Kumba Iron Ore Limited
A member of the Anglo American plc group
(Incorporated in the Republic of South Africa)
(Registration number 2005/015852/06)
JSE Share code: KIO
ISIN: ZAE000085346

KUMBA IRON ORE LIMITED
AUDITED SUMMARISED ANNUAL FINANCIAL RESULTS AND FINAL CASH DIVIDEND DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2013

KEY FEATURES

- No loss of life
- Sishen mine's production down 8% for the year; improved significantly in 4Q13 by 31% from 3Q13
- Outstanding performance at Kolomela mine continued, increasing production by 27% to 10.8 Mt
- Export sales of 39.1 Mt, down 2%
- Operating profit of R28.4 billion, up 20%
- Headline earnings of R15.4 billion, up 24%
- Final cash dividend declared of R19.94/share, total dividend for 2013 R40.04 up 26%
- Supply Agreement concluded with ArcelorMittal S.A.
- Constitutional Court judgment delivered, bringing an end to the legal process

COMMENTARY

Kumba Iron Ore Limited (Kumba, the company, or the group) announces its preliminary results for the year ended 31 December 2013.

2013 was a year which was spent on reviewing and assessing our assets, our portfolio and resetting our strategy. It was a challenging year in many respects but we are pleased with the overall results. In particular it was very gratifying that Kumba ended 2013 with no loss of life at its operations. However, there was a marked deterioration in our lost-time injury frequency rate (LTIFR) per 200,000 hours worked to 0.18 from 0.10 in 2012.

2012 and 2013 were very difficult years for employee relations in the South African mining industry and this has continued into 2014. In Kumba, 2013 saw improved relations with no significant work stoppages, quite different from 2012 when we had a serious unprotected strike at Sishen mine. This was achieved by significantly improving communication with our employees and instituting a number of post-strike studies and remedial actions. Wage negotiations are set to commence during 2014.

Total production of iron ore of 42.4 million metric tonnes (Mt) decreased by 2% primarily as a result of the production shortfalls at Sishen mine, which were mostly offset by the excellent performance at Kolomela mine. The optimisation and strategic reviews undertaken at Sishen mine have resulted in a focused recovery and optimisation plan to increase production.

The steady financial performance achieved in the first half of the year was maintained, with headline earnings of R15.4 billion for the full year, a 24% increase on the R12.5 billion achieved in 2012. The marginal 2% decrease in export iron ore volumes to 39.1 Mt, offset by the 2% stronger average export iron ore prices achieved, together with a 17% decline in the average Rand/US dollar exchange rate, resulted in revenue increasing by 20% to R54.5 billion (2012: R45.4 billion).

Attributable and headline earnings per share were R48.09 and R48.08 per share respectively, and a final dividend of R19.94/share has been declared (total dividend for 2013 is R40.04 per share; 2012: R31.70 per share).

Excellent progress was made in the resolution of major legal and regulatory matters. In November 2013, Kumba's 73.9% subsidiary, Sishen Iron Ore Company (Pty) Ltd (SIOC), entered into a new Supply Agreement with ArcelorMittal S.A. regulating the sale and purchase of iron ore between the parties. This agreement is effective from 1 January 2014 and settled the arbitration and various other disputes between the parties.

The legal proceedings involving the 21.4% undivided share of the Sishen mine mineral rights continued through 2013 with the Constitutional Court hearing, on 3 September 2013, of the Department of Mineral Resources (DMR) and Imperial Crown Trading 289 (Pty) Ltd (ICT) appeal applications against the Supreme Court of Appeal's judgment.

In a detailed and comprehensive judgment delivered on 12 December 2013, the Constitutional Court ruled that, based on the provisions of the Mineral and Petroleum Resources Development Act (MPRDA), only SIOC can apply for the residual 21.4% undivided share of the Sishen mining right. The grant of the mining right may be made subject to such conditions considered by the Minister to be appropriate, provided that the proposed conditions are permissible under the MPRDA. Based on this, SIOC continues to account for 100% of what is mined from the reserve at Sishen mine. SIOC has, in compliance with the Constitutional Court order, submitted an application to be granted this right.

Following the Constitutional Court ruling, the sale of iron ore from SIOC to ArcelorMittal S.A. will remain regulated by the recently concluded Supply Agreement.

MARKET OVERVIEW

The global steel and iron ore markets have generally been stable in 2013, and better than anticipated. An increase in global steel production of 3% to 1,582 Mt (2012: 1,529 Mt), supported the demand for iron ore. The sustained government infrastructure spend in China, as well as steel mill restocking prior to the winter season, assisted this rise.

China - the main producer of steel worldwide - increased its production by an unexpectedly strong 7% this year to 779 Mt (2012: 731 Mt). Growth in Japan and South Korea was also above expectations, and Europe has stabilised during the year, which supported global demand.

Seaborne iron ore supplies increased by 10% in 2013 to 1,324 Mt (2012: 1,208 Mt), as the increase from Australia more than compensated for lower supplies from India and flat exports from Brazil.

Iron ore index prices were strong and averaged 4% higher at US$135/tonne (Platts 62% Fe CFR China) (2012: US$130/tonne). Index prices reached a high of US$160/tonne in February 2013, but fell to a low of US$110/tonne in May 2013, before stabilising at around US$135/tonne towards the end of the year. Kumba's pricing mechanism continued to evolve with prices in China now mostly based on index values around the discharge date. In other markets, we largely continue to use a quarterly pricing mechanism.

OPERATIONAL PERFORMANCE

Safety

Kumba ended 2013 without any loss of life. However, there was a marked deterioration in our lost time injury frequency rate with 33 lost-time injuries recorded for the year (2012: 20), most arising from materials handling but of less severity than in previous periods. Kumba has renewed its focus on entrenching individual responsibility and behaviour, particularly in relation to repeat incidents, and various processes are underway to improve effective learning and hazard identification risk assessments.

We continue to drive structured safety improvement plans to enhance our safety culture and highlight the importance of employee focus with regard to safety in every task in the work place.

Production summary (Unaudited)

	Year ended		
Mt	31 Dec 2013	31 Dec 2012	% change
Mine production	42.4	43.1	(2)
Sishen mine	30.9	33.7	(8)
DMS plant	20.4	23.1	(12)
Jig plant	10.5	10.6	-
Kolomela mine	10.8	8.5	27
Thabazimbi mine	0.6	0.8	(25)

Sishen mine

Total tonnes mined at Sishen mine rose by 22% to 208.8 Mt (2012: 171.6 Mt), of which waste mined amounted to 167.8 Mt, an increase of 26% (2012: 133.5 Mt) as the planned waste ramp up continues to alleviate the current pit constraints at the mine. Iron ore production at Sishen mine, however, decreased by 8% compared with 2012, to 30.9 Mt. Production from the dense media separation (DMS) plant was impacted by availability of material from the pit and resulted in 12% lower output for the year. Production from the Jig plant was in line with the prior year although still below design capacity due to feedstock quality constraints. The mine was further hampered by several section 54 regulatory safety stoppages relating to the operation of trackless mobile machinery in August 2013, which also resulted in a gradual ramp up of the mine thereafter.

The Sishen mine pit is currently constrained, resulting in insufficient exposed ore. A production recovery plan to address the current pit constraints and a longer term operational optimisation strategy are being implemented, which include re-designing of waste mining push backs to rotate mining direction in some areas through 90 degrees, optimising smaller push backs, and design changes to enable faster sink rates to expose ore. A three-year expansion programme to develop and build a maintenance workshop for heavy mining equipment was completed on time and on budget, improving sustainability and productivity.

To facilitate the expansion of Sishen mine to the west, Kumba has completed a comprehensive feasibility study for the relocation of the

Dingleton community in conjunction with an extensive consultation process with interested and affected parties, the community and relevant government departments. The Kumba Board approved the plan to resettle the community in the town of Kathu in the Northern Cape Province. This is expected to cost an estimated R4.2 billion over a four to six year period.

Kolomela mine

Kolomela mine continued to deliver an outstanding performance in 2013, increasing production by 27% to 10.8 Mt (2012: 8.5 Mt). Production exceeded monthly design capacity for most of the year, and reached a new record level during October 2013. Total tonnage mined increased by 38% to 59.9 Mt (2012: 43.5 Mt), of which waste mined increased by 39% to 46.7 Mt.

Thabazimbi mine

Production at Thabazimbi mine was 25% lower at 0.6 Mt (2012: 0.8 Mt), mainly as a result of partial plant shutdowns towards the end of 2013. The new Supply Agreement with ArcelorMittal S.A. may enable the extension of the life of Thabazimbi mine to 2023, and beyond that through the introduction of low grade beneficiation technologies.

Logistics

Volumes railed on the Iron Ore Export Channel (IOEC) remained steady at 40.1 Mt (2012: 40.0 Mt), as Transnet Freight Rail continued its solid performance of recent years. Of this, 11.1 Mt came from Kolomela mine. Kumba shipped 39.3 Mt from the Saldanha port, a 2% increase on 38.5 Mt of the previous financial year.

Total finished product stockpiles amounted to 2.8 Mt at the end of the year, compared with 3.7 Mt at the end of 2012.

Shipping

The group’s shipping business increased volumes shipped on behalf of customers from the Saldanha port to 25.7 Mt, 1.6 Mt or 7% up over 2012. Long-term freight contracts accounted for 6.7 Mt or 26% of the total volume.

Sales

Sales summary (Unaudited)

	Year ended		
Mt	31 Dec 2013	31 Dec 2012	% change
Total sales volumes	43.7	44.4	(2)
Export sales	39.1	39.7	(2)
Domestic sales	4.6	4.7	(2)
Sishen mine	3.9	3.5	11
Thabazimbi mine	0.7	1.2	(42)

Notwithstanding the lower production from Sishen mine, Kumba’s total sales volumes were only 2% lower at 43.7 Mt (2012: 44.4 Mt) as both export and domestic sales volumes to ArcelorMittal S.A. for the year decreased by 2% to 39.1 Mt (2012: 39.7 Mt) and 4.6 Mt (2012: 4.7 Mt), respectively. The lower export sales volumes were mainly impacted by the production shortfalls at Sishen mine which reduced export stock levels across the value chain, mostly offset by the performance from Kolomela mine.

Export sales volumes to China accounted for 68% of the company's total export volumes for the year, compared to 69% in 2012. Sales volumes to Japan and South Korea rose by 13% to 8.3 Mt and represented 21% of the total export sales for the year, and the remaining 11% went to Europe. In 2014 this spread is expected to shift slightly as more iron ore is shipped to China and less to Europe.

The group's lump:fine ratio was 63:37, resulting in significant benefit as the lump premiums strengthened towards the end of 2013. The superior physical characteristics of Kumba's lump ore allows for the production of niche lump products with very specific sizing, commanding an additional premium in the market.

FINANCIAL RESULTS

Revenue

The group's total revenue rose 20% to R54.5 billion (2012: R45.4 billion). This improvement directly reflects the 2% increase in the average iron ore export prices realised, supported by stronger lump premiums particularly in the second half of the year, as well as the weakening of the Rand/US Dollar exchange rate, closing at R10.46/US$ from a starting point of R8.48/US$ at the beginning of the financial year.

Operating expenses

Total operating costs rose by 20% to R26.1 billion (2012: R21.8 billion), driven primarily by above inflation cost increases and the mining of 47.5 Mt of additional waste at Sishen and Kolomela mines. As a result of the planned increase in mining activity at Sishen mine, the production shortfalls and above inflationary input cost escalations, the mine's unit cash cost increased by 35% to R267/tonne compared to R198/tonne at the end of 2012. Kolomela mine's unit cash cost was R182/tonne for 2013 (2012: R180/tonne).

The group's selling and distribution costs of R4.5 billion (excluding shipping expenses) were 12% higher (2012: R4.1 billion) and were impacted by higher rail and port tariffs, as well as the utilisation of 2.1 Mt from Kolomela mine at a super tariff.

Operating profit

The group's operating profit margin of 52% for the period under review (56% from mining activities) is a healthy one, and a steady continuation of the 2012 performance, despite the production challenges at Sishen mine.

Operating profit increased by 20% to R28.4 billion (2012: R23.6 billion) in line with:

- A weighted average increase of 2% in realised iron ore export prices; and
- The average Rand/US$ exchange rate of R9.62/USD1.00, which was 17% weaker than the R8.19 achieved during 2012.

These increases were partially offset by a R2.2 billion or 17% increase in operating expenses (excluding selling and distribution expenses, shipping expenses and the mineral royalty) driven mostly by the 53.6 Mt increase in total tonnes mined at Sishen and Kolomela mines. The mineral royalty expense for 2013 doubled to R2.2 billion (2012: R1.1 billion), principally as a result of higher revenue, as well as lower capital allowances related to Kolomela mine.

Cash flow

Cash generated by the group’s operations amounted to R29.4 billion for the year, a 19% increase on 2012 (R24.7 billion) and in line with the iron ore price increases and a weakened Rand. These cash flows were used to pay taxation of R6.2 billion, royalties of R2.1 billion and dividends of R13.7 billion.

Kumba spent R4.5 billion on stay-in-business capital, mainly on heavy mining equipment such as haul trucks and shovels for Sishen and Kolomela mines in support of the waste mining ramp up.

Ore Reserves and Mineral Resources

Kumba’s ore reserves and mineral resources remained stable when compared to the previous year of reporting.

As of 31 December 2013 Kumba had ore reserves estimated at 1.1 billion tonnes at its three mining operations (Sishen, Kolomela and Thabazimbi), at an average unbeneficiated grade of 60.1% Fe, which is converted to a saleable product of 830 Mt at a product grade of 65.1%. Kumba’s estimated mineral resources, in addition to its ore reserves at these three operations, as well as the Zandriviersspoort magnetite project, totalled 1.2 billion tonnes.

The net decrease of 5% in Kumba’s ore reserves in 2013 was primarily attributable to annual production.

Kumba’s mineral resources, excluding ore reserves, showed a net increase of 2% from 2012 to 2013. The increase is mainly due to the addition of a significant amount of Mineral Resources to the Zandriviersspoort project following an update of the resource pit shell to align the Zandriverspoort project in terms of the definition of reasonable prospects for eventual economic extraction with the company’s operations.

The Constitutional Court ruled in December 2013 that when SIOC lodged its application for conversion of its old order right, SIOC converted only the right it held at that time (being a 78.6% undivided share in the Sishen mining right).

The Constitutional Court further held that SIOC was the only party competent to apply for and be granted the residual 21.4% share of the Sishen Mining Right. SIOC therefore has a reasonable expectation for the grant of the residual right and declares 100% of the Sishen resources and reserves in terms of the provisions of the SAMREC Code. SIOC has, in compliance with the Constitutional Court order, submitted an application to be granted this right. At the time of reporting, the right had not yet been granted and therefore SIOC’s attributable ownership in Sishen mine is stated as 78.6%. On grant of the application, SIOC’s attributable ownership in Sishen mine will revert to 100%.

Significant progress has been made in the progression of the Sishen Western Expansion Project (SWEP). Project development remains within budget, and construction activities have been completed. A major milestone in the development of the project was the relocation of the Transnet railway line from its previous position, to the far western extent of the SIOC property. The relocation of the railway line was completed in May 2013.

As a consequence of Transnet having previously held the surface rights over the SWEP Rail properties, the Rail properties are excluded from the Sishen Mining Right area. SIOC has applied to the DMR to obtain the necessary rights in relation to the Rail properties. The Sishen life-of-mine schedule is dependent on the grant of this right, which, if not successful, affects 30% or 262 Mt of the Sishen mine ore reserves. SIOC does, however, have a reasonable expectation for the grant of the right and hence classifies the volume in the Sishen probable ore reserves. Kumba is actively engaging with the DMR to expedite the grant of this right and remains confident that it will be granted.

Changes in directorate

The Board of directors of Kumba announced the following changes in Kumba's directorate during 2013. The Board expresses its gratitude to Mr David Weston, who retired from Anglo American plc and resigned as a non-executive director of Kumba on 30 September 2013, for his invaluable contribution to the Board and the company, and wishes him well in his future endeavours. The Board welcomes Mr Tony O'Neill, who joined as a non-executive director on 30 September 2013. Mr O'Neill is also a member of the Anglo American Group Management Committee.

Change in management

The Board of directors of Kumba announced that Mr Vusani Malie will resign as Company Secretary of Kumba with effect from 1 March 2014. Mr Malie who has been the Company Secretary of the Company since 7 May 2007 will take up the position of Chief Executive Officer at the Sishen Iron Ore Company Community Development Trust. The board expresses gratitude to Mr Malie for his valued contribution to the Company.

Mr Kevin Lester, Head of Legal of Anglo American South Africa, will be appointed as acting Company Secretary with effect from 1 March 2014.

OUTLOOK

It is anticipated that global crude steel demand in 2014 will grow further by 3%, with China's production rising to about 806 Mt, up 4%, while growth in production in other developing countries is expected to be countered by a reduction in output in some of the developed markets. It is anticipated, however, that the supply/demand balance will shift in the second half of 2014 due to more supply from Australia and Brazil, and slowing demand growth. This is expected to put some pressure on the iron ore price in the second half of 2014.

The Sishen mine recovery and optimisation plan expects a phased production increase from the 30.9 Mt in 2013, to approximately 35 Mt in 2014. As the ore body dips and thins to the west, waste stripping of up to 270 Mtpa is required by 2016 for the production of 37 Mtpa at current marketing specifications.

At Kolomela mine, technical studies have confirmed the mine's capacity to sustain production at 10 Mtpa, 1 Mtpa above its original design capacity. Further, incremental expansions of the mine are also being studied.

Export sales volumes are expected to be in line with 2013 levels.

"2013 has been a challenging year, however, we remain confident in our employees and our mines. We are more focused now on building a world class portfolio of operations and I believe we have optimised our business in order to provide the best possible outcomes for all our stakeholders. We have delivered very good returns for all our stakeholders in a challenging year.

We remain focused on delivery. 2014 will be all about the execution of the strategy we revised in 2013. Looking ahead, we want to be working to a common goal with our employees, our customers, our investors and other key stakeholders."

Norman Mbazima, Chief executive

FINANCIAL RESULTS
PRINCIPAL FINANCIAL STATEMENTS

SUMMARISED GROUP BALANCE SHEET
as at

Rand million	Notes	Audited 31 December 2013	Restated Audited 31 December 2012	Audited 01 January 2012
Assets				
Property, plant and equipment	5	29,922	25,258	20,878
Biological assets		6	8	6
Investments in associate and joint ventures		-	47	33
Investments held by environmental trust		737	673	568
Long-term prepayments and other receivables		605	130	95
Deferred tax assets		920	842	658
Non-current assets		32,190	26,958	22,238
Inventories		5,171	4,136	3,864
Trade and other receivables		6,124	4,332	3,537
Current tax asset		-	76	32
Cash and cash equivalents		1,053	1,527	4,742
Current assets		12,348	10,071	12,175
Total assets		44,538	37,029	34,413
Equity				
Shareholders' equity	6	20,831	15,238	15,833
Non-controlling interest		6,353	4,426	4,759
Total equity		27,184	19,664	20,592
Liabilities				
Interest-bearing borrowings	7	2,234	3,200	-
Provisions		1,809	1,420	901

Deferred tax liabilities		7,888	6,835	4,942
Non-current liabilities		11,931	11,455	5,843
Short-term portion of interest-bearing borrowings	7	615	2,669	3,191
Short-term portion of provisions		355	26	11
Trade and other payables		3,888	3,012	4,556
Current tax liabilities		565	203	220
Current liabilities		5,423	5,910	7,978
Total liabilities		17,354	17,365	13,821
Total equity and liabilities		44,538	37,029	34,413

SUMMARISED GROUP INCOME STATEMENT
for the year ended

Rand million	Note	Audited 31 December 2013	Restated Audited 31 December 2012
Revenue		54,461	45,446
Operating expenses		(26,076)	(21,800)
Operating profit	8	28,385	23,646
Finance income		117	102
Finance costs		(396)	(405)
Loss from equity accounted joint venture		(46)	-
Profit before taxation		28,060	23,343
Taxation		(7,760)	(6,888)
Profit for the year		20,300	16,455
Attributable to:			
Owners of Kumba		15,446	12,486
Non-controlling interest		4,854	3,969
		20,300	16,455
Earnings per share for profit attributable to the owners of Kumba (Rand per share)			
Basic		48.09	38.87
Diluted		48.03	38.81

SUMMARISED GROUP STATEMENT OF COMPREHENSIVE INCOME
for the year ended

Rand million	Audited 31 December 2013	Restated Audited 31 December 2012
Profit for the year	20,300	16,455
Other comprehensive income for the year, net of tax	570	155
Exchange differences on translation of foreign operations	570	193
Net effect of cash flow hedges	-	(38)

Total comprehensive income for the

year	20,870	16,610
Attributable to:		
Owners of Kumba	15,917	12,615
Non-controlling interest	4,953	3,995
	20,870	16,610

SUMMARISED GROUP STATEMENT OF CHANGES IN EQUITY
for the year ended

Rand million	Audited 31 December 2013	Restated Audited 31 December 2012
Total equity at the beginning of the year *	19,664	20,592
Changes in share capital and premium		
Shares issued during the year	2	5
Treasury shares issued to employees under employee share incentive schemes	87	105
Purchase of treasury shares	(265)	(261)
Changes in reserves		
Equity-settled share-based payments	504	579
Vesting of shares under employee share incentive schemes	(91)	(123)
Total comprehensive income for the year	15,917	12,615
Dividends paid	(10,561)	(13,516)
Changes in non-controlling interest		
Total comprehensive income for the year	4,953	3,995
Dividends paid	(3,146)	(4,490)
Movement in non-controlling interest in reserves	120	163
Total equity at the end of the year	27,184	19,664
Comprising		
Share capital and premium (net of treasury shares)	(297)	(121)
Equity-settled share-based payments reserve	1,236	822
Foreign currency translation reserve	1,010	571
Cash flow hedge reserve	8	(24)
Retained earnings	18,874	13,990
Shareholders' equity	20,831	15,238
Attributable to the owners of Kumba	19,977	14,663
Attributable to non-controlling interest	854	575
Non-controlling interest	6,353	4,426
Total equity	27,184	19,664
Dividend (Rand per share)		
Interim	20.10	19.20
Final **	19.94	12.50

* The adoption of IFRIC 20 - Stripping costs in the production phase of a surface mine did not impact the 2012 opening balance.

** The final dividend was declared after 31 December 2013 and has not been recognised as a liability in this financial report. It will be recognised in shareholders' equity in the year ending 31 December 2014.

SUMMARISED GROUP CASH FLOW STATEMENT
for the year ended

Rand million	Audited 31 December 2013	Restated Audited 31 December 2012
Cash generated from operations	29,354	24,688
Net finance costs paid	(161)	(227)
Taxation paid	(6,171)	(5,215)
Cash flows from operating activities	23,022	19,246
Additions to property, plant and equipment	(6,453)	(5,917)
Investments in associate and joint ventures	(17)	(14)
Investments held by environmental trust	-	(45)
Proceeds from the disposal of property, plant and equipment	37	37
Deconsolidation of subsidiary	5	3
Cash flows from investing activities	(6,428)	(5,936)
Shares issued	2	5
Purchase of treasury shares	(265)	(261)
Vesting of Envision share scheme	-	(968)
Dividends paid to owners of Kumba	(10,500)	(13,428)
Dividends paid to non-controlling shareholders	(3,207)	(4,578)
Net interest-bearing borrowings (repaid)/raised	(3,332)	2,678
Cash flows from financing activities	(17,302)	(16,552)
Net decrease in cash and cash equivalents	(708)	(3,242)
Cash and cash equivalents at beginning of year	1,527	4,742
Exchange differences on translation of cash and cash equivalents	234	27
Cash and cash equivalents at end of year	1,053	1,527

HEADLINE EARNINGS
for the year ended

Rand million	Audited 31 December 2013	Restated Audited 31 December 2012
Reconciliation of headline earnings		
Profit attributable to owners of Kumba	15,446	12,486
Net profit on disposal and scrapping of property, plant and equipment	(2)	(21)
Net profit on disposal of investment	(5)	(3)

	15,439	12,462
Taxation effect of adjustments	3	6
Non-controlling interest in adjustments	1	4
Headline earnings	15,443	12,472
Headline earnings (Rand per share)		
Basic	48,08	38,83
Diluted	48,02	38,76
The calculation of basic and diluted earnings and headline earnings per share is based on the weighted average number of ordinary shares in issue as follows:		
Weighted average number of ordinary shares	321,186,591	321,223,241
Diluted weighted average number of ordinary shares	321,595,563	321,753,827

The adjustment at 31 December 2013 of 408 972 (31 December 2012: 530 586) shares to the weighted average number of ordinary shares is as a result of the vesting of share options previously granted under the various employee share incentive schemes.

SALIENT FEATURES AND OPERATING STATISTICS
for the year ended

	Unaudited 31 December 2013	Restated Unaudited 31 December 2012
Share statistics ('000)		
Total shares in issue	322,086	322,059
Weighted average number of shares	321,187	321,223
Diluted weighted average number of shares	321,596	321,754
Treasury shares	1,445	1,064
Treasury shares (Rand million)	665	487
Market information		
Closing share price (Rand)	443	569
Market capitalisation (Rand million)	142,829	183,213
Market capitalisation (US$)	13,655	21,616
Net asset value attributable to owners of Kumba (Rand per share)	64.68	47.32
Capital expenditure (Rand million)		
Incurred	6,453	5,917
Contracted	600	772
Authorised but not contracted	4,943	1,335
Capital expenditure relating to Thabazimbi mine to be financed by ArcelorMittal S.A		
Contracted	-	7
Authorised but not contracted	18	16
Finance lease commitments	300	-
Operating commitments		
Operating lease commitments	27	93
Shipping services	12,222	8,762

Economic information		
Average Rand/US Dollar exchange rate (ZAR/US$)	9.62	8.19
Closing Rand/US Dollar exchange rate (ZAR/US$)	10.46	8.48
Operating statistics (Mt)		
Production	42.4	43.1
Sishen mine	30.9	33.7
Kolomela mine	10.8	8.5
Thabazimbi mine	0.6	0.8
Sales	43.7	44.4
Export	39.1	39.7
Domestic	4.6	4.7
Sishen mine	3.9	3.5
Thabazimbi mine	0.7	1.2
Sishen mine FOR unit cost		
Unit cost (Rand per tonne)	325.28	257.39
Cash cost (Rand per tonne)	266.94	197.75
Unit cost (US$ tonne)	33.81	31.43
Cash cost (US$ tonne)	27.75	24.15
Kolomela mine FOR unit cost		
Unit cost (Rand per tonne)	240.97	255.69
Cash cost (Rand per tonne)	181.81	180.20
Unit cost (US$ tonne)	25.05	31.22
Cash cost (US$ tonne)	18.90	22.00

NOTES TO THE AUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Kumba is a limited liability company incorporated and domiciled in South Africa. The main business of Kumba, its subsidiaries, joint ventures and associates is the exploration, extraction, beneficiation, marketing, sale and shipping of iron ore. The group is listed on the JSE Limited (JSE).

The audited summarised consolidated financial report of Kumba and its subsidiaries for the year ended 31 December 2013 was authorised for issue in accordance with a resolution of the directors on 7 February 2014.

2. BASIS OF PREPARATION

The audited summarised consolidated financial report has been prepared, under the supervision of FT Kotzee CA(SA), chief financial officer, in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, and the requirements of the South African Companies Act No 71 of 2008 applicable to summary financial statements. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The audited summarised consolidated financial report has been prepared in accordance with the historical cost convention except for certain financial instruments, share-based payments and biological assets which are stated at fair value, and is presented in Rand, which is Kumba's functional and presentation currency.

3. ACCOUNTING POLICIES

The accounting policies applied in the preparation of the consolidated financial statements from which the summary consolidated financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements, except as disclosed below.

3.1 New standards, amendments to published standards and interpretations

The following standards, amendments to published standards and interpretations which became effective for the year commencing on 1 January 2013 were adopted by the group:

IFRIC 20 – Stripping costs in the production phase of a surface mine (effective date: 1 January 2013)

In surface mining operations, entities may find it necessary to remove mine waste materials ('overburden') to gain access to mineral ore deposits in the production phase. This waste removal activity is known as 'stripping'. The interpretation clarifies that there can be benefits accruing to an entity from stripping activity: usable ore that can be used to produce inventory and improved access to further quantities of material that will be mined in future periods. The interpretation considers when and how to account for the benefits arising from the stripping activity, as well as how to measure these benefits both initially and subsequent to the change in accounting policy.

The adoption of the IFRIC required the company to componentise each of its mines into geographically distinct ore bodies to which the stripping activities being undertaken within that component could be allocated. This is a change from the accounting policy previously applied, which had resulted in each mine being accounted for as a single component when calculating the value of waste stripping costs to be deferred. This has resulted in more stripping costs being deferred than under the previous accounting policy.

The IFRIC has also resulted in the company depreciating the deferred costs capitalised on a unit of production method, with reference to the ex-pit ore production from a component. Under the previous accounting policy adopted, deferred stripping costs were only reversed to the extent the actual stripping ratio achieved for the current period fell below the life of mine stripping ratio. This has resulted in the deferred stripping assets created for each component, being depreciated in earlier periods.

The transitional provisions of IFRIC 20 requires an entity to apply this IFRIC to production stripping costs incurred on or after the beginning of the earliest period presented. The group has adopted the IFRIC for the current accounting period, which commenced on 1 January 2013. The IFRIC is therefore applied to production stripping costs incurred on or after 1 January 2012.

A summary of the impact of the change in accounting policy on the results is set out below:

Rand million	31 December 2013 Impact of IFRIC 20	12 months As previously reported	Restated for IFRIC 20	31 December 2012 As reported
Balance sheet impact				
Increase in assets				
Property, plant and equipment				
Cost	823	30,603	504	31,107
Accumulated depreciation	117	5,838	11	5,849
Increase in equity and liabilities				
Retained earnings	391	13,716	274	13,990
Non-controlling interest	117	4,345	81	4,426
Deferred tax liabilities	198	6,697	138	6,835
Income statement impact				
Decrease in operating expenses	706	22,293	(493)	21,800
Increase in taxation – deferred tax	198	6,750	138	6,888
Increase in profit for the year	508	16,100	355	16,455
Attributable to owners of Kumba	391	12,212	274	12,486
Attributable to non-controlling interest	117	3,888	81	3,969
Basic earnings per share	1.22	38.02	0.85	38.87
Diluted earnings per share	1.22	37.95	0.85	38.81
Headline earnings per share	1.22	37.97	0.85	38.83

IFRS 10 – Consolidated financial statements
IAS 27 – Separate financial statements
(effective date: 1 January 2013)

IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess.

The revised IAS 27 deals only with the accounting for subsidiaries, associates and joint ventures in the separate financial statements of the parent company after the control provisions of IAS 27 had been included in IFRS 10.

The application of these standards has not resulted in any changes to the group’s financial statements.

IFRS 11 – Joint arrangements

IAS 28 – Investments in associates and joint ventures (effective date:

1 January 2013)

IFRS 11 provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. Proportional consolidation of joint ventures is no longer allowed. The revised IAS 28 sets out the requirements for applying the equity method of accounting to investments in joint ventures and associates.

This resulted in the group's 50% joint investment in the Polokwane Iron Ore Company Proprietary Limited being classified as a joint venture relationship under IFRS 11. The entity was previously proportionately consolidated into the group. Under the new standard the entity has been consolidated into the group applying the equity method of accounting as prescribed by IAS 28.

The impact of the adoption of the standard was not significant for the financial year ended 31 December 2012. The standard has therefore been applied prospectively from 1 January 2013. A loss of R46 million was recognised for the year. This resulted in no investment balance being recognised in the balance sheet, as the losses for the year were greater than the group's interest in the entity.

IFRS 12 - Disclosures of interests in other entities (effective date: 1 January 2013)

This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The standard has not had an effect on the reported results or the group accounting policies for the year ended 31 December 2013 and will not affect the reported results of the group.

It will, however, result in additional disclosure being provided in the notes to the annual financial statements for the financial year ended 31 December 2013.

IFRS 13 - Fair value measurement (effective date: 1 January 2013)

This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS.

The adoption of IFRS 13 does not have a significant impact on Kumba's reported results, due to the limited use of fair value methodology in measuring assets and liabilities

Annual improvements to IFRSs — 2009 to 2011 cycle (effective date: 1 January 2013)

The group adopted the amendments to five issued accounting standards issued by the International Accounting Standards Board (IASB) as part of its Annual Improvements to IFRSs for the 2009 to 2011 cycle. These amendments have not had an effect on the reported results or the group accounting policies.

3.2 New standards, amendments to existing standards and interpretations that are not yet effective and have not been early adopted

In 2013 the group did not early adopt any new, revised or amended accounting standards or interpretations. The accounting standards, amendments to issued accounting standards and interpretations, which are relevant to the group but not yet effective at 31 December 2013, are being evaluated for the impact of these pronouncements.

4. CHANGE IN ESTIMATES

The life of mine plan on which accounting estimates are based, only includes proved and probable ore reserves as disclosed in Kumba's 2012 annual ore reserves and mineral resources statement. The estimated remaining life of mine of Thabazimbi mine has been increased to 10 years, a 7 year increase from that previously reported. There has been no change to the life of mine plans of the Sishen or Kolomela mines for the year under review. Management has revised the estimated rehabilitation and decommissioning provisions for Thabazimbi mine.

Management has also revised the estimated rehabilitation and decommissioning provisions at Sishen, Kolomela and Thabazimbi as a result of changes in assumptions on the discount rate and inflation rate used to calculate the provisions for the three mines.

The effect of this change is detailed below:

Rand million	Audited 31 December 2013
Increase in environmental rehabilitation provision	261
Increase in decommissioning provision	8

The change in estimate in the environmental rehabilitation provision was applied prospectively from 1 January 2013 and resulted in a decrease in attributable profit and basic, diluted and headline earnings per share for the year ended 31 December 2013 of R201 million and 63 cents, respectively. The change in estimate in the decommissioning provision has been capitalised to the related property, plant and equipment.

5. PROPERTY, PLANT AND EQUIPMENT

Rand million	Audited 31 December 2013	Restated Audited 31 December 2012
Capital expenditure	6,453	5,917
Comprising:		
Expansion	1,132	2,195
Stay-in-business (SIB)	4,498	3,204
Deferred stripping	823	518
Transfers from assets under construction to property, plant and equipment	5,864	3,905

Expansion capital expenditure comprised of the final expenditure on

Kolomela mine and the first phase of SWEP (Sishen Westerly Expansion Project), both of which are being completed, as well as the upgrade of the group's financial systems. SIB capital expenditure to maintain operations was principally for the acquisition of heavy mining equipment, the completion of the Sishen workshop infrastructure and housing developments.

6. SHARE CAPITAL AND SHARE PREMIUM

Reconciliation of share capital and share premium (net of treasury shares):

Rand million	Audited 31 December 2013	Audited 31 December 2012
Balance at beginning of year	(121)	30
Total shares issued for cash consideration	2	5
Shares issued - share premium	2	-
Net movement in shares held by Kumba Iron Ore Management Share Trust	-	5
Net movement in treasury shares under employee share incentive schemes	(178)	(156)
Purchase of treasury shares	(265)	(261)
Shares issued to employees	87	105
	(297)	(121)
Reconciliation of number of shares in issue:		
Number of shares		
Balance at beginning of year	322,058,624	322,058,624
Ordinary shares issued	27,350	-
Balance at end of year	322,085,974	322,058,624
Reconciliation of treasury shares held:		
Balance at beginning of year	1,064,531	1,075,970
Shares purchased	660,923	473,435
Shares issued to employees under the Long-Term Incentive Plan, Kumba Bonus Share Plan and Share Appreciation Rights Scheme	(251,570)	(400,542)
Net movement in shares held by Kumba Iron Ore Management Share Trust	(29,358)	(84,332)
Balance at end of year	1,444,526	1,064,531
Treasury shares held as conditional share awards under the Kumba Bonus Share Plan	1,444,526	1,035,173

7. INTEREST-BEARING BORROWINGS

Kumba's net debt position at the balance sheet dates was as follows:

Rand million	Audited 31 December 2013	Restated Audited 31 December 2012
Interest-bearing borrowings	2,849	5,869

Cash and cash equivalents	(1,053)	(1,527)
Net debt	1,796	4,342
Total equity	27,184	19,664
Interest cover (times)	102	76

Movements in interest-bearing borrowings are analysed as follows:

Rand million	Audited 31 December 2013	Audited 31 December 2012
Balance at the beginning of the year	5,869	3,191
Interest-bearing borrowings raised	2,000	5,869
Interest-bearing borrowings repaid	(5,332)	(3,195)
Finance lease raised	312	-
Deferred transaction costs recognised	-	4
Balance at the end of the year	2,849	5,869

The R6.0 billion facility was renegotiated and the revised committed debt facility of R10.9 billion was effective 27 November 2013. The interest on the facility is charged at Jibar plus a margin, determined by the period for which the funds are borrowed.

At 31 December 2013, R2.0 billion of the R10.9 billion long-term debt facility had been drawn down and R568 million of the total short-term uncommitted facilities of R9.1 billion had been drawn down. Kumba was not in breach of any of its financial covenants during the year. The group had undrawn long-term borrowings and uncommitted short-term facilities at 31 December 2013 of R17.4 billion (2012: R9.0 billion).

The group entered into a finance lease in respect of mining equipment during the year.

8. SIGNIFICANT ITEMS INCLUDED IN OPERATING PROFIT

Operating expenses is made up as follows:

Rand million	Audited 31 December 2013	Audited 31 December 2012
Production costs	15,411	13,339
Movement in inventories	257	59
Finished products	1,141	441
Work-in-progress	(884)	(382)
Cost of goods sold	15,668	13,398
Mineral royalty	2,157	1,127
Selling and distribution costs	4,538	4,065
Cost of services rendered - shipping	3,747	3,222
Sublease rent received	(34)	(12)
Operating expenses	26,076	21,800
Operating profit has been derived after taking into account the following items:		
Employee expenses	3,041	2,710

Share-based payment expenses	634	756
Depreciation of property, plant and equipment	2,039	1,535
Deferred waste stripping costs capitalised (refer to note 3.1)	(823)	(518)
Net profit on disposal and scrapping of property, plant and equipment	(2)	(21)
Net profit on disposal of investment	(5)	-
Finance gains	(830)	(148)
Operating expenses capitalised	(2)	(98)

9. SEGMENTAL REPORTING

Rand million	Sishen mine	Kolomela mine	Thabazimbi mine	Logis-tics	Shipping opera-tions	Total
Audited year ended 31 December 2013						
Revenue from external customers	36,685	13,022	1,079	-	3,675	54,461
Depreciation	1,441	570	1	5	-	2,017
EBIT	24,888	9,296	301	(4,538)	(72)	29,875
Total segment assets	177	66	75	-	398	716
Restated audited year ended 31 December 2012						
Revenue from external customers1	33,001	8,239	1,014	-	3,192	45,446
Depreciation	1,033	471	3	-	-	1,507
EBIT	23,559	5,945	(25)	(4,065)	(30)	25,384
Total segment assets	404	198	130	-	-	732

1 Inter-segment revenue is no longer reported for the logistics segment as was the case for the year ended 31 December 2012 in the Annual Financial Statements 2012. The reason for this being that the group's executive committee, as the chief operating decision maker, reviews the segment's performance with reference only to volumes railed and rail tariffs paid, i.e. as a cost centre.

The total reported segment revenue is measured in a manner consistent with that disclosed in the income statement.

The performance of the operating segments are assessed based on a measure of earnings before interest and taxation (EBIT), which is measured in a manner consistent with 'Operating profit' in the financial statements. Finance income and finance costs are not allocated to segments, as treasury activity is managed on a central group basis.

Total segment assets comprise finished goods inventory only, which is allocated based on the operations of the segment and the physical location of the assets.

'Other segments' comprise corporate, administration and other expenditure not allocated to the reported segments.

Rand million	Audited 31 December 2013	Restated Audited 31 December 2012
Sale of products *	50,786	42,254
Shipping services	3,675	3,192
Total revenue	54,461	45,446
Reconciliation of EBIT to total profit before taxation:		
EBIT for reportable segments	29,875	25,384
Other segments	(1,490)	(1,738)
Operating profit	28,385	23,646
Net finance costs	(279)	(303)
Loss from equity accounted joint venture	(46)	-
Profit before taxation	28,060	23,343

Rand million	Audited 31 December 2013	Restated Audited 31 December 2012
Reconciliation of reportable segments’ depreciation to total depreciation:		
Depreciation for reportable segments	2,017	1,507
Other segments	22	28
Depreciation per the income statement	2,039	1,535
Reconciliation of reportable segments' assets to total assets:		
Segment assets for reportable segments	716	732
Other segments and WIP inventories	4,455	3,404
Inventories per balance sheet	5,171	4,136
Other current assets	7,177	5,935
Non-current assets	32,190	26,958
Total assets	44,538	37,029

Geographical analysis of revenue and non-current assets:

Rand million	Audited 31 December 2013	Audited 31 December 2012
Total revenue from external customers		
South Africa	3,672	2,832
Export	50,789	42,614
China	35,154	28,277
Rest of Asia	10,587	9,889
Europe	4,926	4,322
Middle East and Africa	122	126
	54,461	45,446
Total non-current assets *		
South Africa	31,154	25,938
China	-	1

Singapore	2	–
	31,156	25,939

* Excluding prepayments, investments in associates and joint ventures and deferred tax assets.

10. RELATED PARTY TRANSACTIONS

During the year, Kumba, in the ordinary course of business, entered into various sale, purchase and service transactions with associates, joint ventures, fellow subsidiaries, its holding company and Exxaro Resources Limited. These transactions were subject to terms that are no less favourable than those offered by third parties.

No short-term deposit facilities were placed with Anglo American SA Finance Limited (AASAF) at 31 December 2013 (2012: R237 million). Interest earned on the facility during the year amounted to R96 million at a weighted average interest rate of 4.96% (2012: R83 million at a weighted average interest rate of 5.45%).

At 31 December 2013 a short-term deposit is held with Anglo American Capital of R572 million (2012: R'nil'). The interest earned on the deposit is based on prevailing market rates.

Interest-bearing borrowings drawn down at 31 December 2013 of R568 million was from facilities with AASAF (2012: R5,869 million).

Interest paid on borrowings from AASAF during the year was market related and amounted to R204 million (2012: R118 million) at a weighted average interest rate of 6.63% per annum (2012: 6.25%).

11. CONTINGENT ASSET

Kumba initiated arbitration proceedings against La Société des Mines De Fer Du Sénégal Oriental (Miferso) and the State of Senegal under the rules of the Arbitration of the International Chamber of Commerce in 2007, in relation to the Falémé Project.

Following the arbitration award rendered in July 2010, a mutually agreed settlement was concluded between the parties. The settlement agreement was revised in June 2013. The parties agreed that the precise terms of the settlement agreement will remain confidential.

12. GUARANTEES

During the year ended 31 December 2013, the group negotiated additional financial guarantee facilities for the group's environmental rehabilitation and decommissioning obligations to the DMR with Lombard Insurance Group (one of the approved insurance providers by the DMR), Rand Merchant Bank and the Standard Bank of South Africa Limited to the total value of R1.2 billion.

Included in this amount are financial guarantees for the environmental rehabilitation and decommissioning obligations of the group to the DMR in respect of Thabazimbi mine of R331 million (2012: R'nil'). ArcelorMittal S.A. has guaranteed this full amount by means of bank guarantees issued in favour of SIOC.

The guarantees for the balance of the shortfall (R88 million) were issued subsequent to year end by both ArcelorMittal S.A. and SIOC.

The total guarantees issued for environmental closure liabilities at 31 December 2013 is R2.1 billion (2012: R874 million).

13. LEGAL PROCEEDINGS

13.1. 21.4% undivided share of the Sishen mine mineral rights

On 28 March 2013 the Supreme Court of Appeal (SCA) dismissed the appeals of the Department of Mineral Resources (DMR) and Imperial Crown Trading 289 (Pty) Ltd (ICT) against the decision of the North Gauteng High Court, which, inter alia, confirmed that Sishen Iron Ore Company (Pty) Ltd (SIOC) became the exclusive holder of the mining rights at the Sishen mine in 2008 when the DMR converted SIOC's old order rights, and further set aside the grant of a prospecting right to ICT by the DMR. The SCA held that as a matter of law and as at midnight on 30 April 2009, SIOC became the sole holder of the mining right to iron ore in respect of the Sishen mine, after ArcelorMittal S.A. failed to convert its undivided share of the old order mining right.

Both ICT and the DMR lodged applications for leave to appeal against the SCA to the Constitutional Court. The Constitutional Court hearing was held on 3 September 2013.

On 12 December 2013, the Constitutional Court granted the DMR's appeal in part against the SCA judgment. In a detailed judgment, the Constitutional Court clarified that SIOC, when it lodged its application for conversion of its old order right, converted only the right it held at that time (being a 78.6% undivided share in the Sishen mining right). The Constitutional Court further held that ArcelorMittal S.A. retained the right to lodge its old order right (21.4% undivided share) for conversion before midnight on 30 April 2009, but failed to do so. As a consequence of such failure by ArcelorMittal S.A., the 21.4% undivided right remained available for allocation by the DMR.

The Constitutional Court ruled further that, based on the provisions of the Mineral and Petroleum Resources Development Act (the MPRDA), only SIOC can apply for the residual 21.4% undivided share of the Sishen mining right. The grant of the mining right may be made subject to such conditions considered by the Minister to be appropriate, provided that the proposed conditions are permissible under the MPRDA. SIOC had previously applied for this 21.4%, and continues to account for 100% of what is mined from the reserves at Sishen mine. SIOC has however, in compliance with the Constitutional Court order, submitted a further application to be granted this right.

As a further consequence of this finding, the ruling setting aside the prospecting right granted by the DMR to ICT also stands.

The findings made by the Constitutional Court are favourable to both SIOC and the DMR. SIOC's position as the only competent applicant for the residual right, protects SIOC's interests. The DMR's position as custodian of the mineral resources on behalf of the nation, and the authority of the DMR to allocate rights, has also been ratified by the Court.

13.2. ArcelorMittal S.A. Supply Agreement

The dispute between SIOC and ArcelorMittal S.A. regarding the contract mining agreement had been referred to arbitration in 2010. In December 2011, the parties agreed to delay the arbitration proceedings until the final resolution of the mining rights dispute (see 13.1).

Interim Pricing Agreements were implemented to 31 December 2013.

In November 2013, SIOC and ArcelorMittal S.A. entered into a new Supply Agreement regulating the sale and purchase of iron ore between the parties which became effective from 1 January 2014. This agreement, subject to certain express conditions, is contemplated to endure until the end of life-of-mine for the Sishen mine.

The conclusion of this agreement settled the arbitration and the various other disputes between the companies.

Following the Constitutional Court ruling (see 13.1), the sale of iron ore from SIOC to ArcelorMittal S.A. will remain regulated by the recently concluded Supply Agreement.

13.3. Lithos Corporation Proprietary Limited

On 3 September 2013, the Supreme Court of Appeal dismissed Lithos' application for leave to appeal, with costs. Lithos has not sought leave to appeal to the Constitutional Court, and the process to recover a contribution towards legal costs from Lithos is underway.

14. CORPORATE GOVERNANCE

The group subscribes to the Code of Good Corporate Practices and Conduct and complies with the recommendations of the King III Report. Full disclosure of the group's compliance will be contained in the 2013 Integrated Report.

15. EVENTS AFTER THE REPORTING PERIOD

No further material events have occurred between the end of the reporting period and the date of the release of these audited summarised consolidated financial statements.

16. INDEPENDENT AUDITORS' AUDIT REPORT

These summarised consolidated financial statements for the year ended 31 December 2013 have been audited by Deloitte & Touche, who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the annual financial statements from which these summarised consolidated financial statements were derived.

A copy of the auditor's report on the summarised consolidated financial statements and of the auditor's report on the annual consolidated financial statements are available for inspection at the company's registered office, together with the financial statements identified in the respective auditor's reports.

Any reference to future financial performance included in this announcement has not been reviewed or reported on by the company's auditors.

On behalf of the Board

F Titi   NB Mbazima
Chairman   Chief executive

7 February 2014
Pretoria

NOTICE OF FINAL CASH DIVIDEND

At its Board meeting on 7 February 2014 the directors approved a gross final cash dividend of 1,994 cents per share on the ordinary shares from profits accrued during the year ended 31 December 2013. The dividend has been declared from income reserves.

The company has no unutilised Secondary Tax on Companies' (STC) credits left. The dividend will be subject to a dividend withholding tax of 15% for all shareholders who are not exempt from or do not qualify for a reduced rate of withholding tax. The net dividend payable to shareholders subject to withholding tax at a rate of 15% amounts to 1,694.90000 cents per share.

The issued share capital at the declaration date is 322,085,974 ordinary shares.

The salient dates are as follows:

- Date of declaration	Tuesday, 11 February 2014
- Last day for trading to qualify and participate in the final dividend (and change of address or dividend instructions)	Friday, 7 March 2014
- Trading ex-dividend commences	Monday, 10 March 2014
- Record date	Friday, 14 March 2014
- Dividend payment date	Monday, 17 March 2014

Share certificates may not be dematerialised or rematerialised between Monday, 10 March 2014 and Friday, 14 March 2014, both days inclusive.

By order of the Board

VF Malie
Company secretary

7 February 2014
Pretoria

ADMINISTRATION

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Sponsor to Kumba:
RAND MERCHANT BANK (a division of FirstRand Bank Limited)

Directors:
Non-executive – F Titi (chairman), ZBM Bassa, GS Gouws, KT Kweyama, DD Mokgatle, AJ Morgan, LM Nyhonyha, AM O'Neill, BP Sonjica,
Executive – NB Mbazima (chief executive), FT Kotzee (chief financial officer)

Company secretary:
VF Malie

Company registration number:
No 2005/015852/06
Incorporated in the Republic of South Africa

Income tax number:
9586/481/15/3

(Kumba or the company or the group)

11 February 2014

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