

KUMBA IRON ORE

NORMAN MBAZIMA

- Location: South Africa
- Ownership: 69.7%
- Number of operations: 3 (Sishen, Kolomela, Thabazimbi)
- Export product: 66% lump iron ore, 34% fines iron ore
- Employees and contractors: ~14 000

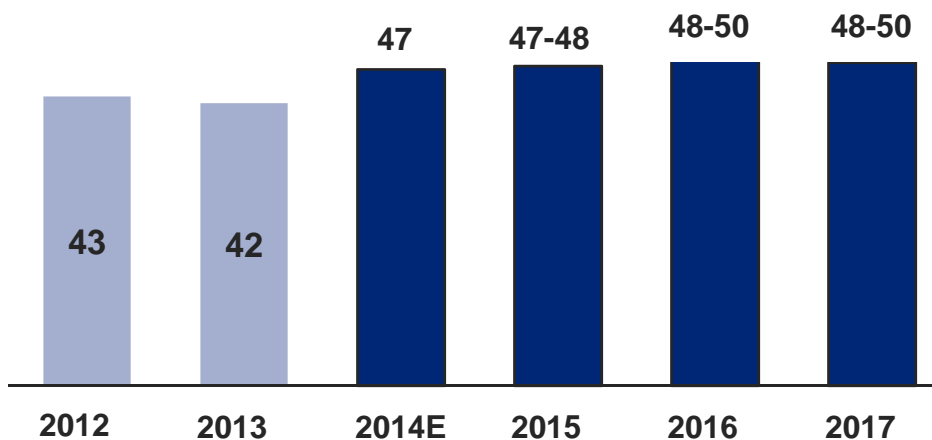


KUMBA IRON ORE SUMMARY

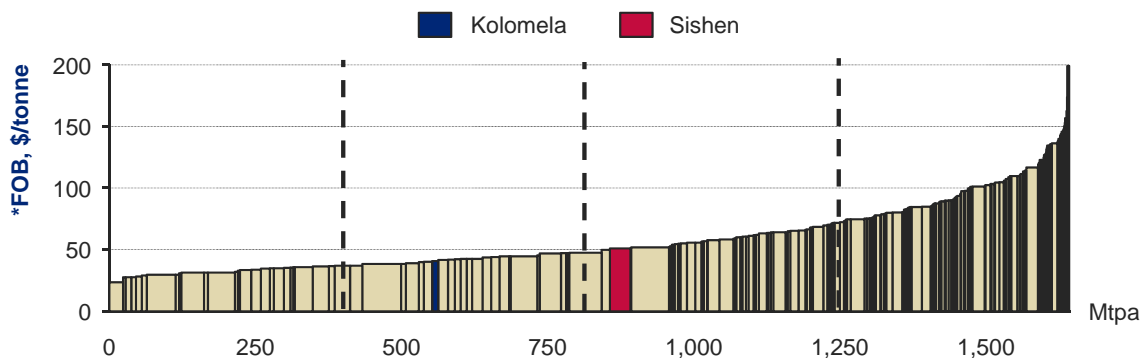
Improved operational performance in 2014 ...

US\$ million	FY2012	FY2013	H12014
Revenue	5,572	5,643	2,466
EBIT	3,042	3,047	1,182
EBITDA	3,239	3,266	1,293
Underlying earnings	1,107	1,171	434
Capex – SIB ⁽¹⁾	448	539	264
Capex – Growth	270	117	42
Attributable ROCE %	105%	99%	80%

Production (Mt)



2014 industry cost curve



FOB cash cost \$/t

2012	2013	2014	2015	2016	2017
32.5	36.5	35	39	40	41

...driven off a recovery in volumes.

(1) Stay in business (SIB) capex includes development and stripping capex

Note: FOB cost uses CRU methodology which includes FOR costs, logistics costs, royalties, exploration expenses, WIP, and sustaining capital, but excludes marketing costs

Source: CRU 3Q14 cost curve data, Sishen and Kolomela reflect MA figures

SISHEN

Production on track to achieve 37 Mt in 2016...

2014 operational performance recovery

- Strategic redesign completed
- Improved exposed ore position

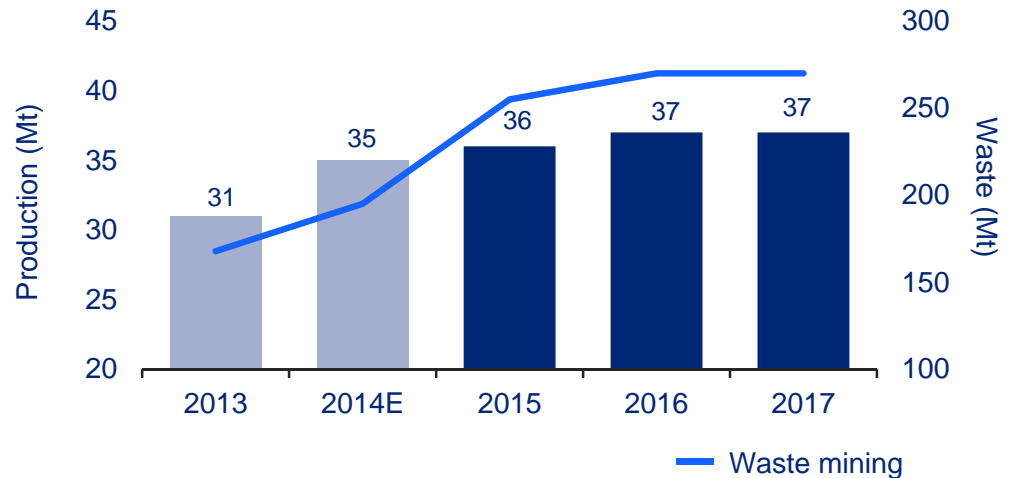
Catch-up of 2014 pre-strip waste backlog

- Additional contracted capacity
- Improved operation of own fleet

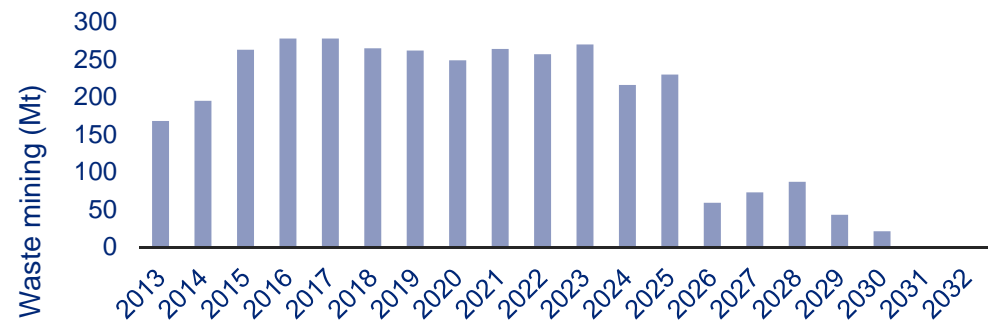
Sishen unit cash costs

- Cost pressure from higher waste mining (~270Mt in 2016).
- Partially offset by productivity improvements:
 - Efficiency from the ultra class equipment
 - Labour productivity
 - Production growth
 - Implementation of the operating model

Sishen's mining profile



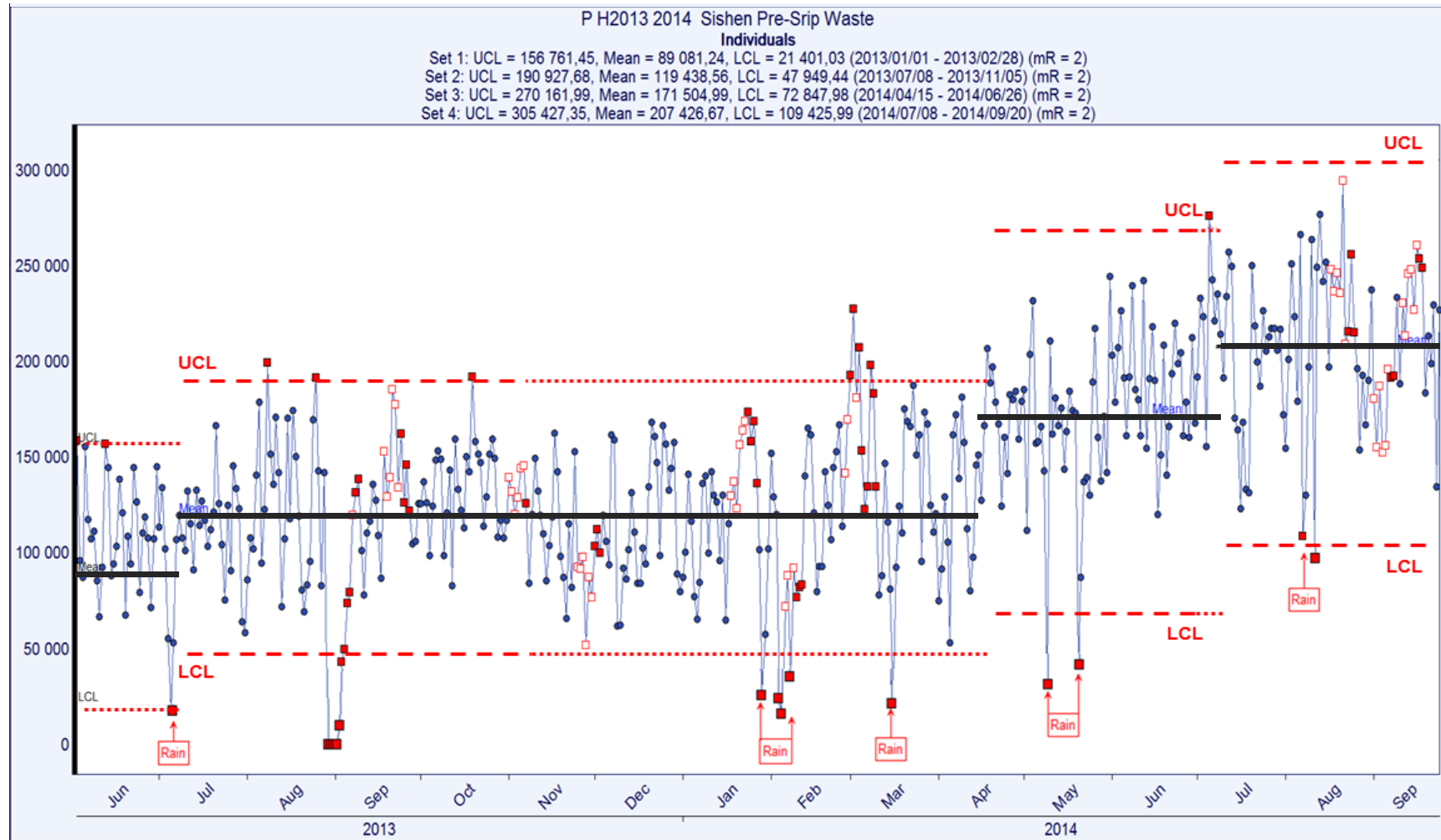
Sishen's LoM waste mining profile



...through increasing waste mining while improving efficiencies.

WASTE TONNES MOVED BY SISHEN'S OPERATED FLEET

Major improvement in efficiencies...



...resulted in increased waste movement.

OPERATING MODEL

Implemented in August 2014 as planned...

Implemented at ore and internal waste operations at Sishen North Mine.

Already delivering three significant benefits:

1. Improving scheduled work from 20% to ~70%
2. 23% efficiency improvement in total tonnes handled
3. 50% reduction in waiting time on shovels

Further roll-out planned in 2015 at Sishen pre-strip and Kolomela plant

Roll-out at all other areas to follow



Waiting time on shovels reduced by more than 50%

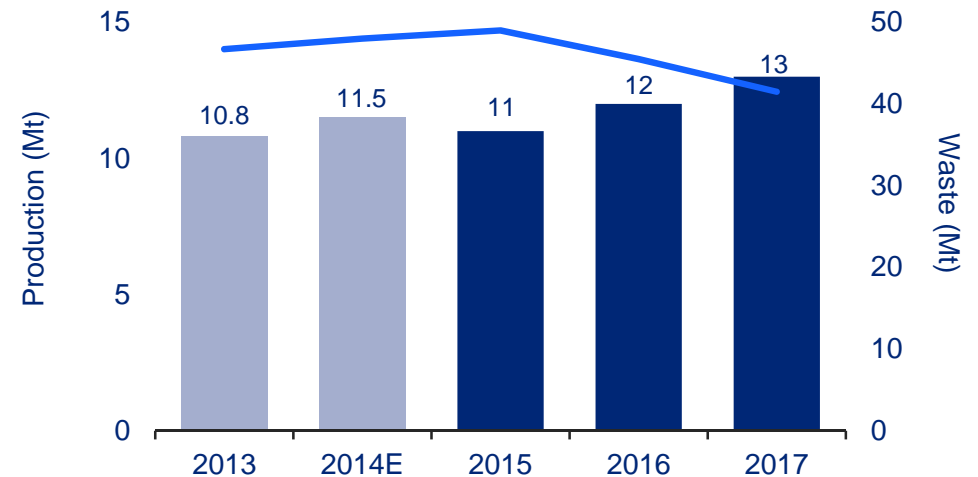
...has already resulted in noticeable improvements

KOLOMELA

Continues to perform strongly at LoM production of ~11 Mtpa...

- **Strong 2014 performance**
 - Waste mining in 2014 to increase to ~ 50Mt in line with increased mining activities
- **LoM production capacity increased to 11 Mtpa**
 - Through optimisation of the current plant
- **Further optimisation to 13 Mtpa**
 - Study in progress to increase production from the existing three operating pits
- **Unit cash costs**
 - Improve efficiencies to more than offset local cost inflation

Kolomela's mining profile



...studies in progress to increase production to 13 Mtpa.

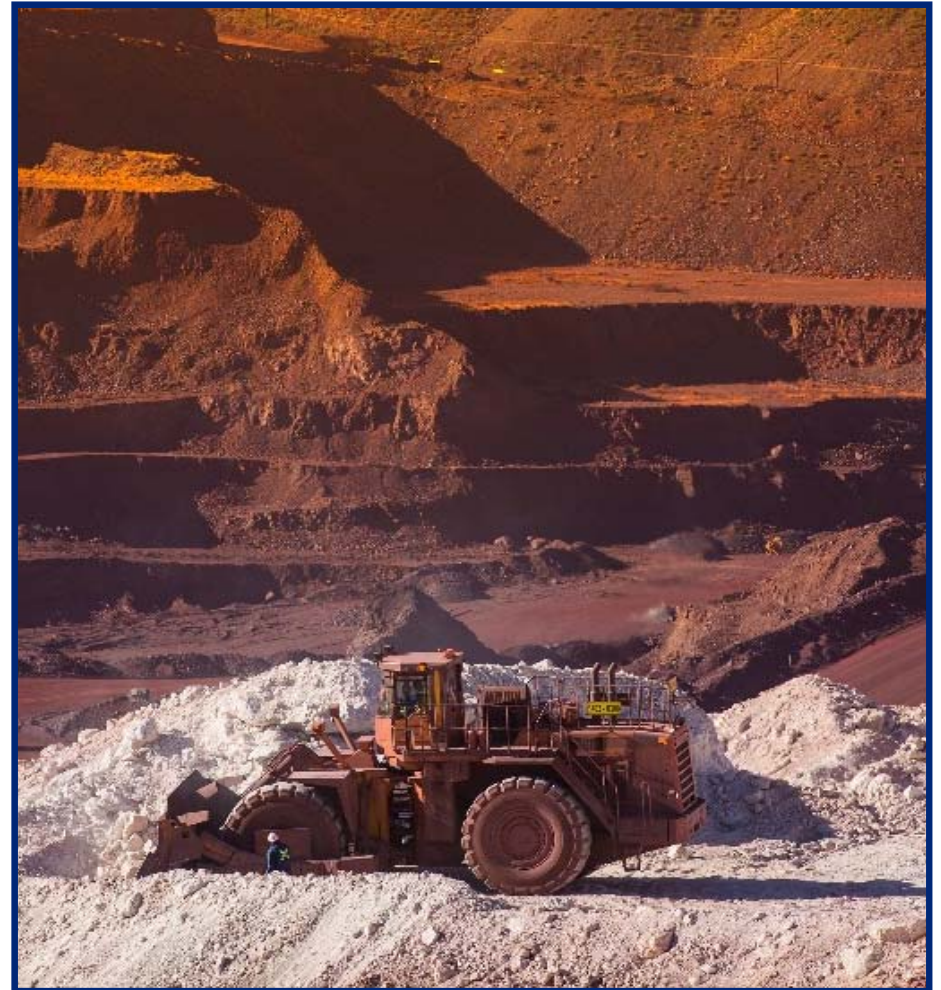
RESPONSE TO DECLINING IRON ORE PRICES

Critical changes made...

5 key initiatives:

1. Reconfiguring operating plans to focus on lowest cost production units to fill rail capacity
2. Assess Thabazimbi mine as part of the portfolio
3. Reduction in SIB capex of ~20% in 2015 and a further ~10% in 2016
4. Reduce exploration, technical and project study expenditure by ~50%
5. Proposed ~40% reduction in Head Office roles

With the aim to more than offset local cost inflation



...to deliver a resilient and profitable business.

KUMBA SUMMARY

The priority is...

- We have turned the corner at Sishen
- Roll out of the operating model – commenced at Sishen North
- Targeting ~7Mt production increase (2Mt at Kolomela and remainder at Sishen) – at minimal capex
- Taken clear steps to address cost base
- Established a robust continuous improvement programme that builds off of implementation of the operating model



...a structural change in productivity.