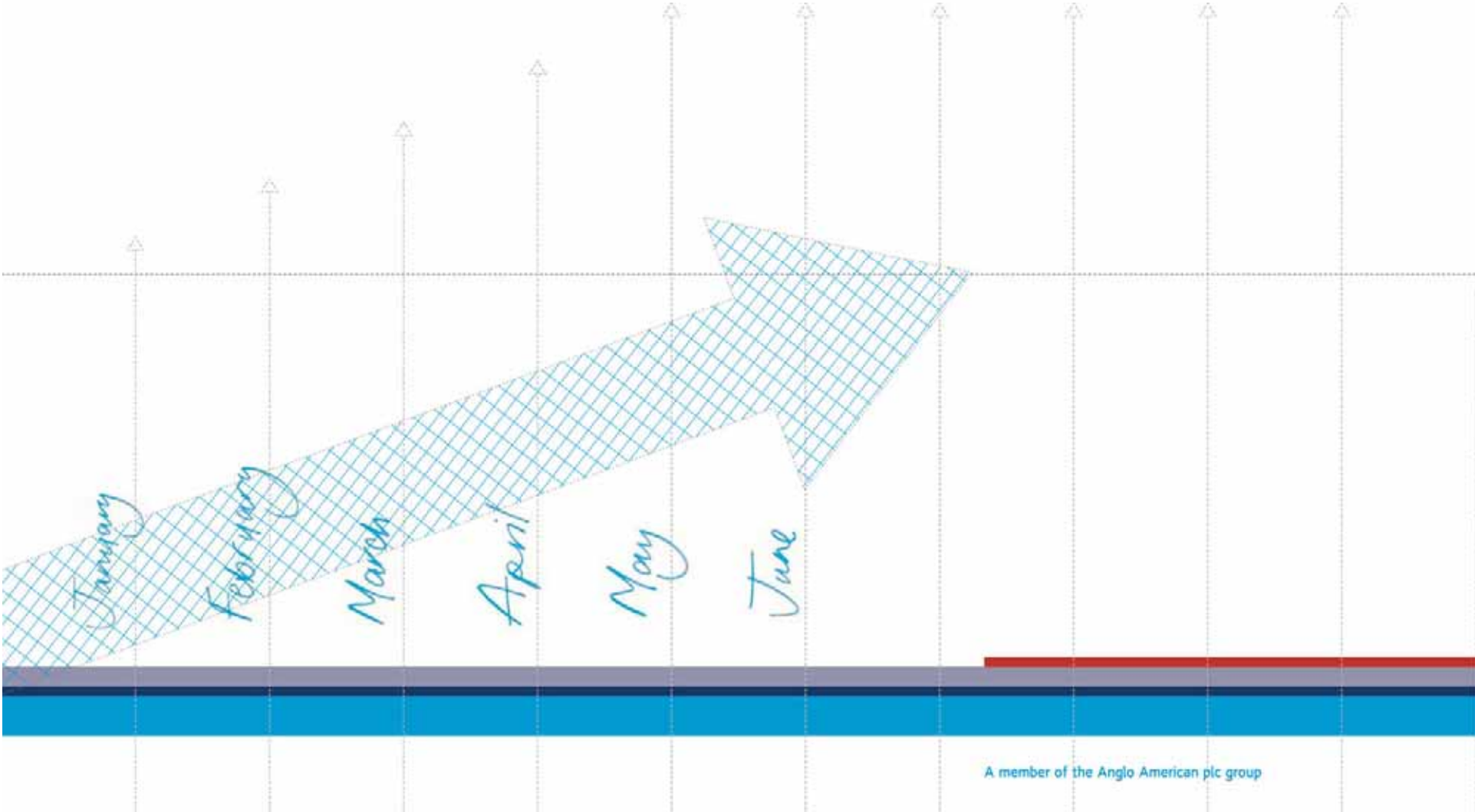


# Interim Financial Results

24 July 2008

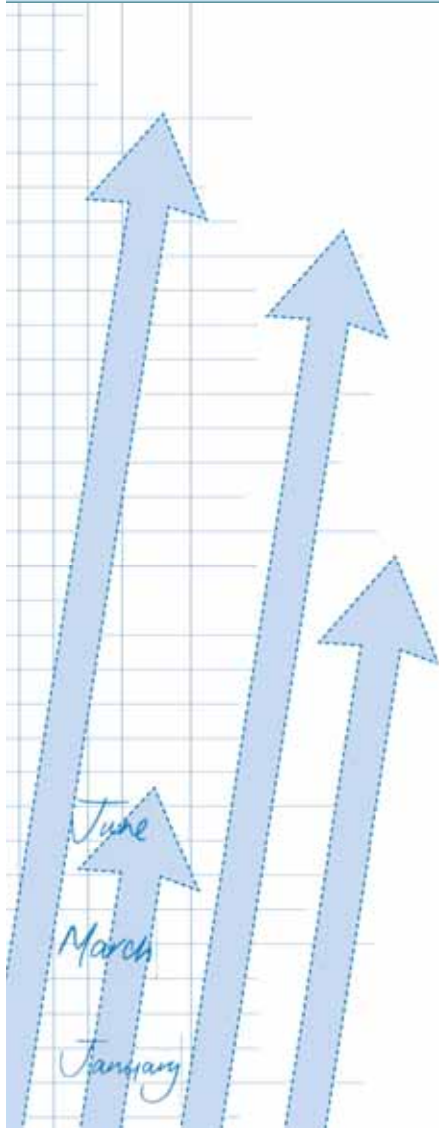


A member of the Anglo American plc group

# Highlights



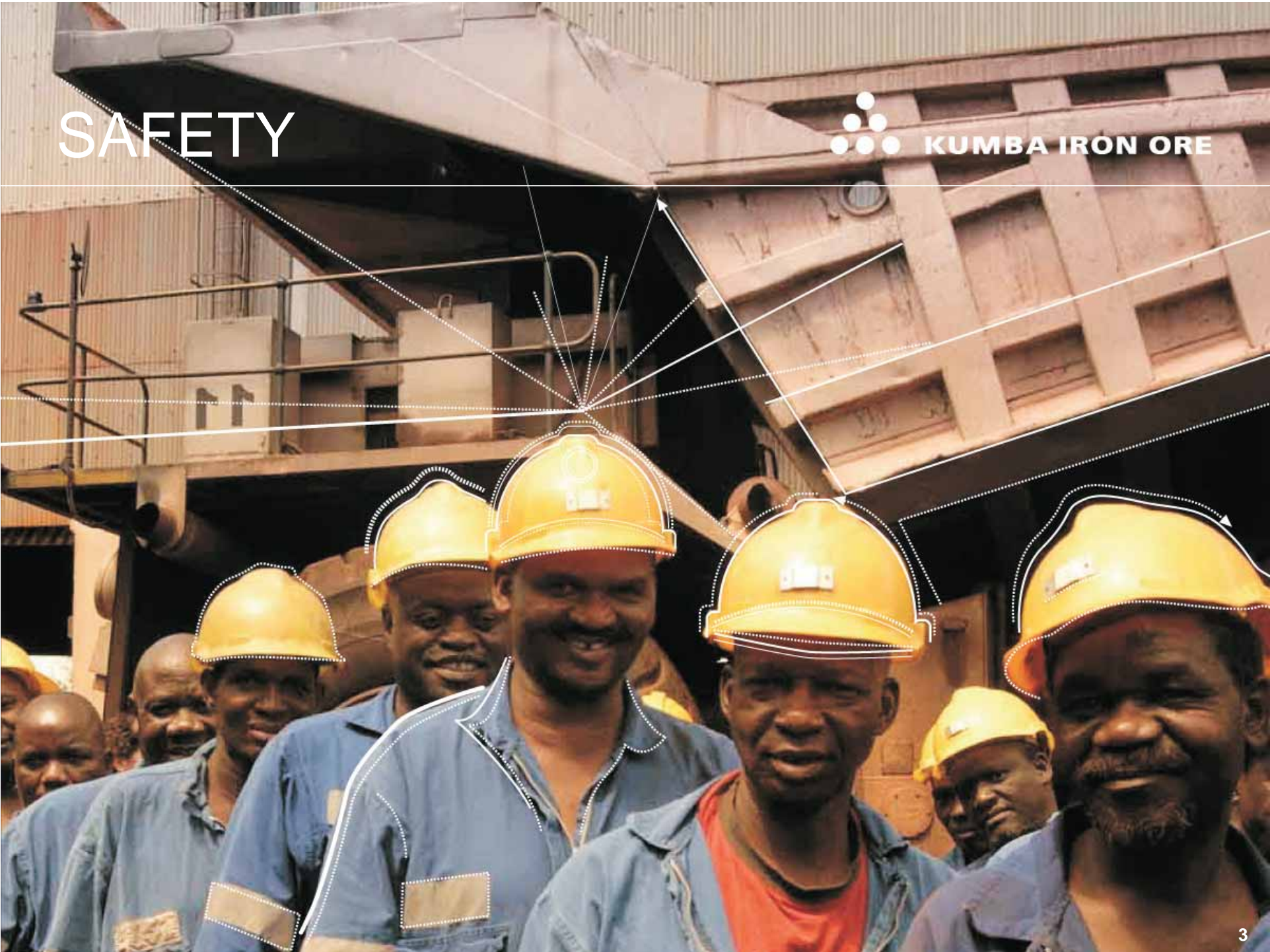
- Operating profit of R5.2 billion up 78%
- Headline earnings of R2.8 billion up 76%
- Interim cash dividend of 800 cents per share
- Commitment to zero harm – visible achievements
  - 3 of the 6 months to end of June 2008 were lost time injury (LTI)-free, of which two were consecutive
  - Only 4 LTI's during the six month period
- Sishen Mine production of 15.8Mt up 11%
- New order mining rights granted



# SAFETY



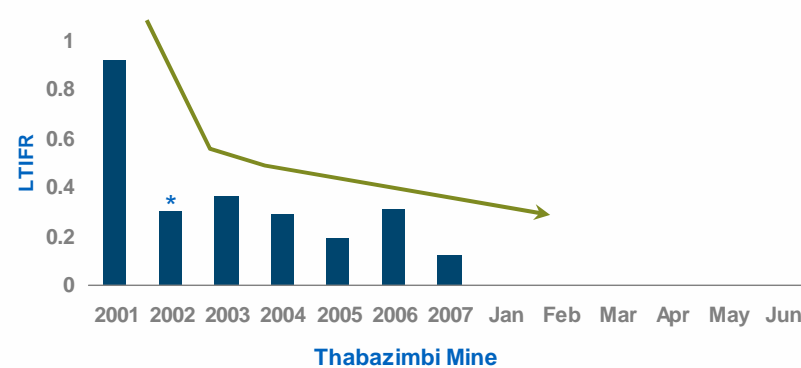
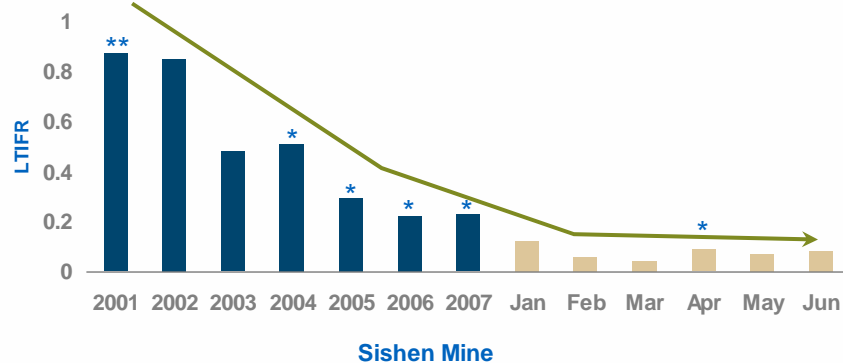
KUMBA IRON ORE



# Safety – ‘one injury is one too many’



- Kumba remains committed to zero harm as safety continues to be the top priority
- Sishen Mine
  - Regrettably one fatality during April 2008
  - Achieved best ever LTIFR of 0.08
  - Achieved 4.5 million LTI-free man-hours in April 2008
- Thabazimbi Mine
  - Worked a consecutive 9 months without a single LTI
  - Achieved 2 million LTI-free man-hours in June 2008



\* Fatality

# OPERATIONAL REVIEW



## Operational review – Sishen Mine



- DMS production (14.0Mt) stable
- Jig plant production ramps up 1.3Mt – impacted by commissioning delays
- Additional initiatives deliver 0.5Mt

(Mt)	6 months			6 months	
	30 June 2008	30 June 2007	% change	31 Dec 2007	% change
Total tonnes mined	<b>50.9</b>	51.2	(1)	<b>53.3</b>	(5)
Waste mined	<b>29.3</b>	32.1	(9)	<b>33.4</b>	(12)
ROM production	<b>21.7</b>	19.1	14	<b>19.8</b>	10
Final product	<b>15.8</b>	14.2	11	<b>15.5</b>	(2)
- DMS	<b>14.0</b>	14.2	(1)	<b>15.3</b>	(9)
- Jig	<b>1.3</b>	–		<b>0.2</b>	
- Other	<b>0.5</b>	–		–	
Stripping ratio*	<b>1.35</b>	1.64		<b>1.69</b>	

\* Stripping ratio is calculated on ex-pit production

## Operational review – Sishen Mine continued



- Logistics
  - Export sales volumes increased 13% to 13.3Mt
  - Ramp up from SEP jig plant will increase rail utilisation in 2H 2008
  - Load out station initiative increasing throughput

(Mt)	6 months		% change	6 months		% change
	30 June 2008	30 June 2007		31 Dec 2007		
Railed to port	12.7	11.5	10	13.1	(3)	
Total sales	16.0	15.0	7	15.5	3	
Sales - export	13.3	11.8	13	12.2	9	
Sales - domestic	2.7	3.2	(16)	3.3	(18)	

## Operational review – Sishen Expansion Project (SEP) KUMBA IRON ORE

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- Crusher performance has improved and achieved its design capacity
- Jig performance has been negatively impacted by design and engineering problems
- Modifications and new components will be fully implemented by the end of August
- SEP1A (7th and 8th jig modules) – to be commissioned in third quarter of 2008
- Production of some 5Mt should be achieved for 2008



# Operational review – Thabazimbi Mine



- Record safety performance
- Production in line with contractual commitments

	6 months		% change	6 months	
	30 June 2008	30 June 2007		31 Dec 2007	% change
Total tonnes mined	5.6	11.8	(53)	10.5	(47)
Waste mined	3.9	10.1	(61)	8.9	(56)
ROM production	1.7	1.7		1.6	6
Production	1.3	1.4	(7)	1.3	(4)
Sales – domestic	1.3	1.3		1.1	21
Stripping ratio*	2.3	5.9		5.6	

\* Stripping ratio is calculated on ex-pit production

- Committed to reduce electricity consumption for DMS production to 90% of 2007 level
- Sishen Mine running the total haul truck fleet on diesel
- Deferring waste pre-stripping at Thabazimbi Mine
- Dedicated team focusing on energy saving initiatives
- Targets of the PCP should be met without negative impact on production volumes
- Participating in the Anglo American plc group forum

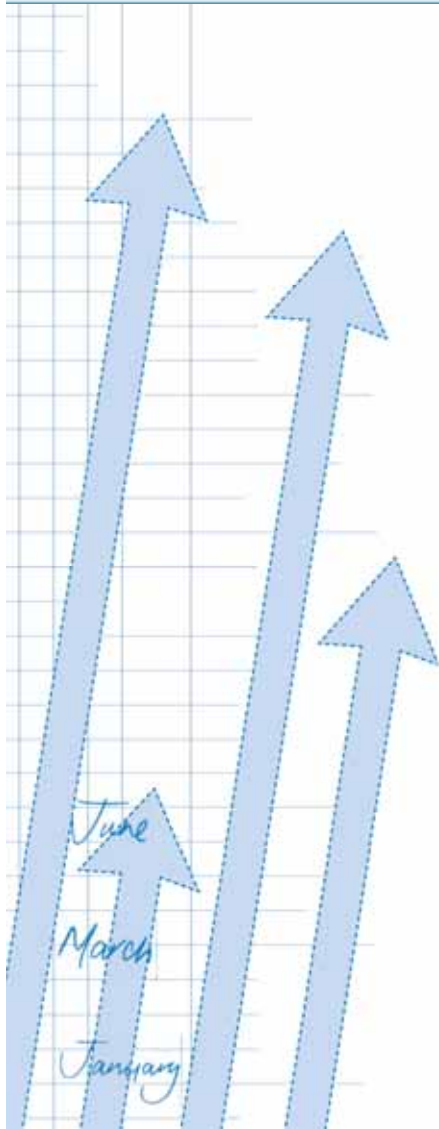
# FINANCIAL REVIEW



# Highlights



- Revenue up 67% from R5.4 billion to R9.0 billion
- Headline earnings R2.8 billion (890 cents per share)
- Operating profit up 78% to R5.2 billion
  - Operating margin up 4% from 2007, despite cost pressures
- Cash generated by operations R4.6 billion
- Interim cash dividend 800 cents per share



# Financial overview



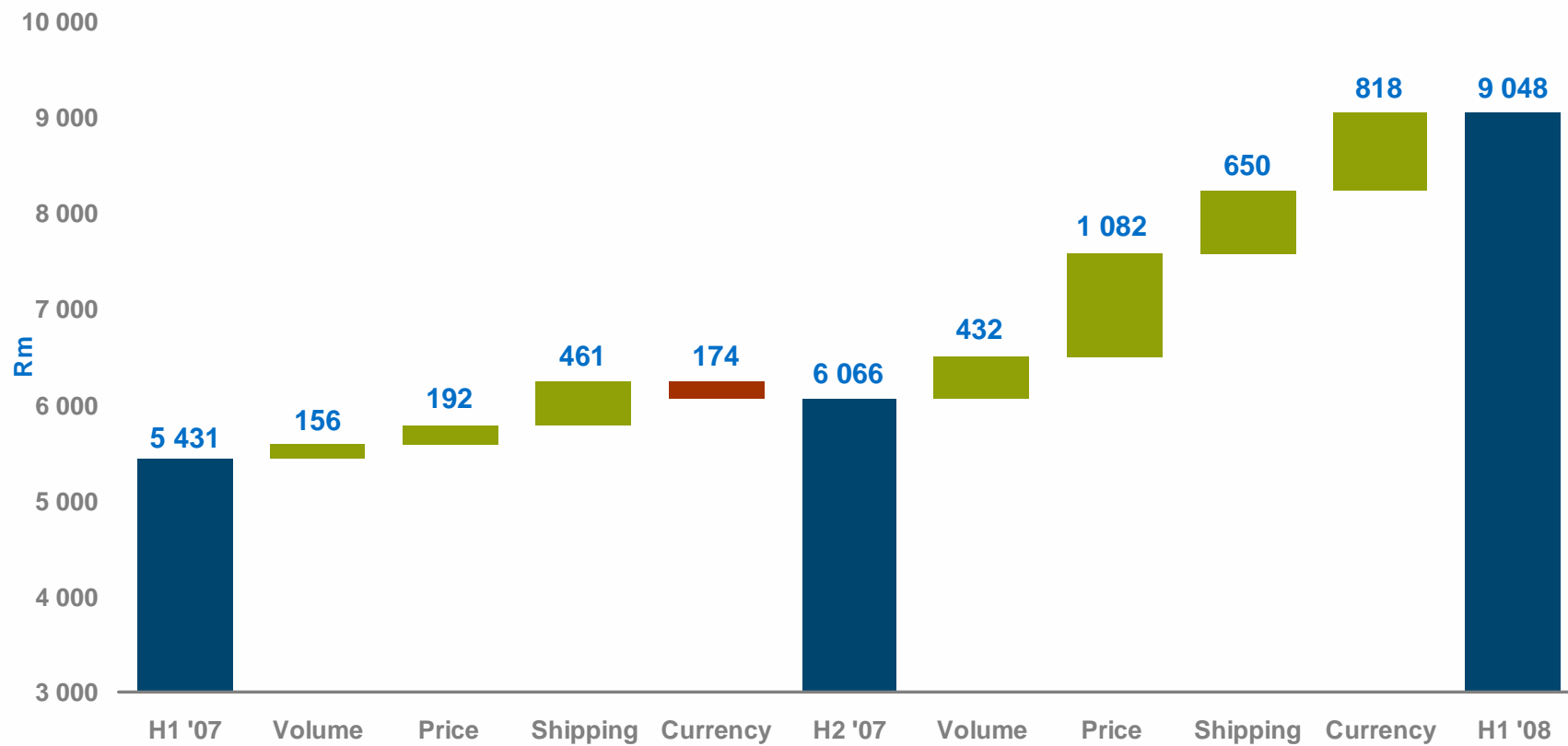
(Rm)	6 months		% change	6 months		% change	12 months
	30 June 2008	30 June 2007*		31 Dec 2007*	31 Dec 2007*		
Revenue	<b>9 048</b>	5 431	67	<b>6 066</b>	49	11 497	
Operating expenses	<b>(3 802)</b>	(2 482)	(53)	<b>(3 037)</b>	(25)	(5 519)	
Operating profit	<b>5 246</b>	2 949	78	<b>3 029</b>	73	5 978	
Operating margin	<b>58%</b>	54%		<b>50%</b>		52%	
Profit attributable	<b>3 545</b>	2 018	76	<b>1 985</b>	79	4 003	
- Equity holders of Kumba	<b>2 816</b>	1 605	75	<b>1 576</b>	79	3 181	
- Minority interest	<b>729</b>	413	77	<b>409</b>	78	822	
Headline earnings	<b>2 816</b>	1 604	76	<b>1 539</b>	83	3 143	
Effective tax rate (%)	<b>28</b>	27		<b>27</b>		27	
Cash generated from operations	<b>4 581</b>	3 017	52	<b>2 788</b>	64	5 805	
Capital expenditure	<b>806</b>	1 166	(31)	<b>953</b>	(15)	2 119	

\* Restated as a result of the change in accounting policy – capitalisation of borrowing costs

# Revenue variance



- Strong market fundamentals



## Revenue – sector analysis



- Increase in revenue driven by 57% increase in export sales

(Rm)	6 months		% change	6 months		12 months
	30 June 2008	30 June 2007		31 Dec 2007	% change	
Export	<b>7 034</b>	4 485	57	<b>4 579</b>	54	9 064
Tonnes sold (Mt)	<b>13.3</b>	11.8	13	<b>12.2</b>	9	24.0
Domestic (Sishen Mine)	<b>331</b>	384	(14)	<b>443</b>	(39)	827
Tonnes sold (Mt)	<b>2.7</b>	3.2	(16)	<b>3.3</b>	(18)	6.5
Rand per tonne	<b>123</b>	120	(3)	<b>134</b>	(26)	127
Domestic (Thabazimbi Mine)	<b>260</b>	250	4	<b>271</b>	(4)	521
Tonnes sold (Mt)	<b>1.3</b>	1.3		<b>1.1</b>	18	2.4
Rand per tonne	<b>202</b>	192	5	<b>246</b>	(18)	217
Shipping operations	<b>1 423</b>	312		<b>773</b>	92	1 085
Total revenue	<b>9 048</b>	5 431	67	<b>6 066</b>	49	11 497

# Aggregate operating expenditure



(Rm)	6 months			6 months		12 months
	30 June 2008	30 June 2007	% change	31 Dec 2007	% change	31 Dec 2007
Operating expenditure	<b>3 802</b>	2 482	(53)	<b>3 037</b>	(25)	5 519
Cost of goods sold	<b>1 958</b>	1 625	(20)	<b>1 707</b>	(15)	3 332
Cost of goods produced	<b>1 703</b>	1 368	(39)	<b>1 703</b>		3 071
Production costs	<b>1 825</b>	1 589	(27)	<b>1 891</b>	7	3 480
Sishen Mine	<b>1 511</b>	1 310	(15)	<b>1 466</b>	(3)	2 776
Thabazimbi Mine	<b>274</b>	261	(5)	<b>286</b>	4	547
Other	<b>40</b>	18		<b>139</b>	71	157
Inventory movement WIP	<b>(122)</b>	(221)	(45)	<b>(188)</b>	(35)	(409)
A Grade	<b>38</b>	6		<b>25</b>	(52)	31
B Grade	<b>(160)</b>	(227)	(30)	<b>(213)</b>	(25)	(440)
Inventory movement FP	<b>219</b>	148	(48)	<b>(141)</b>		7
Other	<b>36</b>	109	66	<b>145</b>	75	254
Selling and distribution costs	<b>865</b>	590	(47)	<b>710</b>	(22)	1 300
Shipping operations	<b>979</b>	267		<b>620</b>	(58)	887



# Sishen Mine – unit cost



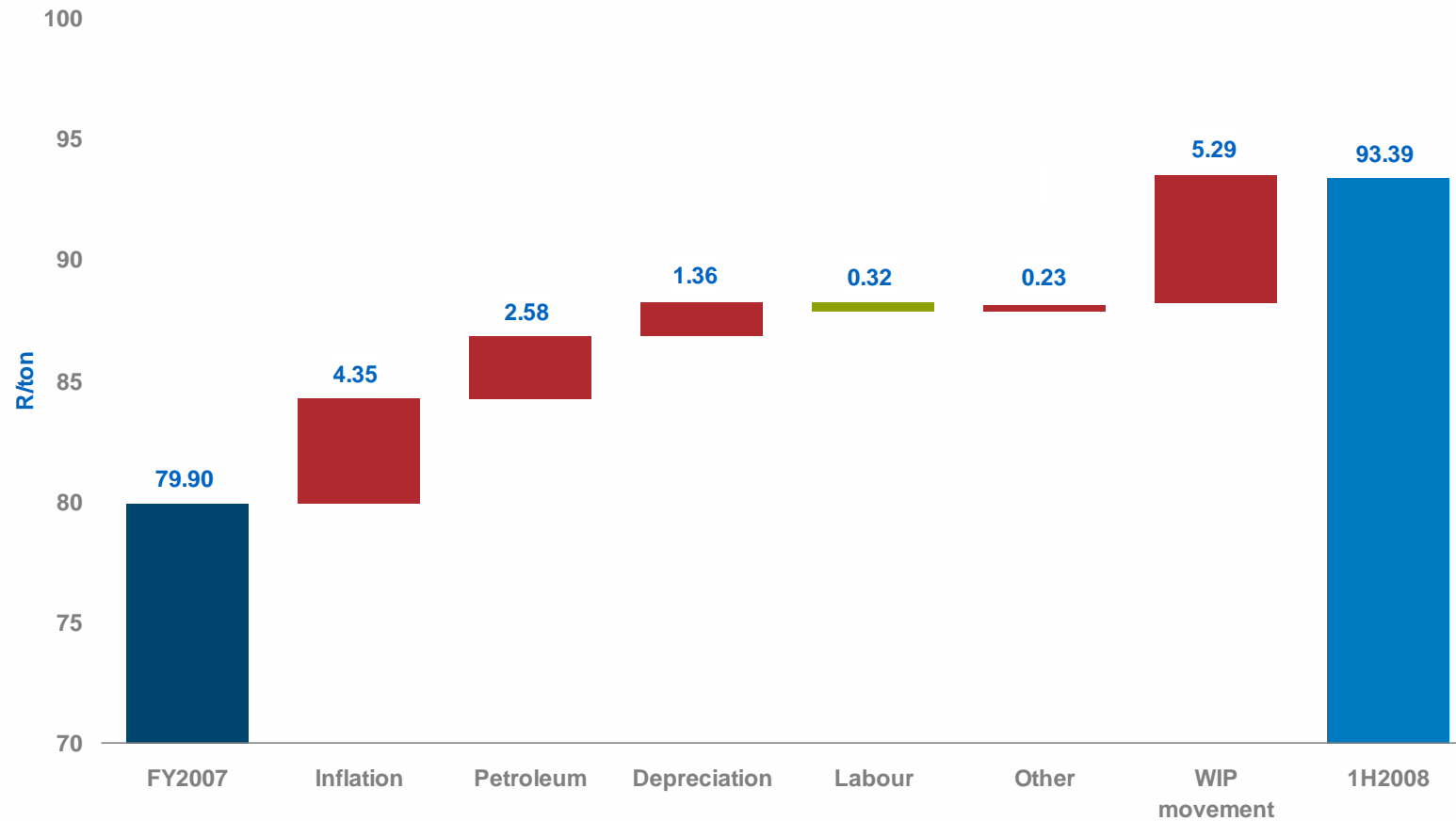
- Costs remain under pressure

(Rm)	6 months		% change	6 months		12 months
	30 June 2008	30 June 2007		31 Dec 2007	% change	
Production (Mt)	15.8	14.2	11	15.5	2	29.7
Cost of goods produced	1 389	1 097	(27)	1 278	(9)	2 375
Production costs	1 511	1 310	(15)	1 466	(3)	2 776
Inventory movements	(122)	(213)		(188)		(401)
- Work in progress – A grade	38	14		25		39
- Work in progress – B grade	(160)	(227)		(213)		(440)
Unit cost (R/tonne)	93.39	77.11	(21)	82.43	(13)	79.90
Cash cost (R/tonne)	86.14	69.37	(24)	77.13	(12)	74.32
Unit cost (US\$/tonne)	12.21	10.78	(13)	11.37	(7)	11.36

# Sishen Mine – unit cost variance



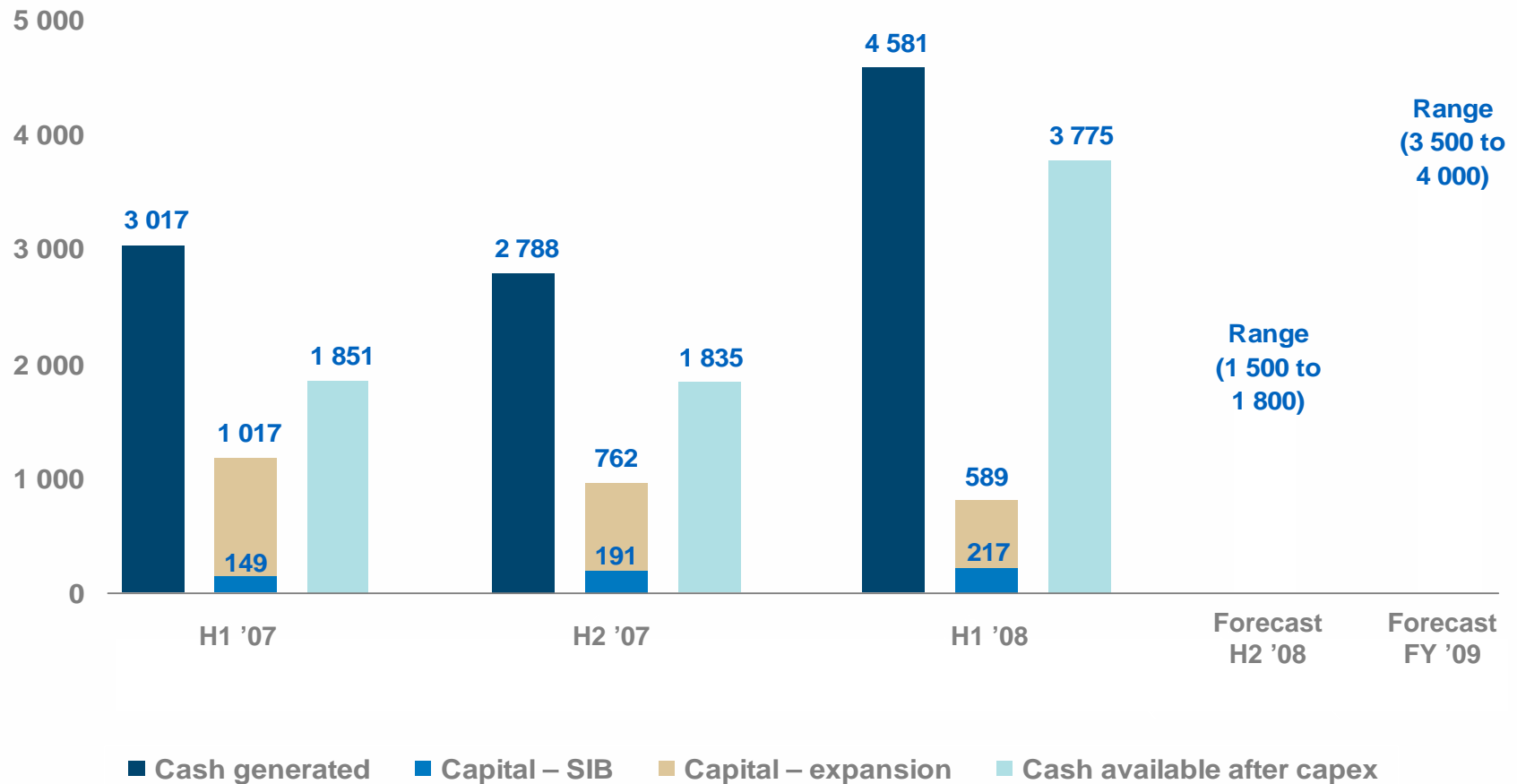
- Inflation and fuel costs contribute to the increased unit cost



# Cash flow analysis



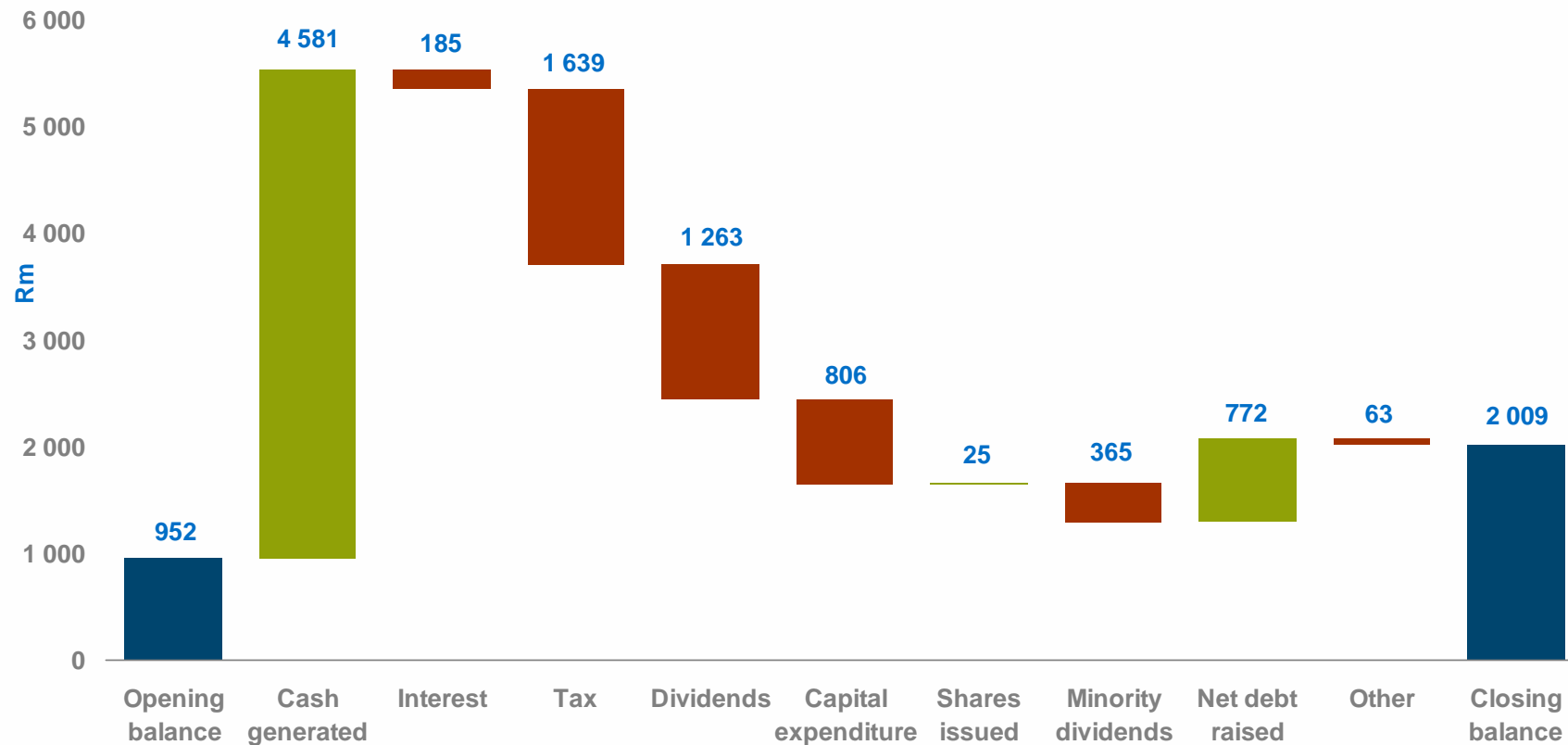
- Strong cash flow generation



# Cash flow variance – 1H 2008



- Robust cash flows
- Capital expenditure funded by debt



## Dividend – cash flows



- SIOC declares full dividend

(Rm)	Interim dividend		Final dividend	Total dividend
	30 June 2008	30 June 2007	31 Dec 2007	31 Dec 2007
Gross dividend declared by SIOC	3 755	1 700	1 930	3 630
Less: STC	327	189	175	364
Dividend declared by SIOC	3 428	1 511	1 755	3 266
- Kumba	2 537	1 119	1 298	2 417
- Exxaro	685	302	351	653
- SIOC Community Development SPV	103	45	53	98
- SIOC Employee Share Participation Scheme (Envision)	103	45	53	98

# Kumba dividend



- Interim cash dividend of R2.5 billion or 800 cents per share
- Strong balance sheet and robust cash flows

	Interim dividend		Final dividend
	30 June 2008	30 June 2007	31 Dec 2007
Earnings per share (cents per share)	890	502	483
Dividend per share (cents per share)	800	350	400
Total dividend declared (Rm)	2 537	1 103	1 268
Dividend cover (times)	1.1	1.4	1.2

# Gearing



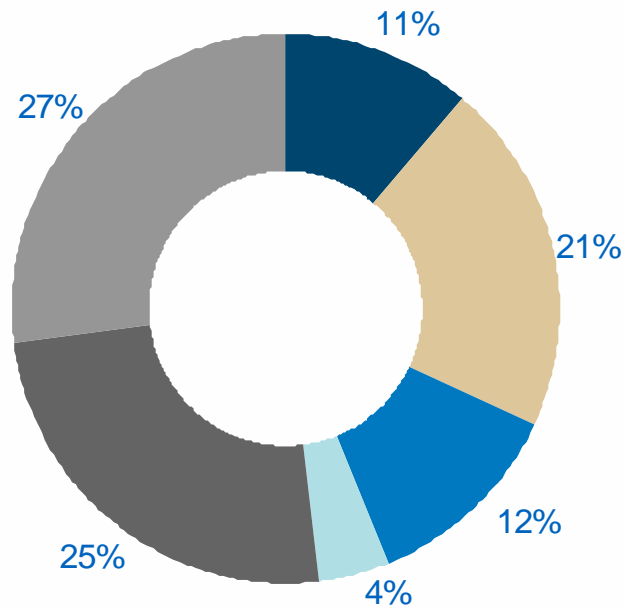
- Net debt position reduced due to strong cash flow generation
- Ongoing capital expenditure to be funded through borrowing facilities
- Increased debt capacity being sought

(Rm)	30 June		31 Dec
	2008	2007	2007
Interest-bearing borrowings	4 303	3 533	3 530
Cash and cash equivalents	(2 009)	(1 364)	(952)
Net debt	2 294	2 169	2 578
Total equity	5 511	2 802	3 397
Interest cover (times)	27	20	19

# Value distribution



- R6.1 billion value added during the period
- Value distributed as follows



■ Employees (incl employees' tax) ■ Shareholders of Kumba Iron Ore ■ Minority interests  
■ Providers of loan capital ■ Governements - direct taxes ■ Reinvested in the group



## Our people – Envision (Employee Share Participation Scheme)

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- Delivering value to our 4 456 employees through Envision
- Total of R11 million paid out in dividends to employees
- Increase in value of scheme since inception to 30 June 2008

## Our people – SIOC Community Development SPV and Trust

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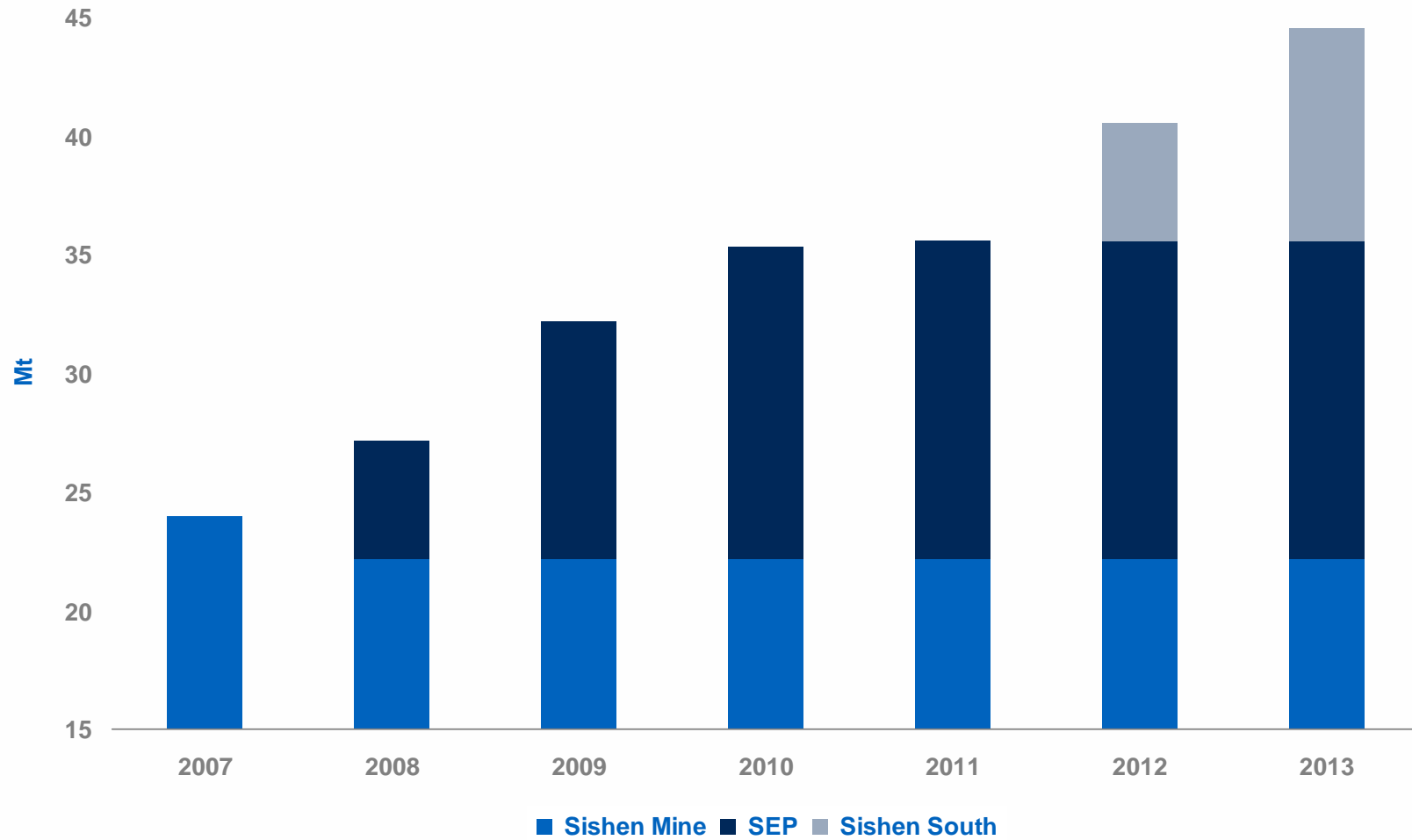


- Making a difference in our communities
- SIOC Community Development SPV
  - Received R109 million in dividends from SIOC to date
  - Distributed R11 million to the Trust
  - Balance to be used for redemption of preference shares
- SIOC Community Development Trust
  - Received R11 million dividends from the SPV for various projects
  - Distributions to various beneficiary trusts underway

# PROJECT PIPELINE



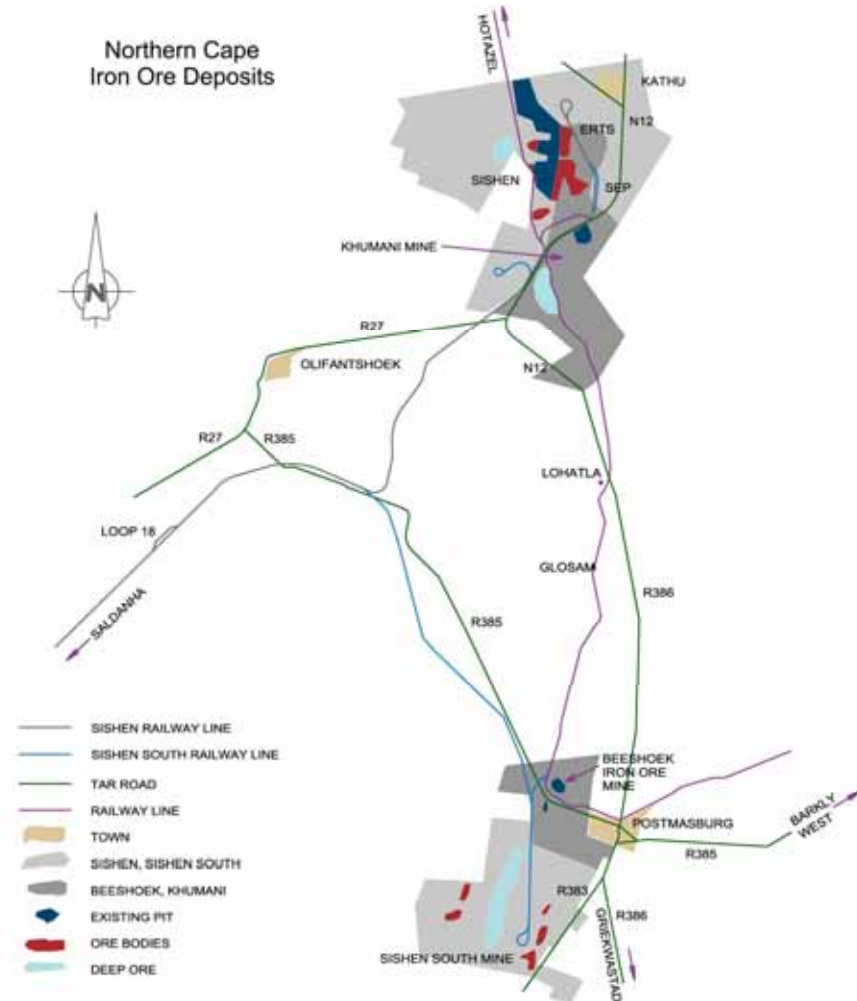
# Doubling Northern Cape exports – on track



# Sishen South project overview



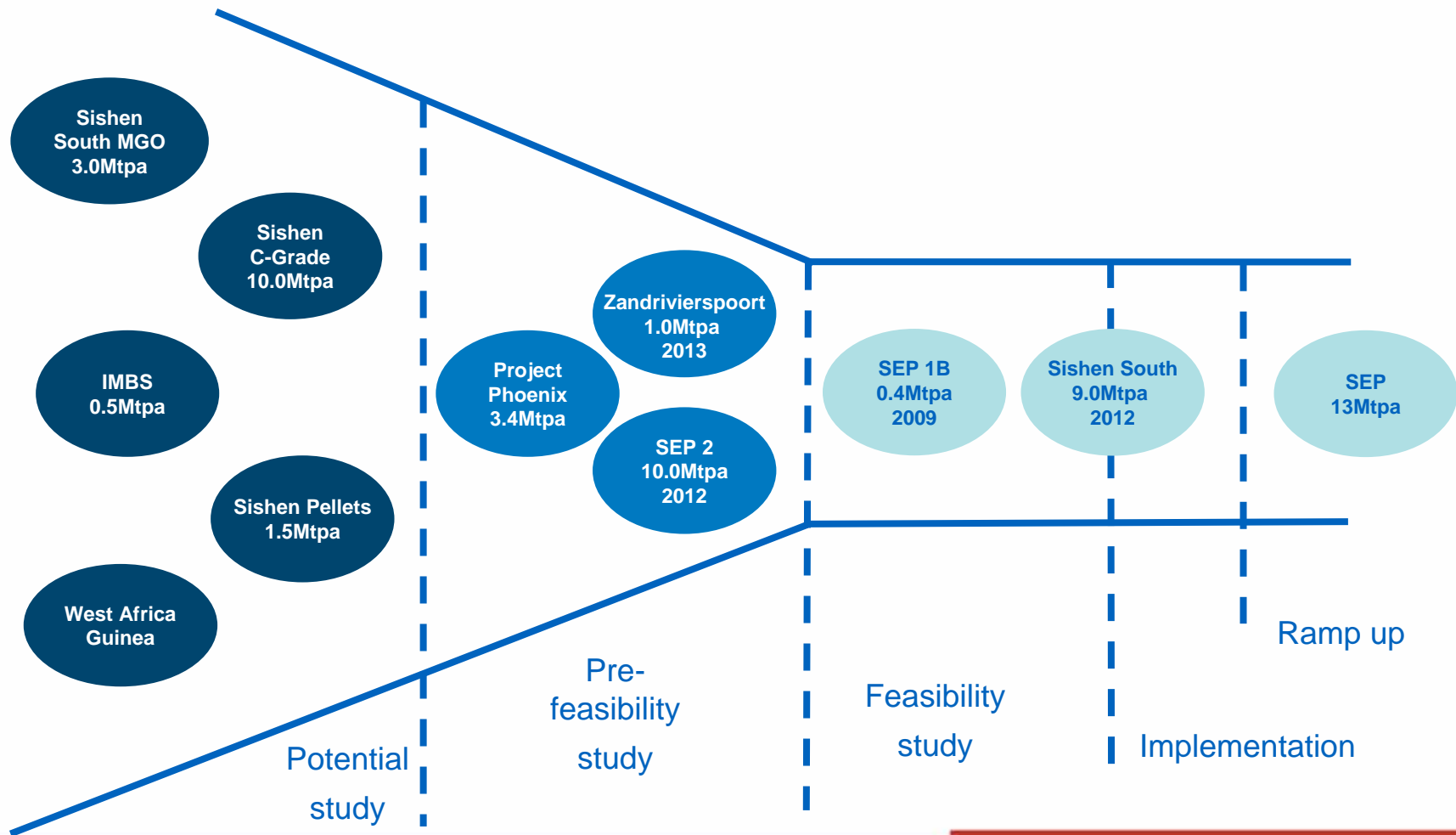
- Progressing through final approval
- 9Mtpa new mine in the Northern Cape
- 80km south of Sishen Mine
- 36km to Saldanha export rail line
- SEP type product
- Shared services with Sishen Mine
- Capital cost – R5.9billion (real – Jan '08)
- First production expected in 2012



# Project pipeline



- Robust project pipeline



# OUTLOOK



- Market prospects remain positive as growth in demand continues to exceed supply
- Ramp-up of SEP production should escalate in 2H
- Operating costs remain under pressure
- Significant industry iron ore price settlements



# Q & A



# ANNEXURES



# Headline earnings



(Rm)	6 months			12 months
	30 June 2008	30 June 2007	31 Dec 2007	31 Dec 2007
Profit	2 816	1 605	1 576	3 181
Net (profit)/deficit on disposal or scrapping of property, plant and equipment	-	(4)	(10)	(14)
Realisation of foreign currency translation reserve	-	-	(34)	(34)
	<b>2 816</b>	1 601	1 532	3 133
Taxation effect of adjustments	-	3	(2)	1
Minority interest in adjustments	-	-	9	9
Headline earnings	<b>2 816</b>	1 604	1 539	3 143

# Reconciliation of attributable profit



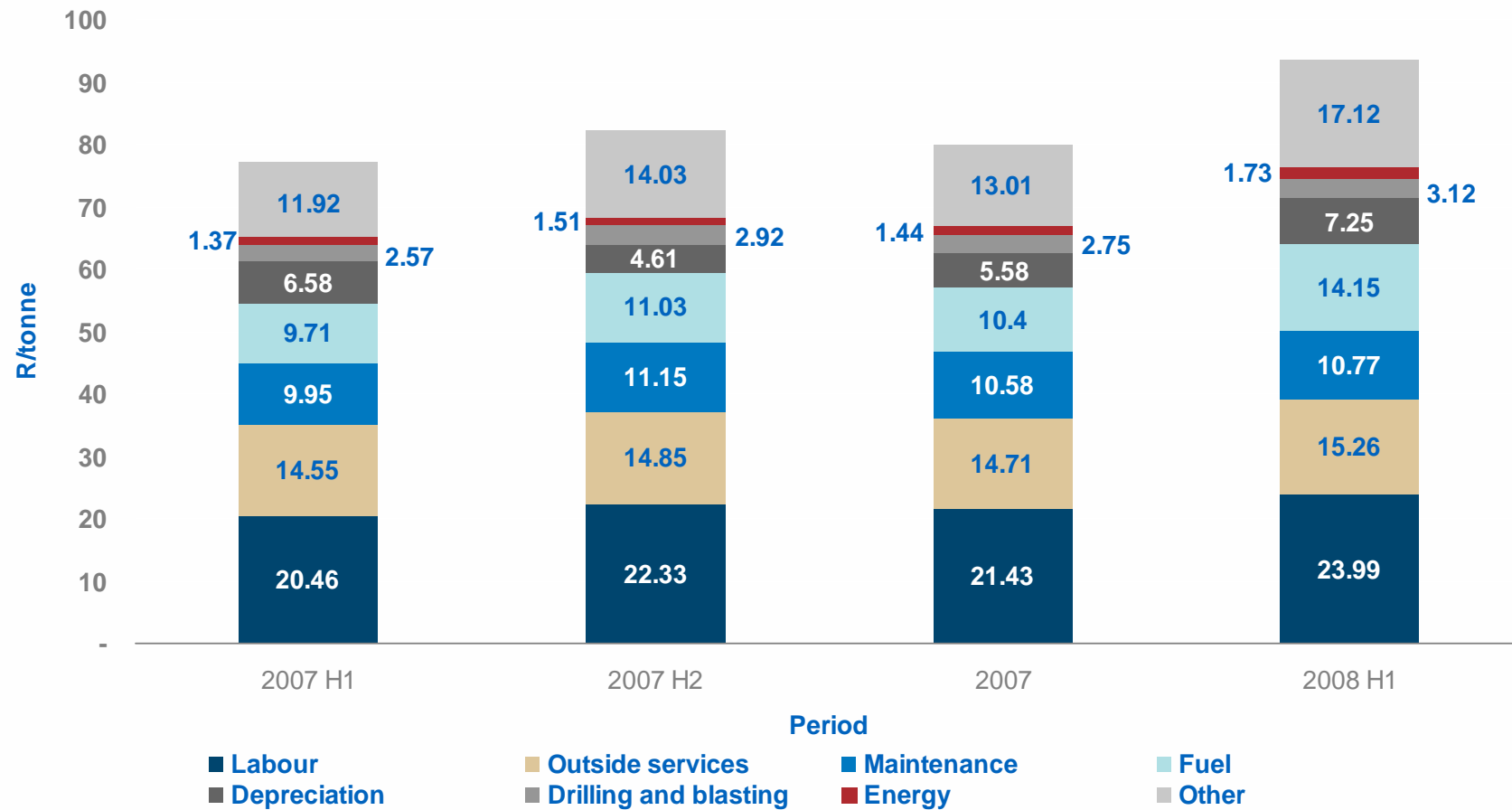
(Rm)	6 months			12 months
	30 June 2008	30 June 2007	31 Dec 2007	31 Dec 2007
Profit	<b>3 545</b>	2 018	1 985	4 003
Attributable to minorities	<b>(729)</b>	(413)	(409)	(822)
- Exxaro	<b>(714)</b>	(408)	(397)	(804)
- SIOC Community Development SPV	<b>(4)</b>	(3)	(3)	(7)
- Envision	<b>(11)</b>	(2)	(9)	(11)
Attributable to equity holders of Kumba	<b>2 816</b>	1 605	1 576	3 181

## Reconciliation of minority interest

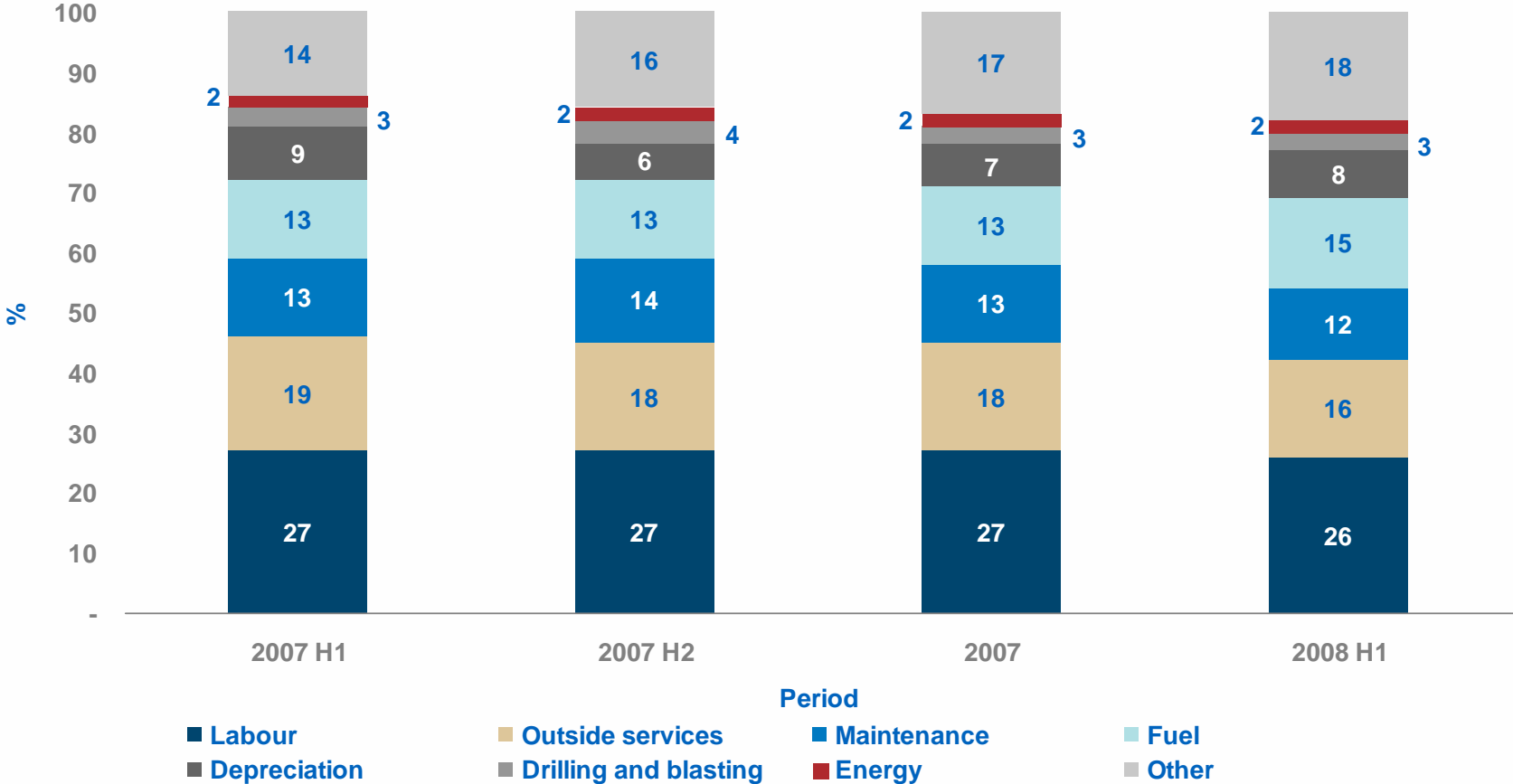


(Rm)	30 June		31 Dec
	2008	2007	2007
Minority interest opening balance	661	216	216
Profit for the period	729	413	822
- Exxaro	714	408	804
- SIOC Community Development SPV	4	3	7
- Envision	11	2	11
Dividends paid	(358)	(77)	(382)
- Exxaro	(351)	(72)	(373)
- SIOC Community Development SPV	(4)	(3)	(7)
- Envision	(11)	(2)	(11)
- Recoupment of Envision dividend	8	-	9
Interest in movements in equity reserves	35	3	6
Minority interest closing balance	1 067	555	661

# Sishen Mine – cost structure (R/tonne)



# Sishen Mine – cost structure (%)



# Sishen Mine – total tonnes mined

