

KUMBA IRON ORE LIMITED

KOLOMELA MINE ANALYST SITE VISIT 2011

26 AUGUST 2011



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PROJECT OVERVIEW



HIGHLIGHTS

Kolomela ahead of its game

- ↑ Outstanding safety performance on the mine and the project
- ↑ Project construction is substantially complete
- ↑ Commissioning of the plant has commenced
- ↑ Mine ramp-up during 2012 to produce 4Mt to 5Mt
- ↑ 718 new houses being built
- ↑ 840 new permanent jobs created, with 692 people upskilled and placed to date
- ↑ LOM extended by 8 years to 28 years

SAFETY

Commendable safety achievements

Record achievements

- Kolomela project: 14 million LTI-free man hours (25 July 2011)
- Kolomela project recorded its last LTI and fatality in 1Q10
- Kolomela mine: 3.5 million LTI-free man hours
- Kolomela mine is LTI-free since 2009, when first mining activities began on site

Safety successes – how Kumba has contributed

- Entrenching the Anglo American Fatal Risk Standards
- Ongoing training sessions to create a culture of achieving zero harm
 - Thorough risk assessments and continuous training
 - Introduction of safety coaches for improved communication, training and 'Visible Felt Leadership'
- Communication
 - Innovative and new communication methods to convey safety messages, learnings and campaigns

PROJECT STATUS

Kolomela mine development powers ahead with substantial progress made

- Project construction is substantially complete and commissioning of the plant has commenced
- Mine ramp-up during 2012 to produce 4Mt to 5Mt; design capacity of 9Mtpa in 2013
- The Kolomela facility comprises 4 commissioning sub-systems:
 - System 1 – Laboratory has been completed and is in operation
 - System 2 – Hot commissioning of the primary crusher to buffer stockpile system has been completed and a successful capacity run was conducted
 - System 3 – Commissioning of the buffer stockpile to product blending beds has commenced
 - System 4 – Construction is substantially complete on the product blending beds to load out station system. Cold commissioning of the system has commenced on some equipment. Start of hot commissioning is scheduled for October 2011
- Transnet construction is progressing in line with schedule - completion expected in 4Q11
- 124 of the planned 718 houses have been completed to date
- R6.0 billion total capex has been spent to date and a further R1.0 billion has been committed



DELIVERING THE PROJECT SUCCESSFULLY

Kolomela continues to deliver ahead of schedule and on budget

- Kolomela project execution was well supported by a comprehensive feasibility study and structured set up of the project implementation in line with the Anglo American Projects Way
- An experienced project team, with core members from the Sishen Expansion Project (SEP), was appointed on the Kolomela project early in 2008
- The EPCM Consultant (Hatch) was appointed as part of the early set up of the project in mid-2008
- Process design and selection of key equipment was based on proven technology utilised at Sishen and Thabazimbi mines
- An experienced team from Hatch in Brazil was appointed for the design and engineering
- Kolomela operations team was appointed early in the project execution phase to focus on 'operational readiness'
- A well-controlled change management system was implemented to manage the project scope, which led to minimal, thoroughly considered changes

OPERATIONAL REVIEW



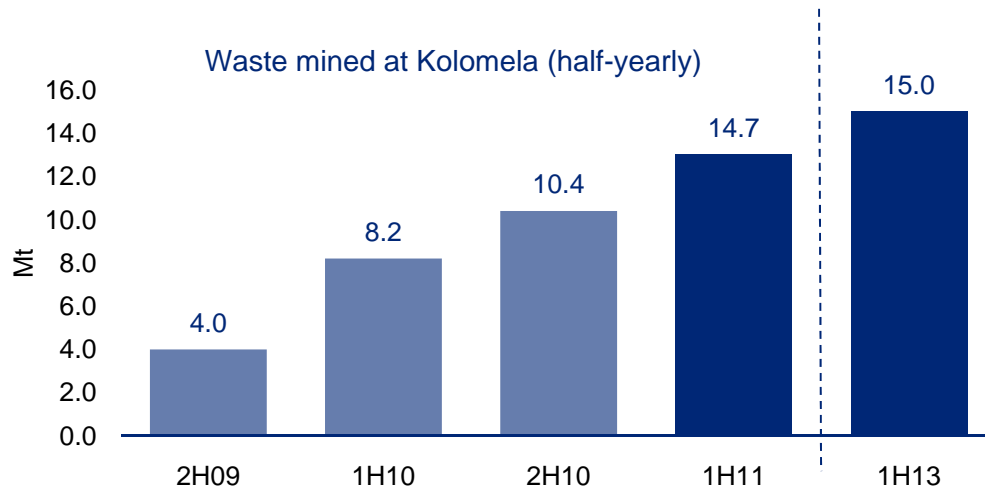
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KOLOMELA MINE

Substantial progress made

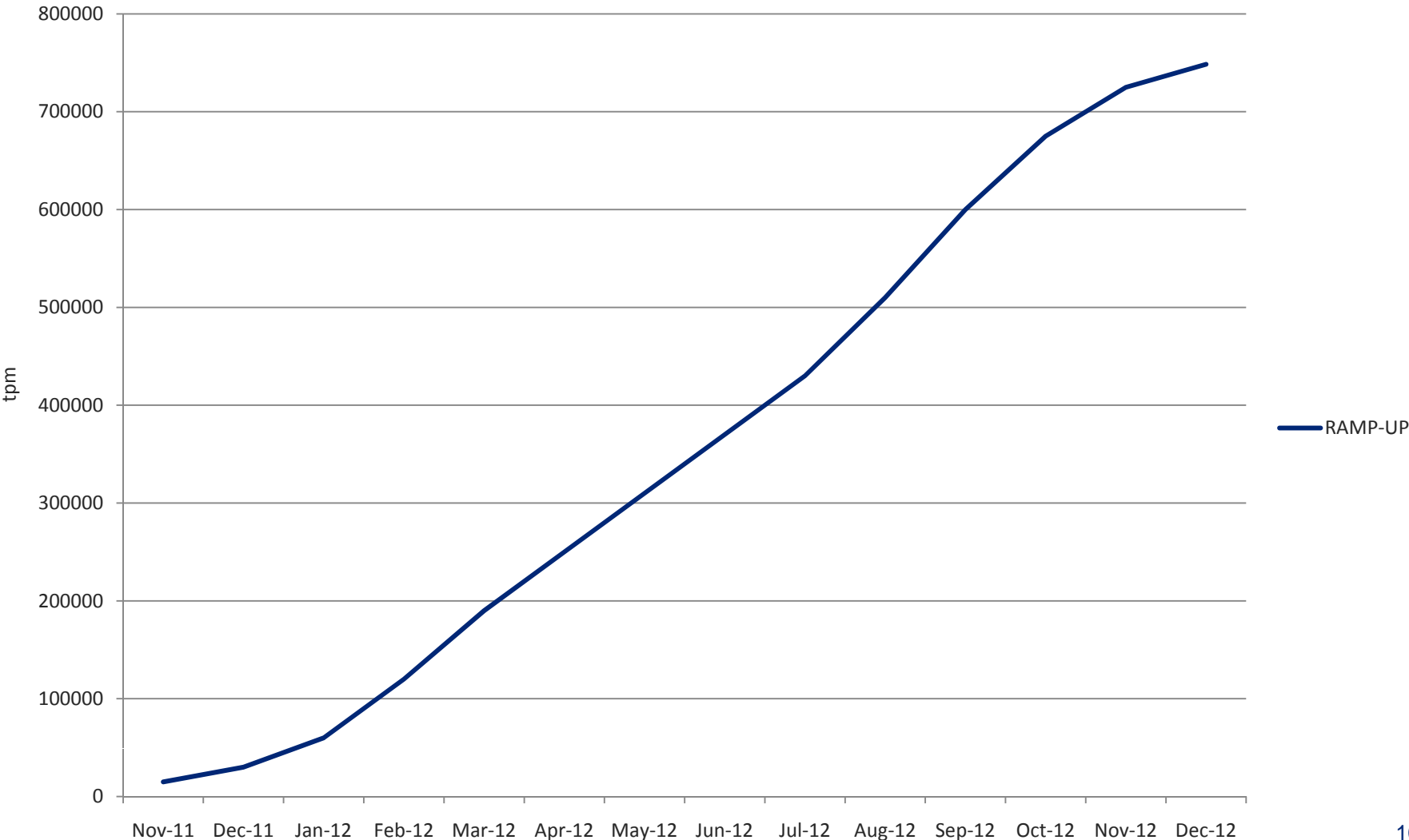
- Waste mined up 41% to 14.7Mt; total waste mined since 2008 of 37.3Mt
- 600Kt of ore mined and stockpiled for commissioning of the plant
- LOM extended by 8 years to 28 years as reserves increased
- 840 new permanent jobs created, with 692 people upskilled and placed to date

Mt	6 months 30 June 2011	6 months 30 June 2010	% change	6 months 31 Dec 2010	% change
Total tonnes mined	15.3	10.4	47%	8.2	87%
Waste mined	14.7	10.4	41%	8.2	79%
ROM production (capitalised)	0.6	–	–	–	–
Production	–	–	–	–	–
Stripping ratio	–	–	–	–	–



PLANNED MINE RAMP UP

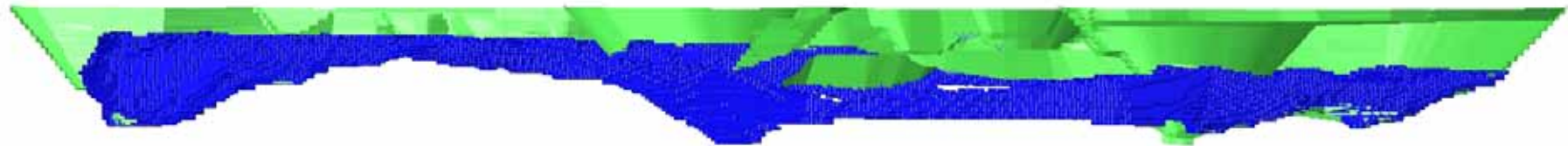
Mine ramp up in 2012 to produce 4Mt to 5Mt



KOLOMELA MINE

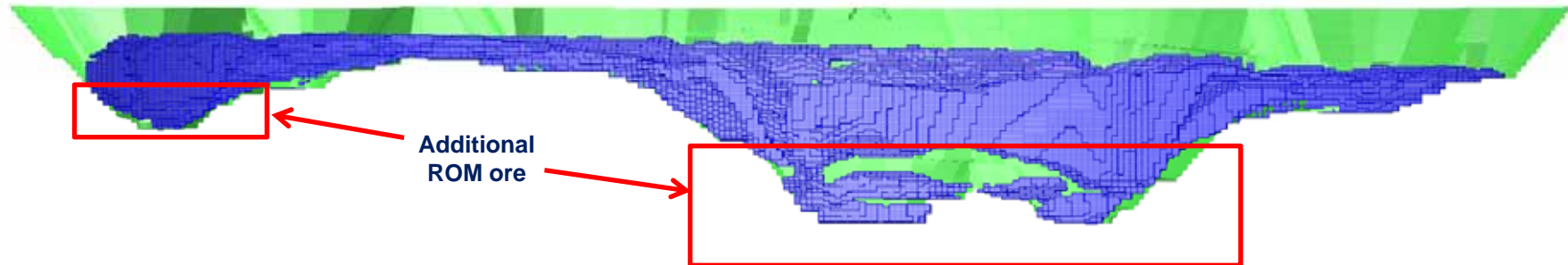
Pit selection driven by value maximising criteria

Previous smaller 2007 pits



- Life of mine = 20 years
- Ave SR = 2.9
- ROM Ore = 176Mt
- Production Rate = 9 Mtpa

Current larger 2010 pits



- Life of mine = 28 years
- Ave SR = 3.3
- ROM Ore = 238 Mt
- Production Rate = 9 Mtpa

- **LOM and waste stripping determined by:**
 - Long term economics
 - Maximising shareholder returns

- **Waste stripping level must ensure**
 - Mining risk mitigated to acceptable levels
 - Flexibility created to respond to changing market conditions

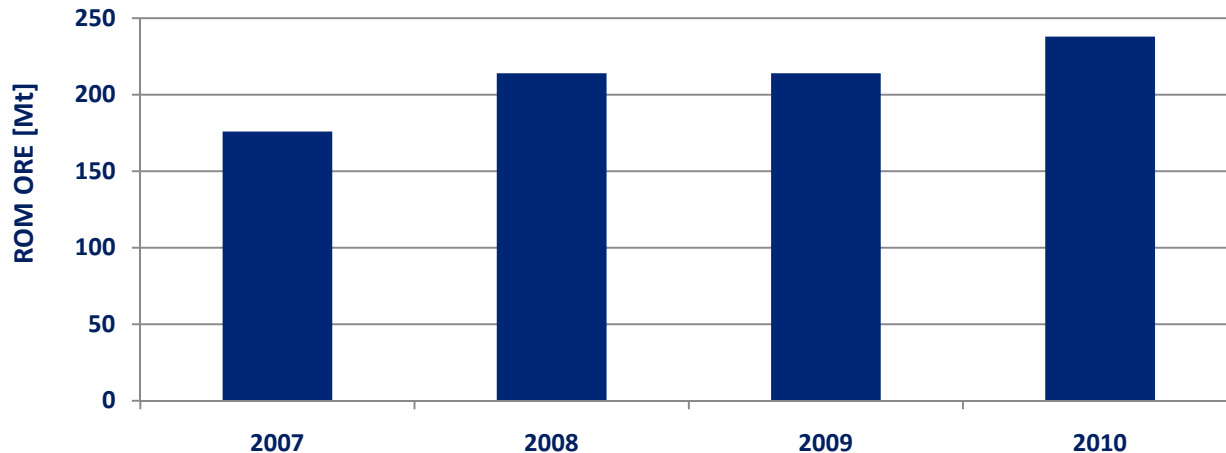
**All figures stated before mining commenced*

KOLOMELA MINE

ROM ore increased 35% since 2007

- ROM Ore has increased:
 - By 62Mt between 2007 and 2010 through improved long-term economics and pit optimisation.
 - ROM ore includes inferred resources inside the economic pits (15% of total ROM Ore in 2010).
- Kumba elected to develop the Kolomela mine based on larger economic pits:
 - Resulting in increased ROM ore with a longer life of mine at the same production levels.
 - Requires an additional ~5Mt of waste to be mined per year from 2019 to 2028; above the 2007 planned steady state waste stripping rate of 30Mtpa. After 2029 the waste stripping decreases as the mine approaches the end of its current economic life in 2038.
- Growth projects are being studied to utilise parts of the resource not included in the current DSO mine plan

CHANGES IN KOLOMELA ROM ORE**



** Additional ROM ore attributed to a combination of the following:
- Improved economics
- Pit optimisation
- Inclusion of inferred material

GROWTH OPPORTUNITIES



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KOLOMELA BENEFICIATION PROJECT

Delivering on Kumba's growth strategy

To increase the production throughput of Kolomela mine by at least 6Mtpa by 2019

The project seeks to:

- Utilise the mineral resources not included in the current LOM of the DSO operations
- Beneficiate contact ore stockpiles from DSO mining operations
- Meet the strategic aspiration of first-ore-on-rail production by January 2018, with plant nameplate capacity in 2019
- Ensure optimal asset utilisation of the existing plant, services and infrastructure
- Have the project progressed to a sufficient level of detail in 2014 to allow Kumba to make an investment decision dependant on the Sishen-Saldanha next expansion project

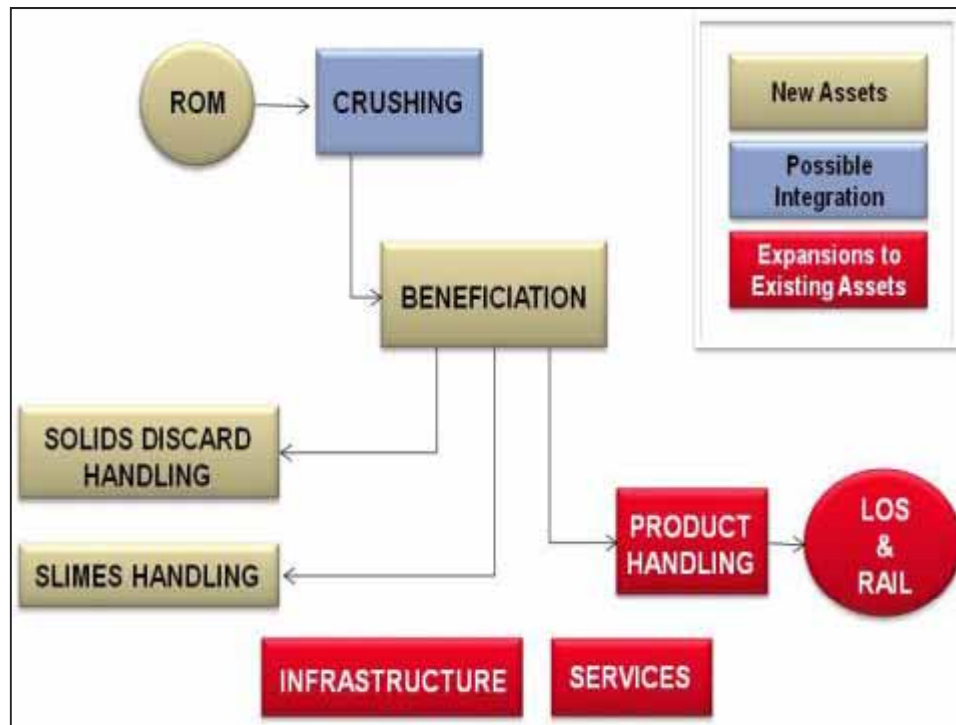
This project supports Kumba's production target of achieving 70Mtpa by 2019

KOLOMELA BENEFICIATION PROJECT

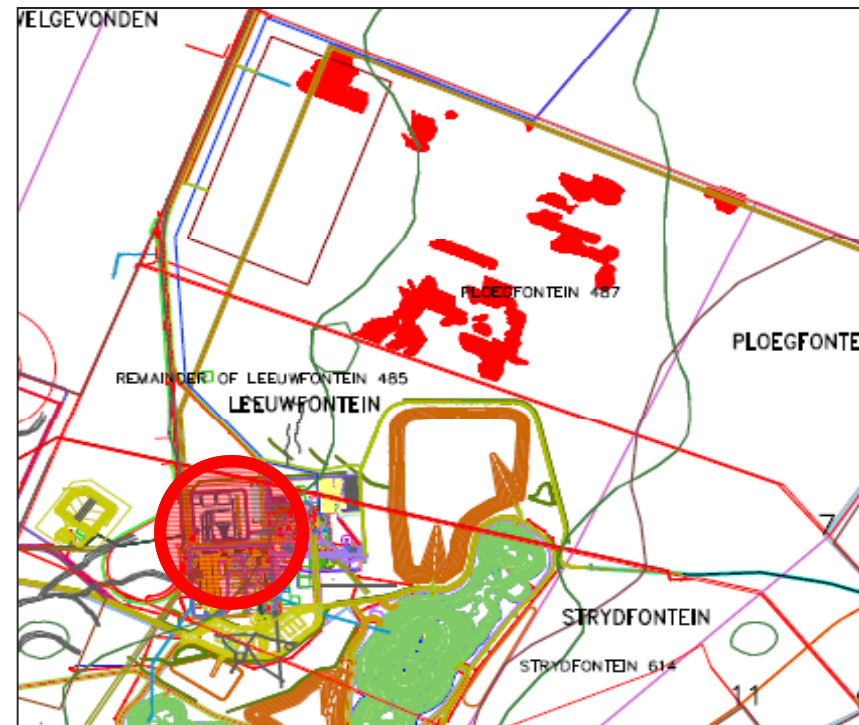
Project background

- The focus of the project is to expand existing and establish new physical assets, support processes, services and infrastructure to produce 3Mtpa to 6Mtpa additional Kolomela-specification product
- The project is a brownfields expansion of the current DSO facility - asset optimisation pivotal

Block flow diagram of plant asset



Proposed plant location



KOLOMELA BENEFICIATION PROJECT

Project status

- Critical path for project driven by the development of the Mineral Resource estimate

Project milestone schedule (1)

Milestones	Date
Concept study • Completion date	2012
Pre-feasibility study • Completion date	2013
Feasibility study • Completion date	2014
Implementation • Construction and commissioning • First-ore-on-rail	2015 - 2018 2018

Note: (1) Schedule optimisation still underway

Mineral Resource classification gate criteria

	Concept	Pre-Feasibility	Feasibility
Gate "Entry" Requirement			
• Inferred	≈100%	≈40%	≈10%
• Indicated	-	≈60%	≈30%
• Measured	-	-	≈70%

SOCIAL AND COMMUNITY DEVELOPMENT



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SOCIO-ECONOMIC PROJECTS SUPPORTED BY KUMBA

Investing in our community before the mine starts up

- **Infrastructure development**
 - Upgrading and development of community access roads and storm water facilities
 - Public transport infrastructure - joint venture with Assmang to upgrade the bus and taxi terminus
 - Funding of sewerage reticulation to 212 households
 - Waste management – the mine together with the local municipality are working on licensing and rehabilitation of the current waste site and identifying the possibility of a new waste dumping site
 - Community recreation



Sewer reticulation for 212 sites R3.5m



New and upgraded road linking to the Kolomela mine private road



Groenwater Broiler Project R5m

SOCIO-ECONOMIC PROJECTS SUPPORTED BY KUMBA

Facilitating projects to uplift our communities

- **Healthcare**
 - Improved access to primary health care
 - Partnering with government to upgrade public hospital
 - Clinical support to assist those with and affected by HIV /AIDS and associated diseases
- **Education**
 - Grade R facilities at local schools
 - Information communication technology
 - ABET for community members
- **Skills development**
 - Community Skills Centre for school leavers and youth



Upgrade of six computer rooms to promote Information Communication Technology at local schools R4.7m



Opening of Community Skills Training Centre

SOCIO-ECONOMIC PROJECTS SUPPORTED BY KUMBA

Creating sustainable communities

- **Job creation**
 - Enterprise development of emerging and new SMMEs
 - Anglo Zimele Business Hub
 - Social enterprise projects in local communities
- **Capacity Support for Local Municipality**
 - Technical support to local municipality
 - Support in relation to good governance and financial control
- **Anticipated social investment for 2011:** R33 million



Hydroponic Farming Project R1.3m



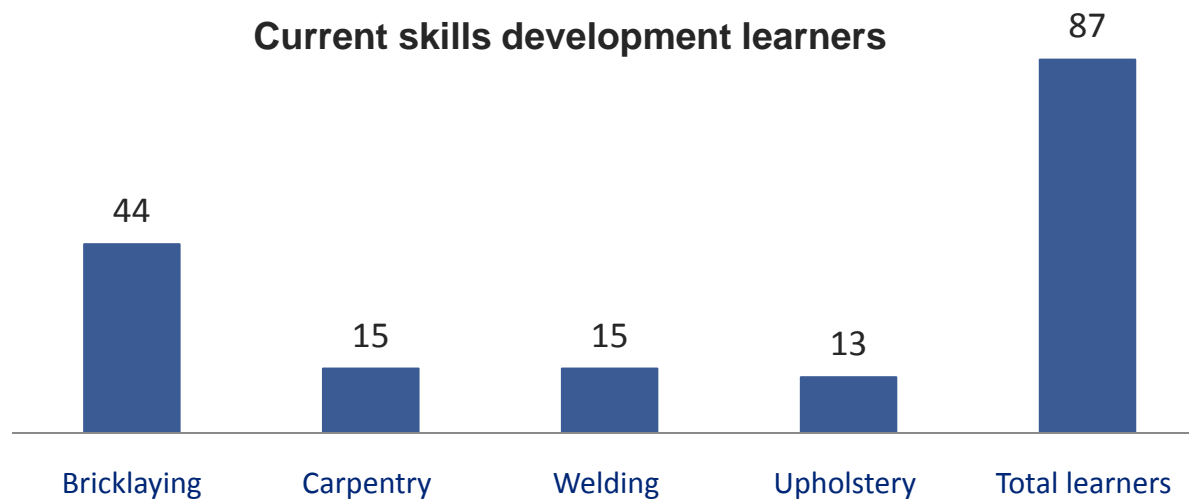
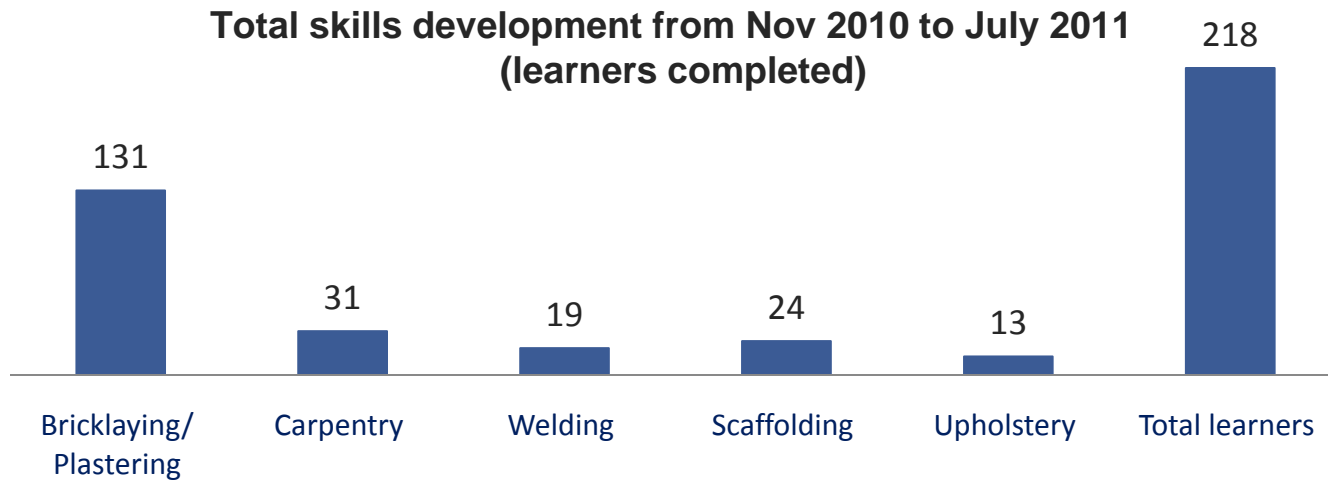
Honey Bee Project R1.5m



Partnership with FAMSA and SAPS on crime, acts of violence against women and children and increasing SAPS capacity R1.5m

SKILLS DEVELOPMENT

Meaningful skills development to equip sustainable communities



TRANSNET UPDATE



TRANSNET UPDATE

- **Construction**

- Construction of the railway line is scheduled to be completed and handed over for commercial operations in 4Q11
- Project steering committee between Kumba and Transnet implemented to manage the interface between the two projects

- **Operations**

- 44 new 15E loco's have been delivered, all of which will be in commercial service by October 2011, supplemented by 34D diesel and 9E electrical loco's
- Electric locos will be supplemented by diesel locos until delivery and power upgrades of the last electric locos have been completed in 2012
- Wagons required for the 60Mtpa plan ramp-up will be delivered by 4Q11
- Expansion work to accommodate 60Mtpa on the Port of Saldanha has been completed
- Transnet is in the process of implementing the revised train plan to allow them to commence railing the equivalent of 60Mtpa
- Two weekly operational readiness meetings implemented with Transnet to prepare for commercial operations
- Transnet should be ready to gradually ramp-up to 4Mtpa to 5Mtpa in 2012

THANK YOU

ANNEXURE 1

Integrated housing developments for our employees

- Bulk services of the municipality upgraded
- 124 of 718 houses completed to date
- All 718 to be completed by July 2012



Airfield housing development



Handover of first houses
Bulk Services in excess of R50m



Pensfontein housing development

ANNEXURE 2

Airfield housing development



ANNEXURE 3

Pensfontein housing development



ANNEXURE 4

Skills development

