HIGHLIGHTS

- REVENUE INCREASED BY 54% FROM R1,6 BILLION TO R2,4 BILLION
- PROFIT FROM OPERATIONS INCREASED 400% FROM R125 MILLION TO R626 MILLION
- HEADLINE EARNINGS INCREASED FROM A LOSS OF R1 MILLION TO A PROFIT OF R20 MILLION
- CASH GENERATED FROM OPERATIONS UP 278% FROM R161 MILLION TO R608 MILLION
- STRATEGIC ALLIANCE FORMED WITH LIONORE AT NKOMATI
- ELIMINATION OF CROSS SHAREHOLDING BEING FINALISED

African Rainbow Minerals

African Rainbow Minerals Limited
(formerly Anglovaal Mining Limited)
(Incorporated in the Republic of South Africa)
(Registration number 1933/004580/06)
JSE Share code: ARI and LSE Share code: AGM ISIN: ZAE000054045
("ARM" or "Group")

UNAUDITED RESULTS for the half-year ended 31 December 2004

COMMENTARY

ARM has delivered exceptional basic and headline earnings as well as robust cash flows for the half-year ended 31 December 2004, notwithstanding a strong Rand environment. Furthermore, the growth strategy is well on track with a number of initiatives advanced:

- The manganese shaft at Nchwaning and the construction of an underground chrome mine at Dwarsriver are progressing well;
- ARM has secured a world-class partner in LionOre Mining International Limited (LionOre) for the Nkomati nickel mine (Nkomati) and both companies will now work closely to optimise the expansion study and project release;
- The Two Rivers platinum project is awaiting final approval;
- The Modikwa platinum mine (Modikwa) is well on-track to reach full production; and
- A feasibility study to assess a large new iron ore mine at the Bruce, King and Mokaning properties in the Northern Cape is well underway.

Following Harmony Gold Mining Company Limited's (Harmony) intended disposal of its ARM shares, the objective of removing the ARM cross shareholding will be achieved.

RESULTS REVIEW

Profits from operations increased substantially, for the period ended 31 December 2004, to R626 million (R125 million). The improvement can primarily be attributed to significant increases in sales volumes of manganese as well as higher commodity prices for manganese and nickel, notwithstanding the strong Rand.

The higher operating profits were partially offset by losses of R138 million from Harmony, which after taxation and finance costs, resulted in basic earnings of R240 million (R1 million – loss) and headline earnings of R20 million (R1 million – loss).

ARM's investment in Harmony reduced from 20% to 16% on 30 November 2004 when Harmony increased its issued share capital. ARM equity accounted its Harmony investment up to that date, whereafter Harmony is treated as an investment and not as an associated company.

Cash generated from operations increased from R161 million to R608 million and was used primarily to fund capital expenditure and to repay borrowings.

The total short- and long-term borrowings reduced from R1,8 billion on 30 June 2004 to R1,6 billion on 31 December 2004. ARM's net debt to equity ratio remained at 19%.

Review of operations

ARM Ferrous

Assmang: Headline earnings for the period increased substantially over that of last year's corresponding six months to R353 million (R4 million).

The increase in headline earnings can be attributed to positive market conditions over the past six months, mainly in terms of manganese alloys prices, significant increase in sales volumes of manganese ore, and to continuing cost saving exercises at the operations.

Assmang's turnover for the half-year increased by 42% to R1,9 billion (R1,3 billion) with increases being delivered by all three divisions within Assmang:

ASSMANG: SEGMENTAL INFORMATION	Iron ore division Rm	Manganese division Rm	Chrome division Rm	Total Rm
Half-year to 31 December 2004*				
Revenue	317	1 112	458	**1 887**
Contribution to Assmang headline earnings	7	333	13	**353**
Half-year to 31 December 2003*				
Revenue	298	633	402	**1 333**
Contribution to Assmang headline earnings	14	52	(62)	**4**

**Unaudited*

Sales volumes for the period under review are detailed in the table below:

Assmang	Six months ended 31 December 2004 (tons)	2003 (tons)	Volume Increase/ (decrease)
Manganese ore*	**767 986**	662 867	16%
Iron ore	**2 540 595**	2 493 824	2%
Manganese alloys	**105 272**	113 452	(7%)
Charge chrome	**104 371**	126 860	(18%)

**Excluding inter-Group sales to the Cato Ridge Works*

ARM Platinum

Modikwa: Build-up to full production remains on-track for mid-2005. As the mine is in a commissioning phase, figures are compared to the immediately preceding six months as opposed to the comparative period in the previous year. Lower grade development ore was not treated and this led to a higher head grade and increased the cash cost per ton milled. Various initiatives are being implemented on the mine to ensure that volumes are increased to reduce the cash cost per ton to the planned R300/ton at full production.

***Modikwa* (100% basis)**		**Six months ended 31 December 2004 (tons)**	**30 June 2004 (tons)**	**Increase/ (decrease)**
Tons milled	million tons	**1,14**	1,23	(8%)
Head grade (4E)	g/t	**4.35**	3.85	13%
Platinum in concentrate	ounces	**60 000**	57 700	4%
Cash cost	R/ton	**373**	327	14%
Capital expenditure	Rm	**54,2**	34,2	58%

Nkomati: The mine has had an excellent performance over the last six months. Nickel sales were lower as a result of a delayed shipment to a Canadian customer, but due to the strong nickel price and exceptional improvement in cash costs, the contribution to earnings was higher at R103 million (R77 million).

Nkomati		**Six months ended 31 December 2004 (tons)**	**31 December 2003 (tons)**	**Increase/ (decrease)**
Tons milled	tons	**184 000**	169 000	9%
Nickel head grade (4E)	%	**1.94**	1.94	–
Concentrate sales	tons	**32 384**	28 700	13%
Nickel sales	tons	**2 272**	2 440	(7%)
PGM sales	ounces	**21 457**	19 800	8%
On mine cash costs	R/ton	**333**	354	6%
Cash costs (net of by-products)	US$/lb	**0,95**	1,15	17%
Nickel prices received	US$/lb	**6,34**	4,94	28%

Review of projects

Two Rivers: The Two Rivers project has concluded a successful trail mining program that has substantively validated geological and mining feasibility parameters. As a result of this program, the orebody has been exposed to such an extent that it has improved confidence levels and effectively enhanced the project from 'greenfields' status to a 'brownfields' development. ARM is now in the process of finalising project approvals. Two Rivers' capital cost will be approximately R1,2 billion and is estimated to have a life of mine of 20 years at an underground production rate of 2,2 million run-of-mine tons a year. Main metal annual sales for the new mine are planned at 120 000oz of platinum, 80 000oz of palladium and about 30 000oz of rhodium. The necessary environmental and mining authorisations have all been approved by the Department of Minerals and Energy.

Nkomati expansion: ARM has announced, with effect from 1 January 2005, the formation of a 50:50 unincorporated joint venture with LionOre at Nkomati in a transaction valued at US$48,5 million (approximately ZAR290 million). LionOre, a major producer of nickel globally, is the owner of the Activox® technology, which is being considered for the Nkomati expansion project. ARM and LionOre will utilise their joint skills and experience to review and improve on the technical and economical feasibility of the expansion. The preparation of a trial mining pit has commenced at Nkomati to extract a bulk sample for delivery in April 2005 to LionOre's Botswana operations for metallurgical testing. This transaction is subject to certain conditions that remain to be fulfilled, including approval in terms of the South African Competitions Act and South African Exchange Control Regulations.

ARM Exploration: The board has approved the appointment of advisors to embark on a process of restructuring and repositioning ARM's attractive exploration portfolio for development and growth. This includes projects in Namibia, Zambia (copper, cobalt, zinc and nickel) and in the Democratic Republic of Congo (copper and cobalt). These range from early stage exploration phase programs through to projects in feasibility stage. The review process will be completed by mid-2005.

HARMONY

ARM supports the offer that has been submitted by Harmony to acquire Gold Fields Limited. ARM's 16% interest in Harmony is treated as an investment from December 2004. For the five months to December 2004, on an equity accounted basis, Harmony made a loss of R138 million.

DIVIDENDS

ARM has very exciting capital projects and has decided not to pay dividends for the half-year, but to conserve its current cash liquidity.

DIRECTORATE

During the last six months, Mr AJ Wilkens was appointed chief executive officer and elected to the board and Mr WM Gule was appointed an executive director.

REVIEW FOR THE REMAINDER OF THE YEAR

Most commodity prices are expected to remain at similar, or slightly stronger, levels in United States Dollar terms for the remainder of the year, while the United States Dollar: South African Rand exchange rate is not expected to be materially different. ARM operations are now generating positive cash flows, from operating activities, at the prevailing exchange rate. This follows a program introduced to deliver better efficiencies and the reduction of operating costs.

For and on behalf of the board

Patrice Motsepe
Executive chairman

André Wilkens
Chief executive officer

Sandton
14 February 2005

Directors: PT Motsepe (Executive chairman), RP Menell (Deputy chairman)*, AJ Wilkens (Chief executive officer), F Abbott, Dr MMM Bakane-Tuoane**, WM Gule, MW King**, AK Maditsi**, PJ Manda**, JR McAlpine**, Dr PS Sibisi**, Dr RV Simelane**, MV Sisulu**, ZB Swanepoel*
(*Non-executive, **Independent non-executive).

Group company secretary: RH Phillips

GROUP BALANCE SHEET as at 31 December 2004

	Note	Unaudited Half-year ended 31 December 2004 Rm	2003 Restated* Rm	Audited Year ended 30 June 2004 Rm
ASSETS				
Non-current assets				
Tangible assets		**4 903**	2 438	4 674
Intangible assets		**6**	6	5
Deferred tax assets		**7**	10	7
Environmental rehabilitation trust funds		**29**	22	29
Investment in associate	2	**–**	870	4 338
Investments	3	**3 261**	165	3
		8 206	3 511	9 056
Current assets				
Inventories		**1 210**	984	914
Trade and other receivables		**1 073**	786	1 162
Cash and cash equivalents		**225**	218	328
		2 508	1 988	2 404
Total assets		**10 714**	5 499	11 460
EQUITY AND LIABILITIES				
Capital and reserves				
Ordinary share capital		**10**	6	10
Share premium		**3 496**	122	3 495
Other reserves		**(1 169)**	171	(193)
Retained earnings		**3 553**	2 207	3 316
Shareholders' interest in capital and reserves		**5 890**	2 506	6 628
Minority interest		**1 494**	1 155	1 326
Total shareholders' interest		**7 384**	3 661	7 954
Non-current liabilities				
Long-term borrowings	4	**787**	–	857
Deferred tax liabilities		**758**	542	853
Long-term provisions		**159**	118	151
		1 704	660	1 861
Current liabilities				
Trade and other payables		**583**	403	567
Provisions		**36**	32	41
Taxation		**174**	3	63
Overdrafts and short-term borrowings	4	**833**	740	974
		1 626	1 178	1 645
Total equity and liabilities		**10 714**	5 499	11 460

*Avgold Limited treated as an associate from 1 May 2003.

GROUP INCOME STATEMENT for the half-year ended 31 December 2004

	Note	Unaudited Half-year ended 31 December 2004 Rm	2003 Restated* Rm	Increase/ (decrease) %	Audited Year ended 30 June 2004 Rm
Revenue		**2 391**	1 557	54	3 885
Cost of sales		**(1 618)**	(1 296)	(25)	(3 064)
Gross profit		**773**	261	196	821
Other operating income		**27**	21	29	73
Other operating expenses		**(167)**	(157)	(6)	(343)
Retrenchment cost		**(7)**	–	–	(23)
Profit from operations		**626**	125	401	528
Income from investments		**12**	11		26
Finance costs		**(98)**	(35)		(80)
Loss from associate		**(138)**	(55)		(120)
Profit before taxation and exceptional items		**402**	46		354
Exceptional items	5	**284**	–		1 148
– Profit on disposal of discontinued operations		**–**	–		1 057
– Other exceptional items		**284**	–		91
Profit before taxation		**686**	46		1 502
Taxation		**(285)**	(45)		(291)
Profit after taxation		**401**	1		1 211
Minority interest		**(161)**	(2)		(103)
Basic earnings/(loss)		**240**	(1)		1 108
Additional information					
Headline earnings/(loss)		**20**	(1)		47
Headline earnings/(loss) per share	(cents)	**10**	(1)		37
Basic attributable earnings/(loss) per share	(cents)	**117**	(1)		865
Fully diluted attributable earnings/(loss) per share	(cents)	**117**	(1)		860
Fully diluted headline earnings per share	(cents)	**10**	–		36
Number of shares in issue at end of period	(thousands)	**204 391**	114 128		204 208
Weighted average number of shares in issue	(thousands)	**204 313**	113 713		128 115
Weighted average number of shares used in calculating fully diluted earnings per share	(thousands)	**204 619**	114 583		128 876
Net asset value per share	(cents)	**2 882**	2 196		3 246

SEGMENTAL INFORMATION

Primary segmental information

	Gold Rm	Platinum Rm	Ferrous metals Rm	Nickel Rm	Corporate and other Rm	Total Rm
Half-year ended 31 December 2004 (unaudited)						
Revenue	–	195	1 887	309	–	**2 391**
Cost of sales	–	(246)	(1 227)	(145)	–	**(1 618)**
Other operating income	–	–	8	9	10	**27**
Other operating expenses	–	(2)	(100)	(32)	(40)	**(174)**
Segment result**	–	(53)	568	141	(30)	**626**
Income from investments	–	1	1	1	9	**12**
Finance cost	–	(52)	(33)	–	(13)	**(98)**
Loss from associate	(138)	–	–	–	–	**(138)**
Exceptional items – other	–	–	8	–	276	**284**
Taxation	–	25	(182)	(39)	(89)	**(285)**
Minority interest	–	18	(179)	–	–	**(161)**
Contribution to earnings	(138)	(61)	183	103	153	**240**
Contribution to headline earnings	(144)	(61)	179	103	(57)	**20**
Other information						
Consolidated total assets	3 258	2 085	4 520	535	316	**10 714**
Consolidated total liabilities	–	862	1 705	173	590	**3 330**
Capital expenditure	–	107	286	12	36	**441**
Amortisation and depreciation	–	31	121	13	1	**166**
Hal-year ended 31 December 2003 (unaudited)*						
Revenue	–	–	1 333	224	–	**1 557**
Cost of sales	–	–	(1 195)	(101)	–	**(1 296)**
Other operating income	–	–	5	4	12	**21**
Other operating expenses	–	–	(91)	(15)	(51)	**(157)**
Reallocated corporate expenditure	–	–	32	(2)	(30)	**–**
Segment result	–	–	84	110	(69)	**125**
Income from investments	–	–	1	1	9	**11**
Finance cost	–	–	(34)	–	(1)	**(35)**
Loss from associate	(55)	–	–	–	–	**(55)**
Taxation	–	–	(15)	(34)	4	**(45)**
Minority interest	–	–	(2)	–	–	**(2)**
Contribution to earnings	(55)	–	34	77	(57)	**(1)**
Contribution to headline earnings	(55)	–	34	77	(57)	**(1)**
Other information						
Consolidated total assets	871	109	3 847	250	422	**5 499**
Consolidated total liabilities	–	–	1 573	54	211	**1 838**
Capital and expenditure	–	34	208	5	1	**248**
Amortisation and depreciation	–	–	81	8	2	**91**
Year ended 30 June 2004 (unaudited)						
Revenue	–	57	3 304	524	–	**3 885**
Cost of sales	–	(71)	(2 741)	(252)	–	**(3 064)**
Other operating income	–	–	22	42	9	**73**
Other operating expenses	–	(1)	(194)	(73)	(98)	**(366)**
Reallocated corporate expenditure	–	–	71	(5)	(66)	**–**
Segment result	–	(15)	462	236	(155)	**528**
Income from investments	–	–	2	2	22	**26**
Finance cost	–	(16)	(52)	–	(12)	**(80)**
Loss from associate	(120)	–	–	–	–	**(120)**
Exceptional items	–	(35)	–	–	1 183	**1 148**
Taxation	–	(1)	(124)	(77)	(89)	**(291)**
Minority interest	–	6	(109)	–	–	**(103)**
Contribution to earnings	(120)	(61)	179	161	949	**1 108**
Contribution to headline earnings	(137)	(26)	177	161	(128)	**47**
Other information						
Consolidated total assets	4 338	2 024	4 227	452	419	**11 460**
Consolidated total liabilities	–	935	1 746	206	619	**3 506**
Capital expenditure	–	92	493	9	15	**609**
Amortisation and depreciation	–	9	168	38	2	**217**

*Avgold Limited treated as an associate from 1 May 2003.
**Reallocation of corporate expenditure not applied to the half-year ended 31 December 2004 results.

GROUP CASH FLOW STATEMENT for the half-year ended 31 December 2004

	Unaudited Half-year ended 31 December 2004 Rm	2003 Restated* Rm	Increase/ decrease %	Audited Year ended 30 June 2004 Rm
CASH FLOW FROM OPERATING ACTIVITIES				
Cash receipts from customers	**2 574**	1 691	52	3 838
Cash paid to suppliers and employees	**(1 966)**	(1 530)	28	(3 235)
Cash generated from operations	**608**	161	278	603
Interest received	**12**	11	9	24
Interest paid	**(105)**	(35)	200	(70)
Dividends received	**19**	–	–	1
Dividends paid to minorities	**(13)**	(9)	44	(13)
Taxation paid	**(55)**	(44)	25	(70)
Net cash inflow from operating activities	**466**	84	455	475
CASH FLOW FROM INVESTING ACTIVITIES				
Additions to fixed assets to maintain operations	**(349)**	(248)	41	(472)
Additions to fixed assets to expand operations	**(92)**	–		(101)
Net cash effect of acquisitions	**–**	–		(32)
Proceeds on disposal of fixed assets	**50**	–		7
Proceeds on disposal of investments	**–**	–		167
Purchase of remaining portion of Nkomati mine	**–**	–		(260)
Net cash (outflow)/inflow from investing activities	**(391)**	(248)	58	(691)
CASH FLOW FROM FINANCING ACTIVITIES				
Increase in shareholder funding	**1**	43	(98)	54
Funding received from minority shareholders	**21**	20	5	42
Long-term borrowings raised	**30**	–		280
Long-term borrowings repaid	**(94)**	–		(127)
(Decrease)/increase in short-term borrowings	**(136)**	55	(347)	31
Net cash (outflow)/inflow from financing activities	**(178)**	118	(251)	280
Net (decrease)/increase in cash and cash equivalents	**(103)**	(46)	124	64
Cash and cash equivalents at beginning of period	**328**	264	24	264
Cash and cash equivalents at end of period	**225**	218	3	328
Cash generated from operations per share (cents)	**298**	142	110	471

*Avgold Limited treated as an associate from 1 May 2003.

STATEMENT OF CHANGES IN EQUITY for the half-year ended 31 December 2004

	Share capital and premium Rm	Revaluation of buildings Rm	Other Rm	Retained earnings Rm	Total Rm
Half-year ended 31 December 2004 (unaudited)					
Balance at 30 June 2004	3 505	6	(199)	3 316	**6 628**
Basic earnings	–	–	–	240	**240**
Share of associate other reserves	–	–	235	–	**235**
Share options exercised	1	–	–	–	**1**
Revaluation of listed investments	–	–	(1 207)	–	**(1 207)**
Other	–	(6)	2	(3)	**(7)**
Balance at 31 December 2004	**3 506**	**–**	**(1 169)**	**3 553**	**5 890**
Half-year ended 31 December 2003 (unaudited) *					
Balance at 30 June 2003	85	6	212	2 208	**2 511**
Loss	–	–	–	(1)	**(1)**
Revaluation of listed investments	–	–	(47)	–	**(47)**
Share options exercised	43	–	–	–	**43**
Balance at 31 December 2003	128	6	165	2 207	**2 506**
Year ended 30 June 2004 (audited)					
Balance at 30 June 2003	85	6	212	2 208	**2 511**
Basic earnings	–	–	–	1 108	**1 108**
Investment sold	–	–	(133)	–	**(133)**
Revaluation of listed investments	–	–	(45)	–	**(45)**
Share options exercised	54	–	–	–	**54**
Shares issued for acquisitions	3 366	–	–	–	**3 366**
Share of associate other reserves	–	–	(235)	–	**(235)**
Other	–	–	2	–	**2**
Balance at 30 June 2004	3 505	6	(199)	3 316	**6 628**

*Avgold Limited treated as an associate from 1 May 2003.

NOTES TO THE FINANCIAL STATEMENTS for the half-year ended 31 December 2004

	Unaudited Half-year ended 31 December 2004 Rm	2003 Restated* Rm	Audited Year ended 30 June 2004 Rm

1. BASIS OF PREPARATION

The financial information for the half-year ended 31 December 2004 has been prepared adopting the same accounting policies used in the most recent annual financial statements which are in accordance with South African Statements of Generally Accepted Accounting Practice and International Financial Reporting Standards.

These condensed financial statements are prepared in accordance with AC 127 – interim reporting, and are prepared on the historical cost basis, except for the measurement at fair value of certain investments and certain fixed assets and loans receivable and payable.

2. INVESTMENT IN ASSOCIATE

	2004 Rm	2003 Rm	30 June 2004 Rm
Opening balance	**4 338**	925	925
Movement for the period	**(138)**	(55)	3 413
Transfer to investments	**4 200**	–	–
Closing balance	**–**	870	4,338

The investment in Avgold was treated as an associate from 1 May 2003 to 30 April 2004 being the date it was sold to Harmony. The investment in Harmony has been accounted for as an associate from the date of acquisition to 30 November 2004 which was the date when the ARM interest diluted to 16% following the new share issue by Harmony to certain Gold Fields shareholders.

3. INVESTMENTS

	2004 Rm	2003 Rm	30 June 2004 Rm
Listed			
Original cost	**3**	34	3
Transfer from associates	**4 200**	–	–
Revaluation	**(1 207)**	131	–
Realisation of unrealised profit on sale of Avgold	**265**	–	–
Total carrying amount of investments	**3 261**	165	3

4. BORROWINGS

	2004 Rm	2003 Rm	30 June 2004 Rm
Long-term borrowings are held as follows:			
– African Rainbow Minerals Limited	**212**	–	215
– Assmang Limited	**14**	–	14
– ARM Platinum (Proprietary) Limited	**561**	–	628
	787	–	857
Overdrafts and short-term borrowings are held as follows:			
– African Rainbow Minerals Limited	**109**	–	76
– Assmang Limited	**567**	740	737
– ARM Platinum (Proprietary) Limited	**157**	–	161
	833	740	974
Total borrowings	**1 620**	740	1 831

Interest of R1 million was capitalised for the half-year ended 31 December 2004 (2003: R7 million). Interest of R18 million was capitalised for the year ended 30 June 2004.

5. EXCEPTIONAL ITEMS

	2004 Rm	2003 Rm	30 June 2004 Rm
Surplus on disposal of Avgold Limited shares	**–**	–	1 075
Realisation of unrealised profit on sale of Avgold	**265**	–	–
Profit on sale of fixed assets	**13**	–	–
Surplus on disposal of Assore Limited shares	**–**	–	135
Other	**6**	–	(62)
Exceptional items as per income statement	**284**	–	1 148
Taxation	**(66)**	(4)	(106)
Minority interest	**(4)**	–	(3)
Profit on sale of fixed assets	**–**	–	5
Profit on sale of fixed assets in associate	**6**	4	9
Dilution in associate	**–**	–	8
Net exceptional items	**220**	–	1 061

6. HEADLINE EARNINGS

	2004 Rm	2003 Rm	30 June 2004 Rm
Basic earnings/(loss) per income statement	**240**	(1)	1 108
Surplus on disposal of Avgold Limited shares	**–**	–	(1 075)
Surplus on disposal of Assore Limited shares	**–**	–	(135)
Other	**(6)**	–	62
Profit on sale of fixed assets	**(13)**	–	(5)
Profit on sale of fixed assets in associate	**(6)**	(4)	(9)
Realisation of unrealised profit on sale of Avgold	**(265)**	–	–
Dilution in associate	**–**	–	(8)
	(50)	(5)	(62)
Taxation	**66**	4	106
Minority interest	**4**	–	3
Headline earnings/(loss)	**20**	(1)	47

7. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments in respect of future capital expenditure, which will be funded from cash generated and available borrowing resources are summarised below:

	2004 Rm	2003 Rm	30 June 2004 Rm
Approved by directors			
– contracted for	**160**	160	115
– not contracted for	**326**	283	330
Total commitments	**486**	443	445

Contingent liabilities

Shareholders are advised that there have been no significant changes to the contingent liabilities of the Group as disclosed in the June 2004 annual report.

* Avgold Limited treated as an associate from 1 May 2003.