

PRESS RELEASE

20 July 2016

Kumba Iron Ore Limited production and sales report for the quarter ended 30 June 2016

Kumba Iron Ore Limited (“Kumba”) today released its production and sales report for the quarter ended 30 June 2016. Throughout this report, production and sales volumes referred to are 100% of Sishen Iron Ore Company Proprietary Limited (“SIOC”), and attributable to shareholders of Kumba as well as the non-controlling interests in SIOC.

Overview:

- Production decreased by 15% to 8.9 Mt consistent with revised Sishen mine plan.
- Total sales of 9.7 Mt (0.8 Mt higher than production), a 26% decrease as stock levels reduced further.

'000 tonnes	Quarter		% change	Quarter	% change
	Q2 2016	Q2 2015	Q2 2016 vs Q2 2015	Q1 2016	Q2 2016 vs Q1 2016
Total	8,864	10,385	(15)	8,925	(1)
- Sishen mine	5,700	7,177	(21)	5,842	(2)
<i>DMS plant</i>	3,581	4,420	(19)	3,550	1
<i>Jig plant</i>	2,119	2,757	(23)	2,292	(8)
- Kolomela mine	3,164	2,880	10	2,713	17
- Thabazimbi mine	-	328	(100)	370	(100)

'000 tonnes	Quarter		% change	Quarter	% change
	Q2 2016	Q2 2015	Q2 2016 vs Q2 2015	Q1 2016	Q2 2016 vs Q1 2016
Total	9,666	13,081	(26)	10,544	(8)
- Export sales	8,730	11,733	(26)	9,376	(7)
- Domestic sales	936	1,348	(31)	1,168	(20)
<i>Sishen mine</i>	699	906	(23)	717	(3)
<i>Thabazimbi mine</i>	237	442	(46)	451	(47)

In order to position the company to withstand the significant decrease in iron ore prices, Kumba revised the Sishen mine plan and reconfigured the pit to a lower cost shell.

Sishen’s operations were impacted by the implementation of the revised mine plan, which effectively halved mining volumes, and resulted in a ~31% reduction in the number of permanent employees and contractors. As a result, production for the quarter decreased by 21% to 5.7 Mt (2015: 7.2 Mt) and waste mined by 47% to 31 Mt.

A member of Anglo American plc group
Kumba Iron Ore Limited

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Directors: F Titi - Independent Non-Executive Chairman, NB Mbazima (Zambian) - Executive Director (CEO), FT Kotzee - Executive Director (CFO)

Non-Executive Directors: ZBM Bassa, DD Mokgatle, AJ Morgan, LM Nyhonyha, AH Sangqu, BP Sonjica, N Viljoen

Company Secretary: A Parboosing

Run rates were affected by the significant restructuring process, which began in the first quarter, and which has now been substantially completed. Run rates were also affected by higher than normal levels of rainfall and safety incidences including a fatal incident in May which resulted in the issuing of a Section 54 notice.

The successful restructuring increased mine flexibility and run rates on key operating parameters showed a marked improvement during June 2016. Total tonnes handled and ex-pit ore increased by 28% and 38% respectively from May 2016 to June 2016, in support of the guided production level of 27 Mt for the full year.

Kolomela produced 3.2 Mt for the quarter, a 10% increase (2015: 2.9 Mt). Waste mining decreased to 12.5 Mt from 13.2 Mt in 2015, in line with the optimisation of the mine. Plant efficiencies and throughput continue to improve in line with the mine's full year production target of 12 Mt, as guided for 2016.

Processing activities at Thabazimbi ended on 31 March 2016, following the ceasing of mining activities on 30 September 2015. Mine closure processes are going according to plan.

Total sales decreased by 26% to 9.7 Mt (2015: 13.0 Mt) and more than total production of 8.9 Mt, as stocks were further reduced to a level of 2.3 Mt (2015: 3.9 Mt).

Logistics volumes for the quarter were impacted by low stock levels through the logistics chain as a result of lower production. At the mines, finished product stock reduced to 1.1 Mt and port stockpiles to 1.2 Mt, while total finished product stock decreased to 2.3 Mt by 30 June 2016 (2015: 3.9 Mt).

For further information, please contact:

Investors and analysts

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Centurion
20 July 2016

Sponsor
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Notes to editors:

Kumba Iron Ore Limited, a member of the Anglo American plc group, is a leading value-adding supplier of high quality iron ore to the global steel industry. Kumba produces iron ore in South Africa at Sishen and Kolomela mines in the Northern Cape Province, and at Thabazimbi mine in the Limpopo Province. Kumba exports iron ore to customers in a range of geographical locations around the globe including China, Japan, Korea and a number of countries in Europe and the Middle East.

www.angloamericankumba.com

Notes to editors:

Anglo American is a globally diversified mining business. Our portfolio of world-class competitive mining operations and undeveloped resources provides the raw materials to meet the growing consumer-driven demands of the world's developed and maturing economies. Our people are at the heart of our business. It is our people who use the latest technologies to find new resources, plan and build our mines and who mine, process and move and market our products – from diamonds (through De Beers) to platinum and other precious metals and copper – to our customers around the world.

As a responsible miner, we are the custodians of those precious resources. We work together with our key partners and stakeholders to unlock the long-term value that those resources represent for our shareholders, but also for the communities and countries in which we operate – creating sustainable value and making a real difference.

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