



## Interim results for the six months ended 31 December 2010



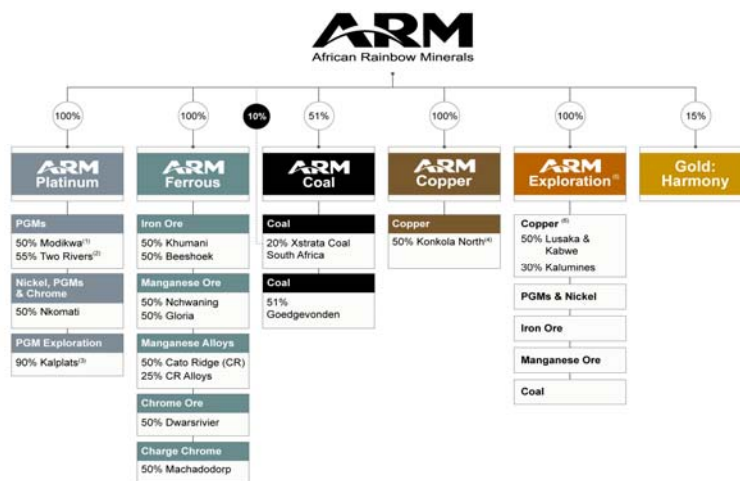
**We do it better**



**“ARM’s growth projects are delivering into much improved global commodity markets while our financial position remains robust”.**

**Patrice Motsepe**  
ARM 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.



(1) Assets held through ARM Mining Consortium's effective interest of 41.5%, the balance held by local communities.  
 (2) ARM shareholding in Two Rivers will reduce to 51% once the transfer of Kalkfontein portions 4, 5 and 6 and Tweefontein prospecting rights has been effected.  
 (3) Platinum Australia earned in 12% ownership on completion and approval of the prefeasibility study. The transfer of this ownership is awaiting approval from the Department of Mineral Resources. Platinum Australia will earn up to 49% on completion of a bankable feasibility study. In the event that the JV acquires Anglo American's 10%, Platinum Australia has the right to acquire 49% of the acquired 10%.  
 (4) Konkola North is subject to a buy-in right of up to 20% (5% free-carried interest) by state-owned ZCCM Investment Holdings plc.  
 (5) ARM Exploration is involved in identifying and assessing exploration and mineral business opportunities in sub-Saharan Africa.  
 (6) Mwambashi prospecting licence relinquished and certain exploration licences incorporated into the Konkola North mining licence.



## Overview and strategy

Patrice Motsepe, Executive Chairman



## Salient features

Headline earnings increased 244% to R1 562 million from R454 million. Headline earnings per share were 734 cents per share (1H F2010: 214 cents per share).

Significant increases in sales volumes in nickel, copper and cobalt (from Nkomati Nickel Mine) as well as platinum group metals, chrome ore and ferrochrome.

Aggressive growth continues with production ramp-up at the Goedgevonden Coal Mine, the Nkomati Nickel Large Scale Expansion Project and the Khumani Iron Ore Expansion.

Commissioning of the new 250 000 tonnes ore per month nickel concentrator two months ahead of schedule and within budget.

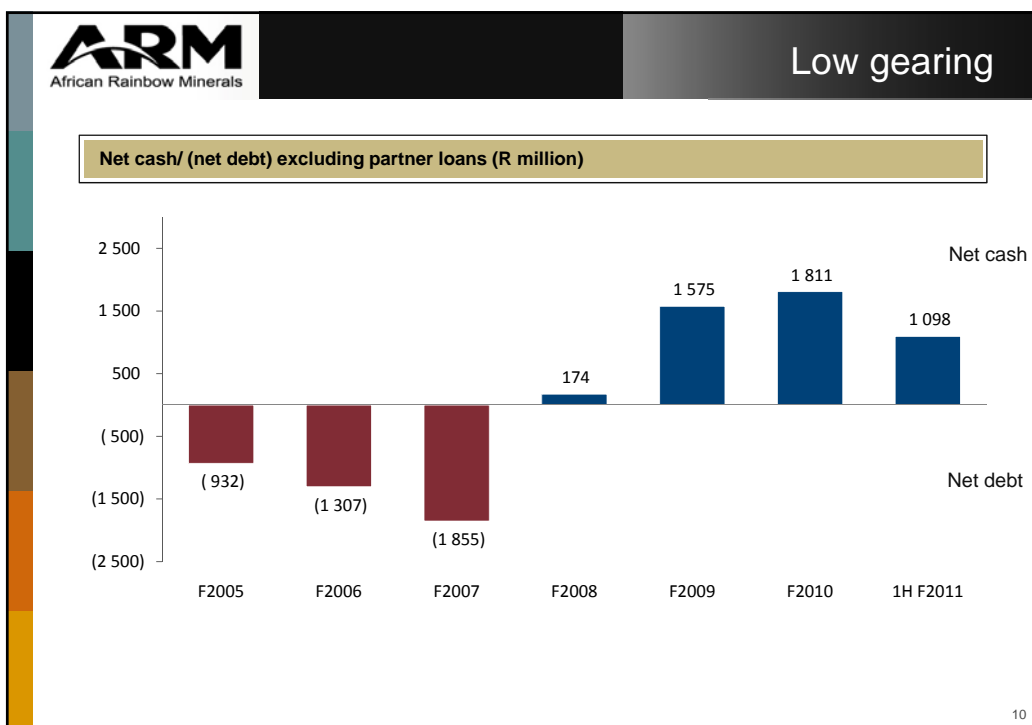
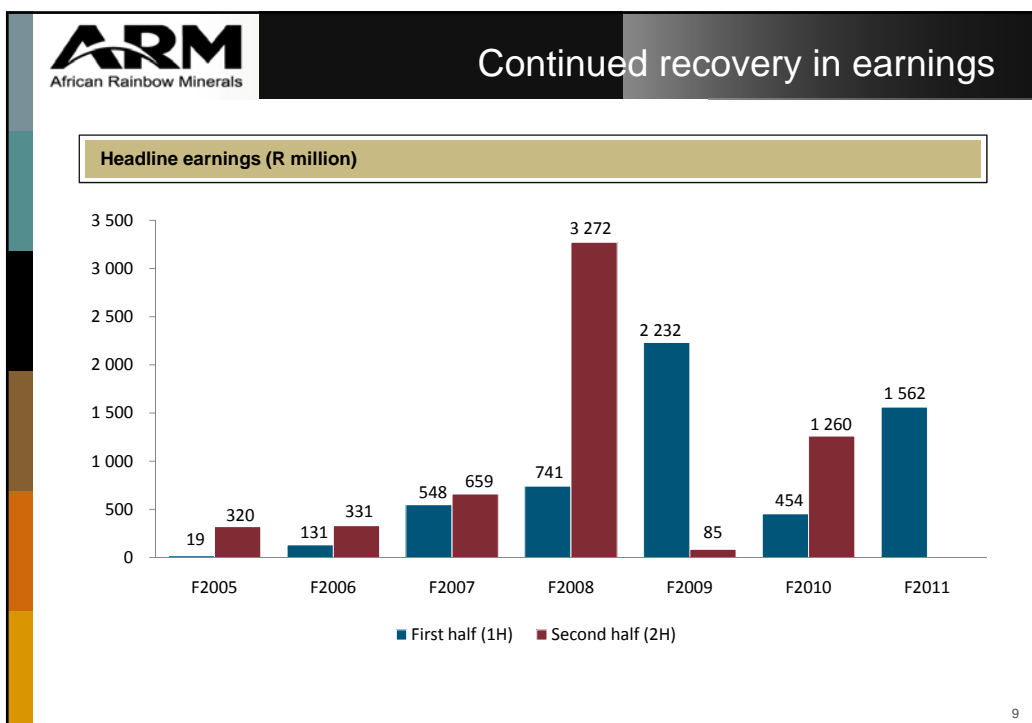
Decrease in unit costs at Nkomati Nickel Mine, Goedgevonden Coal Mine and at the ferrochrome operations.

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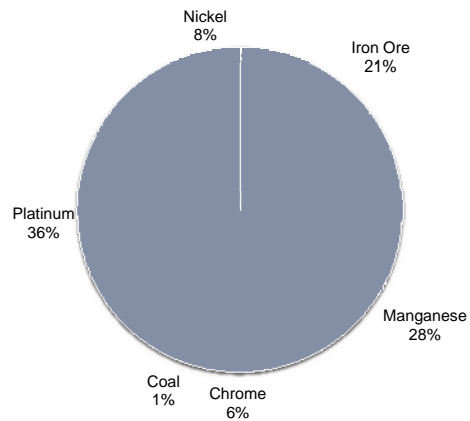
Development of the Konkola North Copper Project commenced with US\$236 million of the capital expenditure already contracted for as at 31 December 2010.

Robust financial position maintained with cash and cash equivalents at R2.3 billion and net debt to equity of 6%.

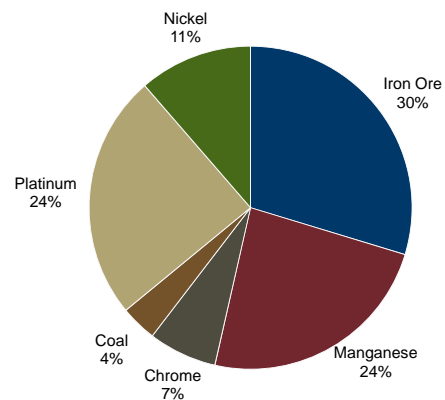
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1H F2010 Revenue - Sales Contribution



1H F2011 Revenue - Sales Contribution



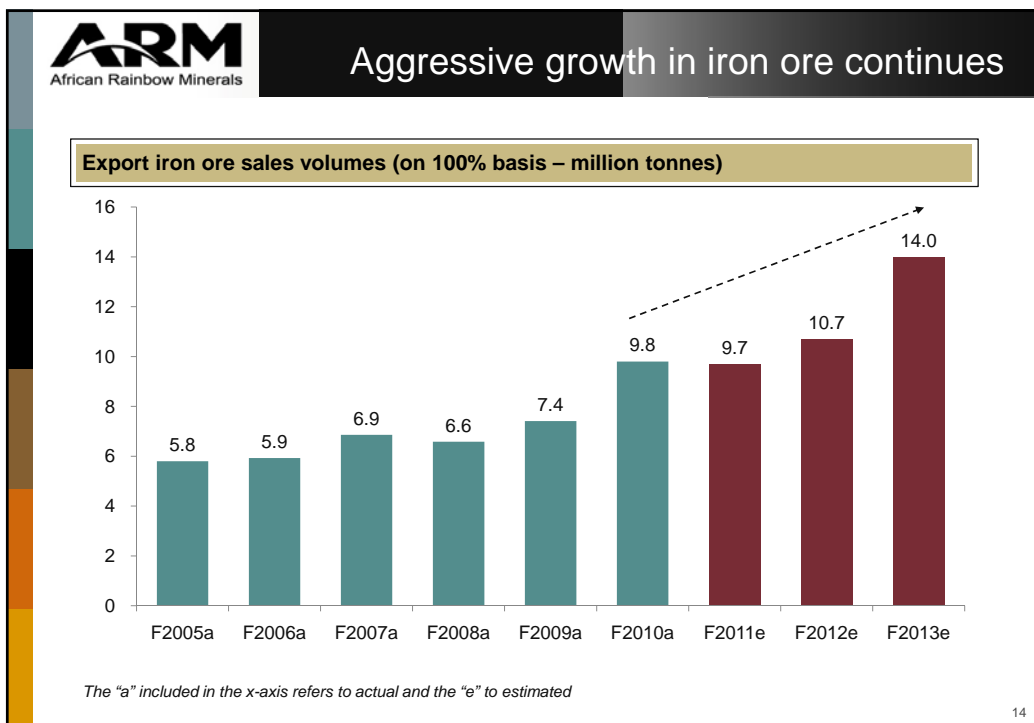
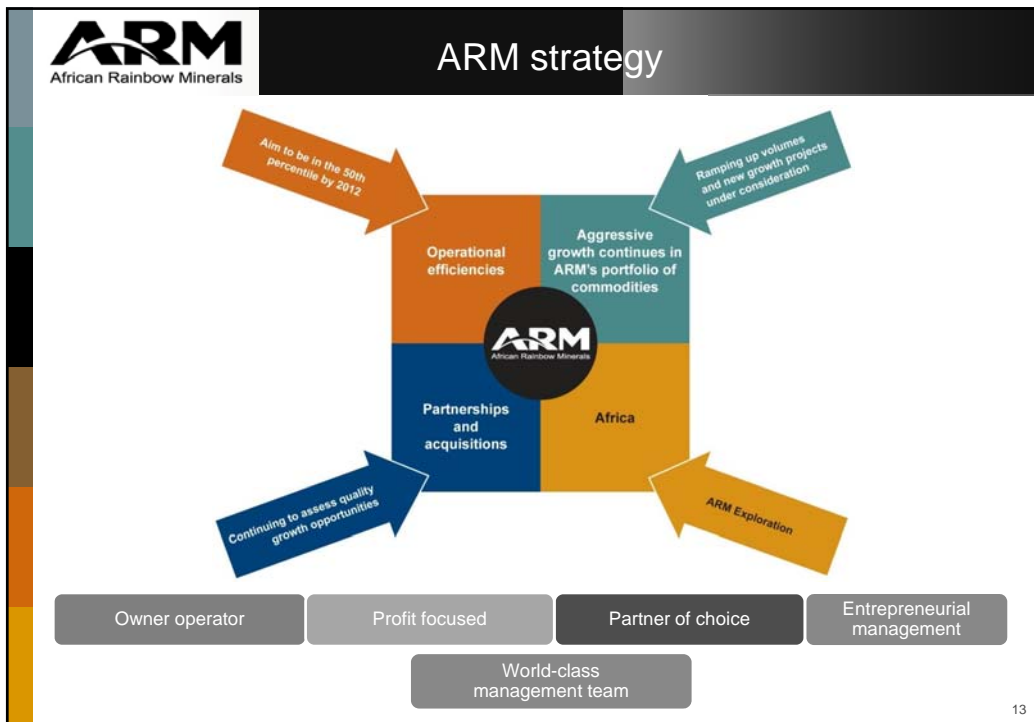
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### Contribution to headline earnings

six months ended 31 December

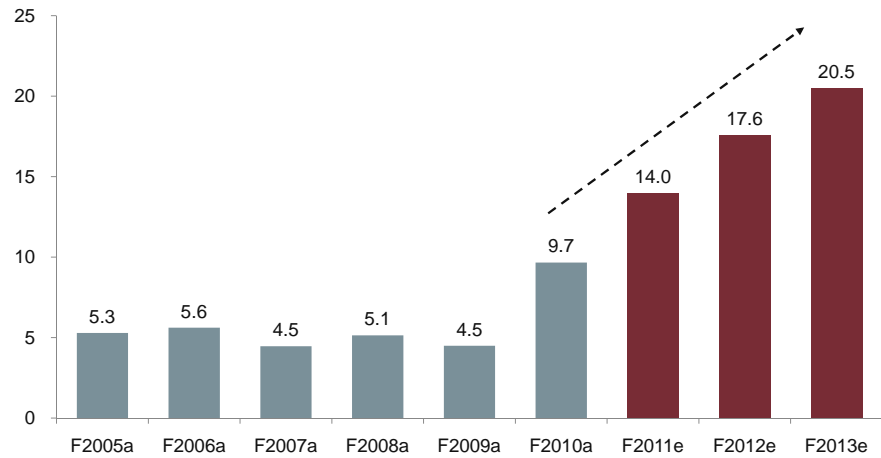
Commodity group			
R million	2010	2009	% change
Platinum Group Metals	161	131	23
Nkomati Nickel and Chrome	134	36	272
Ferrous Metals	1 256	302	316
Coal	(54)	36	
Exploration	(64)	(85)	25
Corporate and Other	129	34	279
<b>ARM Headline Earnings</b>	<b>1 562</b>	<b>454</b>	<b>244</b>

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## Aggressive growth in nickel continues

Nickel sales volumes (on 100% basis – thousand tonnes)

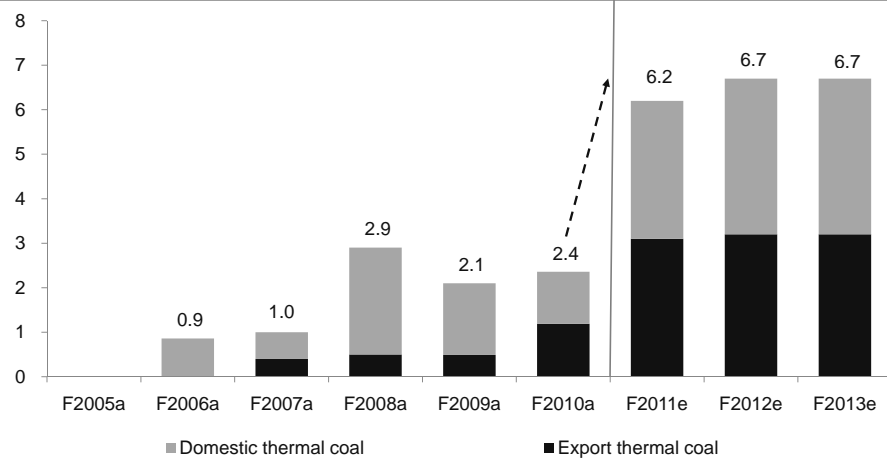


The "a" included in the x-axis refers to actual and the "e" to estimated

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## Aggressive growth in coal

Goedgevonden thermal coal sales volumes (on 100% basis - million tonnes)

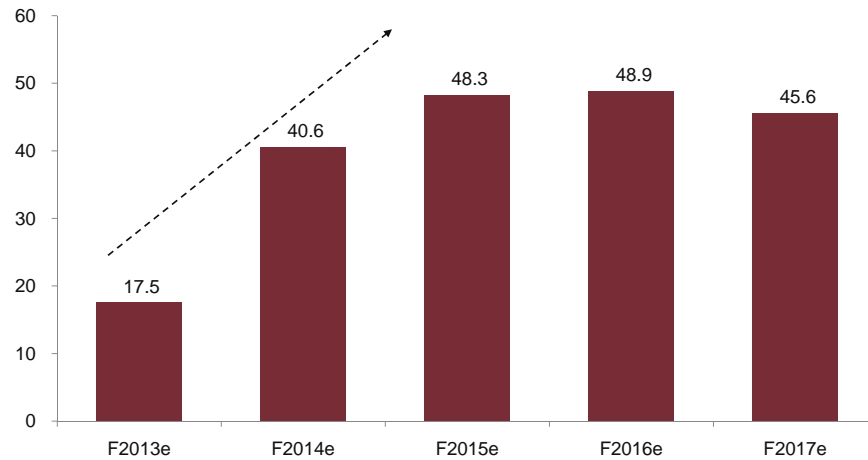


The "a" included in the x-axis refers to actual and the "e" to estimated

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Konkola North copper sales volumes (on 100% basis – thousand tonnes)



The "e" included in the x-axis refers to estimated

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### ARM's Portion



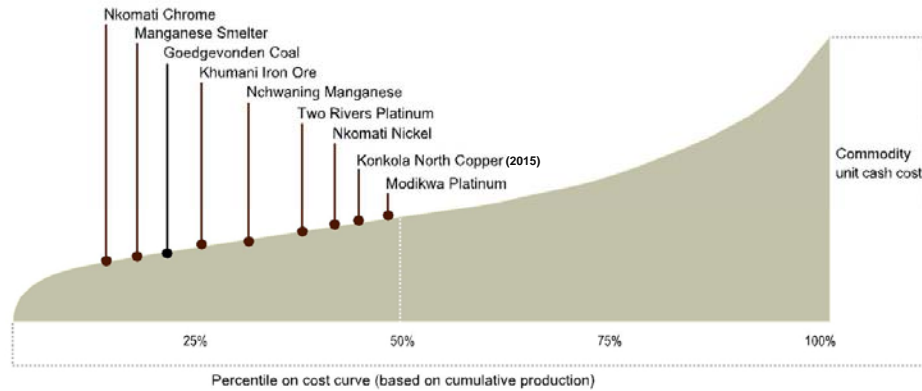
### Partners' Portion



Projected total investment over 9 years in growth ±R42 bn

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



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Safety awareness, risk assessment and supervision resulted in all ARM operations achieving zero fatalities for the six months to 31 December 2010.

The Lost Time Injury Frequency Rate (LTIFR) for the six months improved to 0.42 per 200 000 man hours from 0.84. This represents an improvement of 50%.

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Modikwa Platinum Mine achieved 7 000 000 consecutive fatality-free man shifts worked and operated fatality-free for four calendar years at the end of December 2010.

The Two Rivers Platinum Mine reached a milestone of 2 000 000 fatality-free man shifts on the 11<sup>th</sup> November 2010.

Khumani Iron Ore Mine achieved its first 1 000 000 fatality-free man shifts at the end of November 2010.

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Conditions in the commodity markets continued to improve driven mainly by strong demand from China.

Despite concerns of 'cooling' in the Chinese economy, growth in China is expected to remain strong at 8 - 10 % for the 2011 calendar year.

Concerns remain however about the strength of the Rand in the short term.

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The ramp up of the Khumani Iron Ore Expansion, the Goedgevonden Coal Mine and the Nkomati Nickel Expansion coincides with significant improvement in the commodity markets.

ARM is well positioned to take advantage of the upswing in commodity demand through organic growth and acquisitions.

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## Significant increase in production volumes\*

314% increase in coal saleable production at Goedgevonden to 2.9 million tonnes.

69% increase in charge chrome production to 122 thousand tonnes.

43% increase in manganese ore production to 1.3 million tonnes.

41% increase in nickel in concentrate production to 5 321 thousand tonnes.

*\* On 100% basis*

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## Significant increase in production volumes\*

18% increase in chrome ore/ concentrate production to 807 thousand tonnes

14% increase in manganese alloys production to 103 thousand tonnes

10% increase in iron ore production to 4.6 million tonnes

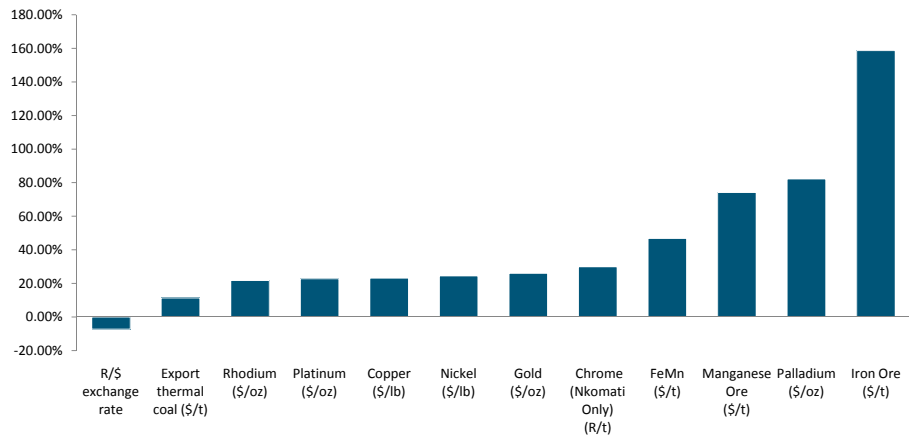
2% increase in Platinum Group Metals to 384 657 ounces

*\* On 100% basis*

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## Significant improvement in commodity prices

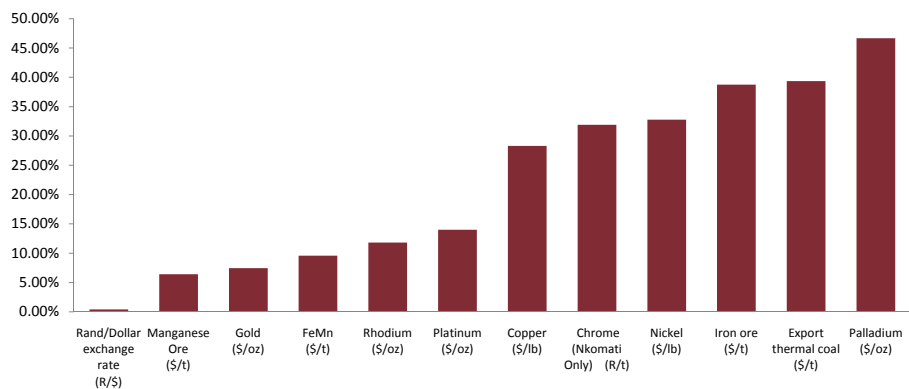
1H F2011 vs. 1H F2010 average realised commodity price percentage change



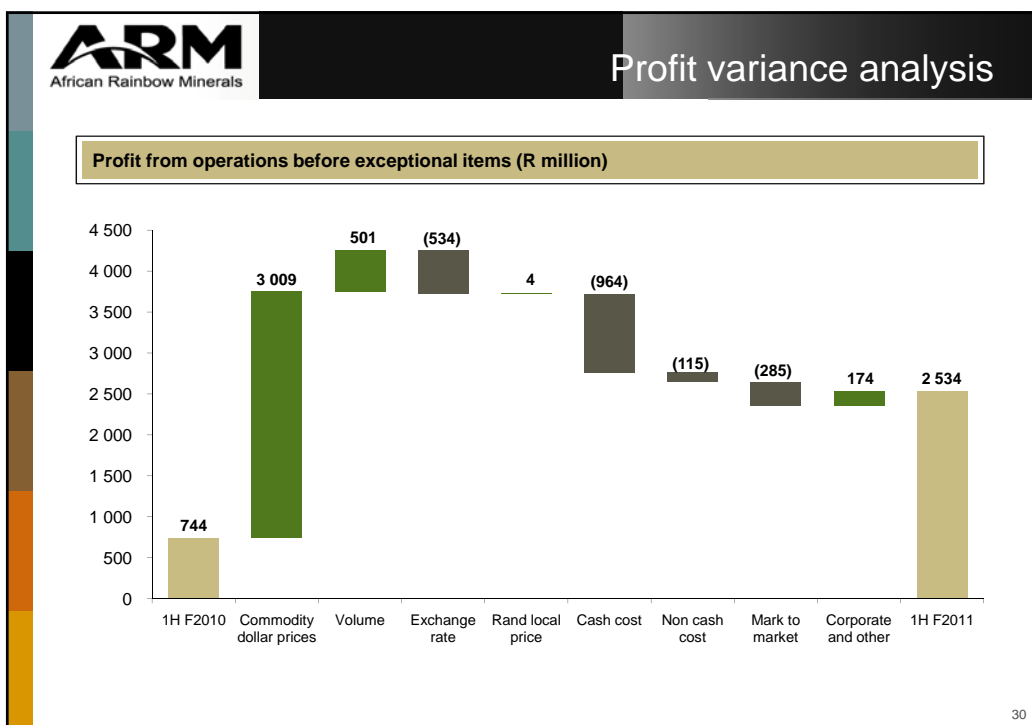
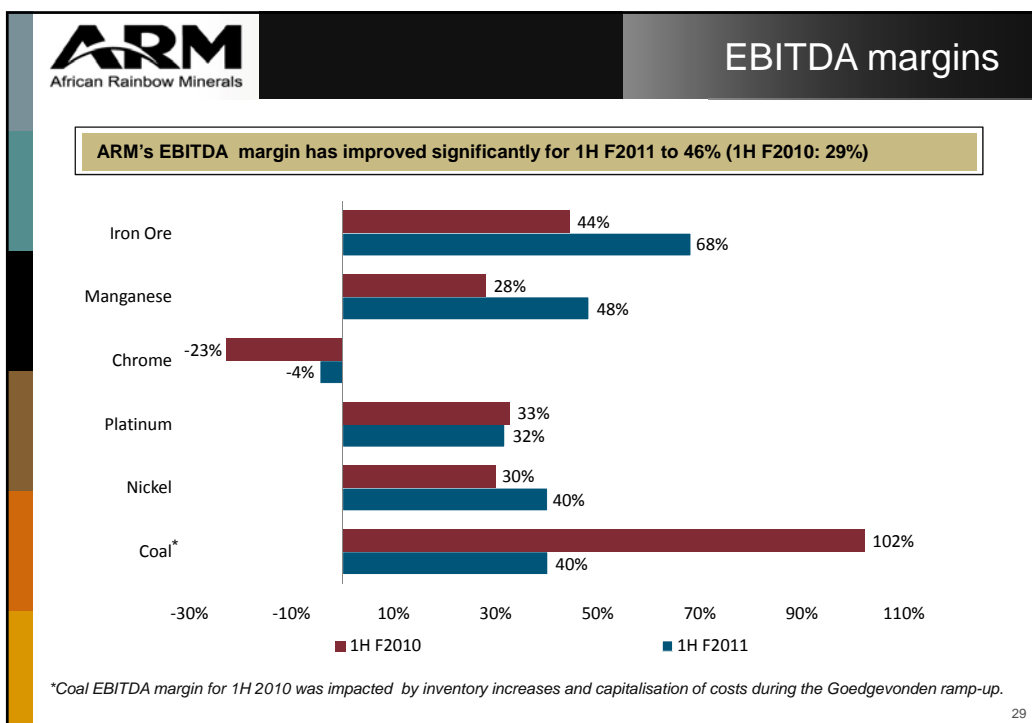
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## Significant improvement in commodity prices

1H F2011 average realised prices vs. spot prices ( as at 21 February 2011) percentage change

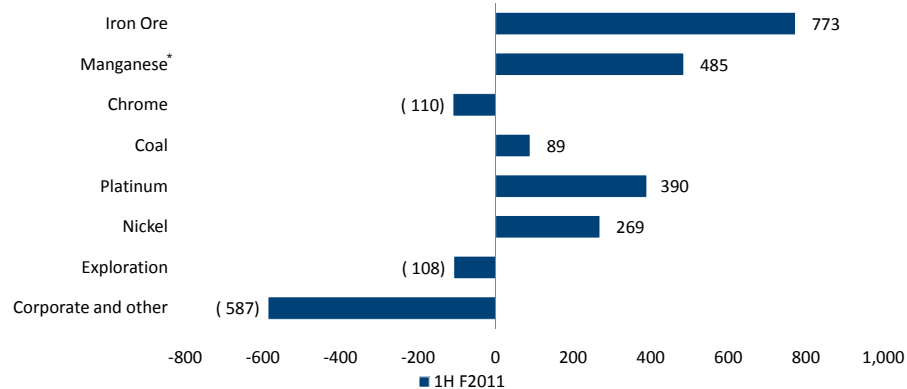


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## Strong cash generated from operations

### Net cash inflow/ (outflow) from operating activities (R million attributable)



\* Manganese cash generated from operating activities excluding dividends paid to ARM

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## Unit costs

### Unit cost changes and EBITDA margins 1H F2011

Commodity Group	Unit cost metric	% change 1H F2011 vs. 1H F2010 (decrease)/increase	1H F2011 EBITDA margin (%)
Nickel	\$/lb	(26.1)	40.1
Charge chrome	R/tonne	(14.6)	(2.8)
Manganese ore	R/tonne	1.8	60.8
Platinum	R/PGM ounce	8.7	31.7
Manganese alloys	R/tonne	14.8	23.7
Iron ore	R/tonne	19.9	68.2
Coal	R/tonne (on mine saleable)	27.5	40.2

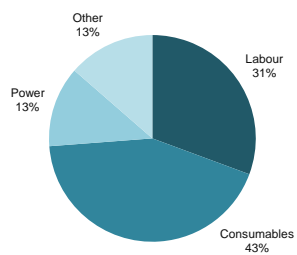
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### ARM Ferrous

Iron ore costs increased due to increased labour as the Khumani Mine prepares for the ramp-up to 16 mtpa.

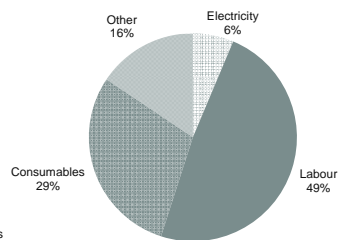
#### Approximate on-mine and smelters cash cost split



### ARM Platinum

Nkomati Mine unit cash costs reduced by 26%. Cost saving initiatives at Modikwa resulted in a less than inflation increase to unit costs.

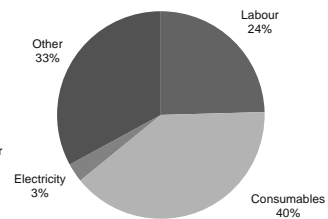
#### Approximate on-mine cash cost split



### ARM Coal

PCB is in the process of converting from high-cost underground mining to low-cost open cast mines. This will move these operations down the cost curve.

#### Approximate on-mine cash cost split

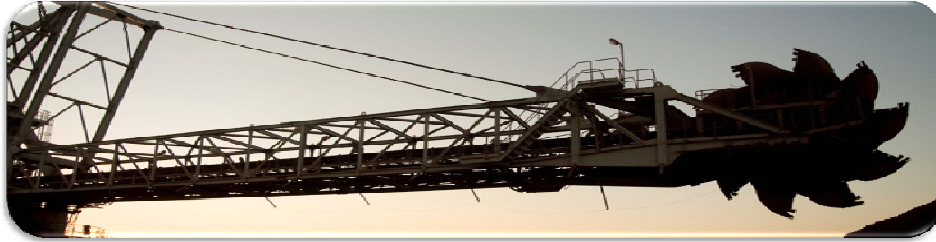


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**Aggressive growth continues**

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## Delivering quality long-term growth projects: Khumani additional 6 mtpa expansion



Total project cost	R6.7 billion approved - project is currently well within budget
Capital expenditure to date	R4.2 billion
Full production	2013 financial year - project is currently well ahead of schedule
Steady state	14 mtpa export iron ore; 2 mtpa local iron ore
Position on cost curve	40 <sup>th</sup> percentile
Comment	Feasibility on iron ore export channel for dual products and upgrade to 93 - 95 mtpa, FEL2 by September 2011

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## Delivering quality long-term growth projects: The Nkomati Nickel Expansion Project



Capital expenditure to date	R3.4 billion of budgeted R3.7 billion
Stage	250ktpm successfully commissioned two months ahead of schedule
Full production	2013 financial year
Steady state	20 500t nickel
Position on cost curve	40 <sup>th</sup> percentile
Comment	C1 cash cost net of by products of \$3.80/lb

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## Nkomati Nickel Expansion Project

### Commodities produced, per annum, at steady state:

20 500 tonnes	Nickel
110 000 ounces	Platinum Group Metals
10 000 tonnes	Copper
1 000 tonnes	Cobalt
500 000 tonnes	Chrome concentrate

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## Delivering quality long-term growth projects: The Goedgevonden Mine



**Capital expenditure to date** R3.5 billion of the budgeted R3.6 billion

**Full production** 2011 financial year

**Steady state** 3.5mt local; 3.2mt export – thermal coal

**Position on cost curve** 25<sup>th</sup> percentile

**Comment** Dragline opencast operation

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Ore resource of 300 million tonnes at 2.57% copper

2.5 million tonne milled yielding 45 000 tonnes copper per annum

Commission concentrator – December 2012, full production 2015  
Life of mine – 28 years

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Total capital expenditure – US\$380 million (in July 2010 terms)

C1 cash cost – US\$1.07/lb (45<sup>th</sup> percentile - 2015)

Potential to increase output to 100 000 tonnes copper per annum (including area A production)

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## The Konkola North Copper Project

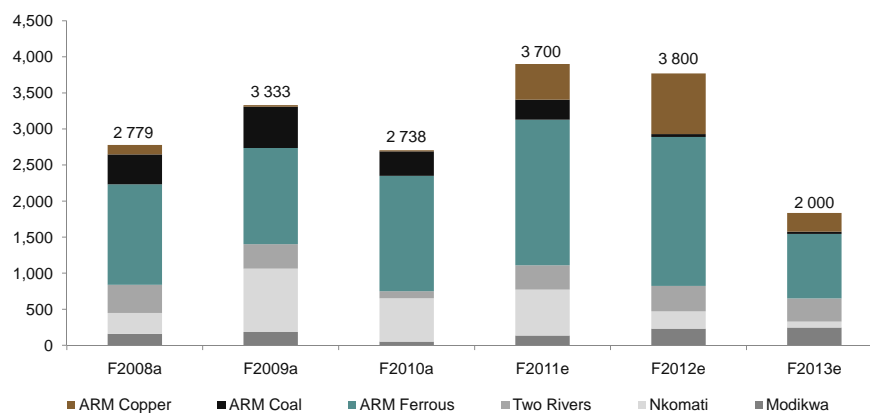


<b>Total project cost</b>	\$380 million (in July 2010 terms)
<b>Plant commissioning</b>	December 2012
<b>Full production</b>	2015 financial year
<b>Position on cost curve</b>	45 <sup>th</sup> percentile
<b>Comment</b>	New commodity in portfolio and first mine outside South Africa

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## Growth projects continue

Attributable capital expenditure by division (R million)



F2005 – F2010: R>13.5bn

F2011 – F2013: R9.5bn

The "a" included in the x-axis refers to actual and the "e" to estimated

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### Potential Future Projects

- Khumani expansion
- Manganese expansion
- Smelter expansions
- Thermal coal projects
- Modikwa expansion
- Kalplats Platinum
- Kalumines Copper Project

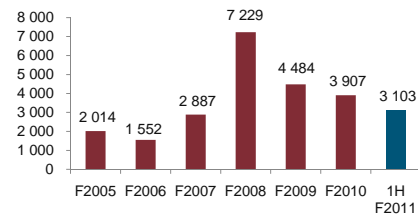
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### Robust financial position

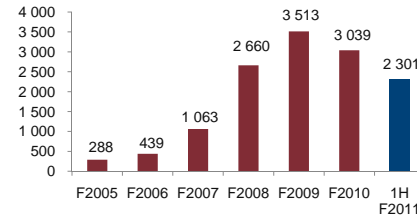
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## Key cash indicators

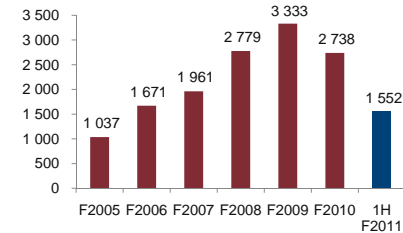
**EBITDA excluding exceptional items**  
R million



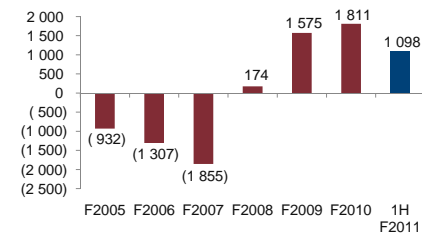
**Cash on statement of financial position**  
R million



**Capital expenditure**  
R million



**Net cash/(net debt) excluding partner loans**  
R million



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## Sufficient capacity to fund growth

Per statement of financial position	Net cash/ (Net debt) calculation	
	December 2010	December 2009
Cash and cash equivalents	2 301	2 271
Long-term interest bearing borrowings	(2 627)	
Short-term interest bearing borrowings	(770)	
Total interest bearing borrowings	(3 397)	(3 672)
Assmang (50%)	(2)	
ARM company	(683)	
Other	(38)	
Two Rivers	(474)	
Modikwa	(6)	
Modikwa (Anglo Platinum)	(115)	132
Two Rivers (loan from Impala)	(232)	539
ARM Coal (loan from Xstrata)	(1 847)	1 609
ARM attributable total debt excluding partner loans	(1 203)	(1 392)
<b>Net cash/ (net debt) (excluding partner loans)</b>	<b>1 098</b>	<b>879</b>
Net cash/ (net debt)	(1 096)	(1 401)
<b>Net gearing</b>	<b>6%</b>	<b>8%</b>

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## Summarised income statement

	six months ended 31 December		
R million	2010	2009	% change
Sales	6 714	4 202	60
Profit from operations (before exceptional items)	2 534	744	241
Income from investments	108	136	(21)
Finance costs	(99)	(93)	(6)
(Loss)/income from associate	(60)	15	
Exceptional items	(4)	-	
Taxation	(851)	(276)	(208)
Non-controlling interest	(70)	(74)	5
Profit after tax and non-controlling interest	1 558	452	245
Headline earnings	1 562	454	244
Headline earnings cents per share	734	214	244
EBITDA	3 103	1 209	157

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## Summarised cash flow

	six months ended 31 December	
R million	2010	2009
Cash generated from operations	2 049	895
Net finance income/(costs)	31	15
Dividends received	32	32
Dividends paid	(425)	(371)
Tax paid	(486)	(377)
	1 201	194
Capital expenditure	(1 631)	(1 211)
Investments into Coal / RBCT	(307)	-
Net borrowings raised / (repaid)	(87)	(234)
Other	20	13
Net cash (decrease) / increase	(804)	(1 238)

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## Summarised statement of financial position

R million	December 2010	December 2009
<b>Non-current assets</b>	<b>21 649</b>	<b>19 001</b>
Property, plant, equipment and other	14 928	12 779
Investments	6 721	6 222
<b>Current assets</b>	<b>7 864</b>	<b>6 265</b>
Other	5 563	3 994
Cash and equivalents	2 301	2 271
<b>Total assets</b>	<b>29 513</b>	<b>25 266</b>
<b>Total Equity</b>	<b>19 838</b>	<b>16 745</b>
Non-current liabilities:		
Long-term borrowings	2 627	2 743
Other	3 880	2 933
Current liabilities:		
Short-term borrowings	770	929
Other	2 398	1 916
<b>Total equity and liabilities</b>	<b>29 513</b>	<b>25 266</b>

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## Questions

We do it better



## Appendix

We do it better

## ARM operational summary

				1H F2011	1H F2010	% change
ARM Platinum (100% basis)	<b>Modikwa</b>	PGMs in concentrate (6E)	Ounces	179 224	183 449	(2)
		Cash cost	R/kg	141 964	133 551	6
		Cash operating margin	%	32	29	
	<b>Two Rivers</b>	PGMs in concentrate	Ounces	152 859	150 721	1
		Cash cost	R/kg	146 527	131 146	12
		Cash operating margin	%	34	37	
	<b>Nkomati</b>	Contained nickel	Tonnes	5 321	3 785	41
		Chrome ore/ concentrate sold	000 tonnes	366	438	(16)
		C1 cash cost net of by-products	\$/lb	2.15	2.91	(26)
ARM Ferrous (100% basis)		Cash operating margin	%	47	40	
	<b>Iron ore</b>	Sales tonnes	Mt	4 039	4 452	(9)
		Change in costs compared to comparable period	%	(19.9)	(19.5)	
		EBITDA margin	%	68.2	44.6	
	<b>Manganese ore</b>	Sales tonnes (excl intra-group sales)	Mt	1 456	1 463	-
		Change in costs compared to comparable period	%	1.8	25.9	
		EBITDA margin	%	60.8	34.7	
	<b>Manganese alloy</b>	Sales tonnes (excl intra-group sales)	kt	87	120	(28)
		Change in costs compared to comparable period	%	14.8	7.7	
		EBITDA margin	%	23.7	18.0	
	<b>Charge chrome</b>	Sales tonnes	kt	91	75	21
		Change in costs compared to comparable period	%	(14.6)	11.8	
		EBITDA margin	%	(2.8)	(22.3)	
ARM Coal (Attributable)	<b>Thermal coal</b>	Total sales	Mt	10.14	11.72	(13)
		On mine saleable cost	R/tonne	276.98	200.27	38
		Operating margin	%	21	34	

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