

# KUMBA IRON ORE

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*Rope shovel at Sishen*

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# KUMBA OVERVIEW



**Mining & beneficiation**



**Export rail line**



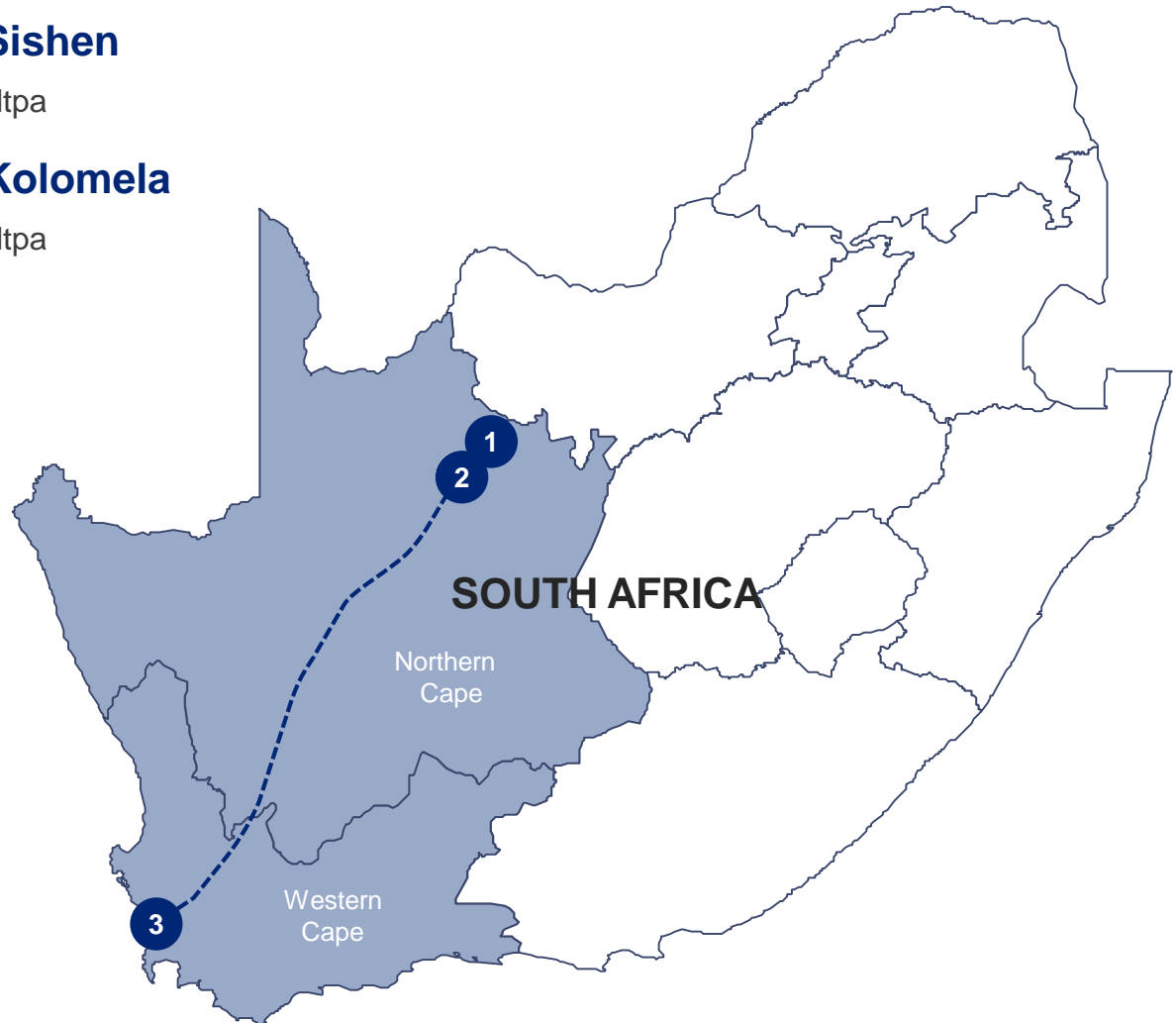
**3 Saldanha Bay Port**

**1 Sishen**

~31Mtpa

**2 Kolomela**

~14Mtpa



# CREATING VALUE THROUGH QUALITY & EFFICIENCY

**Operating assets at full potential**



**Leveraging endowment**



**Delivering sustainable returns**



**TSWELELOPELE**

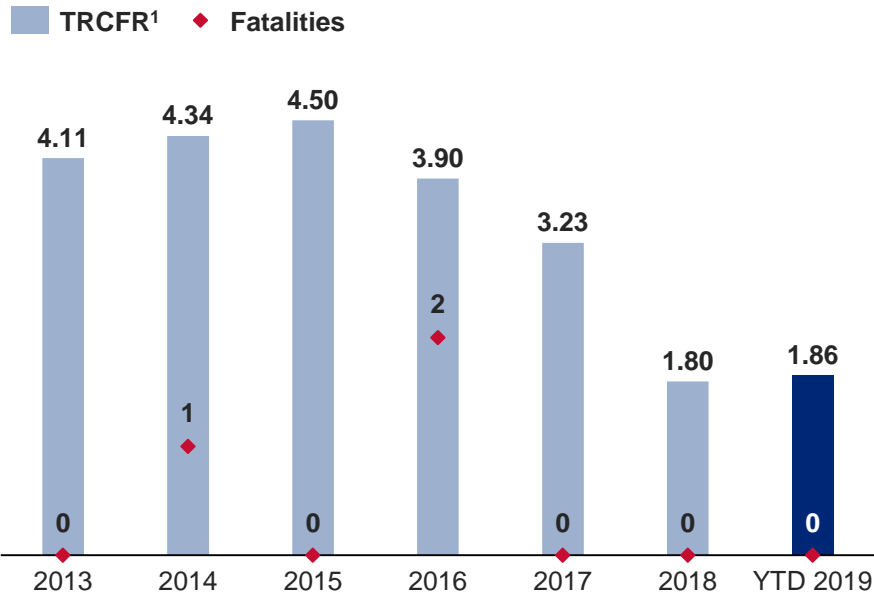
## **Our ambitions:**

Margin enhancement through premium product sales, P101 & cost reductions, offsetting geological inflation  
20 year life of asset



# SAFETY IS OUR PRIMARY VALUE

## Performance



Elimination of Fatalities Taskforce

Leveraging new technologies to improve safety further

Safety performance linked to incentive structure

## Elimination of Fatalities



## Focus areas

Accountability and clear understanding of roles and responsibilities

Identifying priority risk events and compliance to critical control management

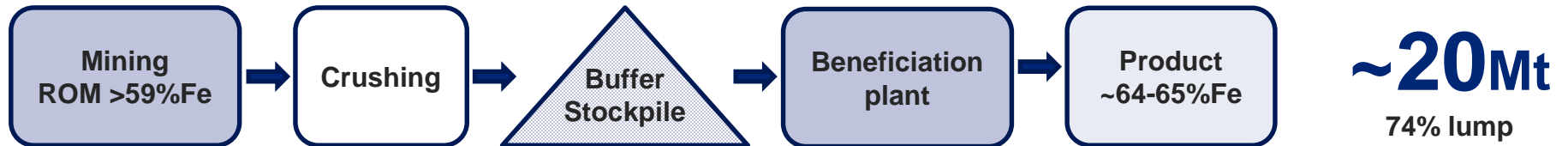
Implementing lessons learnt to prevent repeats

# A TRANSFORMED BUSINESS

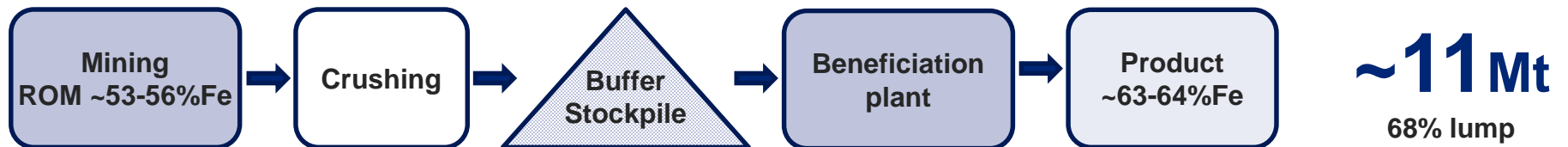


# OPERATIONS OVERVIEW

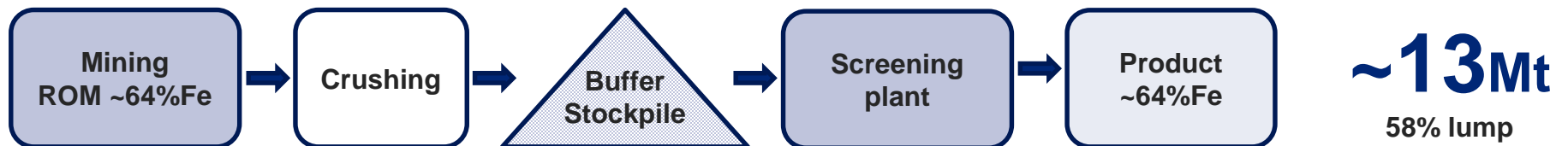
## Sishen Dense Media Separation (DMS)



## Sishen JIG plant



## Kolomela Direct Shipping Ore (DSO)



# OPERATING AT FULL POTENTIAL

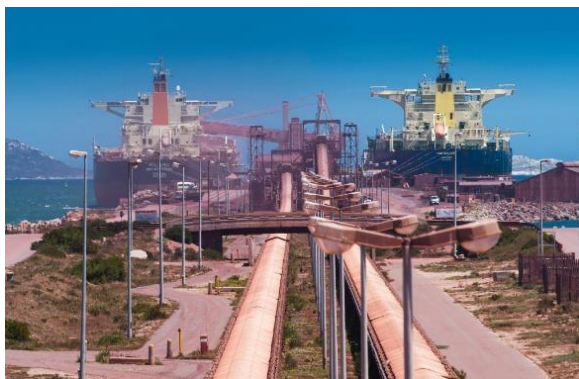
## Enhanced product portfolio

Premium (>65% Fe) products

**40%**

H1 2019: 24%

2012: 20%



## Improved operational efficiency

P101 benchmark

**>100%**

H1 2019: 67%

2012: 30%



## Cost saving initiatives

Cumulative target<sup>2</sup>

**~\$200m**

2019 target: ~\$50m

2018 achieved: \$106m





# PREMIUM PRODUCTS SUITED TO FUTURE DEMAND

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**Lump: 64 - 65.2% Fe grade**



**~30 Mtpa**

**Fines: 63.2 - 64.6% Fe grade**



**~15 Mtpa**

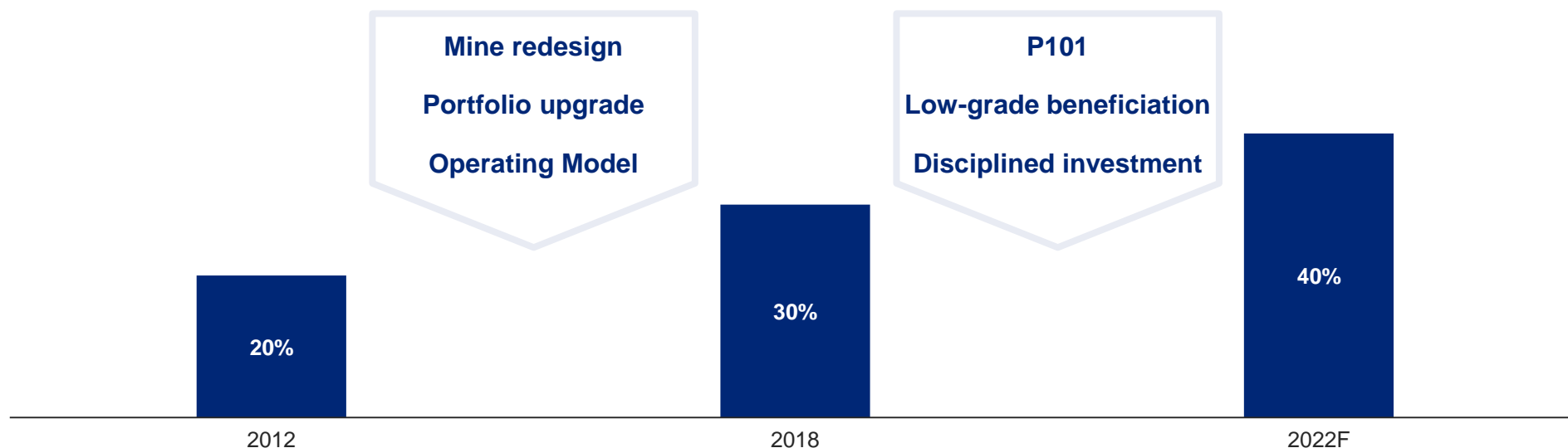
Lump delivers increased efficiency & helps meet environmental regulation as no sintering needed

Average grade 2019F: 64.3%

>65% Fe grade premium product is priced off Platts 65% index

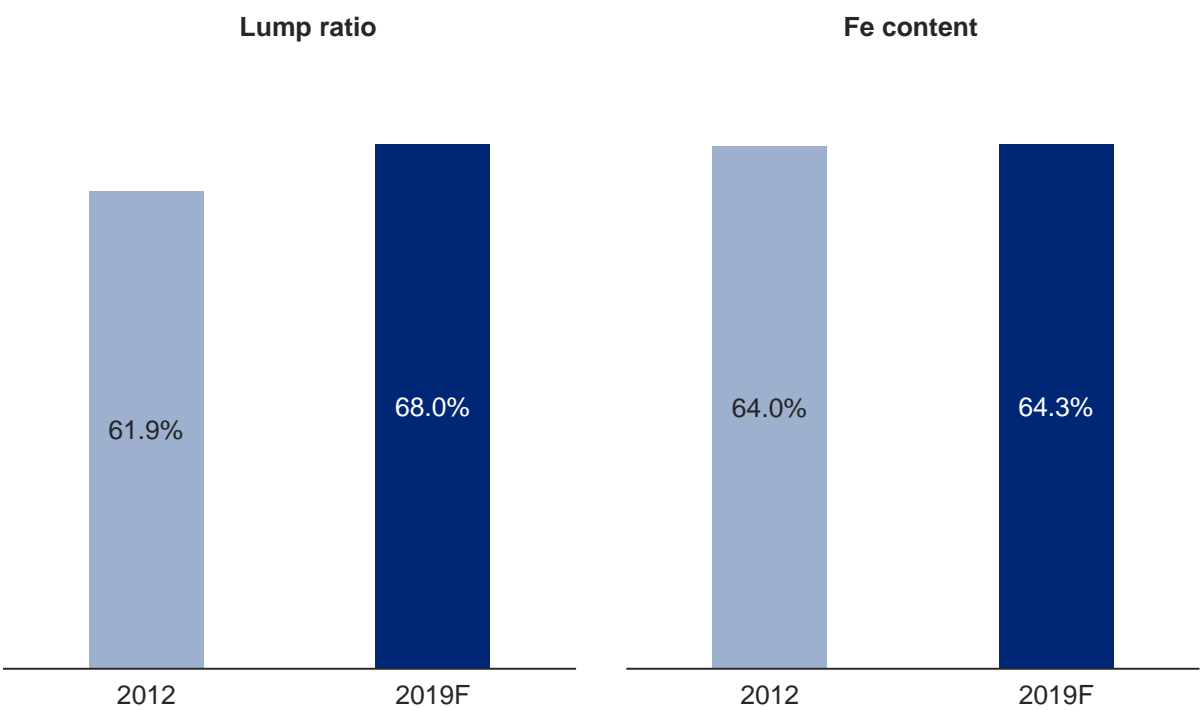
# TRANSFORMED BUSINESS FOCUSED ON QUALITY

Total sales of premium (>65% Fe) products

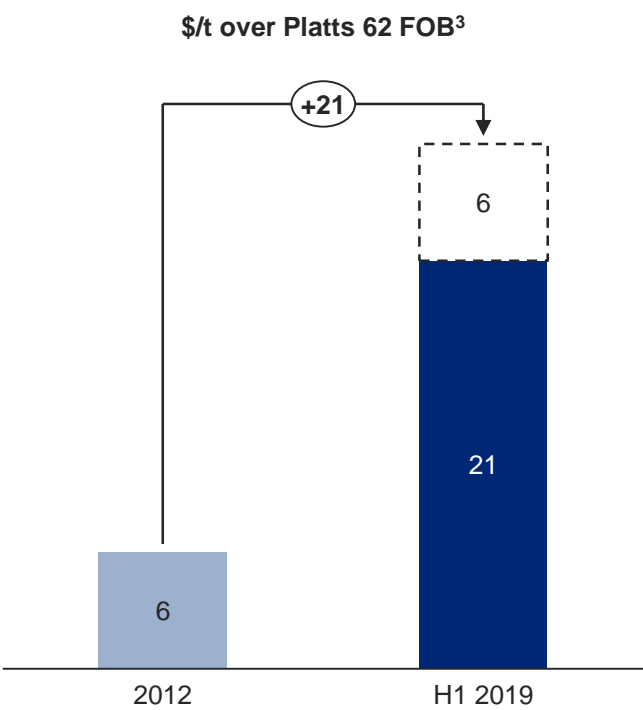


# ENHANCED PRODUCT PORTFOLIO

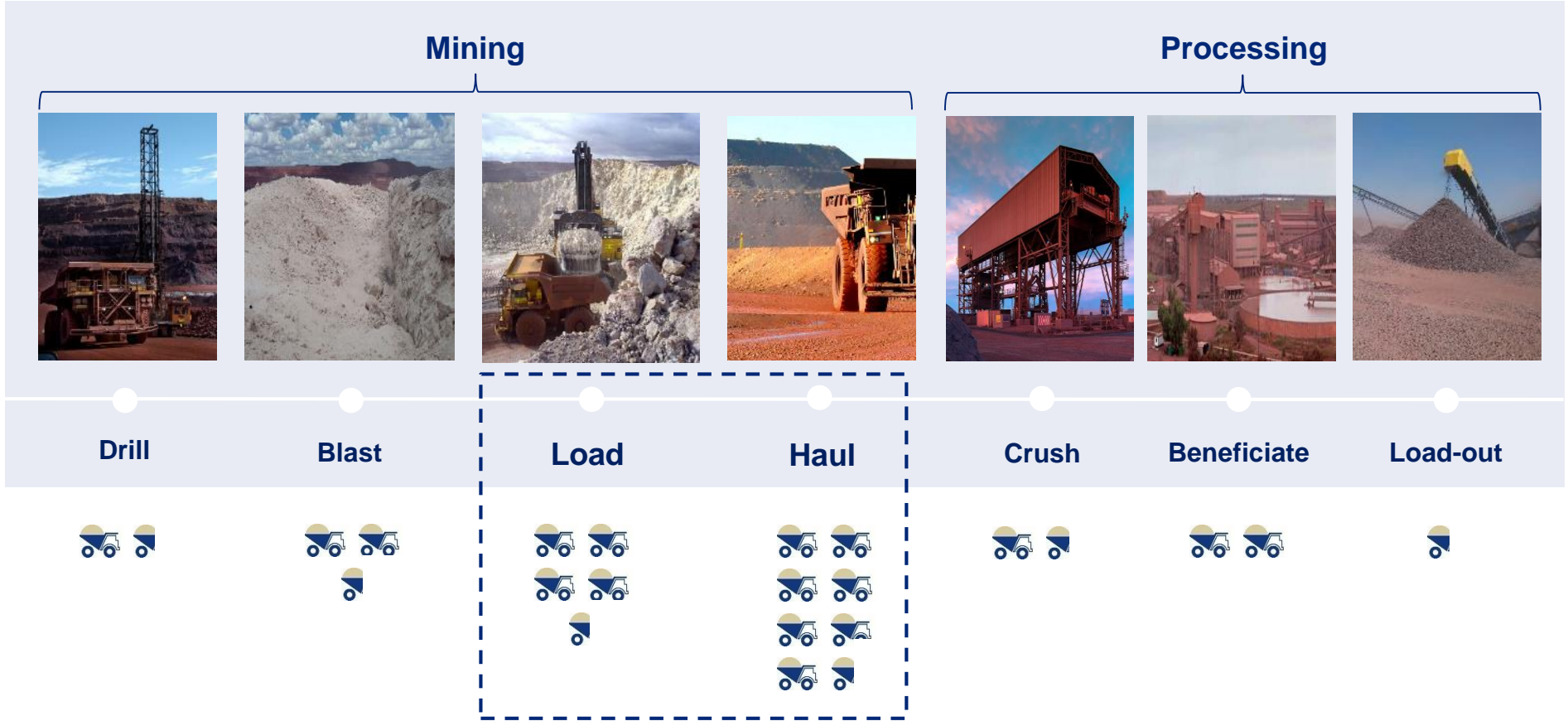
## Product quality evolution



## Price premium



# P101 EFFICIENCY FOCUS ON MINING ACTIVITIES

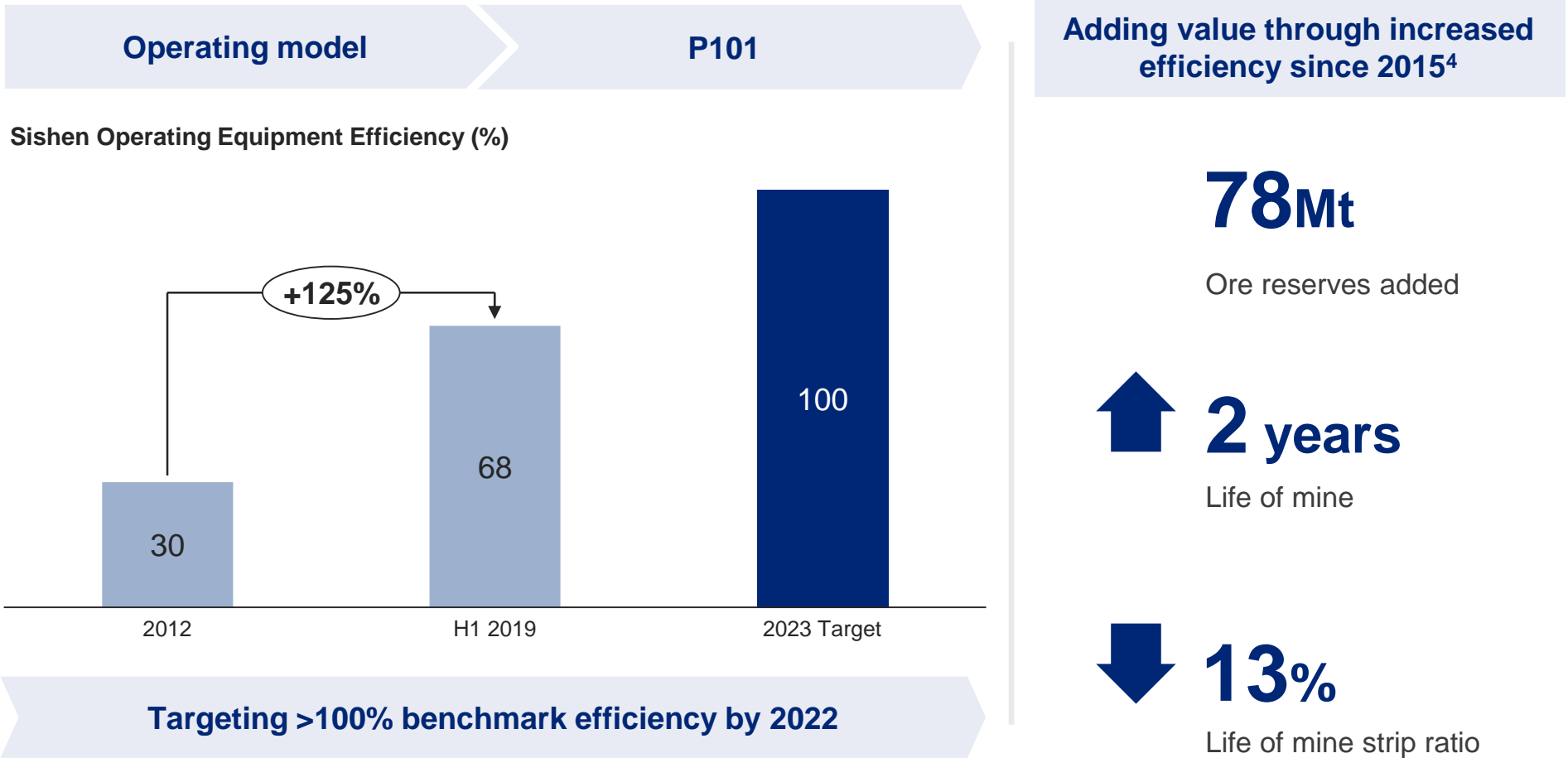


Focus on key cost drivers to improve operational performance and drive efficiencies

~5% unit cost

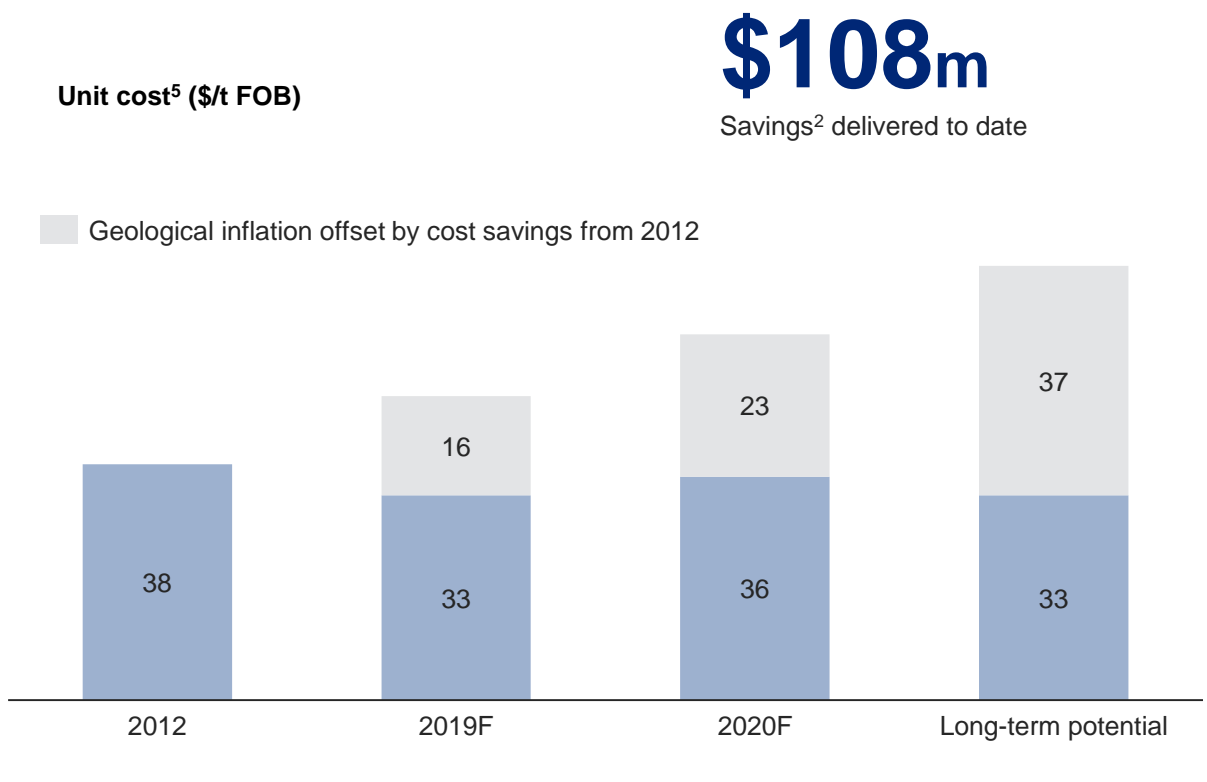


# IMPROVING OPERATIONAL EFFICIENCY

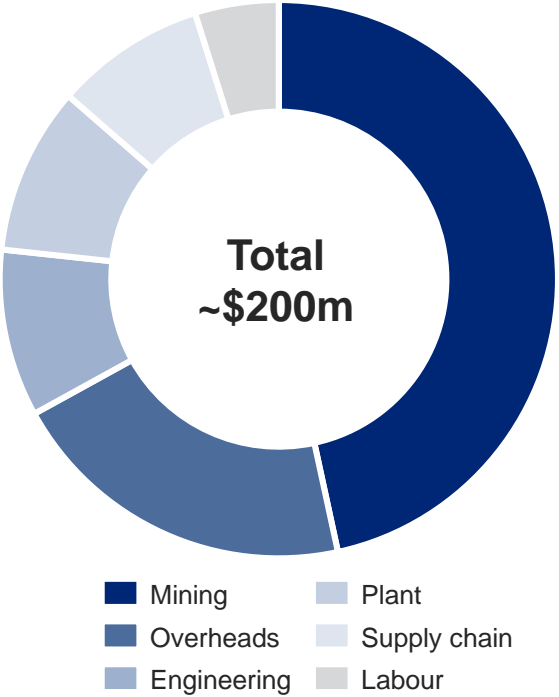


# SUSTAINABLE COST IMPROVEMENT TO OFFSET MINING INFLATION

## Cost & efficiency offsetting haulage distances and geological inflation



## Cost saving target<sup>2</sup> 2018-22 (\$)



# ESTABLISHED INFRASTRUCTURE

## Managing logistics



Key business partner

Significant relationship improvement since 2018

Demonstrated performance uplift

## Managing supply



No material impact to date

# UNLOCKING OUR POTENTIAL



Kolomela



# LEVERAGING OUR ENDOWMENT: THE TARGETS

## Technology and optimisation

**Sishen: UHDMS**  
(ultra high density media separation)

 **~300Mt**  
mineral resource<sup>6</sup>

Capex ~\$0.2bn

## Efficiency and optimisation

**Kolomela: Phase 1**

 **~85Mt**  
mineral resource<sup>7</sup>

## Exploration and beneficiation

Northern Cape exploration

Low grade ore beneficiation  
<40%Fe

## Feasibility

## Drill testing / Conceptual studies

Life of asset greater than 20 years

# SUMMARY



Drone at Kolomela

# PARTNERING FOR LONG-TERM SUCCESS

## Supporting local businesses

**\$219m**

Host community suppliers<sup>8</sup>

**\$5.1bn**

Procurement from BEE businesses<sup>8</sup>

## Building communities

**\$59m**

Direct social investment<sup>8</sup>

### Inclusive procurement programme

267 localised suppliers

2,670 jobs created

16,000 households benefitted



### Batho Pele mobile health units project

Over 135,000 patients received healthcare services

### Unemployed youth graduate internship programme

97 interns placed with host employers to obtain skills and training



# PREMIUM PRODUCTS FOR FUTURE DEMAND

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## Assets

**Premium product portfolio**

**Life extension opportunities**

**Mutually beneficial  
partnerships**

## Capabilities

**Operating Model**

**FutureSmart Mining™**

**Marketing**

## Returns

**Strong cash generation**

**Capital discipline**

**Attractive & sustainable  
dividends**



# FOOTNOTES

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1. Total Recordable Cases Frequency Rate per million hours.
2. Cost savings are net of ~7% mining inflation per annum and structural changes including strip ratios, longer distances and increased lift.
3. Timing effects contributed \$6/t. Products are priced in the month of arrival, resulting in a timing difference benefit in a rising market, and the opposite in a decreasing price market.
4. 2018 depletion of 38.2Mt Reserves and 29.2Mt saleable product excluded in order to enable like-for-like comparison with 2015.
5. Unit costs exclude royalties, depreciation and include direct support only.
6. 200Mt of low grade mineral resource under investigation for conversion to ore reserves. Typical resource to reserve conversion factors ~50% with an average product yield of ~30%
7. 85Mt of low grade mineral resource under investigation for conversion to ore reserves. Typical resource to reserve conversion factors ~60% with an average product yield of ~80-90%
8. Cumulative contributions from 2014 to H1 2019.