

DELIVERING SUSTAINABLE VALUE

9 September 2014



Real Mining. Real People. Real Difference.

DISCLAIMER

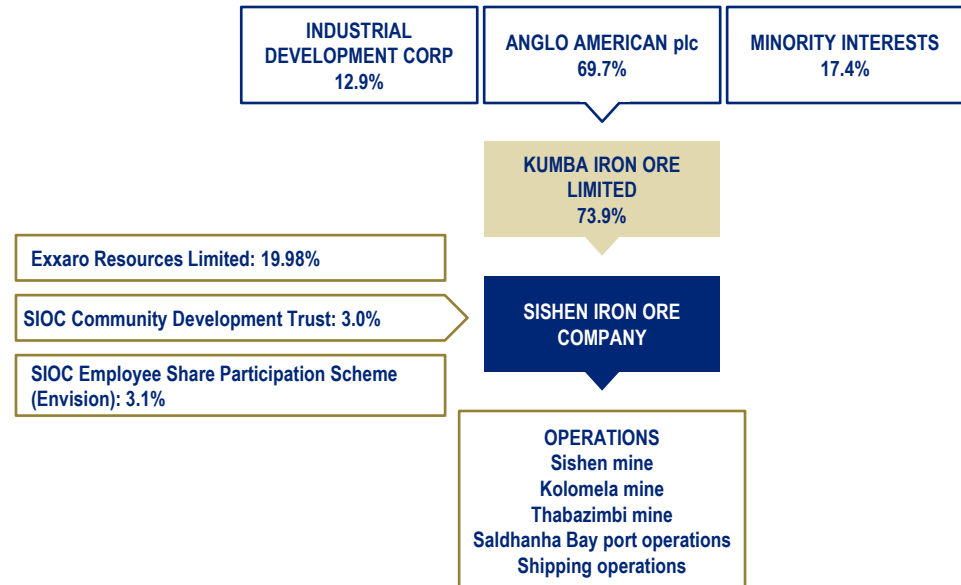
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KUMBA IN PERSPECTIVE GROWTH



WHO IS KUMBA?

- A member of the Anglo American Group
- A leading supplier of high-quality iron ore to the global steel industry
- Operates primarily in South Africa with three mines, located in the Northern Cape and Limpopo provinces
- First pure-play iron ore miner to list on the JSE (2006) at a share price of R115
- Ranked thirteenth on the JSE with a market capitalisation of R142.8 billion at the end of December 2013
- Domestic customer: ArcelorMittal South Africa Limited
- Export markets (2013): China (68%), Japan and South Korea (21%), Europe and MENA (11%)
- 26% BEE ownership since listing



Note: Information is as at 31 December 2013

Vision – Our vision is what we hope to be as a company – we want to be a leading value-adding supplier of iron ore to the global steel industry.

VISION
To be a leading value-adding supplier of iron ore to the global steel industry

MISSION
People making a difference, in a company making a difference

VALUES
Safety
Care and respect
Integrity
Accountability
Collaboration
Innovation

STRATEGIC PILLARS
Organisational responsibility and capability

Delivering on growth projects

Capturing value across the value chain

Optimising value of the current operations

MEASURES OF VALUE

Safety and health

Our people

Corporate governance

Footprint management

Corporate social investment

Innovation research

Production and sales

Measure of value– We like to know, as a company, if we are performing as well as we can. To know this we need to measure ourselves. We do this against these seven measures or KPIs. These are linked to our values and we consider whether we are acting responsibly towards our people, our environment and our stakeholders, as well as if we are acting safely and innovatively.

Values – Our values are intrinsic to our vision. These inform our actions that allow us to be a business that makes a difference to those involved with it.

Strategic pillars – These are what support our strategy – the four things we consider when setting goals: are we using our operations to the best of our ability, are we creating value for all involved, are we able to grow the business and is this a responsible action?

2013 KEY FEATURES

FINANCIAL PERFORMANCE

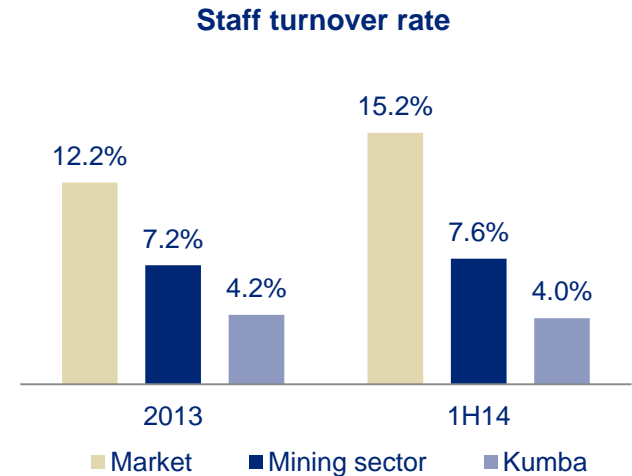
- Revenue of R54.5 billion, up by 20%, mainly due to
 - 2% increase in realised average export prices (US\$125/tonne)
 - 17% weaker average ZAR/US\$ exchange rate (R9.62)
- Export sales of 39.1Mt, down by 2%
- Operating profit R23.2 billion, up by 20%
- Headline earnings of R15.4 billion, up by 24%
- Profit remains sensitive to iron ore price and Rand/US\$ exchange rate

OPERATIONAL PERFORMANCE

	Sishen	Kolomela	Thabazimbi
Where	Kathu, Northern Cape	Postmasburg, Northern Cape	Thabazimbi, Limpopo
Production 2013	30.9Mtpa	10.8Mtpa	0.6Mtpa
Production 2014e	~35Mt	~10Mt	~1Mt
LoM	19 years	25 years	10 years
Design capacity	37Mtpa	10Mtpa	2Mtpa

PEOPLE ARE CENTRAL TO OUR BUSINESS

- We focus on creating and sharing value
- **Employment for 13,000** people, 84% of whom are from surrounding communities
- Continued focus on achieving zero harm
 - Regrettably, a colleague lost his life in April 2014
- Stable labour environment, with a 3-year wage agreement concluded, effective from 1 July 2014 to 30 June 2017
- Low staff turnover rate of ~4%, well below market and industry norms
- R277 million (8.1% of the total wage bill) spent on staff training in 2013
- Kumba is led by a diverse group of skilled, experienced individuals



BOARD



Fani Titi

Chairman, Independent
non-executive director



Norman Mbazima

Chief Executive Officer



Zarina Bassa

Independent
non-executive director



Gert Gouws

Non-executive director



Frikkie Kotzee

Chief Financial Officer



Khanyisile Kweyama

Non-executive director



Dolly Mokgatle

Independent
non-executive director



Allen Morgan

Independent
non-executive director



Litha Nyhonyha

Independent
non-executive director



Tony O'Neill

Non-executive director



Buyelwa Sonjica

Independent
non-executive director

EXECUTIVE COMMITTEE



Norman Mbazima

Chief Executive Officer



Frikkie Kotzee

Chief Financial Officer



Andrew Loots

Executive Head:
Operations



Francois Louw

Executive Head:
Projects



Billy Mawasha

Executive Head:
Technical Services



Yvonne Mfolo

Executive Head:
Public Affairs



Alex Mgzah

Executive Head:
Safety and Sustainable
Development



Timo Smit

Executive Head:
Marketing and
Seaborne Logistics



Virginia Tyobeka

Executive Head:
Human Resources

SOUTH AFRICAN GROWTH

Targeting ~5Mt in the next 3 to 5 years, through incremental growth at Sishen and Kolomela

SHORT- TO MEDIUM-TERM GROWTH

Project name	Description	Stage	Mtpa
Jig -1mm	Development of beneficiation facility targeting -1mm to +0.2mm jig discard	Progressed to feasibility study. Investment decision expected in 2H14	~1
Kolomela expansion	Phase 1: Aim to increase current production through de-bottlenecking and optimisation of the plant	Study in progress	~1
	Phase 2: Brownfield expansion to support a sustainable production throughput to the maximum potential of the current LoM DSO resource	In pre-feasibility study	~2
Jig discard	Establishment of a UHDMS facility to beneficiate jig discard produced from Sishen mine's jig plant	In pre-feasibility study	~2
Thabazimbi reconfiguration	Capture low grade opportunities for the medium-term through UHDMS technology	In feasibility study	~1

Dependent on:

- Internal project timelines and approvals: Projects are in various stages of study
- IOEC expansion: Working with Transnet to determine an optimum solution for incremental expansion

LONG-TERM GROWTH STRATEGY UNCHANGED

LONG-TERM GROWTH

- **Sishen mine**
 - Studies in progress to determine value-accretive options to deploy UHDMS and other low-grade technologies
- **Kolomela expansion phase 3**
 - Further increase production through growth from additional pits
- **Second footprint into Africa**
 - Exploration programme in Liberia under the joint venture with Jonah Capital uneconomic and closed
 - Focused assessment of various opportunities in target countries in Central and West Africa continuing



CREATING VALUE PRODUCTIVITY



A RECOGNISED RESPONSIBLE CORPORATE CITIZEN

- Listed on the JSE SRI Index since 2010
 - Achieved “Best Performer” status in 2010 and 2011
- Consistently improving disclosure scores on the Carbon Disclosure Project (CDP) since 2010
 - Recognised in CDP’s Global 500 Climate Disclosure Leadership Index in 2013
- Consistently recognised as a top performer in EY Excellence in Integrated Reporting Awards
 - Top 10 in 2011 and 2013
 - Ranked ‘Excellent’ in 2012
- Ranked 20th overall in the annual Financial Mail Top Companies review and the only resources company in the Top 20
- Received an honorary award at the 13th Annual Oliver Empowerment Awards, for Kumba’s contribution to rural development and land reform
- Best Employer 2012/13 certification from CRF Institute



VALUE-ADDED STATEMENT

	2013		2012		2011	
	R million	%	R million	%	R million	%
Value added						
Value added by operating activities	35,677	99.7	29 532	99.7	37,702	99.4
Revenue	54,461		45,446		48,553	
Less: Cost of material and services	(18,784)		(15,914)		(10,851)	
Value added by investing activities						
Interest income	117	0.31	102	0.3	241	0.6
Total value added	35,794		29,634		37,943	
Value distributed						
Distributed to employees	3,674	10.3	3,466	11.7	2,777	7.3
Salaries, wages, medical and other benefits	3,039		2,709		2,408	
Share-based payments	635		756		369	
Distributed to providers of finance	278	0.8	329	1.1	99	0.3
Finance costs	278		329		346	
Finance costs capitalised					(247)	
Distributed to the state	8,782	24.5	6,272	21.2	8,908	23.5
Income tax	6,625		4,186		5,344	
Secondary tax on companies	–		959		1,802	
Mineral royalties	2,157		1,127		1,762	
Distributed to communities						
Community Economic Development (CED)	254	0.7	276	0.9	191	0.5

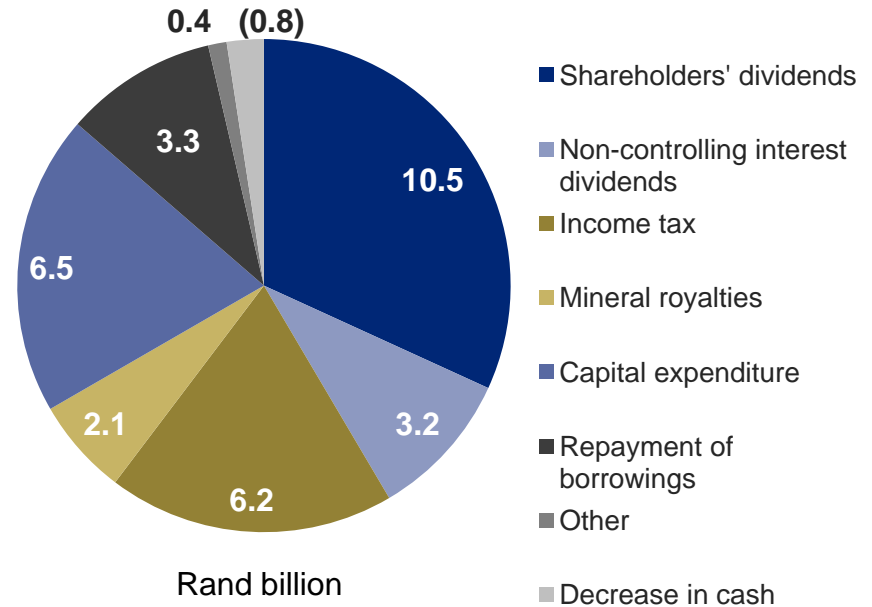
VALUE-ADDED STATEMENT

	2013		2012		2011	
	R million	%	R million	%	R million	%
Distributed to shareholders	13,707	38.3	18,006	60.8	17,912	47.2
Dividends to owners of the company	10,500		13,428		13,742	
Dividends to non-controlling interests	3,207		4,578		4,170	
Value reinvested	2,506	7.0	2,836	9.6	3,670	9.7
Depreciation, amortisation and impairment	2,039		1,535		997	
Deferred stripping costs capitalised	(832)		(518)			
Net discounting finance cost	118		76		59	
Share of losses of associates and joint ventures	46		0		0	
Deferred taxation	1,135		1,743		2,614	
Value retained/(distributed)	6,593	18.4	(1,551)	(5.2)	4,386	11.6
Attributable to owners	4,946		(942)		3,300	
Minority shareholders' interest	1,647		(609)		1,086	
Total value distributed	35,794		29,634		37,943	

STRONG CASH GENERATION IN 2013

- R31.4 billion cash generated from operations*
- Dividends of R13.7 billion
 - R10.5 billion to shareholders
 - R3.2 billion to empowerment partners
- R8.3 billion paid to South African government
- Income taxes of R6.2 billion
- Mineral royalties of R2.1 billion
- Net debt repaid of R3.3 billion

Utilisation of R31.4 million cash generated from operations:



* Cash generated from operations before mineral royalties

SHARING THE BENEFITS WITH OUR PEOPLE

- R254 million spent in 2013, mainly in host communities
 - Education, skills, health and welfare, youth, enterprise and infrastructure development
- R84.5 million committed to Social and Labour Plan (SLP) projects in 2013
- 11 early childhood development centres built in partnership with Northern Cape Department of Education
- 413 houses built for employees in 2013
- 3,400 houses built since listing
- All hostels converted into bachelor apartments or family units by 2012



SHARING THE BENEFITS WITH BEE SHAREHOLDERS

- R23.5 billion returned to BEE shareholders since listing
- Envision employee share scheme
 - R2.7 billion paid to 6,200 employees below management level in 2011 at the maturity of the first phase
 - R775 million in dividends paid to employees since listing
- SIOC Community Development Trust
 - Owns an unencumbered 3% of SIOC
 - 361,000 beneficiaries in five communities
 - Funded 203 projects (R1 billion) since inception
 - 63 new projects approved in 2013 (R333 million)



MINING CHARTER REVIEW

- Mining Charter review expected to confirm that Kumba complies; including in the main aspects of
 - Ownership
 - Procurement
 - Employment equity
 - Human resource development
 - Development of mining communities
 - Housing
- 2013 performance exceeded Mining Charter targets in the following aspects
 - 55% Historically Disadvantaged South Africans (HDSAs) in management
 - 18% women in mining
 - Including the first women General Manager to head up a mine in the history of Anglo American worldwide
 - 61% of discretionary procurement spend with BEE suppliers
 - R254 million spent mainly in host communities for social investment
 - All hostels converted into bachelor apartments or family units by 2012



CREATING AND SUSTAINING VALUE

Factors that we can control in a challenging iron ore price environment

- Improving on safety to sustain a safe working environment for our people
- Focus on increasing revenue and improving unit costs, through:
 - Increasing production from Northern Cape operations
 - Growing production organically at good capex efficiencies
 - Increasing operating efficiencies

Initiatives at Sishen mine

- Constructing two new waste dumps to reduce lift and distance
- Moving filling station
- Dingleton town relocation project in progress
 - Dingleton boundary buffer zone to be mined to increase mining flexibility and access lower strip ratio ore
- Improving operating efficiency by adopting new operating model (BPF)
- Improving Direct Operating hours of mining equipment
- Improving energy (especially Diesel) utilization and filling-up efficiency



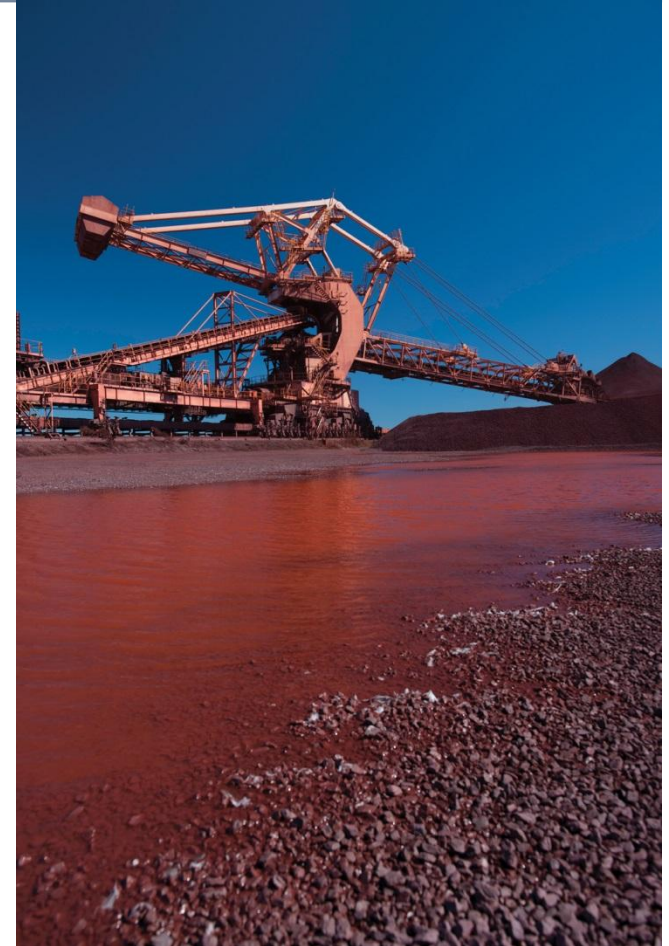
CREATING AND SUSTAINING VALUE

Factors that we cannot control

- Iron ore prices
- ZAR/US\$ exchange rate
- Legislation

Cash generated is used to:

- Invest in capital to grow the business
 - R7.5 billion to R8.2 billion capex to be spent in 2014
- Pay dividends to shareholders (including BEE shareholders)
- Pay taxes and royalties to the South African government



We will continue to pay excess cash to shareholders, after considering growth and investment opportunities, while remaining within committed debt facilities

MATERIAL ISSUES RISK MANAGEMENT



OUR APPROACH TO RISK

- Kumba's risk management objectives are intended to achieve the following:
 - Ensure that our desire to grow and sustain our business beyond our current operations is supported by an effective risk framework that promotes resilience under adverse and changing business conditions
 - Foster a culture that is well informed, proactive, responsive and accountable in the delivery of organisational goals
 - Enhance decision making on the identification and management of risks and align this to strategic objectives
 - Assist in the design and enhancement of our policies and internal controls, providing the necessary assurance to all our stakeholders



OUR MATERIAL ISSUES

1. Enhancing valuable partnerships

- Kumba's business does not exist in isolation
- It depends on a number of key partnerships, which influence good corporate citizenship, our licence to operate and performance optimisation

2. Proactively adapting to a changing landscape

- Kumba operates in an ever-changing landscape
- We need to understand and anticipate the changes we might face and adapt to them proactively

3. Resolving our legal matters

- Every legal dispute has a potential negative impact on the business
- We always work towards reaching the best possible resolutions with an outcome that is positive for both us and our stakeholders

4. Delivering a sustainable future

- To ensure we can create shared value for years to come we need to safeguard our sustainability through growth, social investment and responsible resource stewardship



MATERIAL ISSUE 1: ENHANCING VALUABLE PARTNERSHIPS

Key features

- Effective stakeholder engagement drives business value.
- We continue to engage with the Dingleton community on the approved relocation and Kumba has committed R4.2 billion capital to this process over the next four to six years.

KPIs

The issue is measured in accordance with Kumba's stakeholder management policy, other Anglo American plc policies and standards endorsed by Kumba, as well as international standards including King III, AA1000 SES, ISO9000 and IFC.

Our key risks related to this issue:

- Labour relations and talent pipeline
- Stakeholder relationships
- Reliance on third-party infrastructure
- Workers' safety and health

All our stakeholders are affected by this issue

MATERIAL ISSUE 2: PROACTIVELY ADAPTING TO A CHANGING LANDSCAPE

Key features

- Sishen mine plan optimised to ramp-up production to 37Mtpa by 2016.
- Kolomela mine to sustain production of 10Mtpa.
- By understanding our customers' needs we are able to develop and deliver the appropriate, high quality products at the right time.
- Project pipeline to grow production in South Africa to optimal levels.
- Exploration for potential expansion into west and central Africa progressing in Liberia and Gabon.

KPIs	2013	2013 guidance	2012
Produce according to plan			
• Production (Mt)	42.4	~46	43.1
Mine waste effectively			
• Sishen waste mined (Mt)	167.8	170 to 180	133.5
• Kolomela waste mined (Mt)	46.7	~45	33.5
Containing our costs		Increase in line with waste mining	
• Sishen unit cash costs (R/tonne)	266.90		197.80
• Kolomela unit cash cost (R/tonne)	181.80	~180	180.20
Logistics			
• Tonnes railed (Mt)	39.7		40.0
Sales volumes			
• Export (Mt)	39.1	~40.0	39.7
• Domestic (Mt)	4.6	~4.8	4.7

Our key risks related to this issue:

- Commodity markets
- Operational performance
- Mining legislation and other regulatory changes

Our key stakeholders:

- Business and industry
- Internal (including employees and unions)
- Investment community
- Customers

MATERIAL ISSUE 3: RESOLVING OUR LEGAL MATTERS

Key features

- Supply agreement concluded with ArcelorMittal SA settles all disputes and provides security of supply and favourable pricing relative to EPP of iron ore for the domestic market . Thabazimbi mine functions as a more commercial operation from 2014.
- Constitutional Court judgment on the 21.4% Sishen mining right dispute provides clarity. SIOC re-applied to be granted this right in 2014 and active engagement with the DMR continues.

KPI

We endeavour to avoid litigation and legal disputes, but when they arise, we aim to resolve them in a timeous manner that results in the best long-term outcomes for Kumba and its stakeholders.

Our key risks related to this issue:

- Mining legislation and other regulatory changes
- Legal matters

Our key stakeholders:

- Government, regulatory and political
- Business and industry
- Investment community

MATERIAL ISSUE 4: DELIVERING A SUSTAINABLE FUTURE

Key features

- Resource replacement to protect production, and to deliver a sustainable future for the company and its stakeholders.
- Keeping our employees safe and helping them grow and develop on the job are key to sustain productive operations.
- Minimising the impact of our mining operations on the environment through prevention and mitigation initiatives.
- On-going investment in, and development of our host communities.

KPIs	2013	2012
Zero Harm		
• LTIFR	0.18	0.10
• Fatalities	0	2
Transformation		
• HDSAs in management (%)	55	52
• Women in core mining (%)	13	13
Employee training and development		
• Trainees	557	450
• Spend (R million)	276.7	224.2
• Training hours per employee (on average)	72	81
Housing units constructed	413	1,501
Community engagement and development	253.7	275.6
Water used for primary activities (million m ³)	8.59	8.80
Energy consumed (million GJ)	9.34	7.59
Greenhouse gases (Mt CO ₂ e) (scope 1 and 2)	1.08	0.94

Our key risks related to this issue:

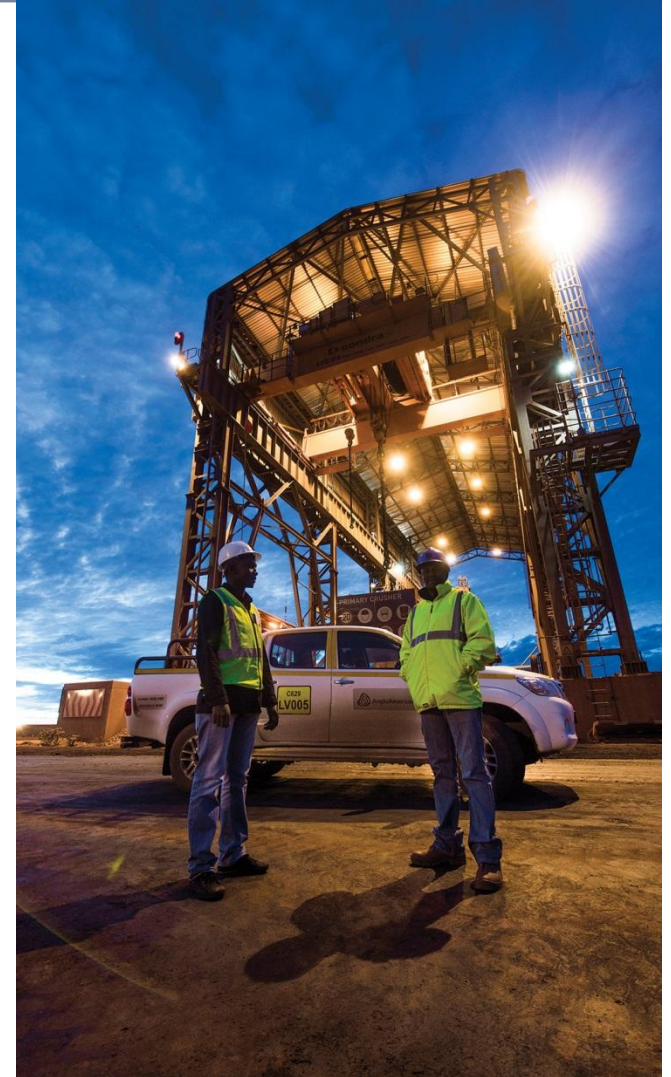
- Workers' safety and health
- Social licence to operate
- Stakeholder relationships
- Securing our growth

Our key stakeholders:

- Government, regulatory and political
- Civil society (including communities)
- Internal (including employees and unions)
- Investment community

INVESTMENT CASE

- Committed to delivering sustainable returns
 - ~10% dividend yield; one of the highest in the industry
- Continue to be a responsible corporate citizen through delivering and exceeding on SLPs and Mining Charter requirements
- Focus on delivering on operational targets
- Increasing productivity and operational efficiencies to improve costs, safety and environmental performance
- Harness benefits as part of the Anglo American Group
- Pursuing growth strategy
- The right people in place to deliver on the company's strategy



THANK YOU