off-take negotiations ongoing
- In close proximity to 4 power stations
- Supplying a premium product (washed and sized)

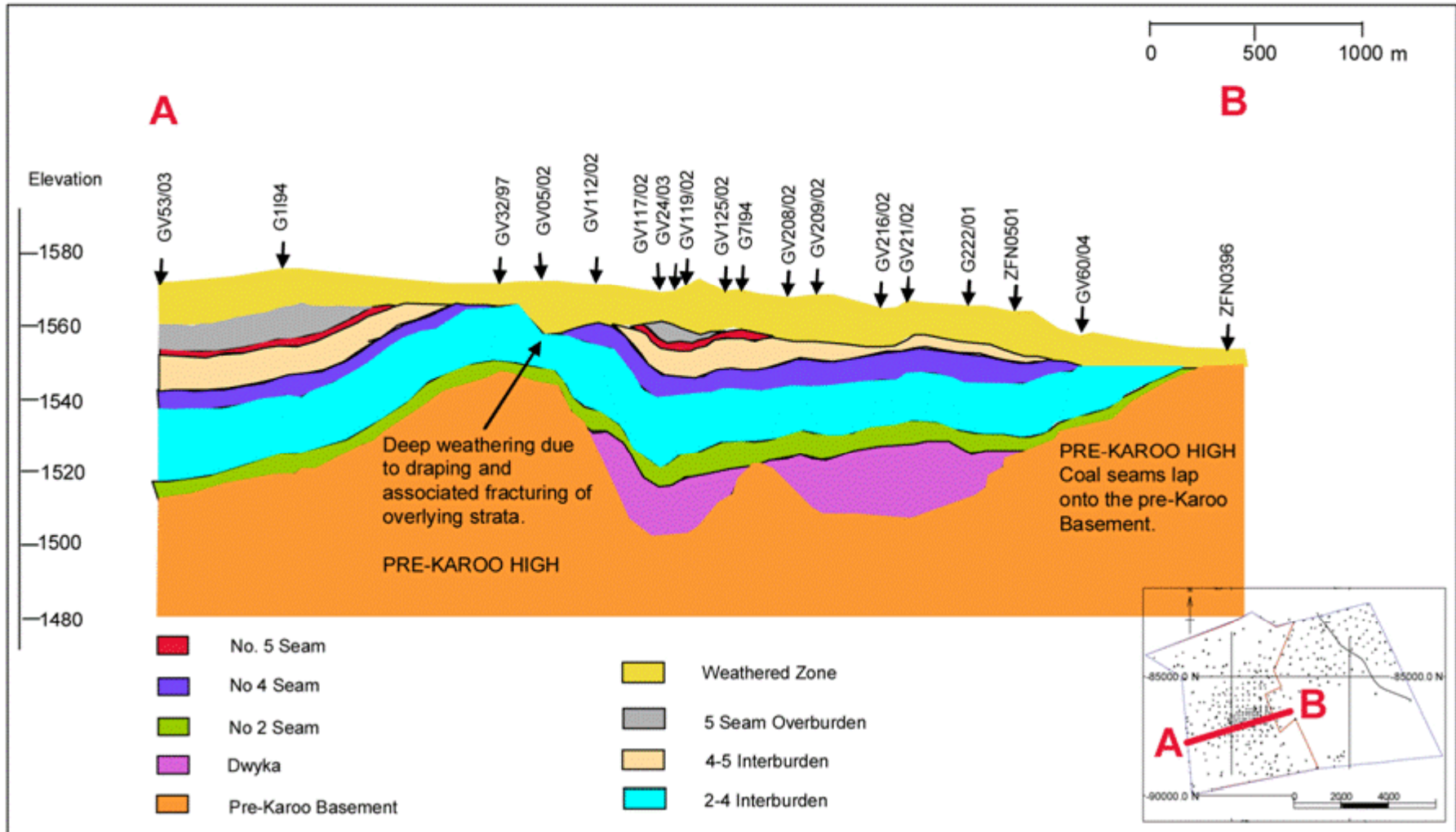
Project released
2007

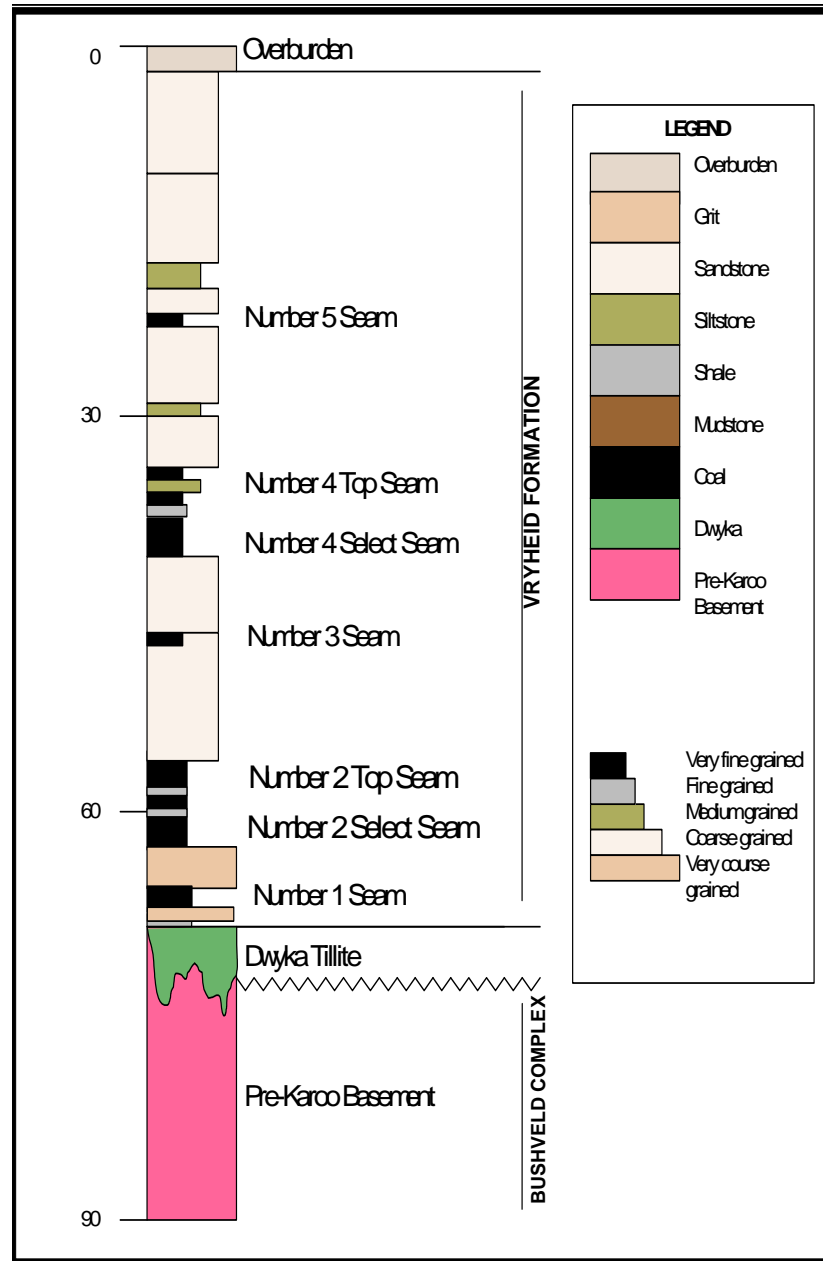
Open cast mine expected
to produce lower quartile
of global cost curve

Ramp-up: 2009
Full production: 2011

Capital cost of R3.2 billion, 70% committed, funded by Xstrata Coal

- Multi Seam and Multi-product
 - Three different seams namely: 2 Seam, 4 Seam and 5 Seam
 - Eskom washed product of 22MJ/kg
 - Export 6,000 kcal/kg (27,5 MJ/kg) product
 - 5 Seam for local ferrochrome/alloys market
- Average strip ratio of 2.2 bcm/tonnes
- Mineable reserves of 357 Mt ROM, life of mine is 33 years
- Product yield of 55% (12 Mt ROM and 6.7 Mt salable product)





- 5 km of provincial road diversion
- 14 km of stream diversion (initial 7 km, and further 7 km over LOM)
- Construction of 10 km of rail link from GGV to Saaiwater siding to link into Transnet's Richards Bay dedicated coal line
- 2 x 1000 tph primary DMS multi-product coal processing plant
- Stackers and tunnel reclaim system with rapid loading rail terminal
- Mine residue facility
- Pit development, using draglines and diesel truck / shovels
- General mine infrastructure (offices, workshops, etc.)
- Eskom dispatch options (rail / road and conveyor)

- Road diversion
 - East Portion in May 2008
 - West Portion in Aug 2008
- Bridges
 - Rail over Rail in July 2008
 - Rail over Road in July 2008
 - Road over Rail in July 2008
 - Rail over Stream in July 2008
- River Diversion (Northern Portion) in August 2008
- Commissioning of mining equipment fleet in August 2008



Construction site









Conclusion



- ARM Coal has established a track record of operational performance and project delivery
- Addition of coal into the portfolio has added value to ARM
- Partnership with Xstrata has been very rewarding
- ARM Coal's BEE credentials facilitated the license conversion at GGV and Zaaiwater and 3.2 million tonne RBCT Phase V allocation
- Goedgevonden Coal Project is well in track for delivery on time and on budget
- Current Xstrata prospecting licenses are being reviewed for further ARM Coal growth opportunities



Thank you