

Annual Financial Results 2009

18 February 2010



A member of the Anglo American plc group

Highlights

↓ LTIFR down 42% to 0.07

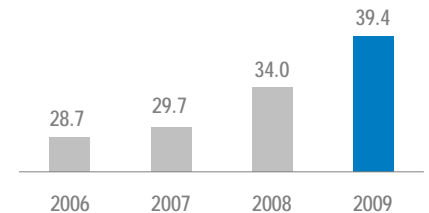
↑ Sishen Mine's production up 16% to 39.4Mt

↑ Export sales volumes up 37% to 34.2Mt

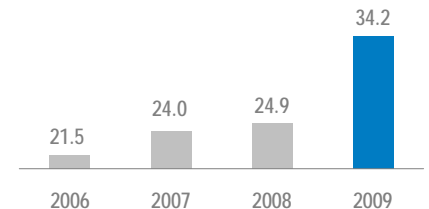
↓ Sishen Mine's unit cash cost down 4% in real terms

R12.9 billion operating profit

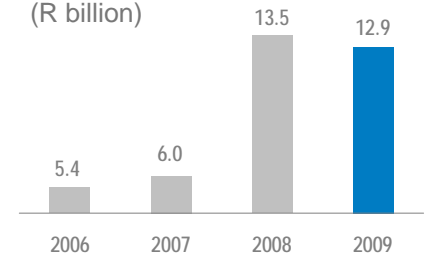
SISHEN MINE'S
PRODUCTION (Mt)



EXPORT SALES (Mt)



OPERATING PROFIT
(R billion)

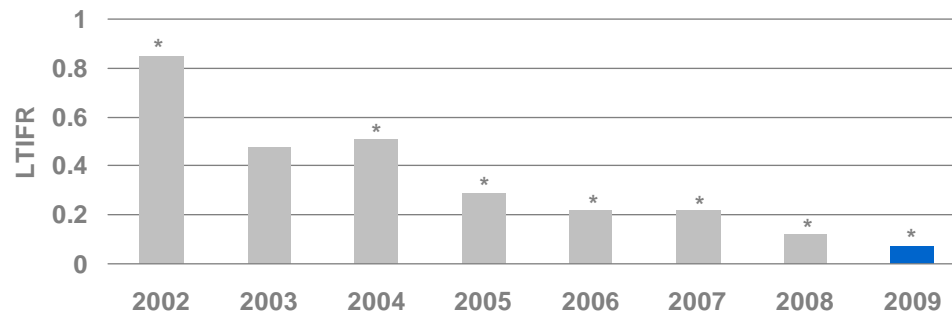


Safety



Safety: Outstanding performance continues

- Commitment to zero harm returning visible achievements
- Substantial improvement in LTIFR: 42% down to 0.07
 - Sishen: Fatality-free during 2009 for the first time in 5 yrs
 - Thabazimbi: Fatality-free for more than 7 yrs
2 yrs LTI free
 - Kolomela (Sishen South): 14 months LTI-free



* Fatality

Operational review



A member of the Anglo American plc group

Sishen Mine: 16% production growth

- Sishen Mine production up 16% to 39.4Mt
- DMS production of 29.0Mt
- Jig plant production more than doubles to 10.4Mt, ahead of forecasts
- Additional high cost production initiatives discontinued
- 28% increase in waste volumes moved

Mt	12 months 31 Dec 2009	12 months 31 Dec 2008	% change	6 months 31 Dec 2009	6 months 30 Jun 2009
Total tonnes mined	128.3	108.8	18%	68.5	59.8
ROM production	46.2	44.6	4%	24.0	22.2
Waste mined	82.1	64.2	28%	44.5	37.6
Final product	39.4	34.0	16%	21.4	18.0
– DMS plant	29.0	28.4	2%	15.4	13.6
– Jig plant	10.4	4.7	121%	6.0	4.4
– Additional initiatives	–	0.9	–	–	–
Stripping ratio	1.78	1.44		1.85	1.69

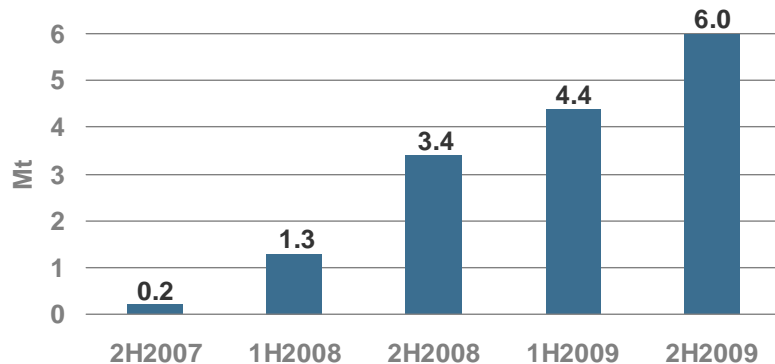
Sishen Mine: Solid performance from both plants

DMS plant: Production up

- Production up to 29.0Mt for the year, despite increasing geological complexity

Jig plant: Ramp up ahead of schedule

- Production of 10.4Mt for the year: contributing 26% of Sishen Mine's production
- On track to reach 12.5Mt -13.0Mt in 2010



Sishen Mine: Logistics and sales

- Total sales up 25% to 38.2Mt
- Domestic sales reduced in line with demand: 29% down to 4.0Mt
- Tonnes railed to port increased 24% to 34.6Mt
- Export sales volumes up strongly:
 - +37% to 34.2Mt; 9.3Mt increase in export sales
 - 130% increase in sales to China, leading to an increase in Kumba's market share
- Demand from Europe, Japan and Korea returning since 3Q09

Mt	12 months 31 Dec 2009	12 months 31 Dec 2008	% change	6 months 31 Dec 2009	6 months 30 Jun 2009
Production	39.4	34.0	16%	21.4	18.0
Railed to port (incl. Saldanha Steel)	34.6	27.8	24%	17.9	16.7
Total sales	38.2	30.5	25%	19.1	19.1
Sales – export	34.2	24.9	37%	17.1	17.1
Sales – domestic	4.0	5.6	(29%)	2.0	2.0

Thabazimbi Mine

- Record safety performance
- Production and sales dependent on demand from AMSA
- Increased waste stripping as new pits opened due to LOM extension
- Revised LOM plan to 2016

Mt	12 months 31 Dec 2009	12 months 31 Dec 2008	% change	6 months 31 Dec 2009	6 months 30 Jun 2009
Total tonnes mined	19.5	12.2	60%	12.6	6.9
Sales – domestic	1.8	2.5	(28%)	0.9	0.9
Production	2.5	2.7	(7%)	1.4	1.1
Waste mined	16.5	8.9	85%	10.9	5.6
ROM production	3.1	3.2	(3%)	1.8	1.3
Stripping ratio	5.3	2.8		6.1	4.3

Iron ore market: a tale of two halves and two regions

Crude Steel Production:

Mt	2008	2009	% change	1H08	2H08	1H09	2H09	
China	500	568	14%	233	267	267	301	1H09 pausing, but not contracting
Rest of World	826	652	(21%)	535	291	283	369	Massive contraction; recovery underway
Total	1 326	1 220	(8%)	768	558	550	670	

- **China:**

- Crude steel production increased by 14% in 2009
- Domestic iron ore production down significantly (-25%)
- Resulting in increased iron ore imports, up 41%, taking China's share of seaborne iron ore to c.65%
- Kumba increased sales to China by 130% year on year, by developing more than 30 new customers

- **Traditional markets:**

- In 1H09, crude steel production at very depressed, 2H08 levels
- In 2H09, crude steel production recovering, driven by end of destocking and gradual recovery in steel production levels

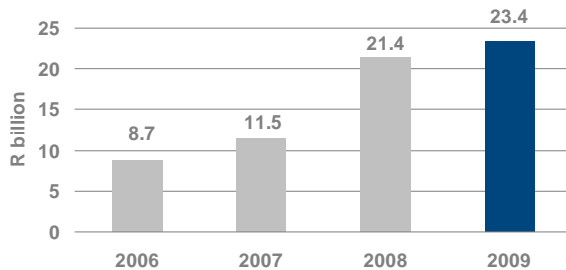
Financial review



Highlights

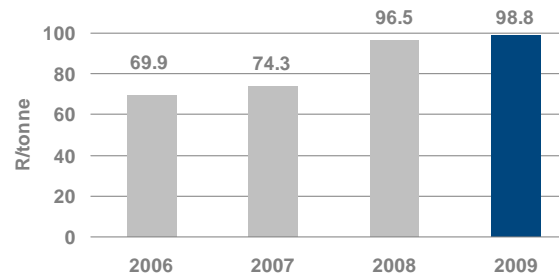
REVENUE

10% up from R21.4 billion to R23.4 billion



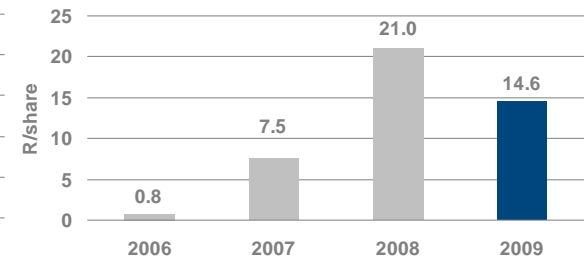
SISHEN MINE'S UNIT CASH COST

4% down in real terms (R98.83/tonne nominal)



TOTAL 2009 DIVIDEND

R14.60 per share



- Despite c.40% decline in benchmark prices, EBIT of R12.9 billion generated; 5% down year-on-year
- Headline earnings of R7.0 billion (R21.82 per share), 4% down year-on-year
- Cash generated by operations of R12.6 billion
- Final cash dividend of R2.4 billion declared (R7.40 per share)
- Over R2.0 billion operating profit benefit from Asset Optimisation and procurement

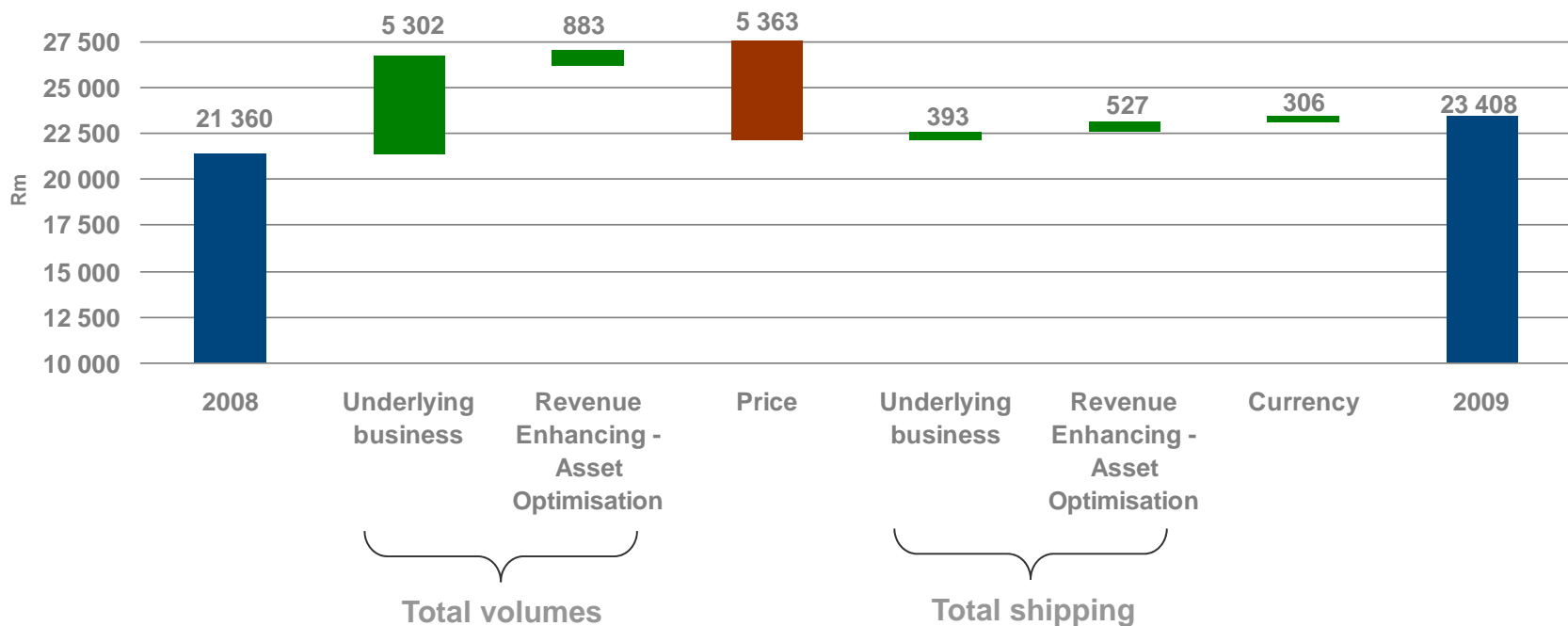
Financial overview

- Exceptional financial performance due to increased export sales volumes and cost management, offsetting c.40% reduction in benchmark iron ore prices

(Rm)	12 months 31 Dec 2009	12 months 31 Dec 2008	% change	6 months 31 Dec 2009	6 months 30 Jun 2009
Revenue	23 408	21 360	10%	11 421	11 987
Operating expenses	(10 528)	(7 847)	34%	(5 362)	(5 166)
Operating profit	12 880	13 513	(5%)	6 059	6 821
Operating margin (%)	55%	63%		53%	57%
Profit attributable to:	8 804	9 083	(3%)	4 460	4 344
– equity holders of Kumba	6 975	7 208	(3%)	3 540	3 435
– minority interest	1 829	1 875	(2%)	920	909
Headline earnings	6 955	7 276	(4%)	3 533	3 422
Effective tax rate (%)	24%	28%		23%	27%
Cash generated from operations	12 622	14 519	(13%)	5 119	7 503
Capital expenditure	3 996	2 563	56%	2 496	1 500

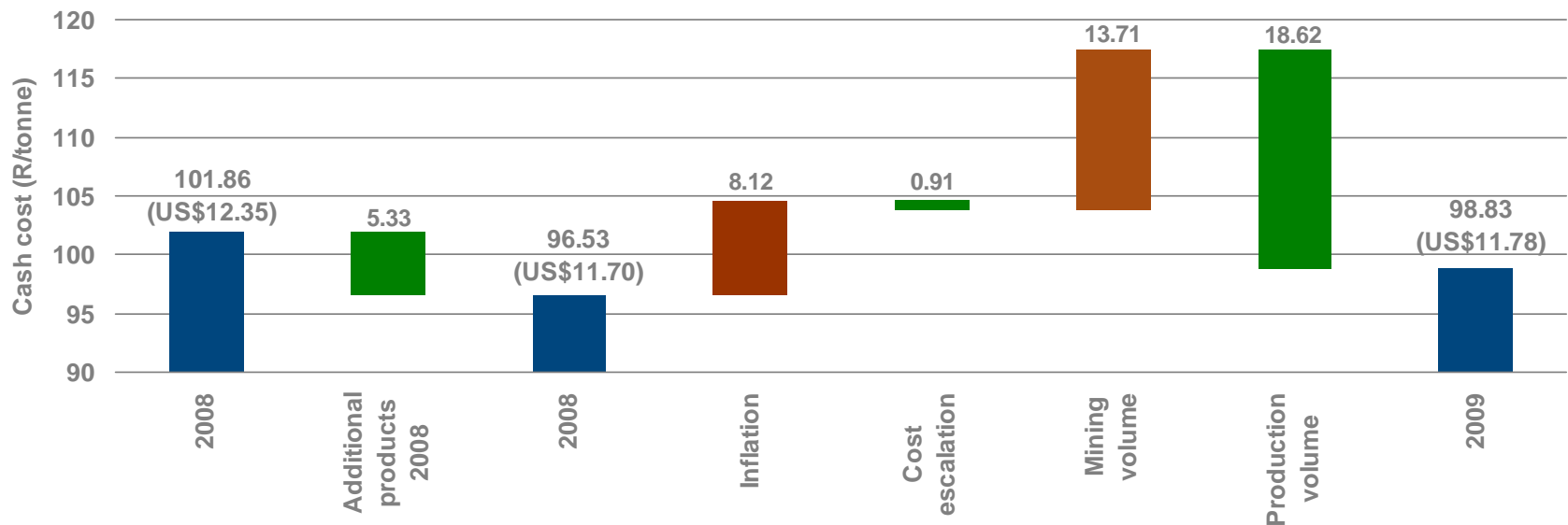
Revenue variance

- Revenue increased by 10% year-on-year, driven by 37% increase in export sales volumes
- Offset by a c.40% decrease in benchmark iron ore prices
- Revenue enhancing initiatives contributed an additional R1.4 billion (\$167 million)



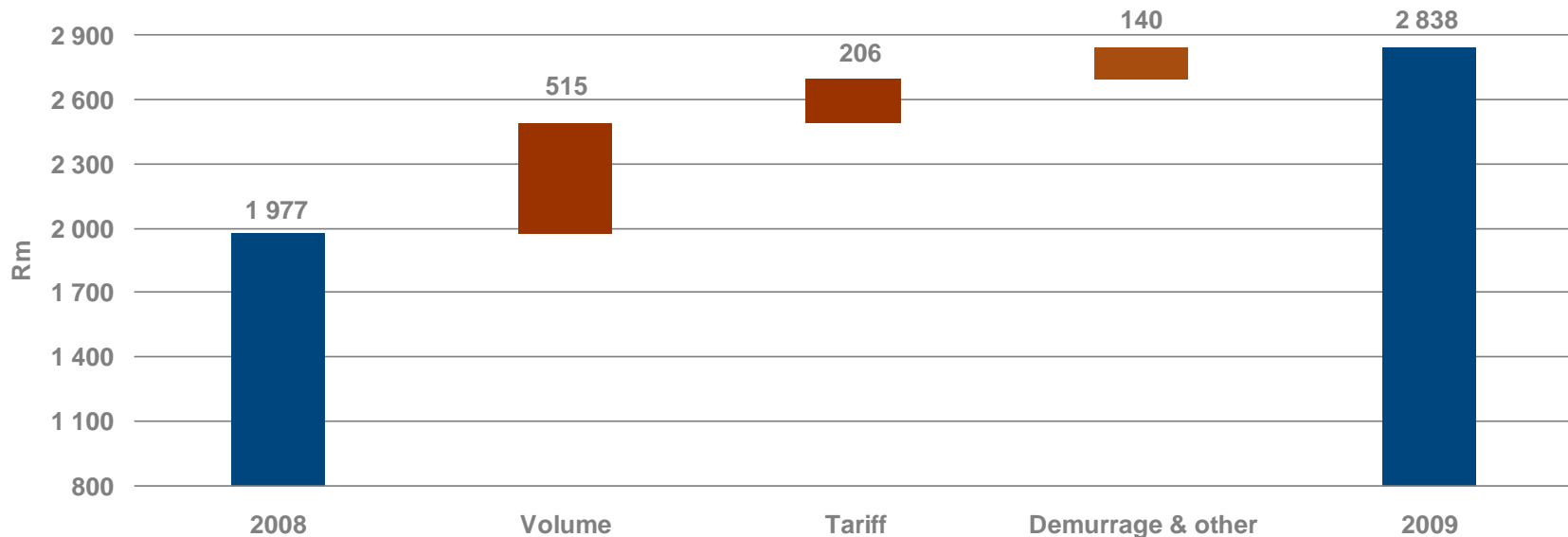
Sishen Mine: real cash cost down 4%

- Focus on cost management and efficiency improvements
- Cash cost contained below inflation
- Only 2% increase in comparable nominal cash costs (FOR) vs. FY08:
 - Despite 28% increase in waste mined
 - Offset by 16% increase in production volumes
 - Asset Optimisation and supply chain initiatives contained costs by R520m (\$62m)



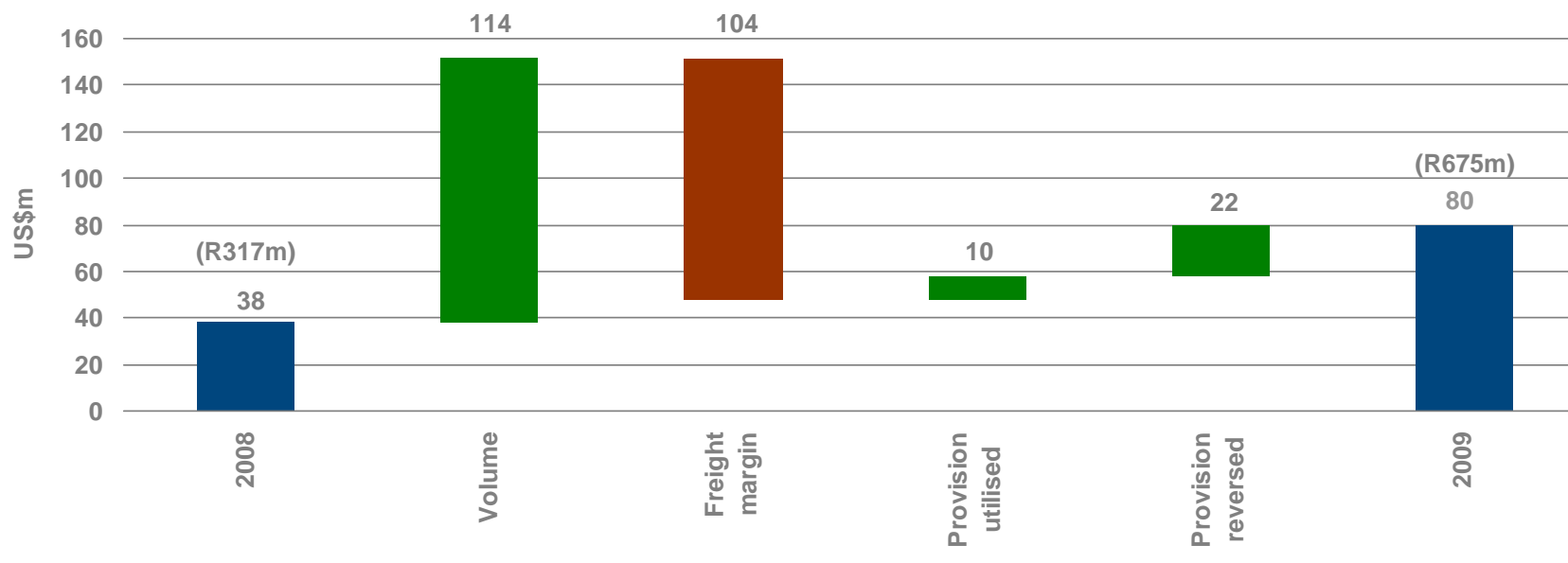
Selling and distribution costs

- Increase of 44% year-on-year, driven by increase in volumes:
 - Volumes railed: 24% up to 34.6Mt
 - Volumes shipped: 37% up to 34.6Mt
- Increase in contractual tariffs



Shipping operations: Operating profit (US\$)*

- Increase in volumes: 15.3Mt up to 21.8Mt (record 134 vessels)
- Offset by lower freight margins achieved



*Analysis provided in US dollars to eliminate the effect of movements in exchange rates between 2008 and 2009

Asset optimisation and procurement capturing value

- Asset optimisation delivering benefits: R1.6 billion (US\$185 million) contribution to 2009 operating profit
 - R1.4 billion (US\$168 million) through revenue enhancement
 - R143 million (US\$17 million) through improving operating efficiencies
- Procurement capex and operating costs benefits: R603 million (US\$72 million)

Asset optimisation (US\$185m)

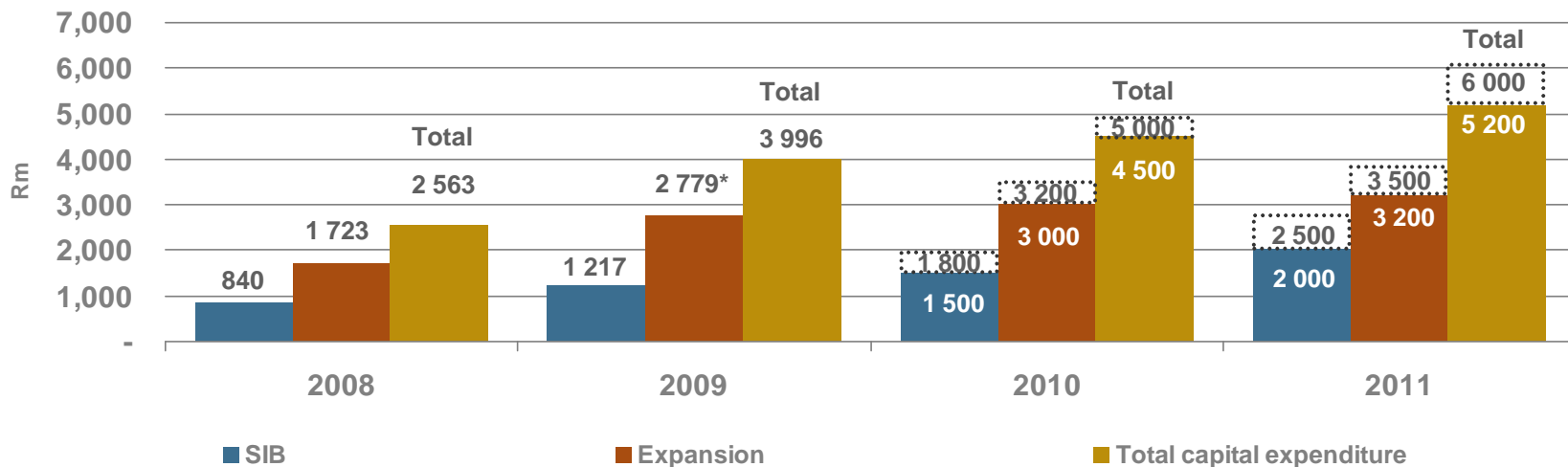


Procurement (US\$72m)



Capital expenditure analysis

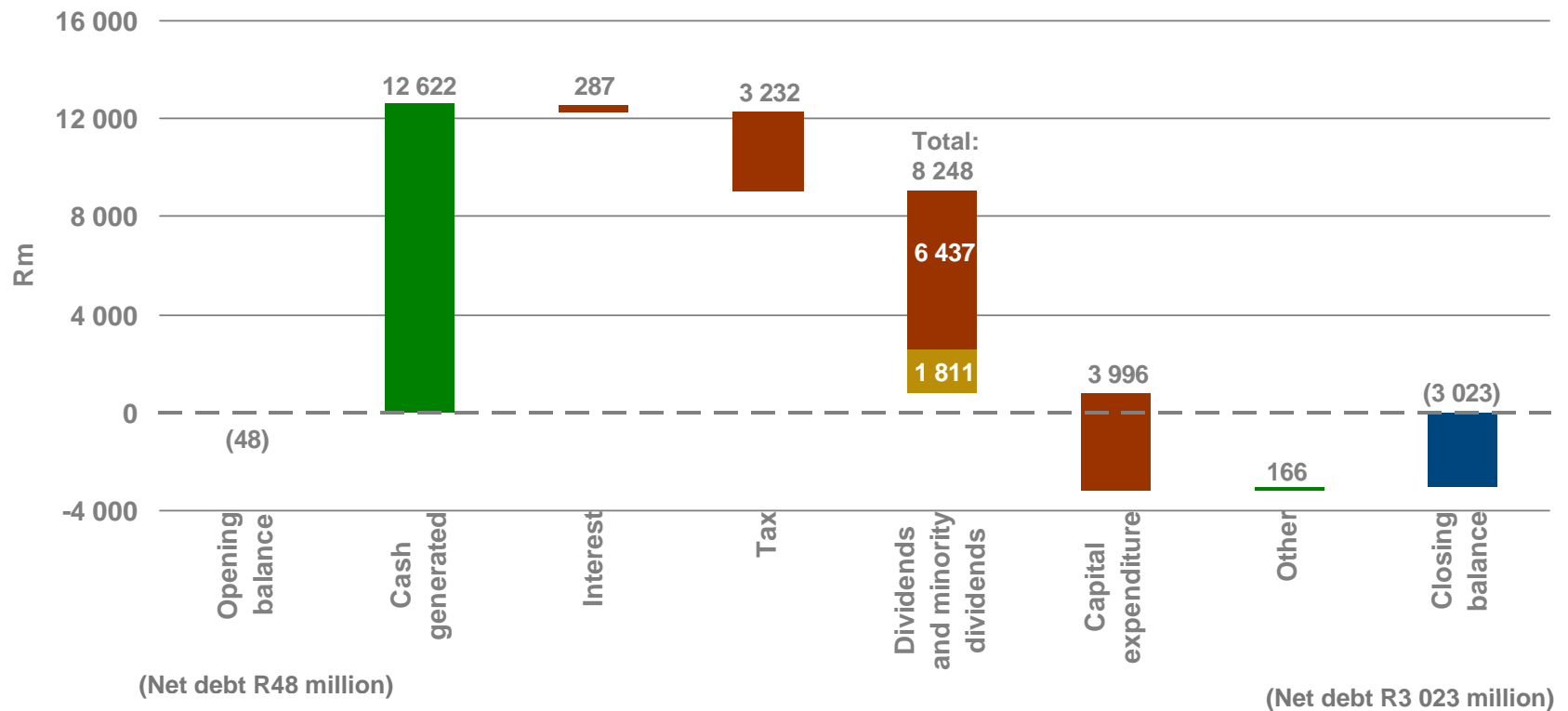
- 56% increase in capital expenditure to R4.0 billion
- Development of Kolomela continued despite market conditions in 1H09
- SIB capex peaks at R2.0 – R2.5 billion in 2011, reducing to average of c.R1.5 billion p.a. thereafter



* Includes R189 million operational expenditure capitalised on Kolomela Mine (Sishen South Project)

Cash flow variance: Net debt evolution

- Strong cash flow generation
- R8.2 billion returned to shareholders (including R1.8 billion to BEE shareholders)
- Capital expenditure funded by debt



Gearing

- Net debt position increased as capital expenditure funded through borrowing facilities
- Strong balance sheet: Net debt/equity at 34%
- Undrawn term facilities of R4.7 billion as at 31 December 2009
- Debt facilities:
 - R3.2 billion at 10.11% maturing in 2012
 - R5.4 billion at 9.48% maturing in 2013
- Debt covenants: (i) Total debt/EBITDA (1.5x max until 1H10; 2.1x thereafter)
(ii) EBITDA/Net interest expense (4.0x max)

(Rm)	31 Dec 2009	31 Dec 2008
Interest-bearing borrowings	3 914	3 858
Cash and cash equivalents	(891)	(3 810)
Net debt	3 023	48
Total equity	8 956	8 506
Interest cover (times)	43	33
Gross debt/equity (%) ⁽¹⁾	44	45
Gross debt/market capitalisation (%)	4.0	7.5

⁽¹⁾ Historical equity represents the earnings since listed in November 2006, and R464 million acquired on unbundling from Exxaro Resources

Kumba dividend

- Final cash dividend declared: R7.40 per share
- Dividend cover of 1.5 times earnings
- Substantial cash returned to BEE shareholders of SIOC since listing

	Total dividend 2009	Final dividend 31 Dec 2009	Interim dividend 30 Jun 2009
Earnings per share (Rand per share)	21.88	11.07	10.81
Dividend per share (Rand per share)	14.60	7.40	7.20
Total dividend declared (Rm)	4 671	2 371	2 300
Dividend cover (times)	1.5	1.5	1.5

Legal update

- **Kolomela (Sishen South)**

- Arbitration complete
- ArcelorMittal South Africa not entitled to equity participation in Kolomela (Sishen South)
- Significant EBIT preservation

- **Falémé**

- Arbitration submissions completed
- Awaiting determination (expected Q2 2010)

- **Lithos**

- Action in SA High Court commences 1H10



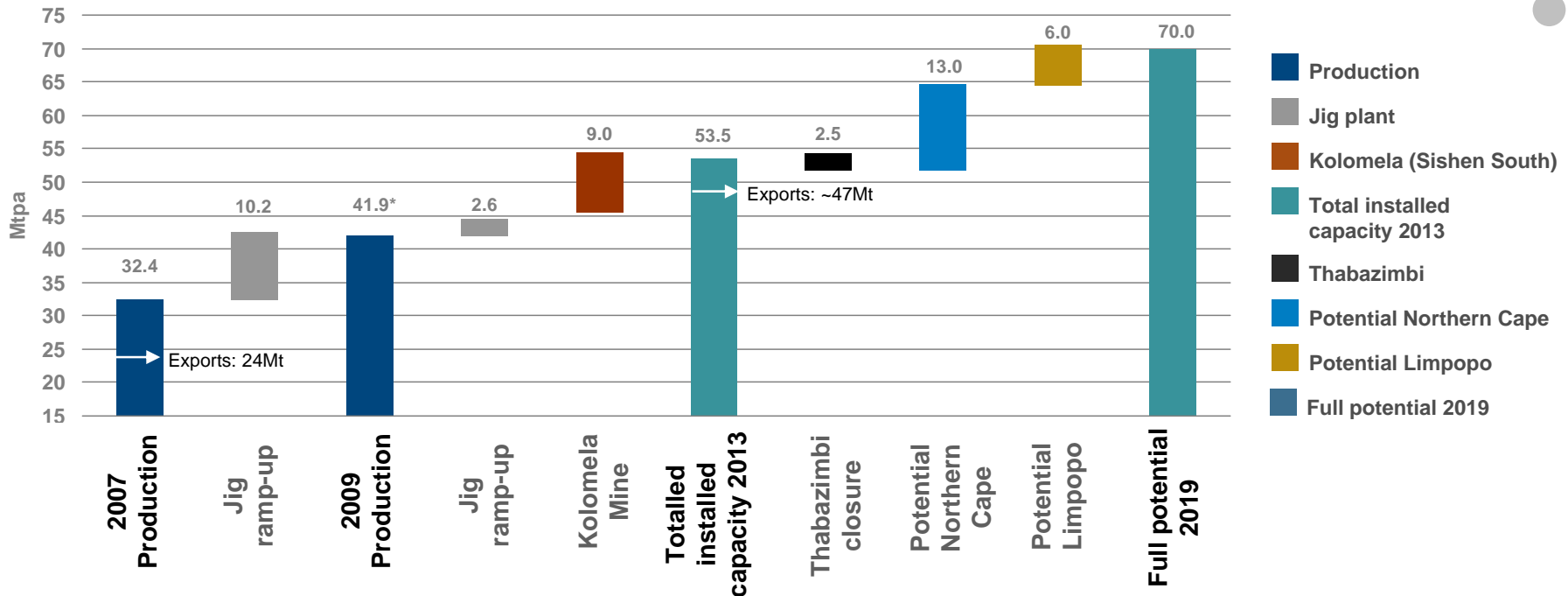
Projects



A member of the Anglo American plc group

Projects

- Kumba's project pipeline can add 29% to the current export operations, with the potential to produce around 70Mtpa by 2019
- From 2007 Kumba expected to double exports and this is on track for c.47Mt by 2013



* Includes movement of (0.7)Mt from 2007-2009 in production excluding the Jig plant

Kolomela (Sishen South) on track

- Project continues on time and on budget
- 3.8 million LTI-free hours for 2009 and 4.3 million LTI-free hours since the last LTI in November 2008
- First blast took place on 17 September 2009
 - 4.0Mt waste material moved (17Mt expected in 2010)
- Project 45% complete at end of 2009, with first production on schedule for 1H 2012, full production expected in 2013
- R3 billion capital spent to date; R4.8 billion contractually committed



Outlook

Outlook 2010

Production

- Committed to 5% increase in volumes from Sishen Mine
- Jig Plant expected to deliver 12.5-13Mt
- Additional waste at Sishen Mine of around 20Mt

Sales Volumes

- Export volumes constant as domestic off-take increases
- China to normalise at c. 60% of geographic sales mix

Profitability

- Market consensus currently indicates increasing iron ore benchmark prices
- First Mining Royalty payable from March 2010
- Operating profit remains highly sensitive to the Rand/US\$ exchange rate
- Continued focus on safety, production, sales and cost management



An exceptional safety, operational and sales performance in 2009

“We see what *could* be”



A member of the Anglo American plc group

Q&A



Revenue: Sector analysis

(Rm)	12 months 31 Dec 2009	12 months 31 Dec 2008	% change	6 months 31 Dec 2009	6 months 30 Jun 2009	% change
Export	18 657	17 547	6%	8 837	9 820	(10%)
Tonnes sold (Mt)	34.2	24.9	37%	17.1	17.1	–
US Dollar per tonne	65	88	(26%)	68	63	8%
Domestic (Sishen Mine)	816	761	7%	461	355	30%
Tonnes sold (Mt)	4.0	5.6	(29%)	2.0	2.0	–
Rand per tonne	204	136	51%	231	178	37%
Domestic (Thabazimbi Mine)	543	640	(15%)	276	267	3%
Tonnes sold (Mt)	1.8	2.5	(24%)	1.0	0.9	11%
Rand per tonne	302	252	16%	288	297	(3%)
Shipping operations	3 392	2 412	41%	1 847	1 545	20%
Total revenue	23 408	21 360	10%	11 421	11 987	(5%)

Aggregate operating expenditure

(Rm)	12 months 31 Dec 2009	12 months 31 Dec 2008	% change	6 months 31 Dec 2009	6 months 30 Jun 2009	% change
Operating expenditure	10 528	7 847	34%	5 362	5 166	4%
Cost of goods sold	5 001	3 791	32%	2 531	2 470	2%
Costs of goods produced	5 169	4 358	19%	2 747	2 422	13%
Production costs	5 329	4 458	20%	2 914	2 415	21%
Sishen Mine	4 553	3 769	21%	2 486	2 067	20%
Thabazimbi Mine	672	628	7%	351	321	9%
Other	104	61	70%	77	27	185%
Inventory movement WIP	(160)	(99)	61%	(167)	7	—
A grade	(74)	103	—	(57)	(17)	(235%)
B grade	(86)	(202)	(57%)	(110)	24	—
Inventory movement finished product	(440)	(190)	(132%)	(323)	(117)	(176%)
Other	272	(378)	(172%)	107	165	(35%)
Sublease rentals	(8)	(6)	33%	(2)	(6)	(67%)
Selling and distribution	2 838	1 977	44%	1 370	1 468	(7%)
Shipping operations	2 697	2 085	29%	1 463	1 234	19%

Reconciliation of attributable profit

(Rm)	12 months 31 Dec 2009	12 months 31 Dec 2008	6 months 31 Dec 2009	6 months 30 Jun 2009
Profit	8 804	9 083	4 460	4 344
Attributable to minority interests	(1 829)	(1 875)	(920)	(909)
– Exxaro (20%)	(1 762)	(1 835)	(895)	(867)
– SIOC Community Development Trust	(8)	(8)	(4)	(4)
– SIOC Employee Share Participation Scheme	(59)	(32)	(21)	(38)
Attributable to owners of Kumba	6 975	7 208	3 540	3 435

Headline earnings

(Rm)	12 months 31 Dec 2009	12 months 31 Dec 2008	6 months 31 Dec 2009	6 months 30 Jun 2009
Profit attributable to owners of Kumba	6 975	7 208	3 540	3 435
Net (profit)/loss on disposal and scrapping of property, plant and equipment	(35)	12	(13)	(22)
Impairment of property, plant and equipment	–	50	–	-
Realisation of foreign currency translation reserve	–	19	–	-
	6 940	7 289	3 527	3 413
Taxation effect of adjustments	10	(9)	4	6
Minority interest in adjustments	5	(4)	2	3
Headline earnings	6 955	7 276	3 533	3 422

SIOC dividend

- R1 637 million in cash returned to BEE shareholders

(Rm)	Total dividend 2009	Final dividend 31 Dec 2009*	Interim dividend 30 Jun 2009	Total dividend 31 Dec 2008
Gross dividend declared by SIOC	6 925	3 506	3 419	9 928
STC	630	319	311	888
Dividend declared by SIOC	6 295	3 187	3 108	9 040
– Kumba	4 658	2 358	2 300	6 690
– Exxaro	1 259	637	622	1 808
– SIOC Community Development SPV	189	96	93	271
– Envision (Employee share ownership scheme)	189	96	93	271

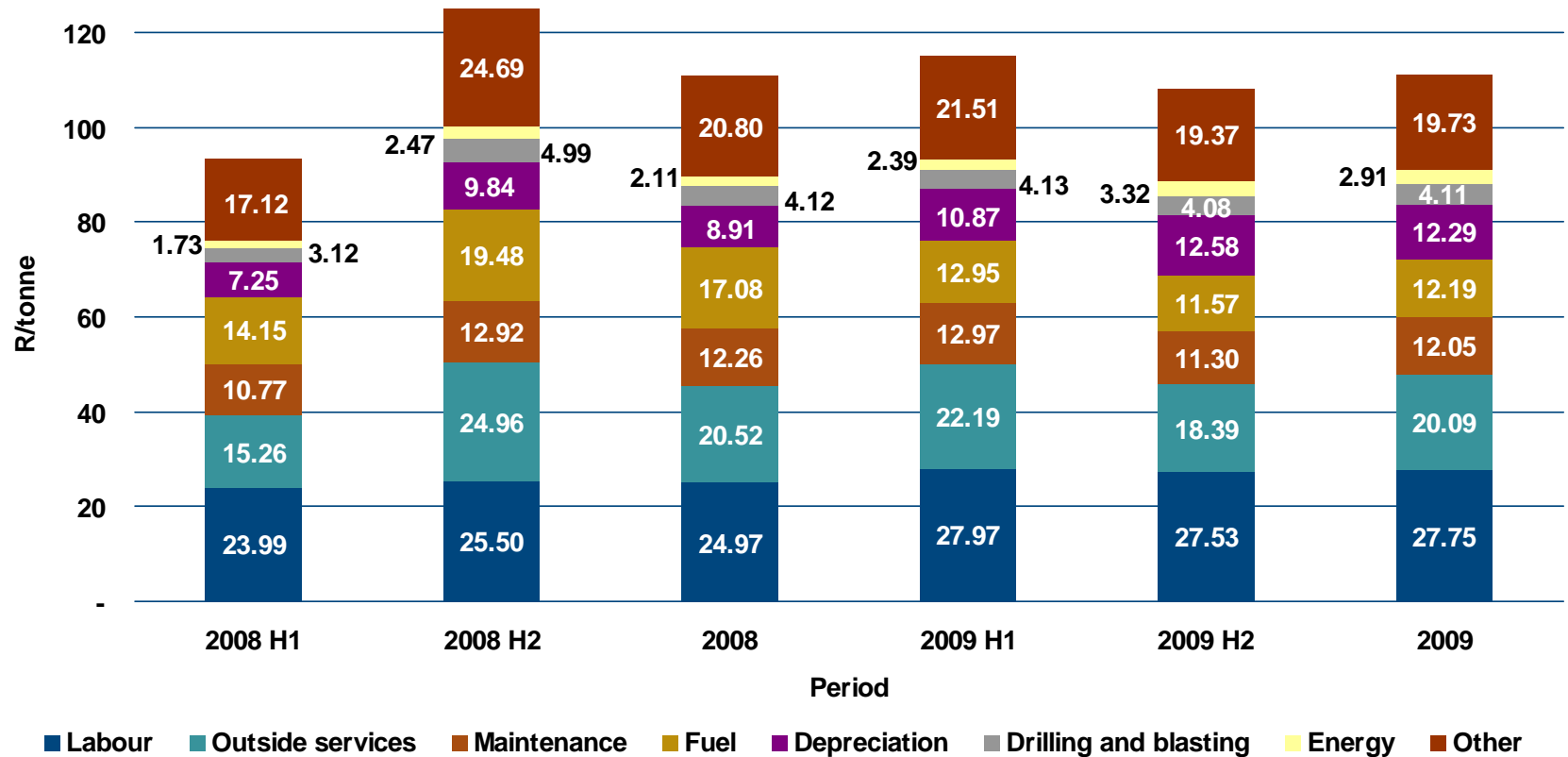
* The final dividend was declared subsequently to 31 December 2009 and is presented for information purposes.

Reconciliation of minority interest

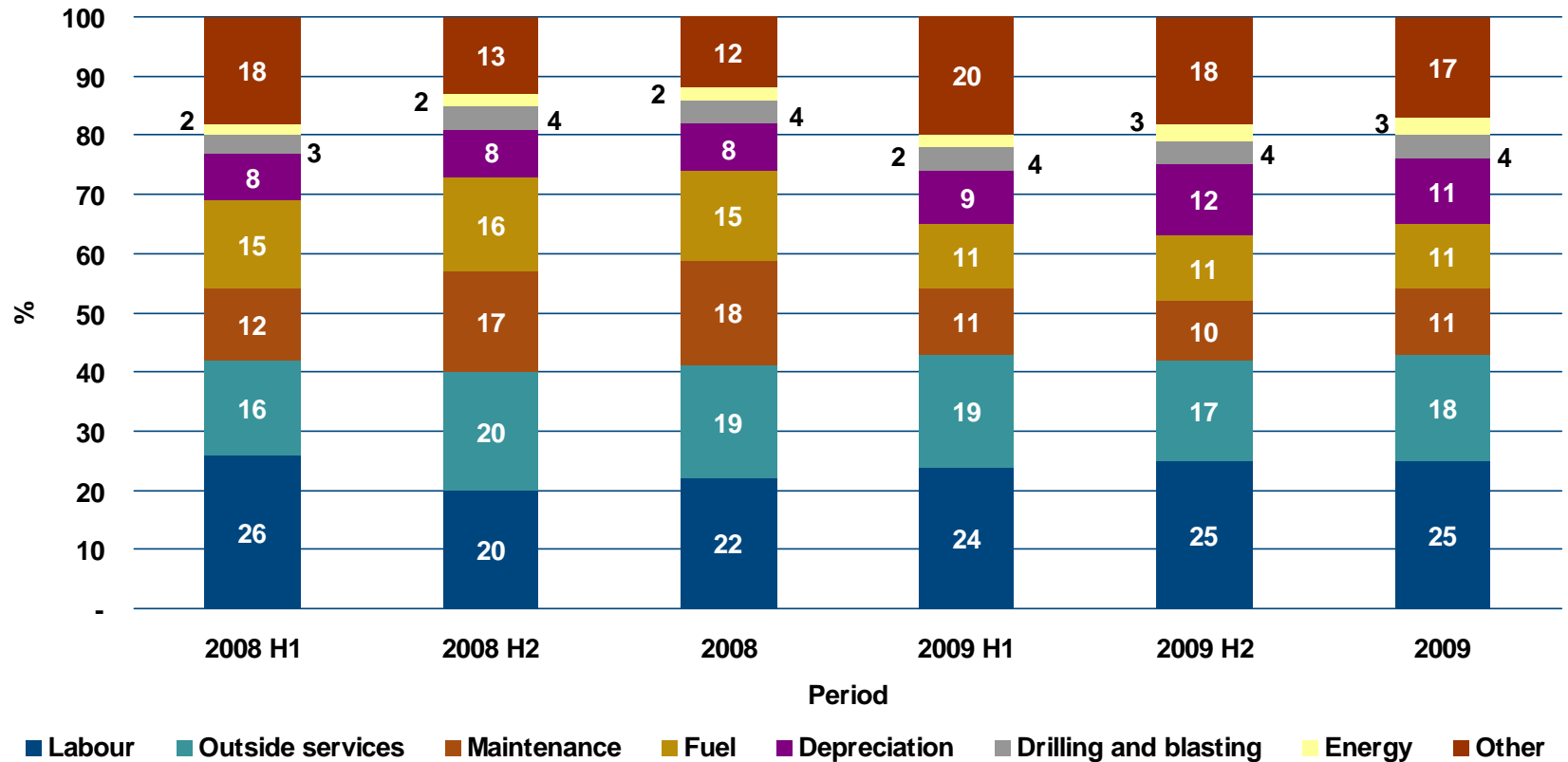
(Rm)	12 months 31 Dec 2009	12 months 31 Dec 2008	6 months 31 Dec 2009	6 months 30 Jun 2009
Minority interest – opening balance	1 647	661	1 381	1 647
Profit for the year	1 829	1 875	920	909
– Exxaro	1 762	1 835	895	867
– SIOC Community Development Trust	8	8	4	4
– Envision	59	32	21	38
Dividends paid	(1 770)	(1 051)	(632)	(1 138)
– Exxaro	(1 744)	(1 036)	(622)	(1 122)
– SIOC Community Development Trust	(8)	(8)	(4)	(4)
– Envision	(59)	(32)	(21)	(38)
– Recoupment of Envision dividend*	41	25	15	26
Interest in movement in equity reserves	(32)	162	5	(37)
Minority interest – closing balance	1 674	1 647	1 674	1 381

* Minority interest in the recoupment by SIOC of the dividend received by Envision

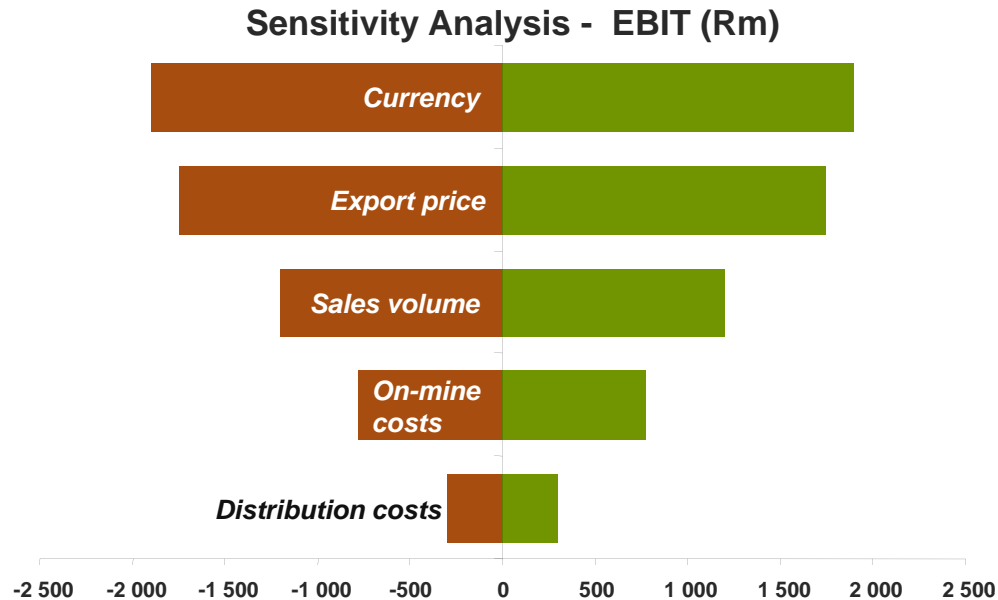
Sishen Mine: Cost structure (R/tonne)



Sishen Mine: Cost structure (%)



Operating profit sensitivity



Key business drivers – Operating profit impact	Sensitivity 10% change	Negative impact (Rm)	Positive impact (Rm)
Currency	R0.80/USD	-1 900	+1 900
Export price	\$6.60/tonne	-1 750	+1 750
Sales volume	3.5Mt	-1 200	+1 200
On-mine costs	10%	-780	+780
Distribution costs	10%	-300	+300

Substantial cash returned to BEE shareholders

- R5.1 billion returned to BEE shareholders since November 2006

