

**Provisional results** for the year ended 30 June 2011

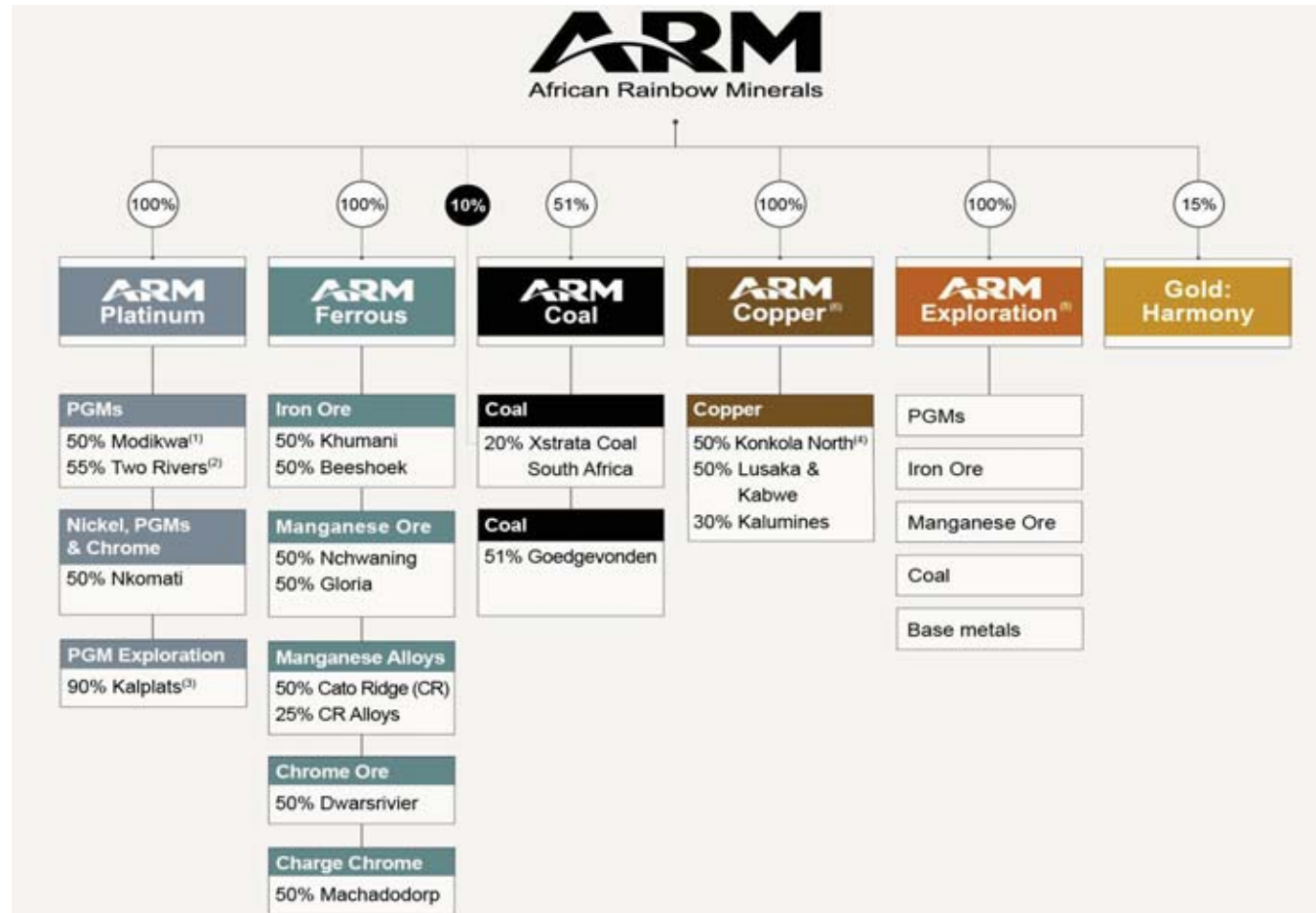
**We do it better**

# **CONFIDENT ABOUT THE FUTURE OF OUR BUSINESS**

**“The ARM management team continues to deliver outstanding results. We are confident about the long term future of the minerals we mine, despite current volatility and are continuing with our aggressive growth strategy.”**

**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



*The Nchwaning Manganese Mine*

**Headline earnings increased by 94% to R3.3 billion (F2010: R1.7 billion).**

**The headline earnings per share were 1 559 cents compared to 807 cents in F2010.**

**Dividend increases substantially by 125% to 450 cents per share (F2010: 200 cents per share).**

**Cash generated by operations increases by 72% to R5.9 billion from R3.4 billion in F2010.**

**Robust balance sheet with net cash (excluding partner loans) of R2 594 million.**

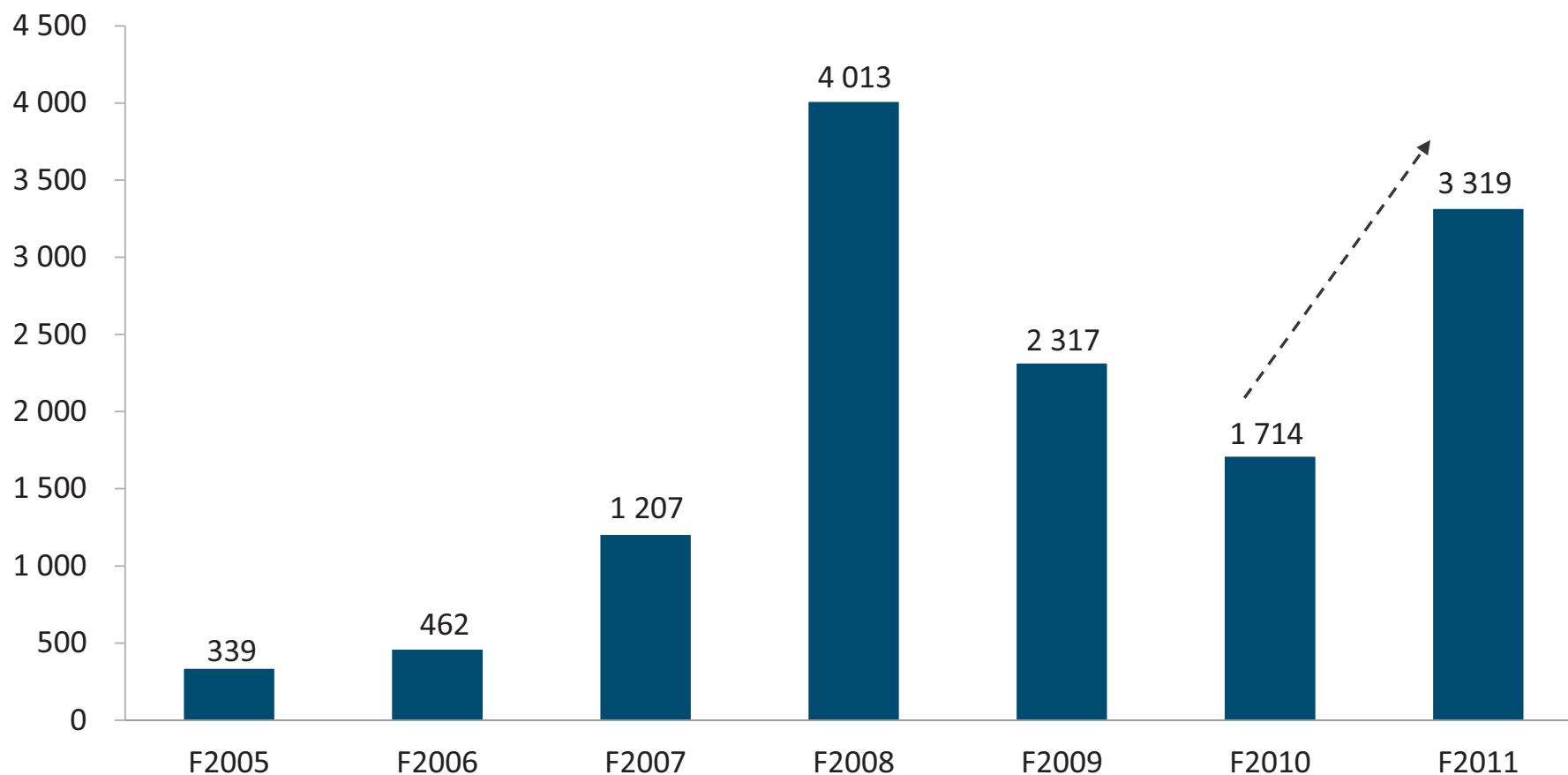
**Attributable headline earnings from iron ore increased 224% to R2.3 billion.**

**Increase in production volumes in the ARM Ferrous Division as well as at the Nkomati Nickel and Goedgevonden Coal operations.**

**Unit operating costs well controlled at the manganese ore, ferrochrome, Two Rivers, Modikwa and Goedgevonden operations.**

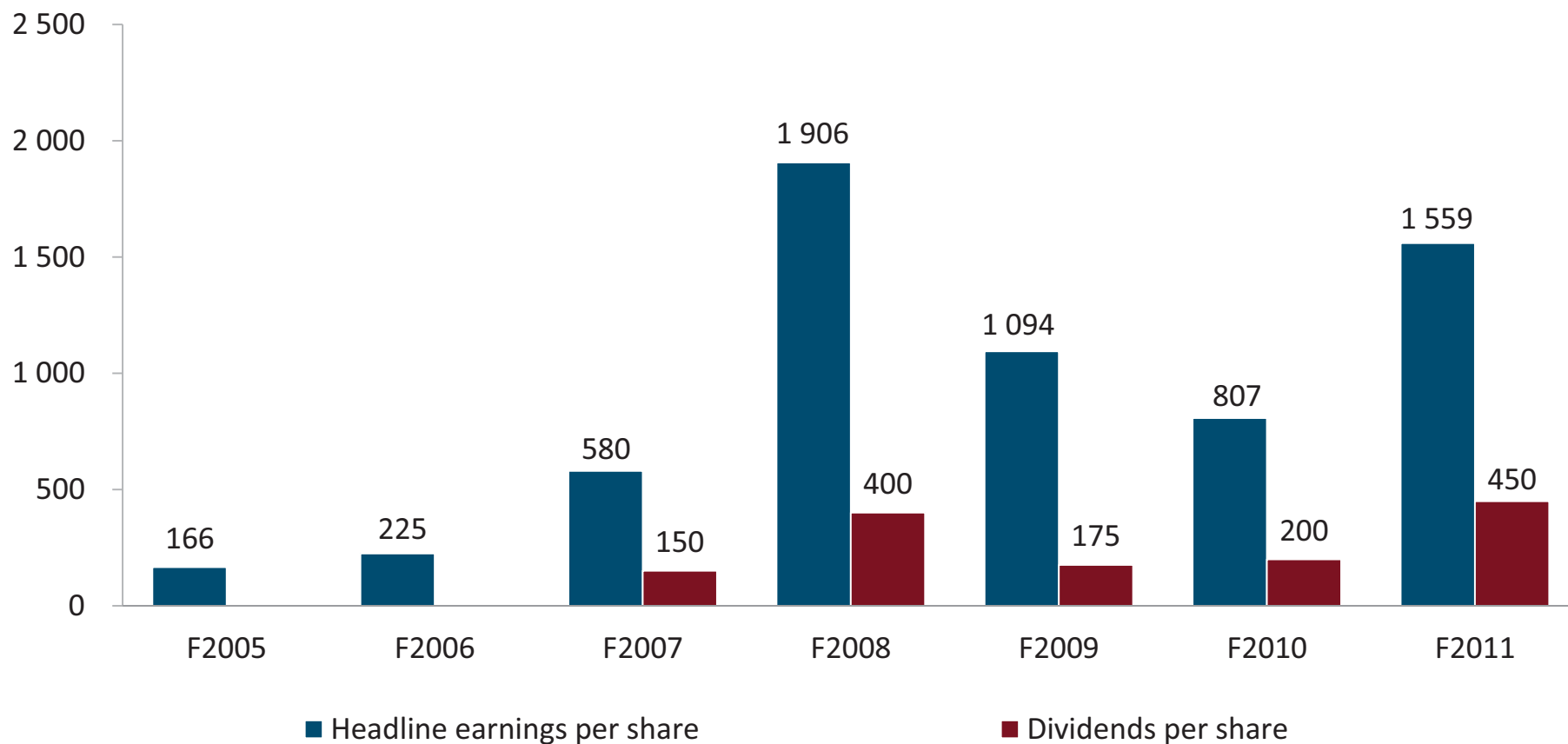


## Headline earnings (R million)



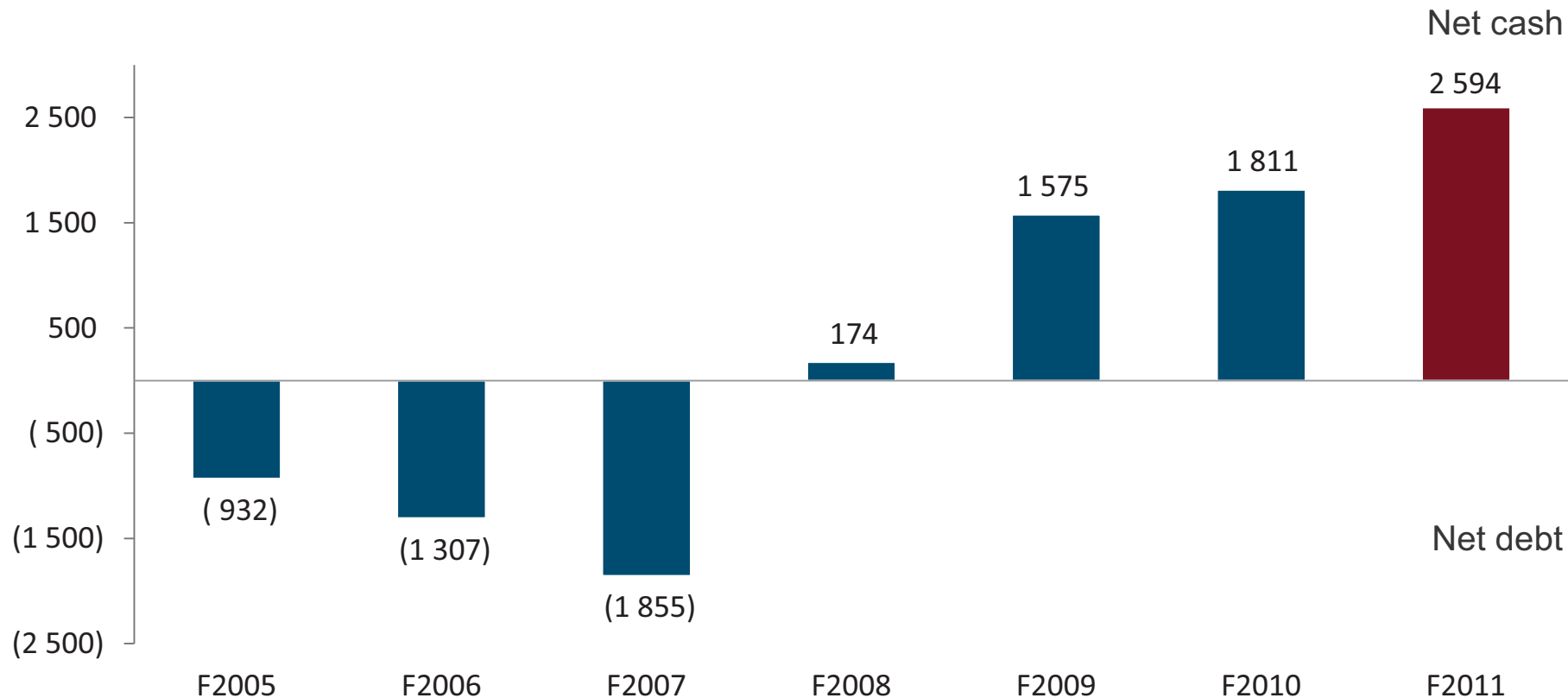
# ARM declares a 5<sup>th</sup> consecutive dividend

Headline earnings per share and dividends per share (cents per share)



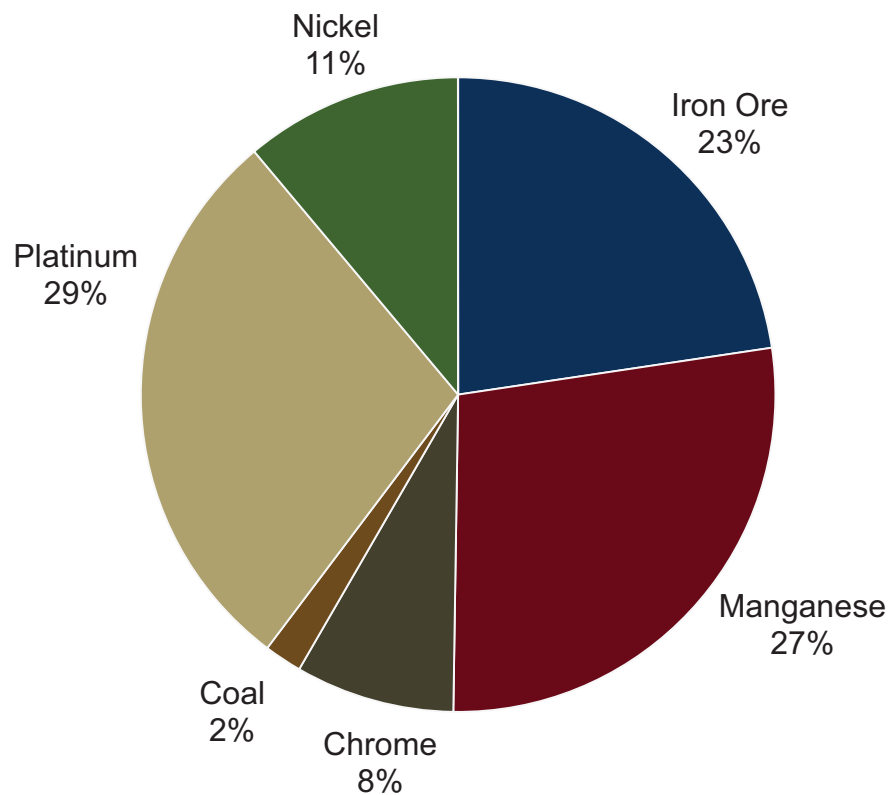
# Robust financial position maintained

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

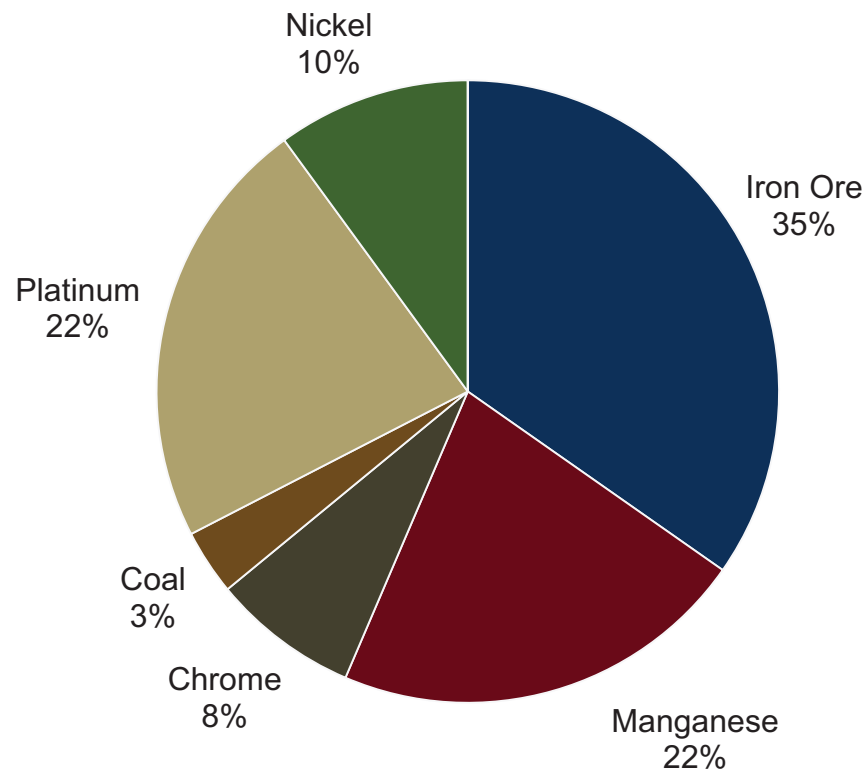


# Significant increase in iron ore revenue contribution

**F2010 Revenue**

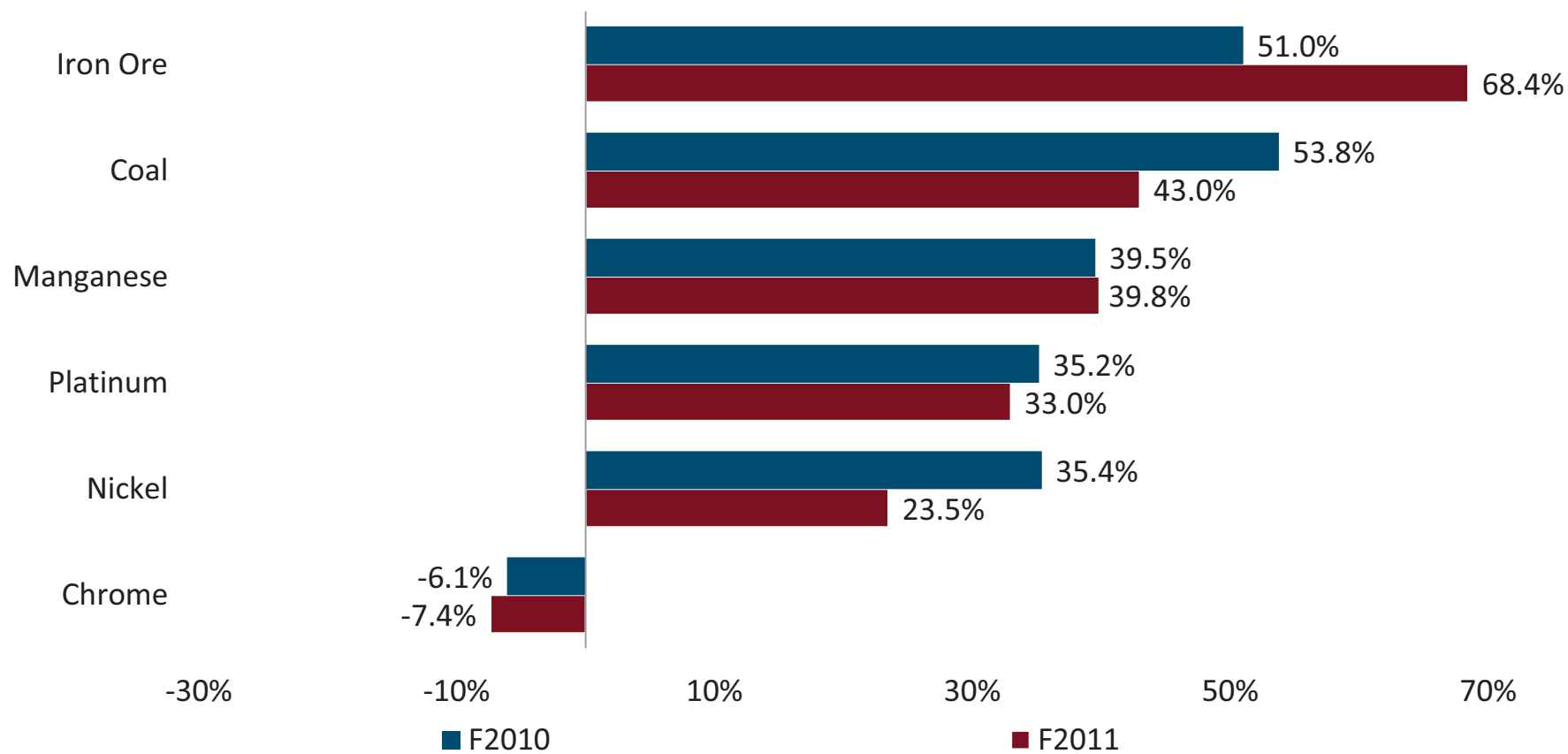


**F2011 Revenue**





The ARM EBITDA margin increased substantially to 43% (F2010: 35%)





Owner operator

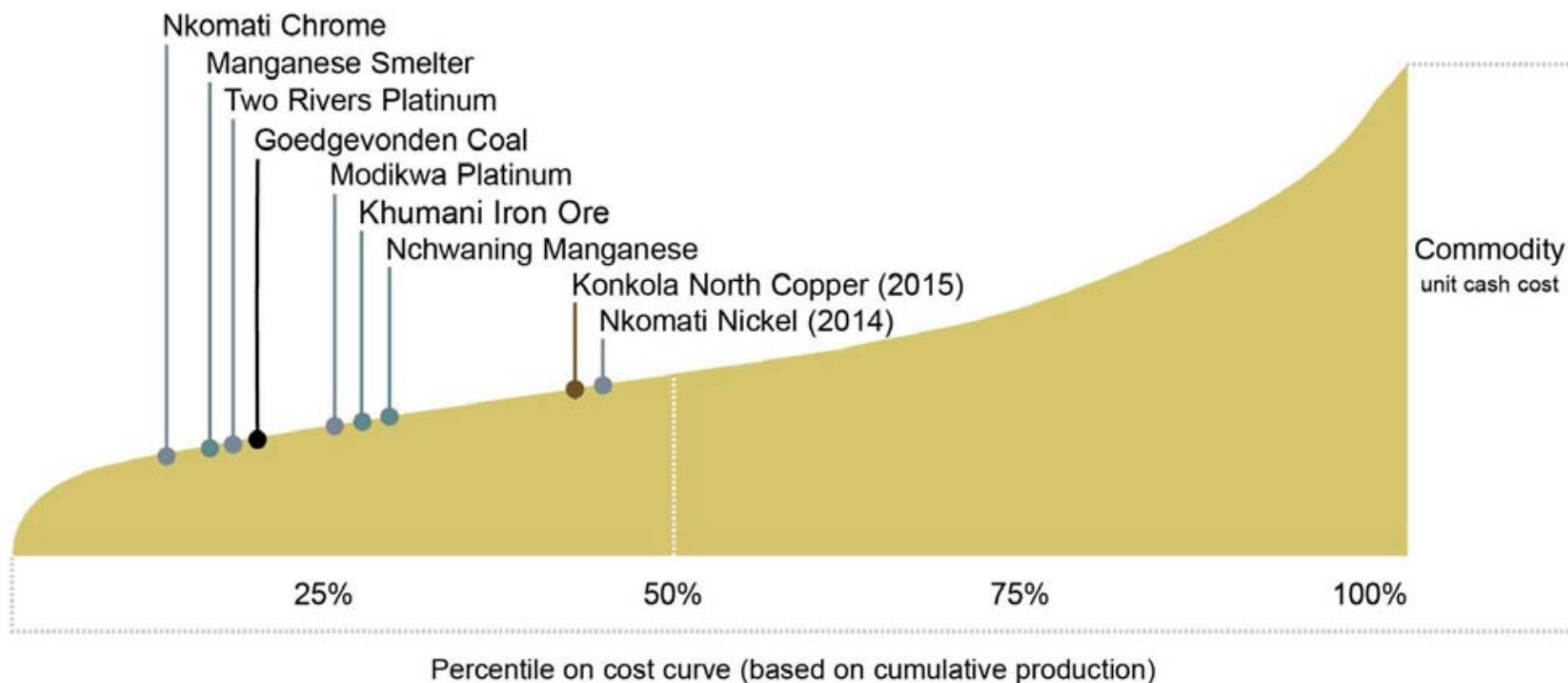
Entrepreneurial  
management

Profit focused

Partner of choice

World-class  
management team

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



**The Khumani Iron Ore Expansion Project which will increase production from 10 to 16mtpa continues ahead of schedule and well within budget.**

**Nkomati Nickel Mine expansion commissioned, plant recoveries lower than anticipated due to oxidised ore.**

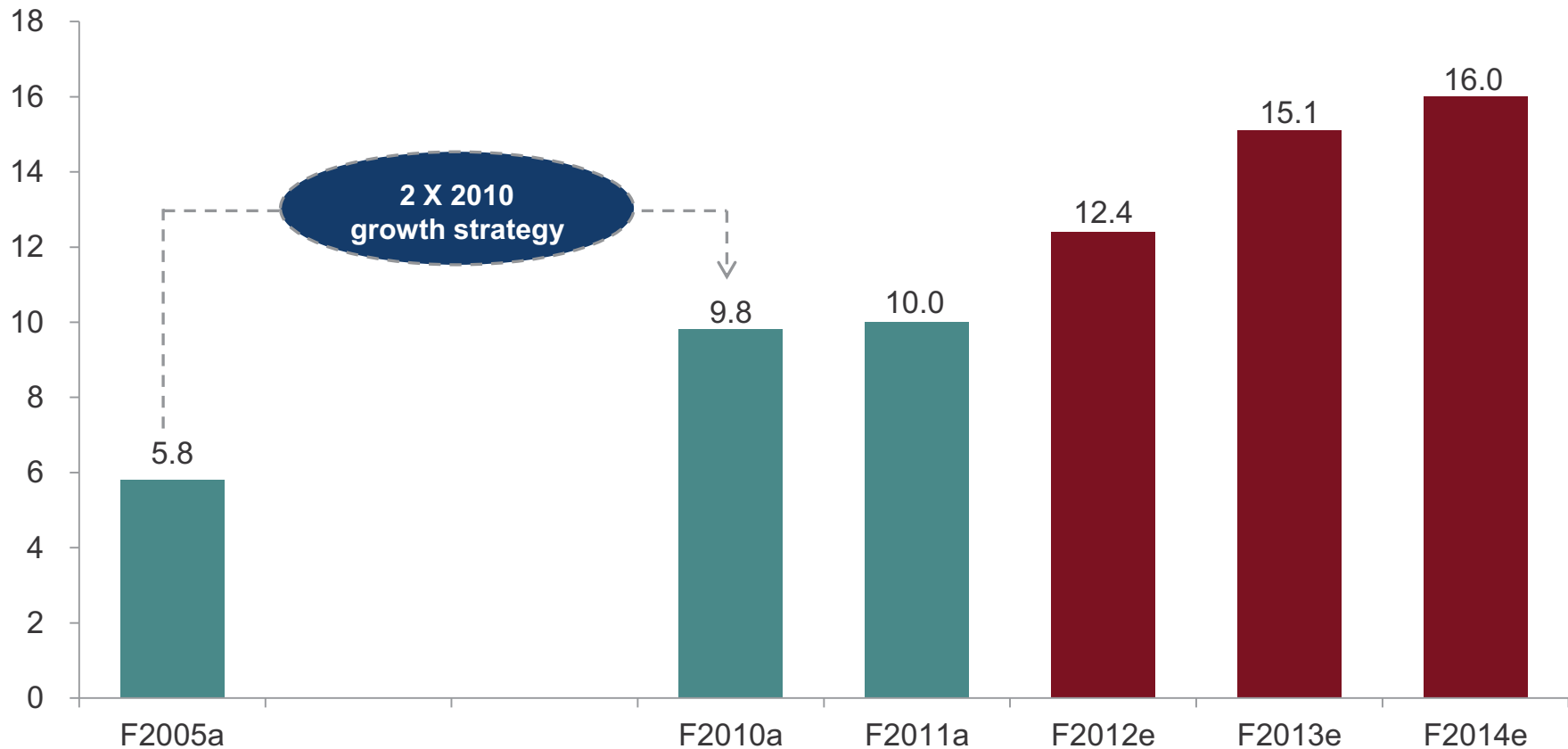
**The Goedgevonden Coal Mine at full production.**

**Konkola North Copper Project progresses on budget and on schedule to produce first copper in December 2012.**



# Aggressive growth in iron ore continues

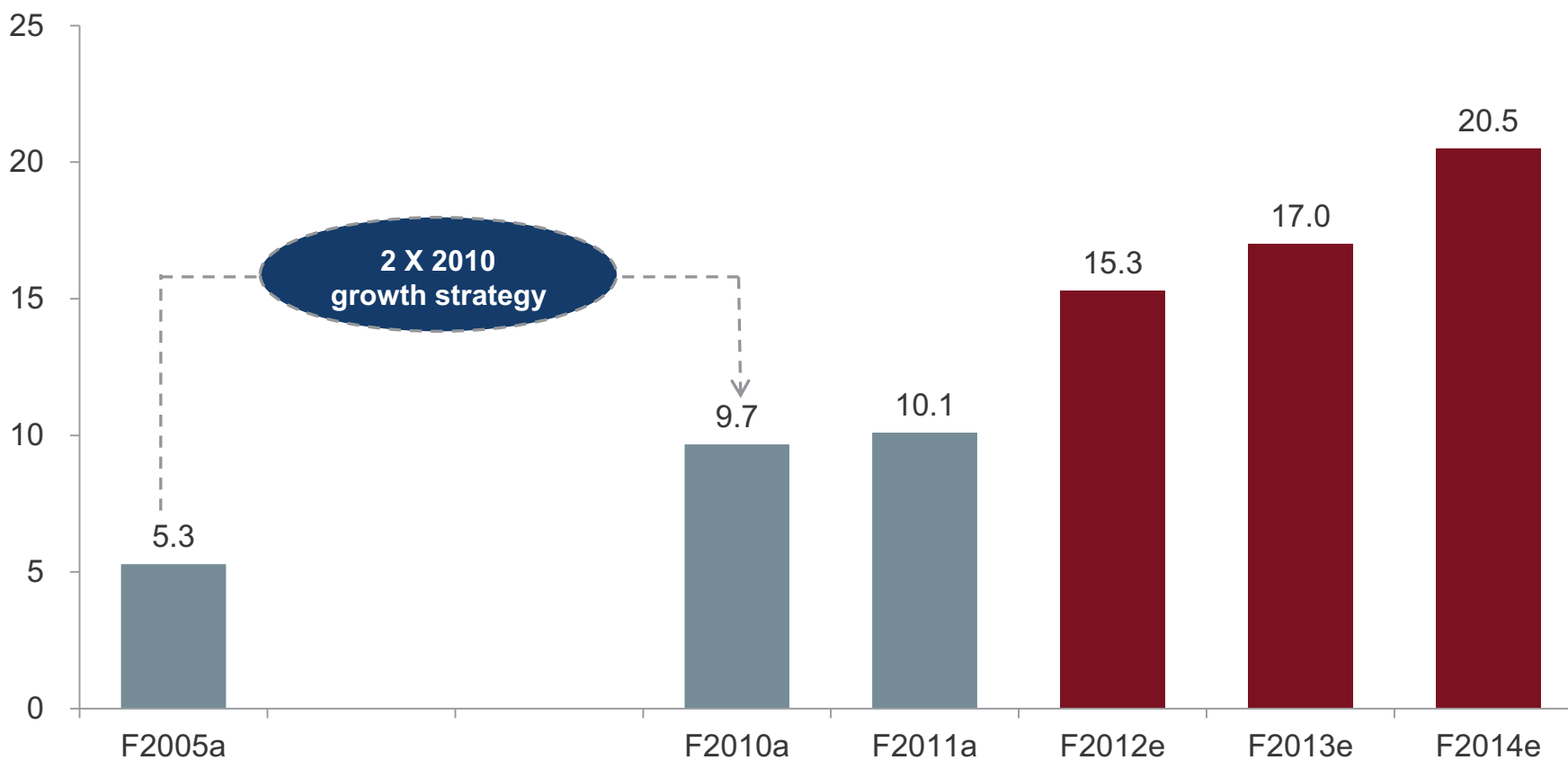
## Iron ore sales volumes (on 100% basis – million tonnes)



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

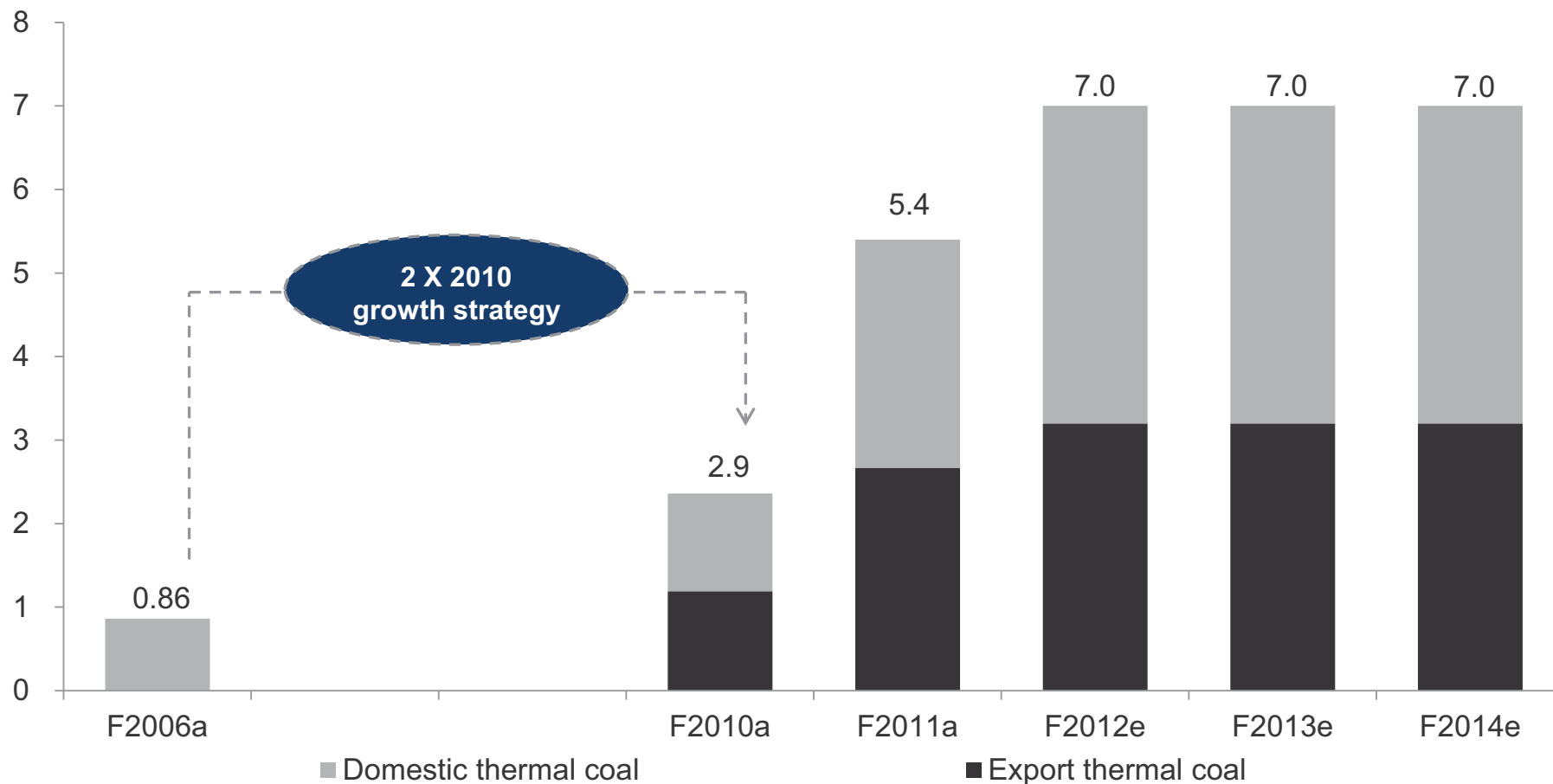
# Aggressive growth in nickel continues

## Nickel produced volumes (on 100% basis – thousand tonnes)



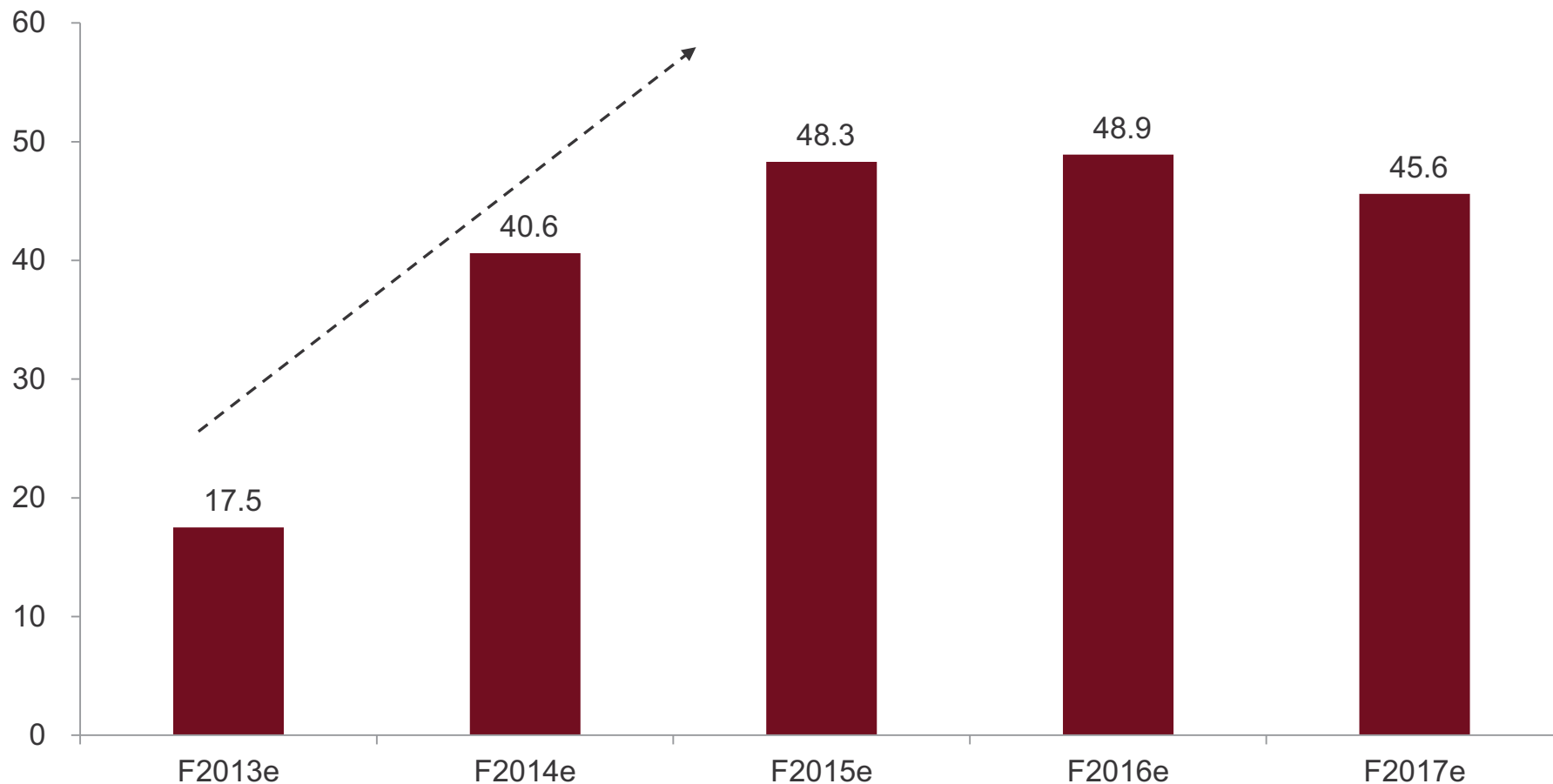
*The “a” included in the x-axis refers to actual and the “e” to estimated*

## 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*

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



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



## ARM's Capital Expenditure



## Partners' Capital Expenditure



**Projected total investment over 10 years in growth**

**±R50 bn**

**Modikwa Platinum Mine achieved 8 000 000 fatality-free shifts and was awarded the Department of Mineral Resources (DMR) Safety Achievement Flag for Platinum Mines.**

**Two Rivers Platinum Mine completed 2 000 000 fatality-free shifts.**

**Khumani Iron Ore Mine and Black Rock Manganese Mine achieved 1 000 000 fatality-free shifts.**

**R64 million community road built by Modikwa Platinum Mine completed successfully.**

**Significant improvement in sustainable development reporting. ARM 2010 Sustainable Report ranked 13<sup>th</sup> (out of 392) progressing from 42<sup>nd</sup> place two years ago.**

**Jan Steenkamp, in addition to ARM Ferrous, takes responsibility for ARM Exploration.**

**Kalumines, Lusaka and Kabwe Copper Projects moved from ARM Exploration to ARM Copper Division.**

**Mr. Michael (Mike) Schmidt appointed CEO designate from 1 September 2011.**



**ARM's diverse portfolio of commodities is well positioned to deliver into strong commodity markets.**

**Despite short term volatility ARM expects commodity prices to continue to be supported by demand from China, India and other emerging markets.**

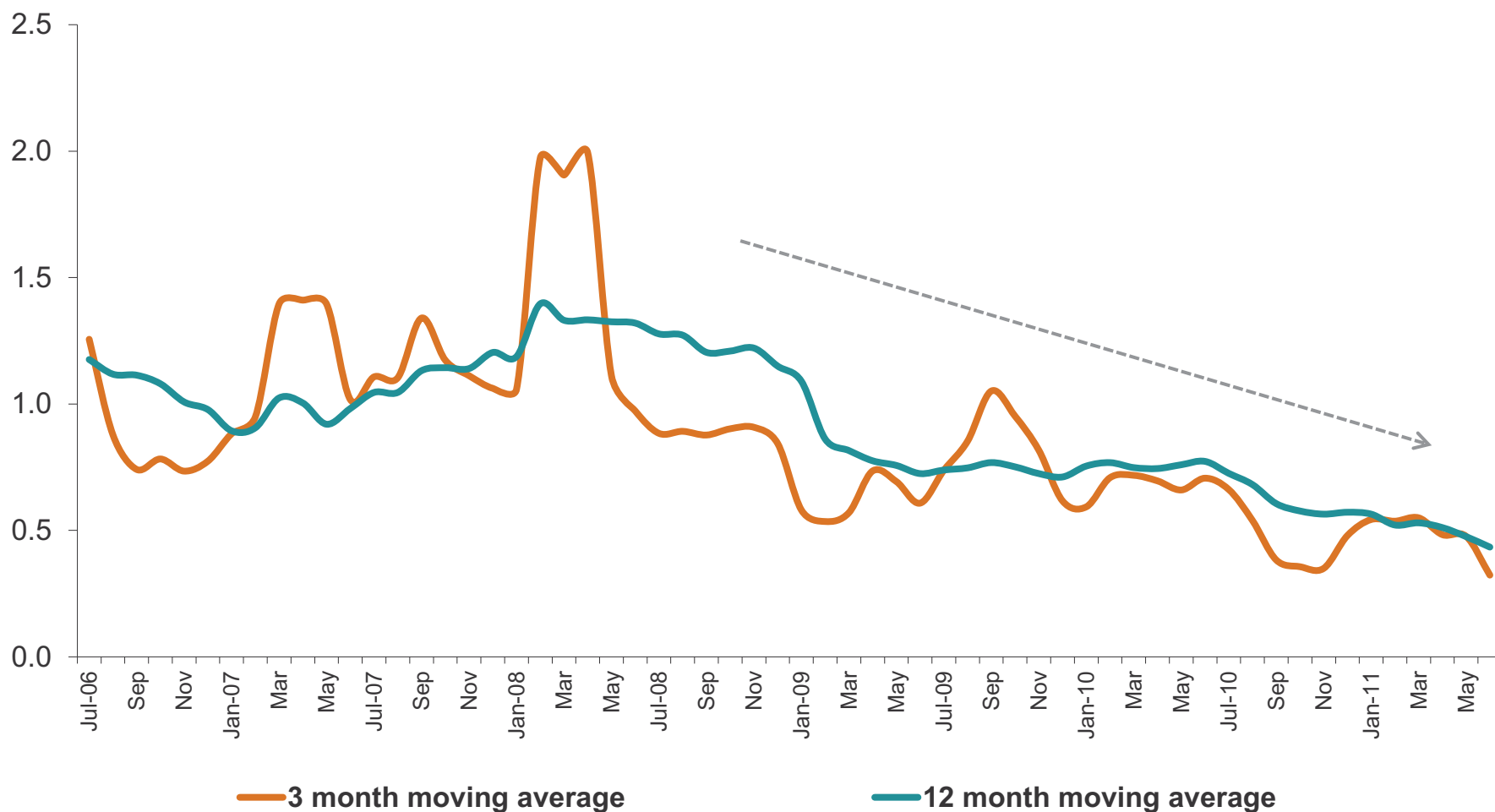
**ARM is confident about the future and plans to spend more than R10 billion (on an attributable basis) on capital expenditure over the next three years.**

# Operational review

André Wilkens, Chief Executive Officer



## Lost Time Injury Frequency Rate (LTIFR) measured per 200 000 man hours worked





Operations as at 30 June 2011	Total Fatality Free Shifts Worked	Date of Last Fatality
Modikwa Platinum Mine	8 031 723	April 2006
Two Rivers Platinum Mine	2 437 357	July 2007
Beeshoek Iron Ore Mine	1 857 443	March 2003
Nkomati Nickel Mine	1 736 437	September 2008
Khumani Iron Ore Mine	1 608 180	February 2009
Black Rock Manganese Mine	1 121 600	April 2009
Cato Ridge Smelter	964 089	February 2008
Dwarsrivier Chrome Mine	741 551	January 2009
Machadadorp Smelter	118 940	February 2011

# Headline earnings by division

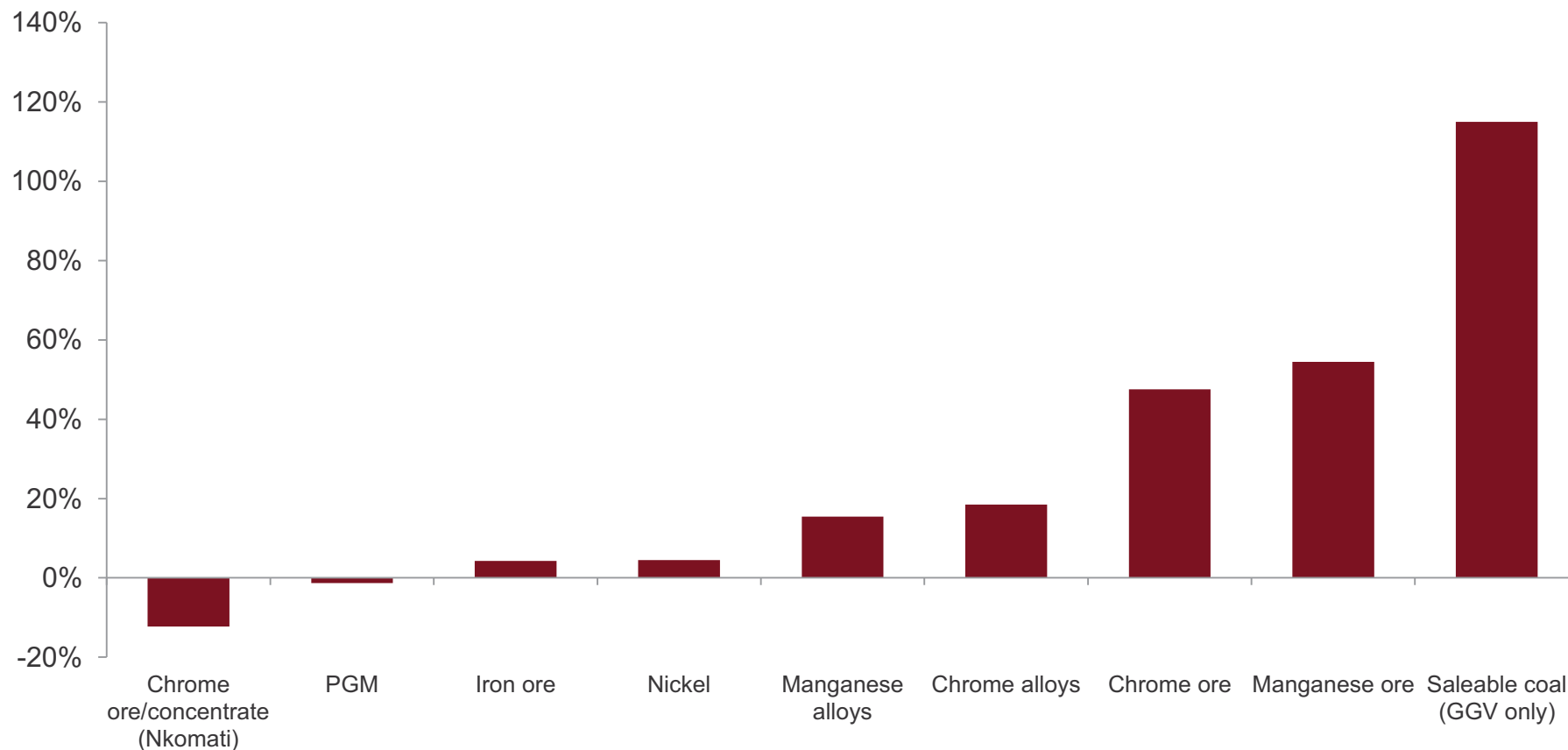
## Contribution to headline earnings

12 months ended 30 June

Commodity group	Reviewed	Audited	
R million	2011	2010	% change
Platinum Group Metals	350	315	11
Nkomati Nickel and Chrome	110	206	(47)
Ferrous Metals	2 897	1 364	112
Coal	(103)	(17)	>(200)
Exploration	(173)	(143)	(21)
Corporate, Gold and Other	238	(11)	-
<b>ARM Headline Earnings</b>	<b>3 319</b>	<b>1 714</b>	<b>94</b>

# Significant increase in production volumes\*

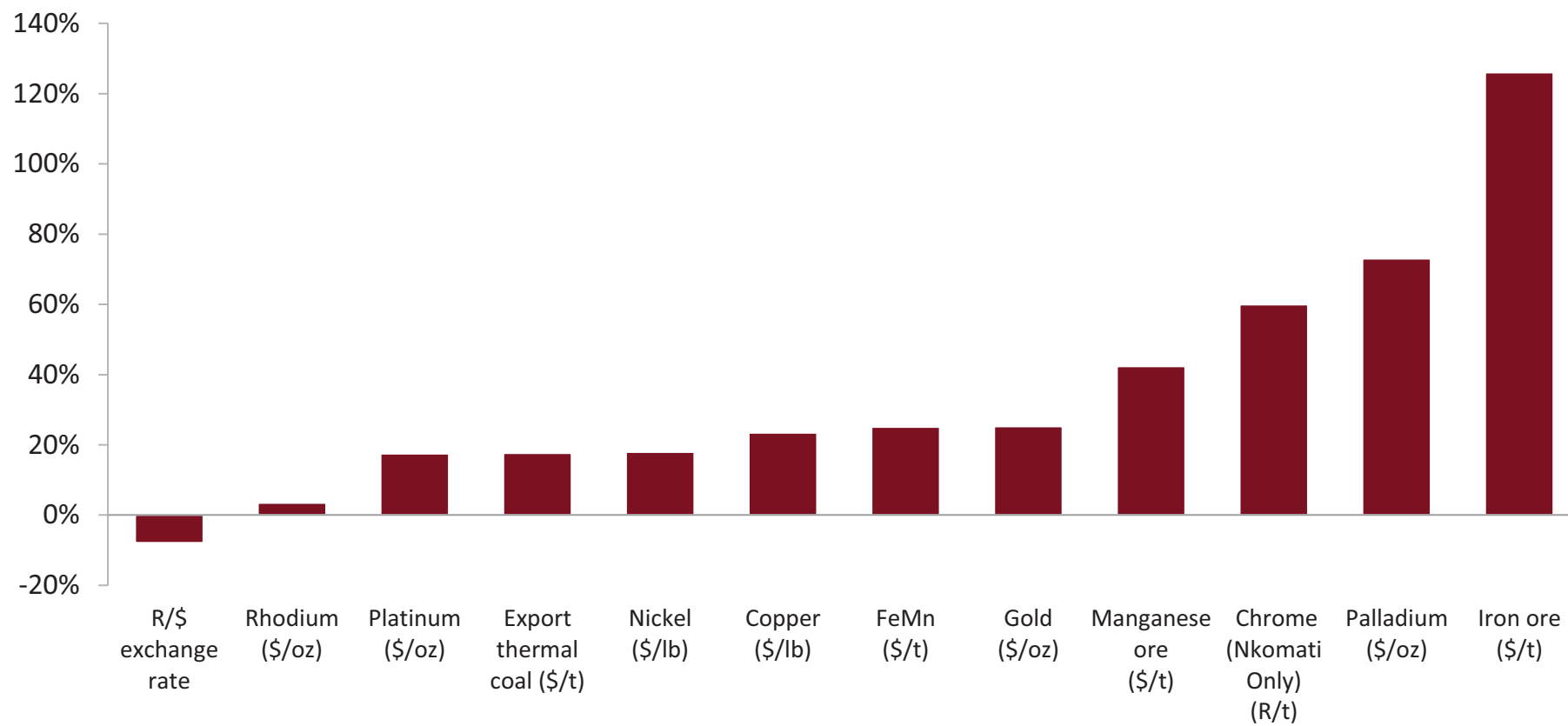
## F2011 vs. F2010 production volumes percentage change



\* Production volumes on 100% basis

# Improvement in commodity prices

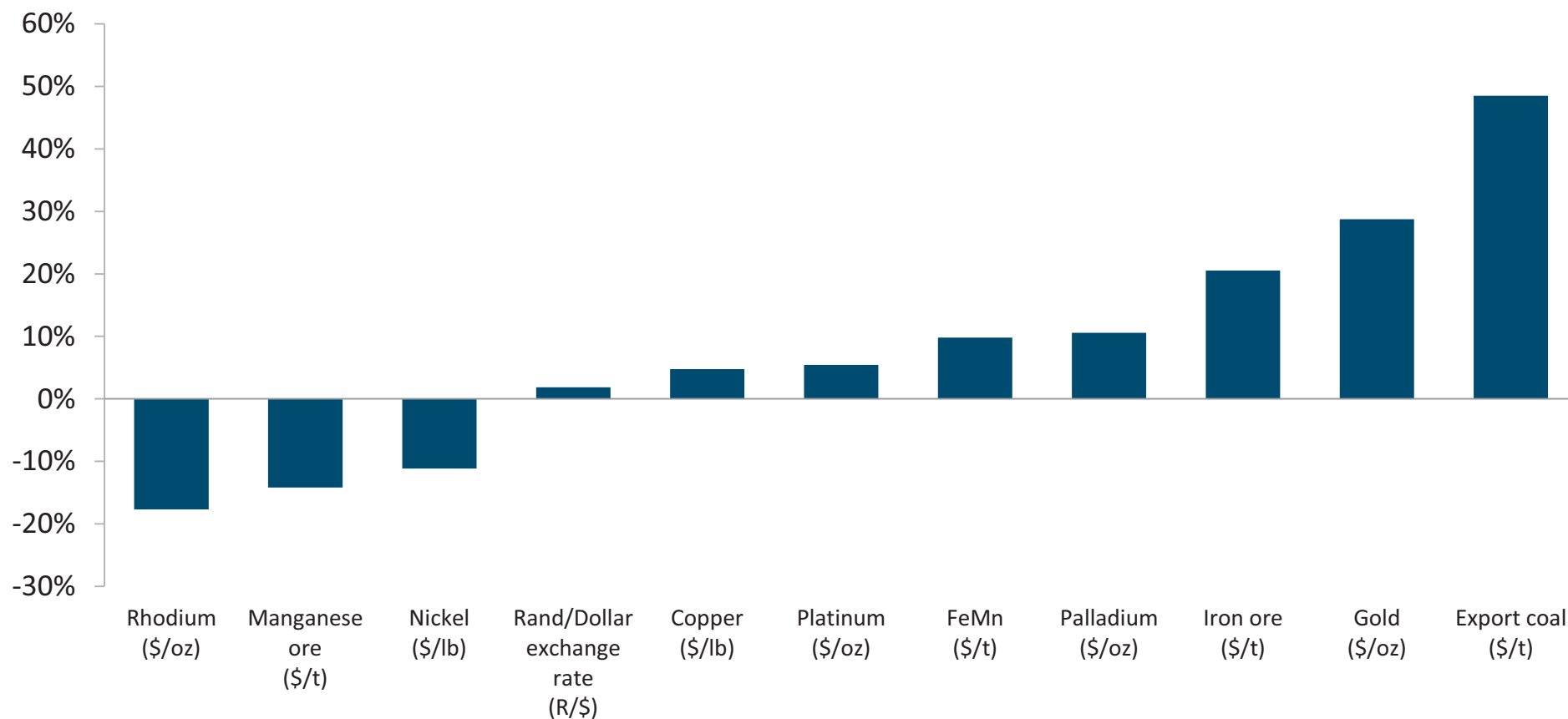
## F2011 vs. F2010 average realised commodity price percentage change





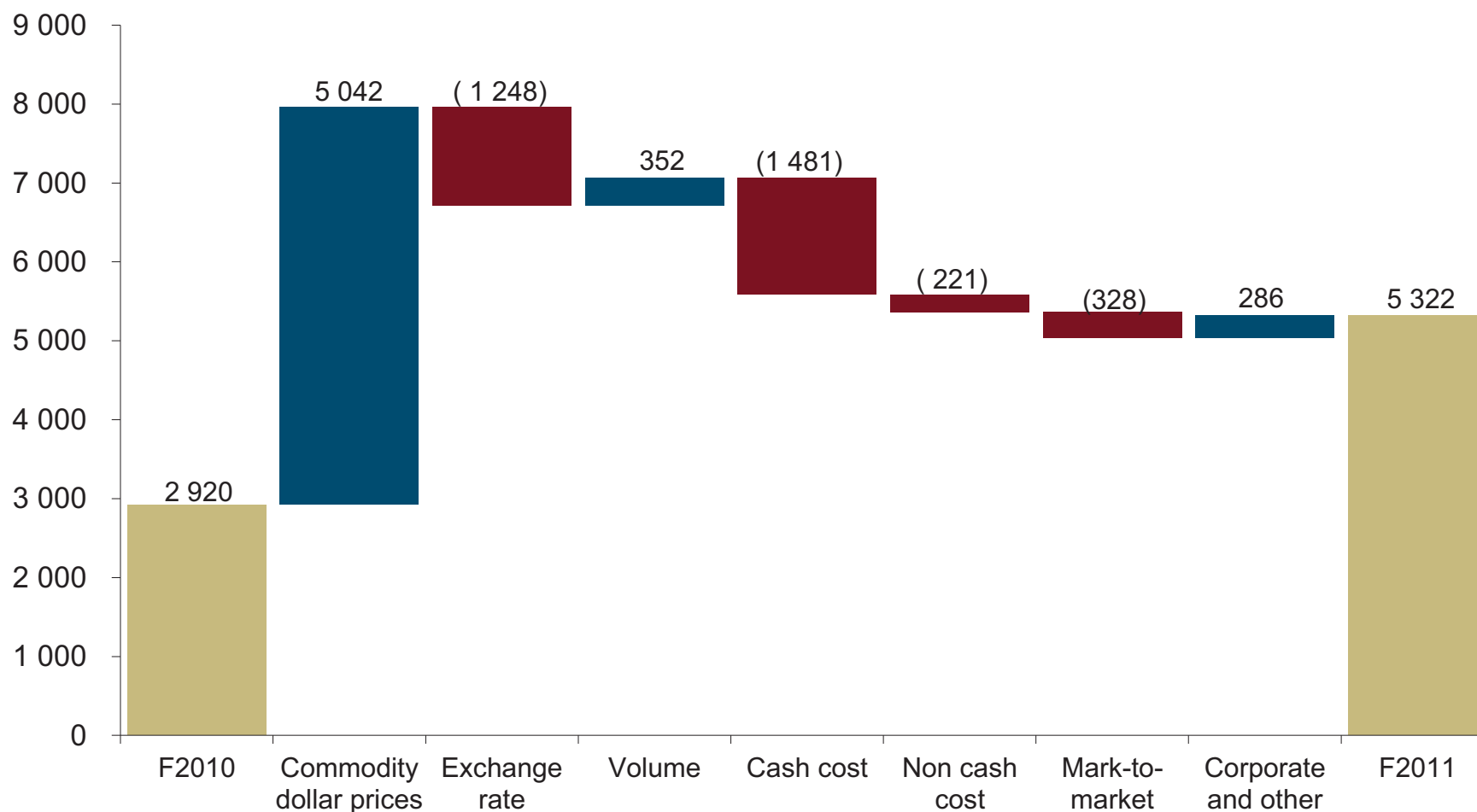
# Increase in commodity prices continues

Spot prices ( as at 16 August 2011) vs. F2011 average realised prices percentage change



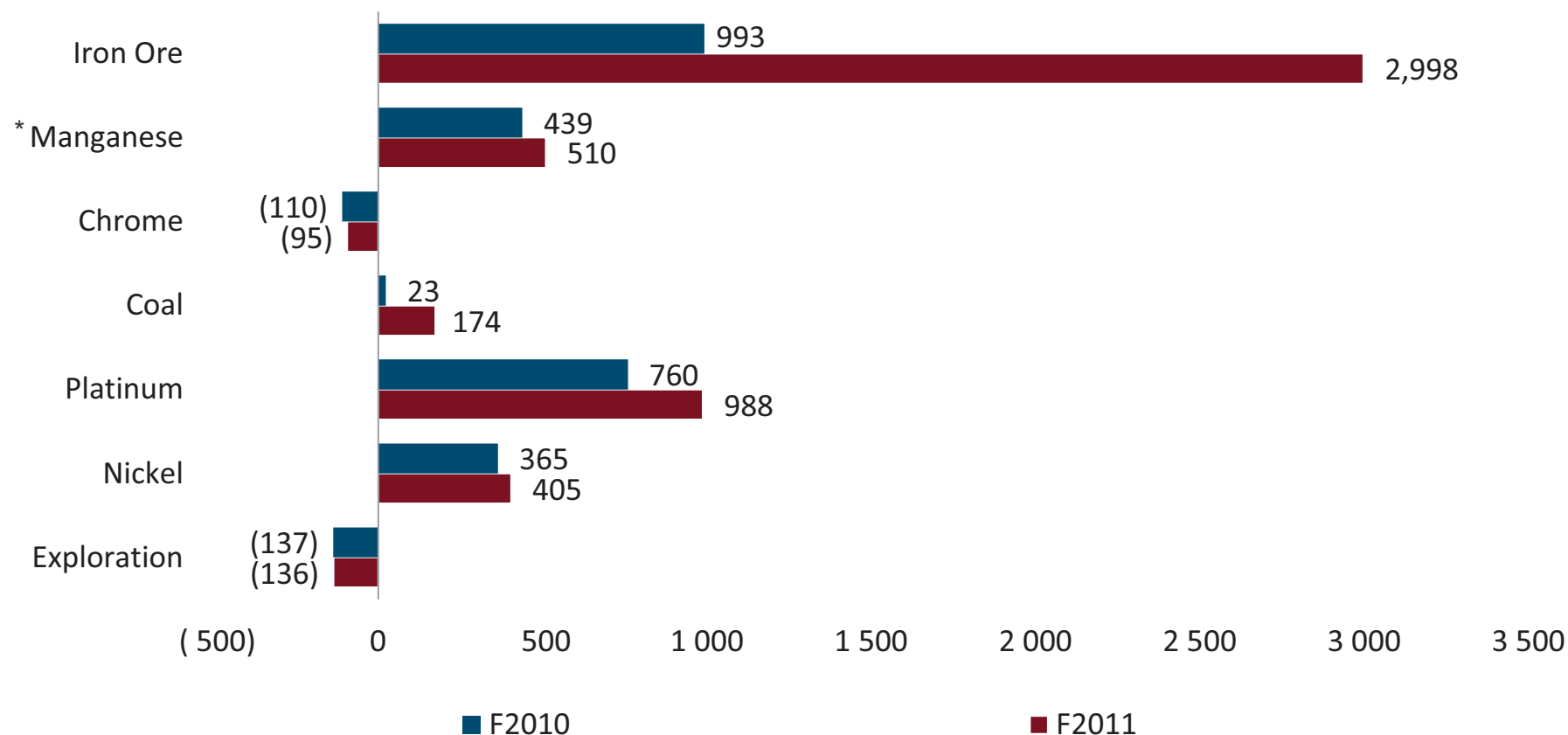
# Profit variance analysis year-on-year

## Profit from operations before exceptional items (R million)



# Stronger cash from operations

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



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

# Unit cost changes and EBITDA margins

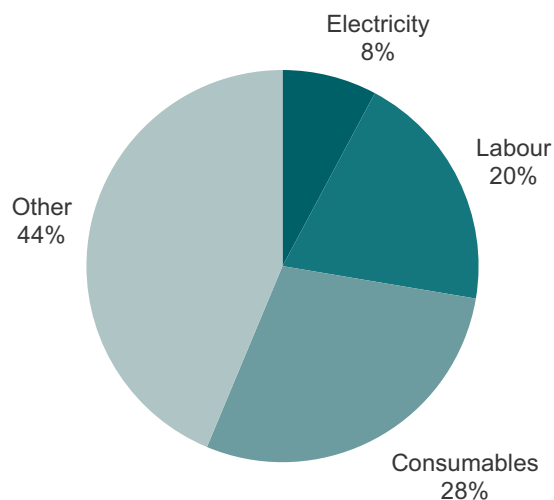
Commodity Group	Unit cost metric	% unit cost change F2011 vs. F2010 (decrease)/increase	F2011 EBITDA margin (%)
Manganese ore	R/tonne	(2.5)	47.4
Charge chrome	R/tonne	(1.4)	(6.8)
Nickel	R/tonne	12.0	23.5
Platinum	R/PGM ounce	12.3	33.0
Manganese alloys	R/tonne	12.9	22.5
Coal (GGV only)	R/tonne (on mine saleable)	17.6	43.0
Iron ore	R/tonne	21.6	68.4

## ARM Ferrous



Accelerated ramp-up of the Khumani Project together with production losses due to higher than normal summer rainfall resulted in increase costs.

### Approximate on-mine cash cost split

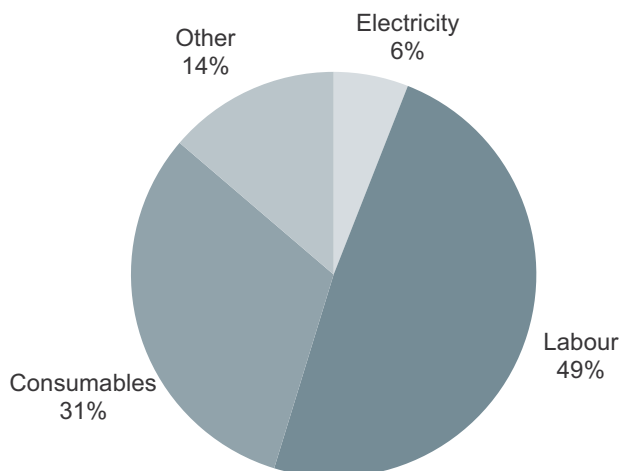


## ARM Platinum



Nkomati Mine unit cash costs increase due to lower than expected recoveries as the Nkomati Large Scale Expansion ramps up.

### Approximate on-mine cash cost split

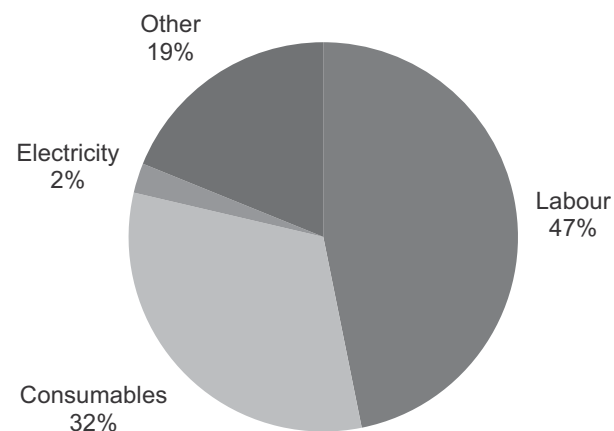


## ARM Coal

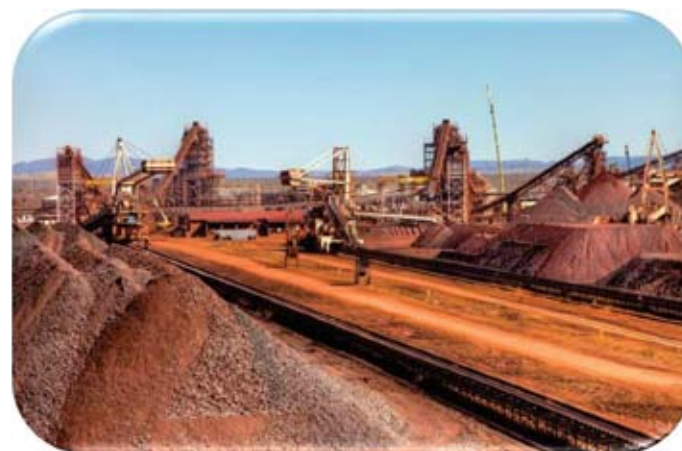


Capitalisation of costs was terminated as GGV reached steady state.  
PCB costs were impacted by excessive rain, and delays in the transitioning from underground mining to opencast mining.

### Approximate on-mine cash cost split



# The Khumani Iron Ore Expansion



## Total project cost

R6.7 billion approved - project is currently well within budget

## Capital expenditure to date

R5.0 billion at 30 June 2011

## Full production

2013 financial year - project is currently nine months ahead of schedule

## Steady state

14 mtpa export iron ore; 2 mtpa local iron ore

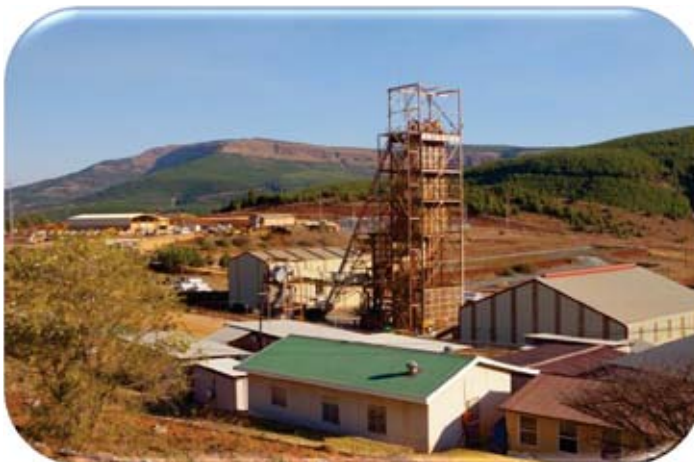
## Position on cost curve

40<sup>th</sup> percentile

## Comment

Feasibility on iron ore export channel for dual products and upgrade to 93 - 95 mtpa, FEL2 by end 2011 calendar year

# The Nkomati Nickel Expansion Project



**Capital expenditure to date**

R3.5 billion of budgeted R3.7 billion

**Stage**

250ktpm plant successfully commissioned plant recoveries lower than anticipated due to oxidised ore

**Full production**

2014 financial year

**Steady state**

20 500t nickel

**Position on cost curve**

45<sup>th</sup> percentile

**Comment**

C1 cash cost net of by products of \$4.40/lb at steady state (2014)



**Both concentrator plants at nameplate tonnage capacity.**

**Pit 3 commenced in February 2011 – highly variable oxidised ore.**

**MMZ head grade down from 0.40% to 0.31% nickel.**

# Nkomati Nickel Mine ramp up challenges

**Plant recoveries 8% lower than the planned 68%. Recoveries are planned at 70% at steady state.**

**Assay accreditation and off-take concentrate delays.**

**Underground ore, pit 1 and pit 2 have achieved the planned recoveries.**

**Ramp-up to full production deferred by one year to 2014.**

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

# Goedgevonden Coal Mine is at full production



## Capital expenditure to date

R3.5 billion of the planned R3.6 billion

## Full production

Achieved in 2011 financial year

## Steady state volumes

3.2mt export; 3.8 local - thermal coal

## Position on cost curve

25<sup>th</sup> percentile

## Comment

Significant stock pile as at 30 June 2011; ROM – 1 900kt  
Export – 560kt  
Eskom – 886kt

# The Konkola North Copper Project



## Total project cost

\$391 million (in July 2010 terms) of which 82% has already been contracted for.

## Plant commissioning

December 2012

## Full production

45 000 tonnes copper per annum – full production expected in 2015 financial year

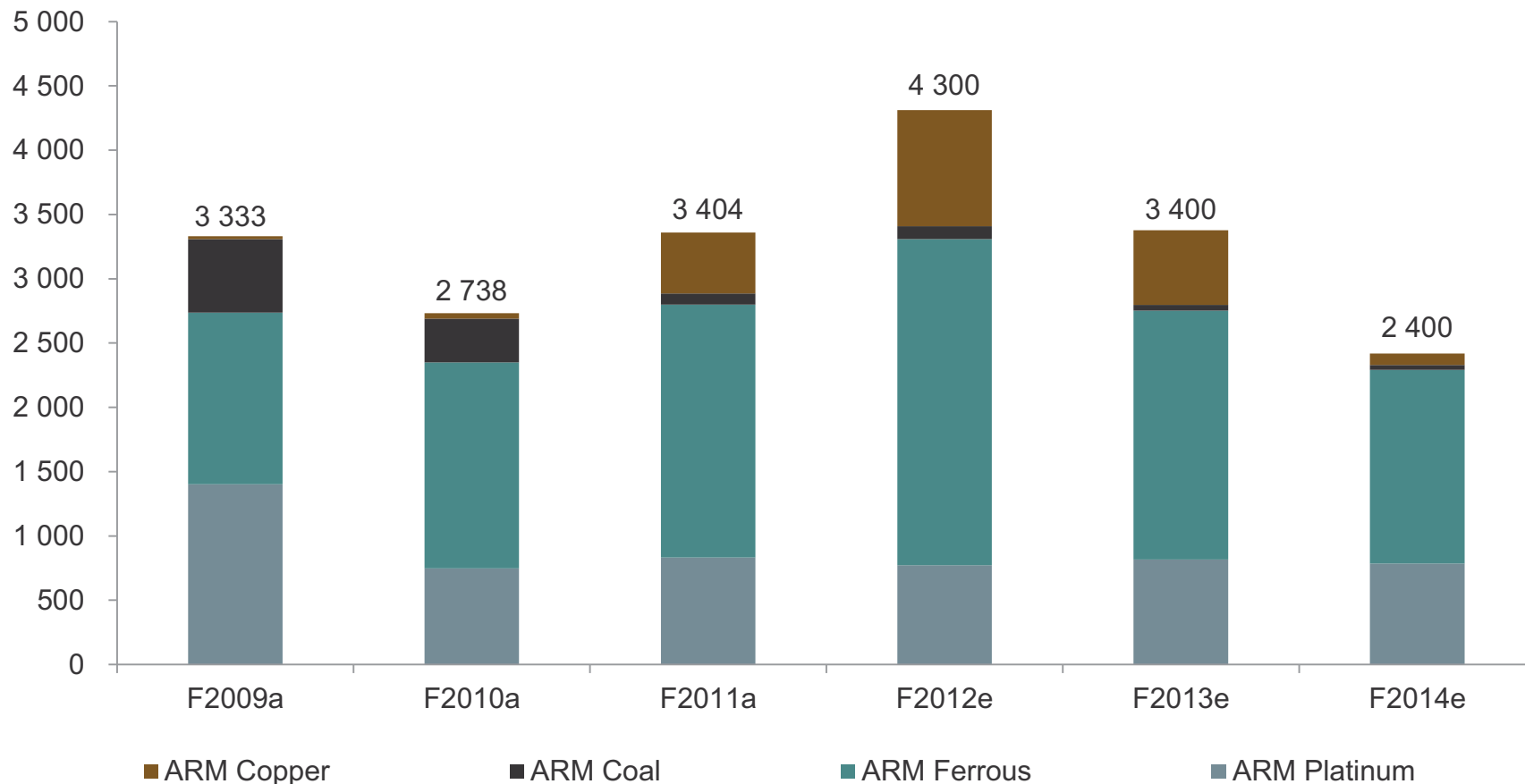
## Position on cost curve

C1 cash cost US\$1.07/t - 45<sup>th</sup> percentile at full production

## Comment

Potential to increase output to 100 000 tonnes copper per annum (by including the area A expansion)

## Attributable capital expenditure by division (R million)\*

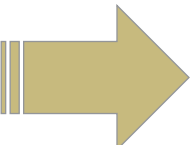


*\*The forecasted capital expenditure in 2013 to 2014 is an estimation based on approved projects and projects under consideration*

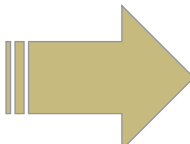
# Conversion of ferrochrome furnaces

No. 5 Furnace successfully converted from a ferrochrome furnace to ferromanganese.

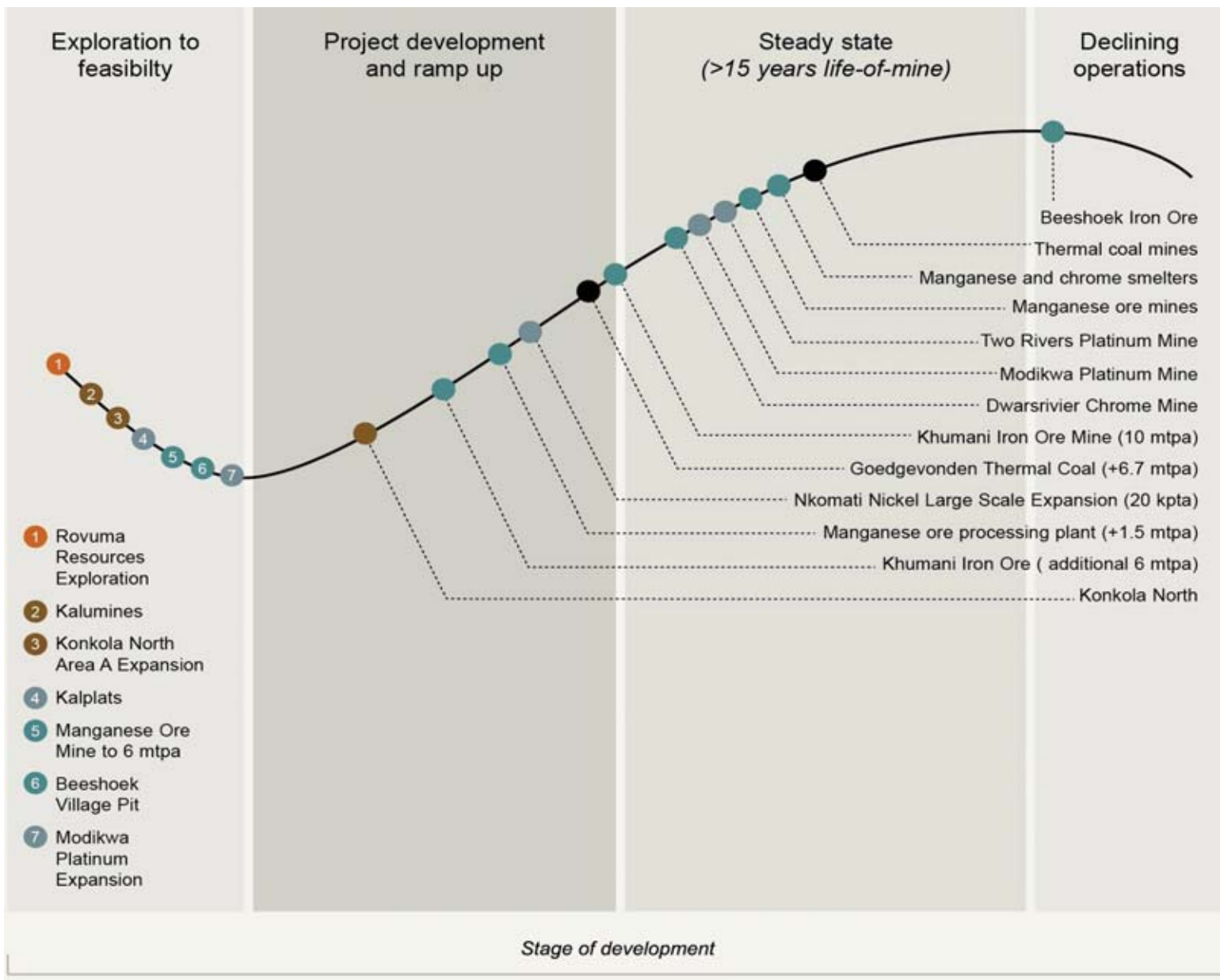
Conversion of two additional furnaces to be completed by end 2012 financial year.

<b>Ferromanganese</b>	<b>2011</b>		<b>2014</b>
Production (in tonnes)	291 000		450 000

<b>Ferrochrome</b>	<b>2011</b>		<b>2014</b>
Production (in tonnes)	237 000		100 000

# A robust growth pipeline





## Potential Future Projects

- Iron ore expansion beyond 16mtpa
- Manganese ore expansion to 6mtpa
- Smelter expansions
- Doubling of Modikwa Platinum Mine
- Two Rivers Merensky Project
- Kalplats Platinum project
- Konkola North Area A
- Kalumines Copper Project
- Exploration with Rovuma Resources
- Thermal coal projects

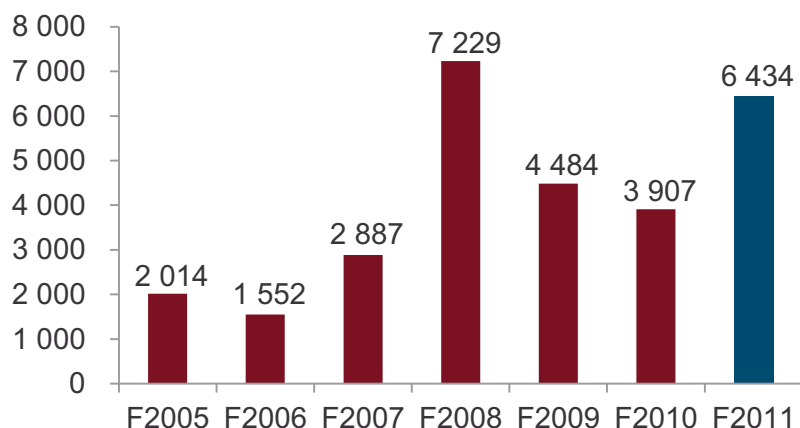
ARM signed an agreement with Rovuma Resources (a Mozambican exploration company) to explore for manganese ore, nickel, PGM's and base metals in Mozambique.

In terms of the agreement ARM will fund ongoing exploration at an estimated cost of US\$7 million per annum.

ARM will have exclusive rights to exercise options to purchase prospecting/ mining rights to the resources.

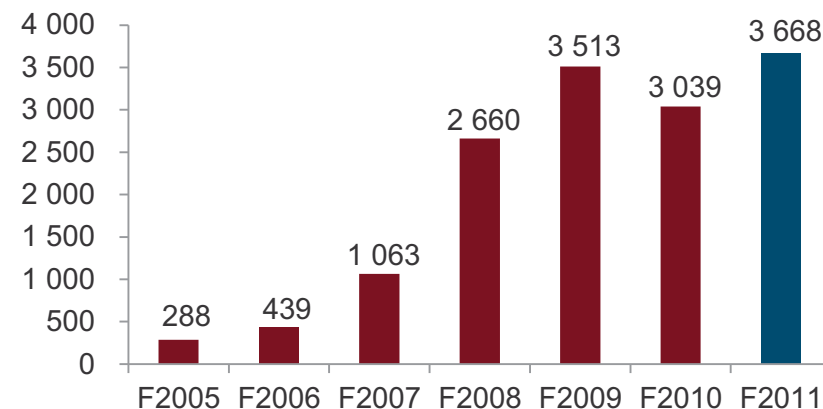
## EBITDA excluding exceptional items

R million



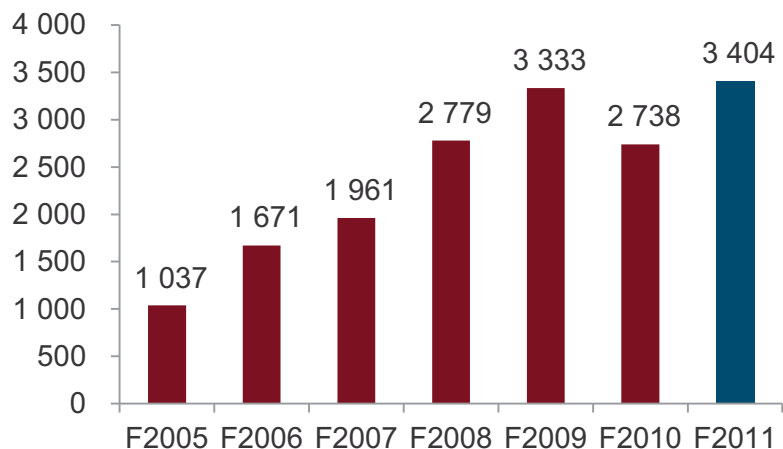
## Cash on statement of financial position

R million



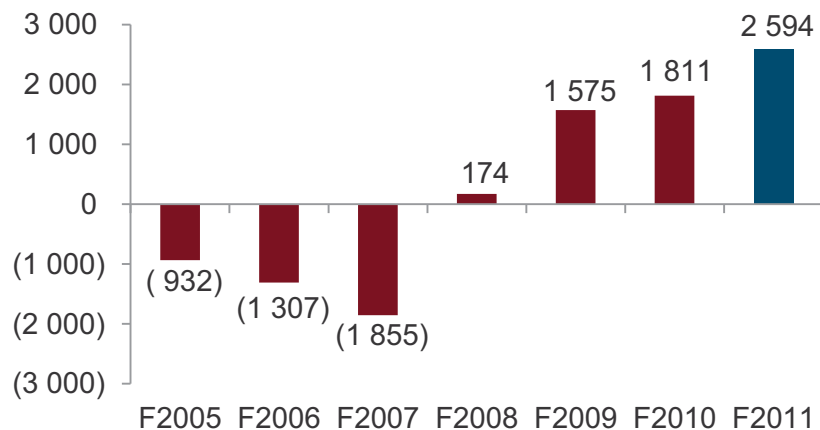
## Capital expenditure

R million



## Net cash/(net debt) excluding partner loans

R million



# Sufficient capacity to fund growth

Per statement of financial position	Net cash/ (Net debt) calculation	
	June 2011	June 2010
Cash and cash equivalents		3 668
Long-term interest bearing borrowings	(2 337)	
Short-term interest bearing borrowings	(732)	
Total interest bearing borrowings	(3 069)	(3 069)
Assmang (50%)	(2)	
ARM company	(447)	
Two Rivers	(609)	
Modikwa	(16)	
Modikwa (Anglo Platinum)	(114)	114
Two Rivers (loan from Impala)	(73)	73
ARM Coal (loan from Xstrata)	(1 808)	1 808
ARM attributable total debt excluding partner loans		(1 074)
<b>Net cash/ (net debt) (excluding partner loans)</b>		<b>2 594</b>
Net cash/ (net debt)		599
<b>Net gearing</b>		<b>N/A</b>

# Summarised income statement

	year ended 30 June		
R million	2011	2010	% change
Sales	14 893	11 022	35
Profit from operations (before exceptional items)	5 322	2 920	82
Income from investments	216	209	3
Finance costs	(216)	(192)	(13)
(Loss)/income from associate	(135)	(51)	(165)
Exceptional items	(11)	97	(111)
Taxation	(1 671)	(1 009)	(66)
Non-controlling interest	(194)	(162)	(20)
Profit after tax and non-controlling interest	3 311	1 812	83
Headline earnings	3 319	1 714	94
Headline earnings cents per share	1 559	807	93
EBITDA	6 434	3 907	65

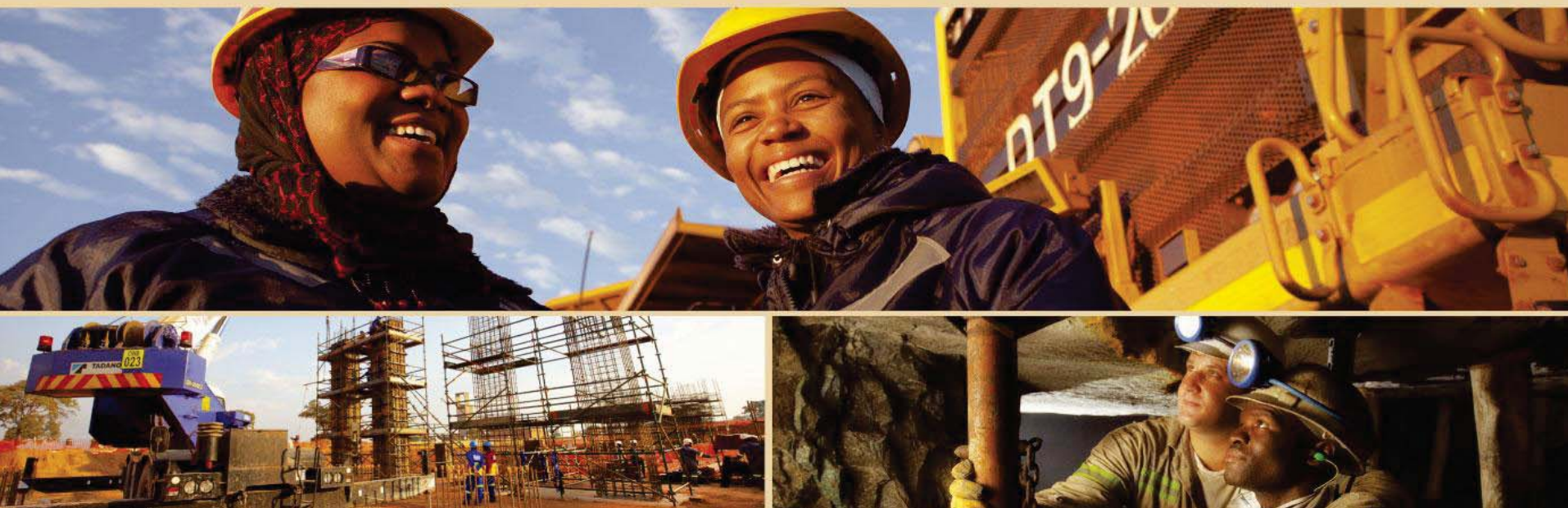
# Summarised cash flow

	year ended 30 June		
<b>R million</b>	<b>2011</b>	<b>2010</b>	<b>% change</b>
Cash generated from operations	5 898	3 430	72
Net finance income/(costs)	64	41	56
Dividends received	33	33	-
Dividends paid	(426)	(371)	(15)
Tax paid	(1 240)	(612)	(103)
	4 329	2 521	72
Capital expenditure	(2 948)	(2 500)	
Investments into Coal / RBCT	(241)	-	
Net borrowings raised / (repaid)	(625)	(773)	
Other	(66)	220	
<b>Net cash increase/(decrease)</b>	<b>449</b>	<b>(532)</b>	

# Summarised statement of financial position

		year ended 30 June	
R million		2011	2010
<b>Non-current assets</b>		<b>23 291</b>	20 290
Property, plant, equipment and other		<b>16 162</b>	13 807
Investments		<b>7 129</b>	6 483
<b>Current assets</b>		<b>9 018</b>	7 943
Other		<b>5 350</b>	4 904
Cash and equivalents		<b>3 668</b>	3 039
<b>Total assets</b>		<b>32 309</b>	28 233
Total Equity		<b>22 115</b>	18 529
Non-current liabilities:	Long-term borrowings	<b>2 337</b>	2 582
	Other	<b>4 120</b>	3 461
Current liabilities:	Short-term borrowings	<b>732</b>	764
	Other	<b>3 005</b>	2 897
<b>Total equity and liabilities</b>		<b>32 309</b>	28 233

# Questions



**Provisional results** for the year ended 30 June 2011

**We do it better**