KUMBA IRON ORE LIMITED

RE-IMAGINING MINING TO IMPROVE PEOPLE'S LIVES

2019 Annual Results, 18 February 2020

AngloAmerican

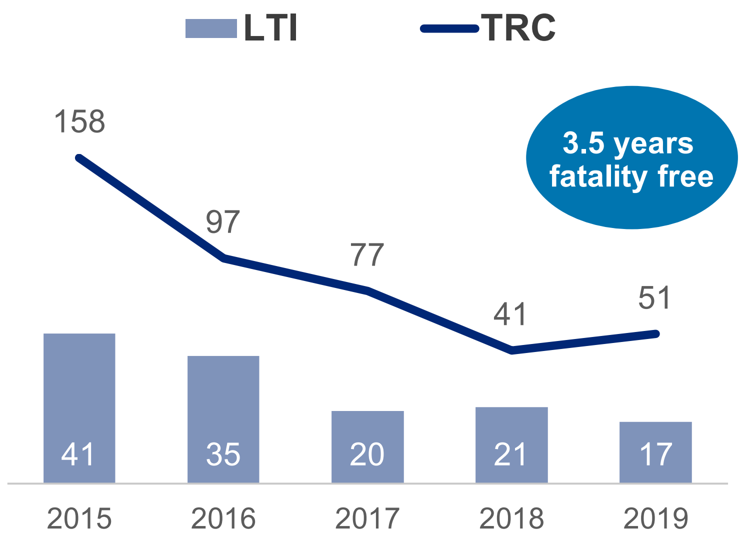
Disclaimer

Certain statements made in this presentation constitute forward-looking statements. Forward-looking statements are typically identified by the use of forward-looking terminology such as ‘believes’, ‘expects’, ‘may’, ‘will’, ‘could’, ‘should’, ‘intends’, ‘estimates’, ‘plans’, ‘assumes’ or ‘anticipates’ or the negative thereof or other variations thereon or comparable terminology, or by discussions of, e.g. future plans, present or future events, or strategy that involve risks and uncertainties. Such forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the company's control and all of which are based on the company's current beliefs and expectations about future events. Such statements are based on current expectations and, by their nature, are subject to a number of risks and uncertainties that could cause actual results and performance to differ materially from any expected future results or performance, expressed or implied, by the forward-looking statement. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the company and its subsidiaries. The forward-looking statements contained in this presentation speak only as of the date of this presentation and the company undertakes no duty to, and will not necessarily, update any of them in light of new information or future events, except to the extent required by applicable law or regulation.

The conversion of Mineral Resource to Ore Reserves is dependent on the approval of pre-feasibility and feasibility studies by the relevant Kumba and Anglo American Investment Committees. Any exclusive Mineral Resources quoted in this presentation, currently under investigation for conversion to Ore Reserves is based on Kumba’s current interpretation of its potential prior to the completion and approval of the required studies. Only Measured and Indicated Mineral Resources can be converted to Ore Reserves. The Mineral Resources being considered for potential conversion to Ore Reserves includes a material amount of Inferred Resource. Due to the uncertainty that may be attached to some Inferred Mineral Resource, it cannot be assumed that all or part of the Inferred Mineral Resource will necessarily be upgraded to an Indicated or Measured Resource after continued infill drilling. Please refer to the 2019 Mineral Resource and Ore Reserve statement for further information. (https://www.angloamericankumba.com/investors/annual-reporting.aspx)

Safety and sustainability is our core value

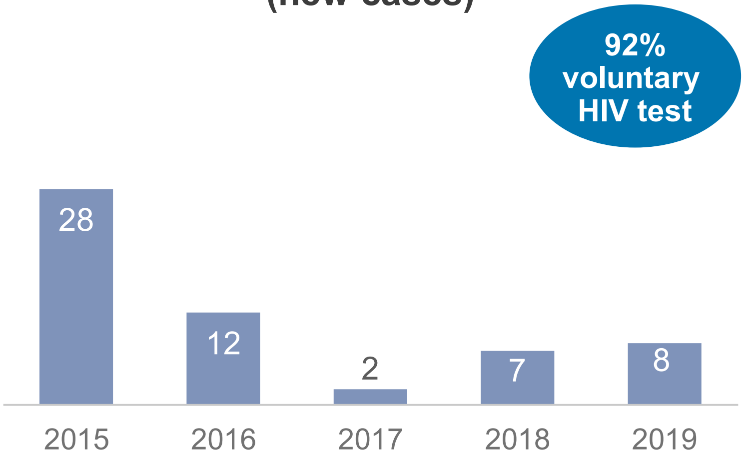
Safety



- Elimination of fatalities framework
- Technology enabling improved safety
- Leading indicator drives proactive safety management

Health

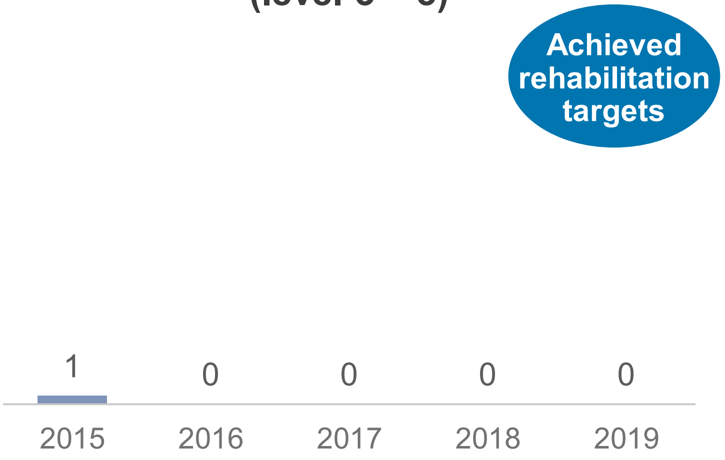
Occupational diseases (new cases)



- Focused on reducing exposure to occupational hazards
- Wellness and disease management

Environment

Major incidents (level 3 – 5)



- Enhanced environmental management leading to improved performance
- Increased awareness and monitoring

Continuing to deliver exceptional shareholder value

Favourable export demand and higher realised price	Strong EBITDA growth and cash generation	Exceptional returns
Export sales	**EBITDA**	**ROCE**
40Mt	**R33.4bn**	**83%**
FY18: 40Mt	FY18: R20.6bn	FY18: 49%
Average realised FOB price	**Attributable free cash flow**	**DPS**
US$97.4/t	**R17.1bn**	**R46.78**
FY18: US$72.1/t	FY18: R7.8bn	FY18: R30.24

Delivering value through margin enhancement and life extension

Enhanced EBITDA margin

52%

FY18: 45%

Improved operational efficiency

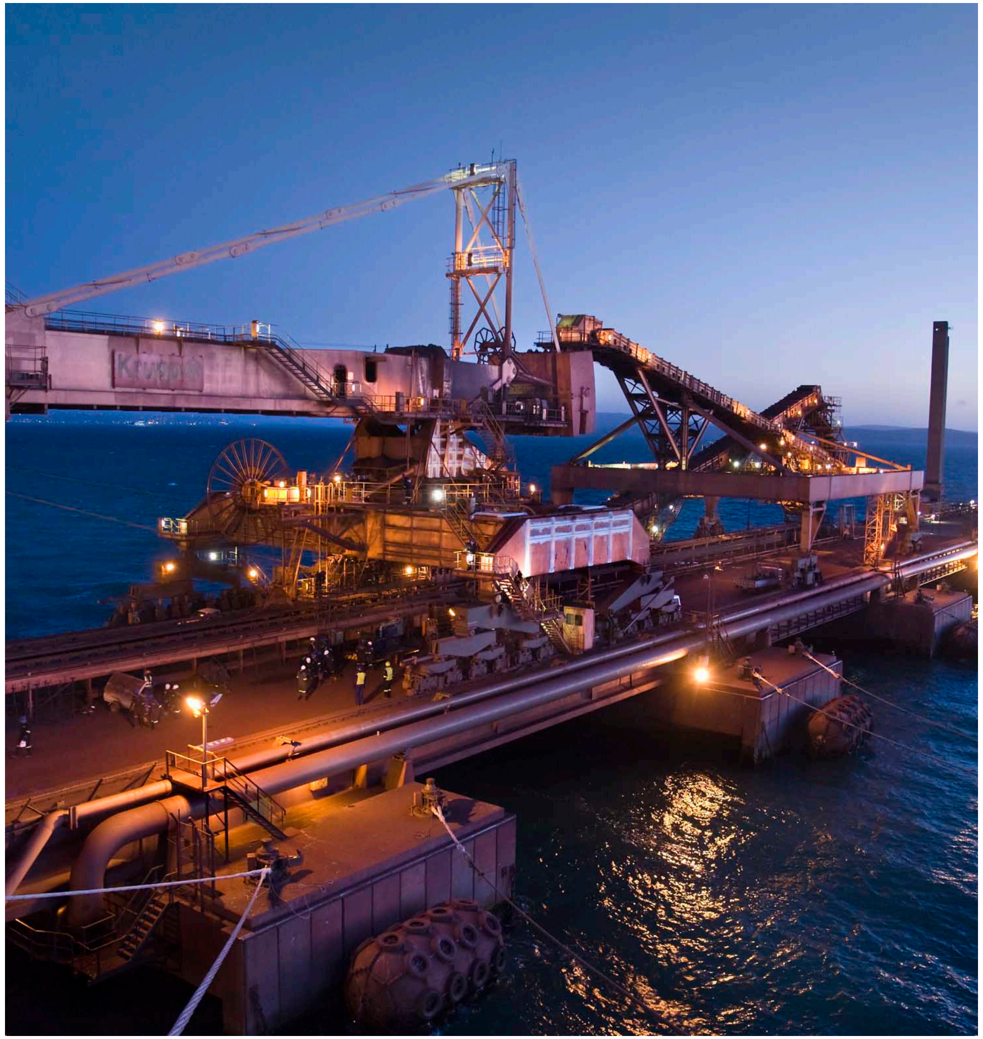
68%

FY18: 65%

Delivering cost savings

R920m

FY18: ~R1bn | To date: R1.9bn



Kolomela pit optimisation:
LoM strip ratio reduced to 3.8

Sishen UHDMS
Feasibility completed H2 2020e
Implemented by H1 2023e

Exploration drill programmes
- 2 new prospective targets
- Ploegfontein: 65% completed
- Heuningkranz: 90% completed

Zandrivierspoort
- Expiry of prospecting right in Limpopo
- Strategic focus in Northern Cape

1. *Estimates as at 31 December 2019. Please refer to the Kumba 2019 Ore Reserves & Mineral Resource Report for a breakdown of the classification categories*

Creating shared value and improving people's lives

Delivering shareholder returns

R15.1bn
Owners of Kumba (FY18: R9.7bn)

R4.7bn
Empowerment partners (FY18: R3bn)

Contributing to South Africa

R7.8bn
Income tax (FY18: R4.1bn)

R2.6bn
Mineral royalty (FY18: R983m)

Rewarding employee talent

R5.0bn
Salaries and benefits (FY18: R4.6bn)

Supporting local businesses

R13.9bn
BEE business suppliers (FY18: R11.8bn)

R2.4bn
Host community suppliers (FY18: R1.4bn)

Building communities

R171m
Direct social investment (FY18: R124m)

2020 Bloomberg Gender-Equality Index

CDP DISCLOSURE INSIGHT ACTION

FTSE4Good

ISS ESG ethix•climate•oekom

JSE SRI Index

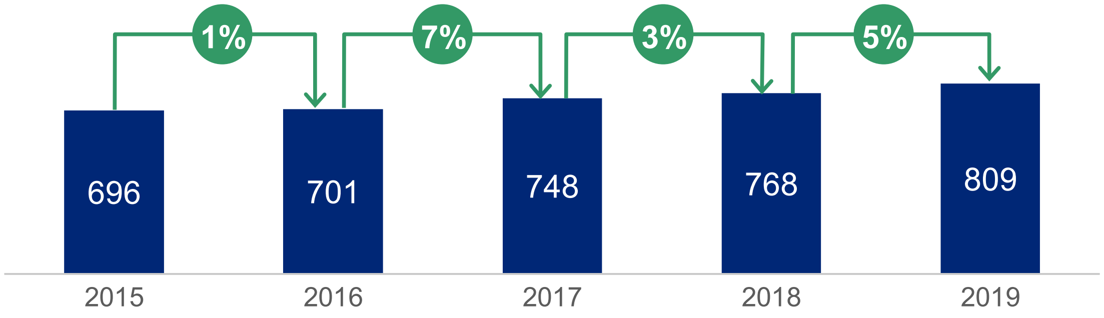
MSCI Environmental, Social & Governance Investing

MARKETING AND OPERATIONAL OVERVIEW

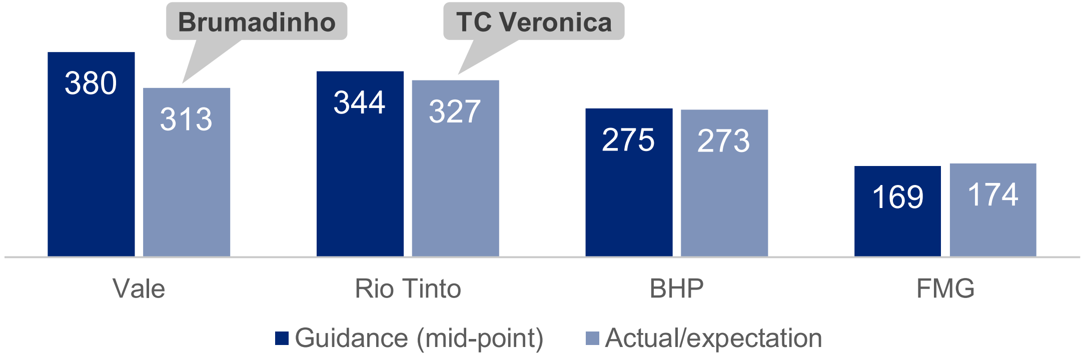
Unexpectedly strong Chinese demand coincided with supply disruptions

Platts IODEX average (US$/dmt)

China pig iron production[1] (Mt)



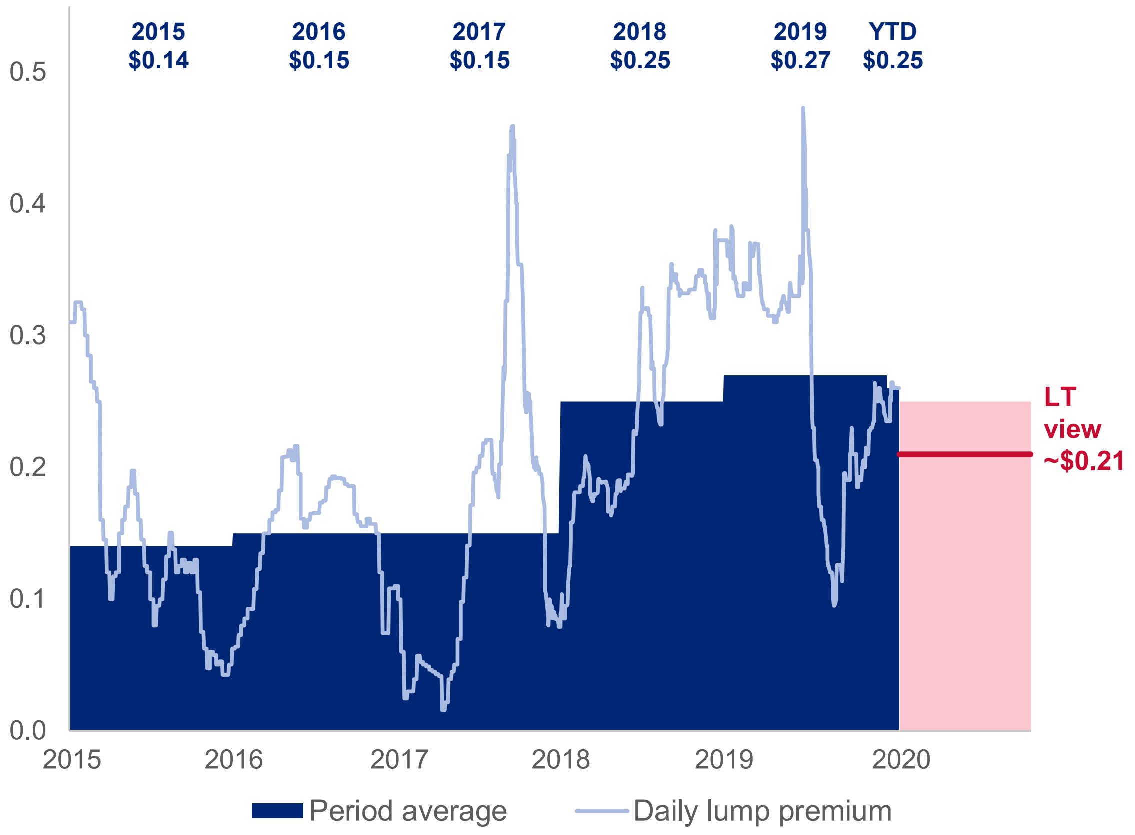
Big 4 miners iron ore shipments, actual vs guidance[2] (2019 Wet Mt)



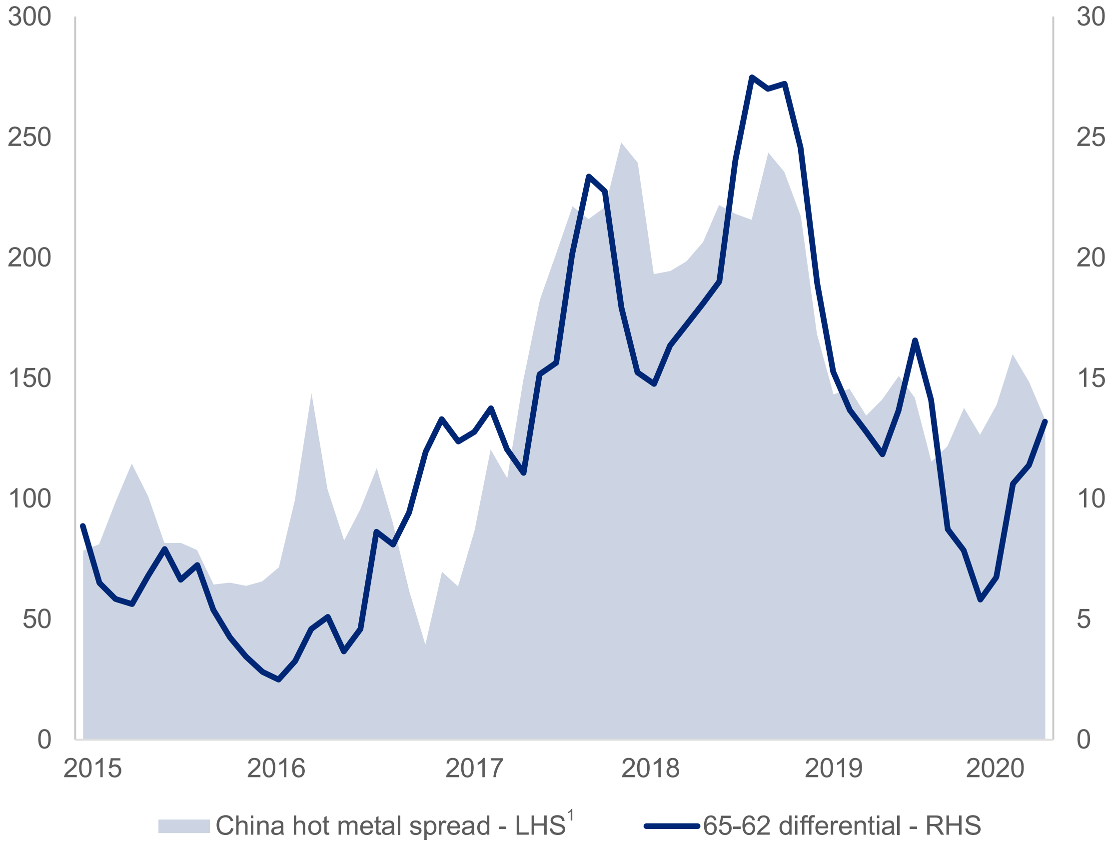
Source: Platts, Company reports
1. *World Steel Association (WSA)*
2. *Early 2019 company guidance*

Premia underpinned by 'flight to quality', but limited by mill margins

Platts lump premium (US$/dmtu)



High grade premium and mill margins (Monthly average, US$/dmt)



Source: Platts, Mysteel

1. Hot metal spread = Tangshan billet price/1.13 - (1.6x62%Fe)-(0.72xPLV Shanxi CFR China)

Greater reliance on seaborne ore as mills move to the coast

Seaborne iron ore demand will rise as mills shift to coastal provinces…

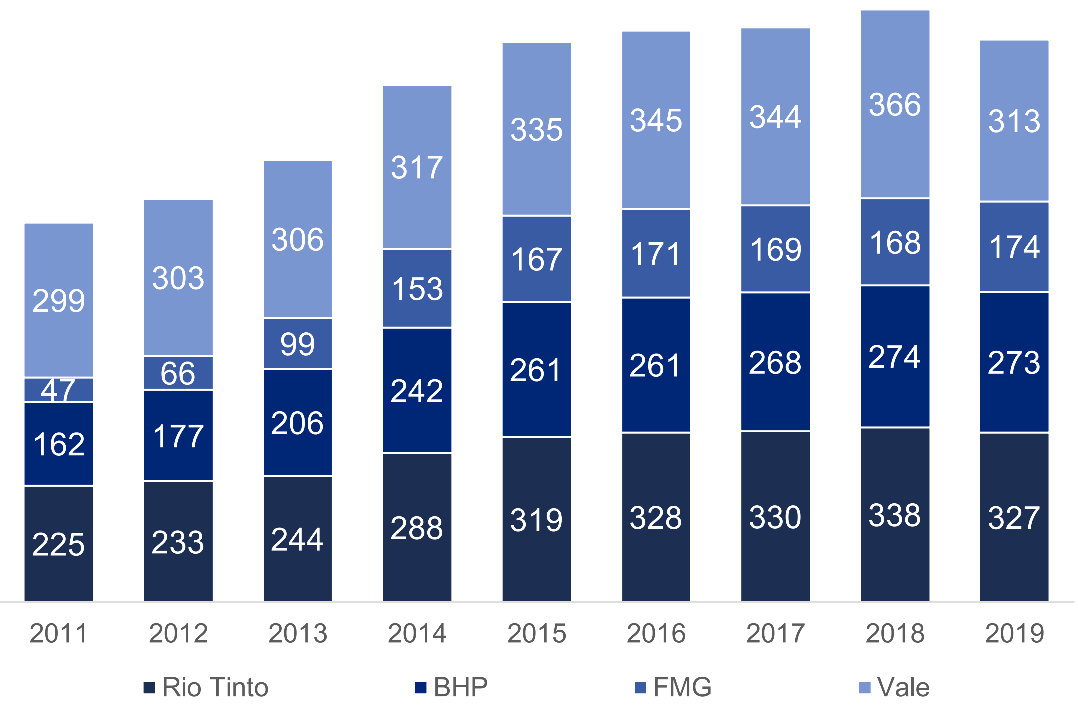
Shifting steel making capacity to coastal regions to gain market access

Meet environmental agenda to reduce emissions through cleaner, larger blast furnaces, with higher quality raw materials

Moving away from populated provinces

…but seaborne iron ore supply growth from the big 4 is tapering off

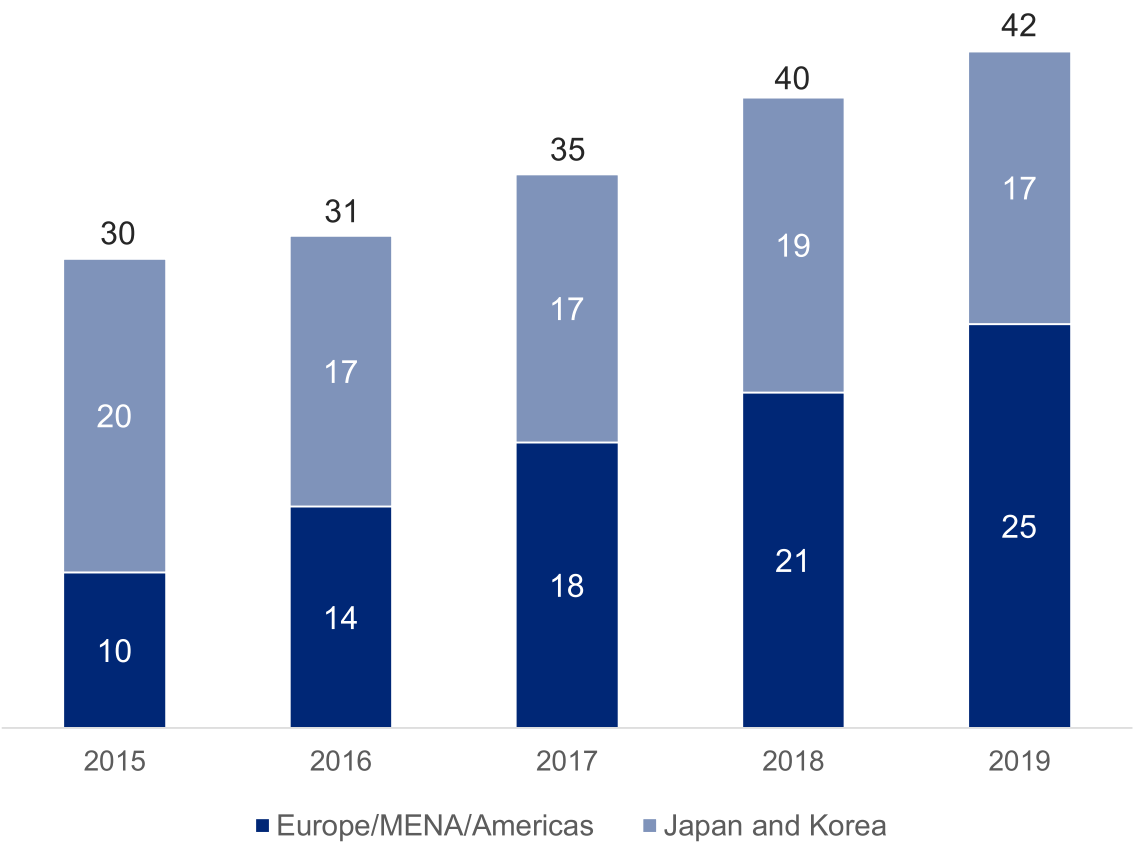
Big 4 miners iron ore shipments (Wet Mt)



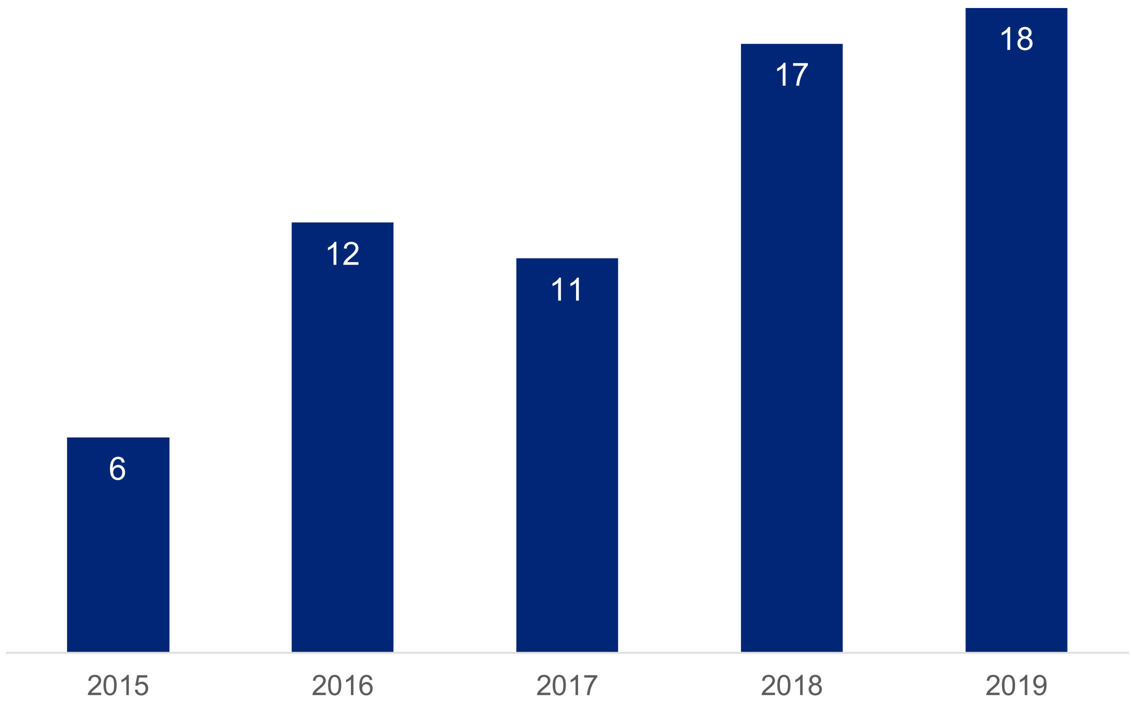
Source: Company reports

Diversified customer portfolio results in higher premia

Traditional market share in Kumba's total sales (%)



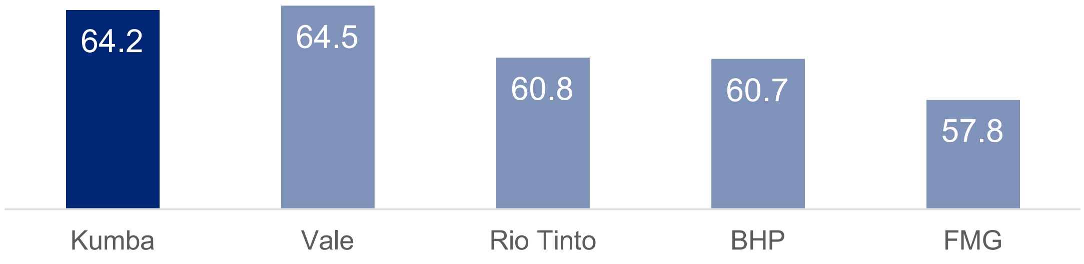
Price premium over Platts 62 FOB (US$/dmt)



Source: Iron Ore Marketing

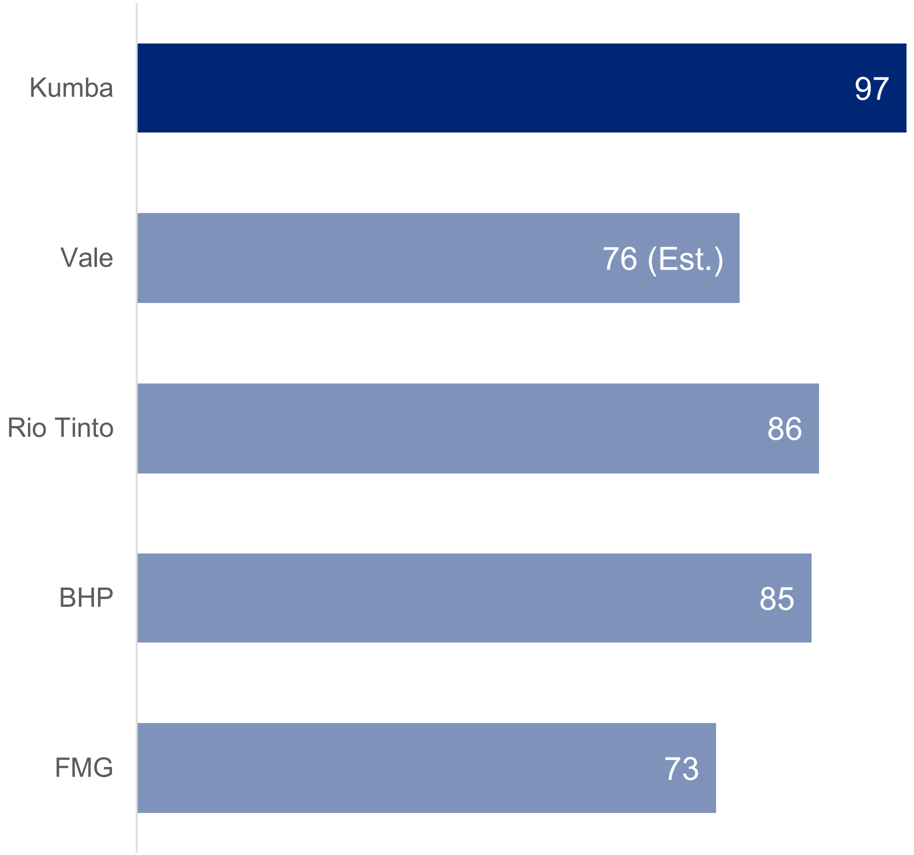
Our quality is our competitive advantage

2019 average Fe content comparison (%)



2019 lump:fine ratio comparison (%)

2019 realised price comparison US$/dmt, FOB



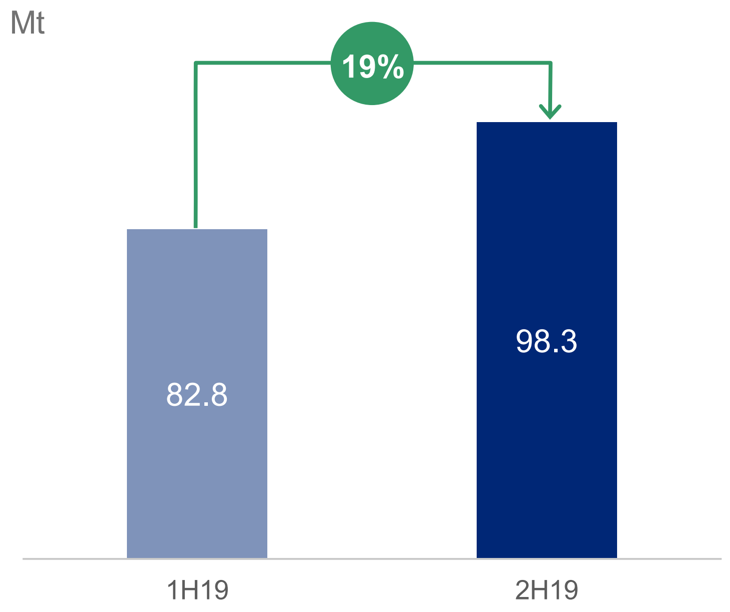
Source: Company reports, Woodmackenzie

Sishen – challenging start to the year, recovery demonstrated in H2

Total waste mined

181.1Mt

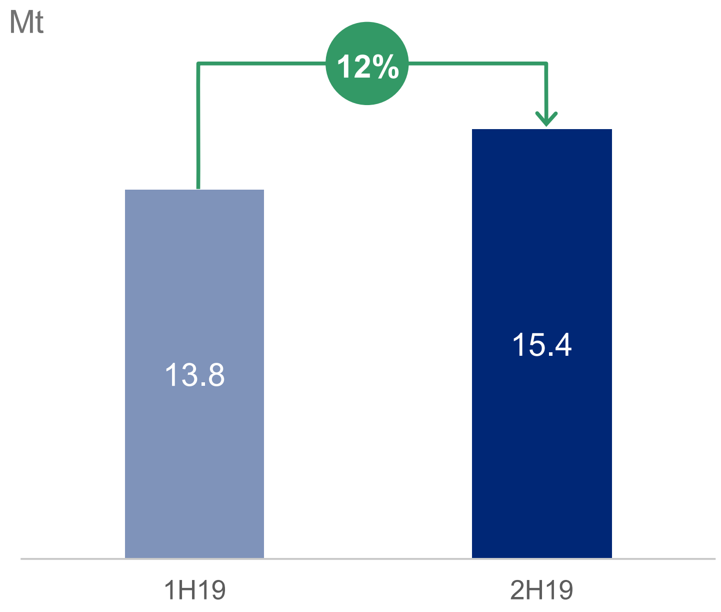
FY18: 182Mt



Total production volumes

29.2Mt

FY18: 29.2Mt



Reduced LTIs

14%

FY19: 12 (FY18: 14)

Competitive Fe quality

64.3%

FY18: 64.6%

Lump:Fine ratio

71.4%

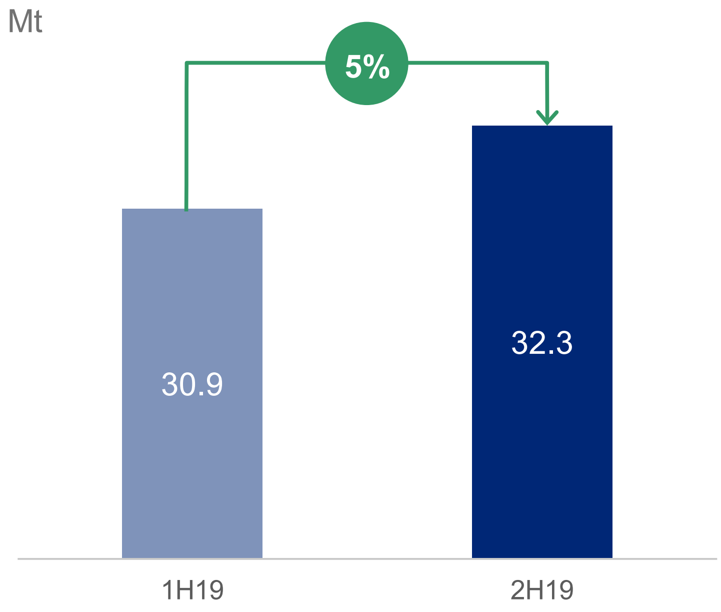
FY18: 71.8%

Kolomela – solid mining performance, lower production due to DMS upgrade

Total waste mined

63.2Mt

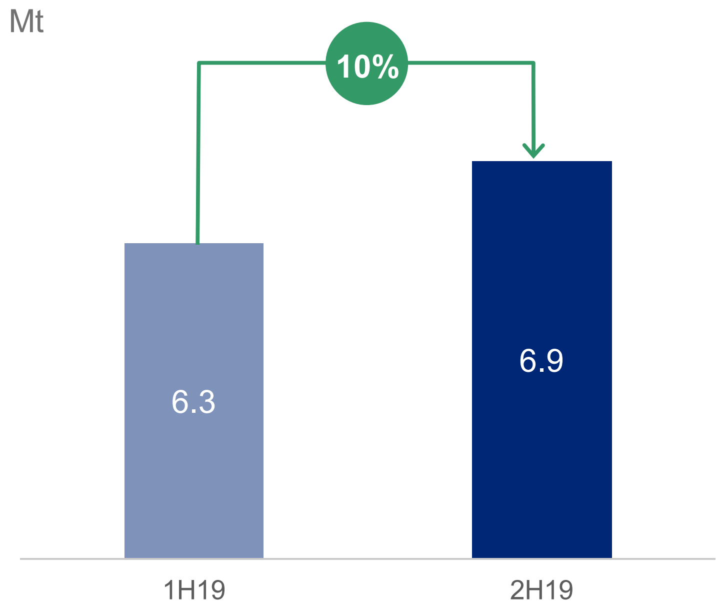
FY18: 56Mt



Total production volumes

13.2Mt

FY18: 13.9Mt



Reduced LTIs

40%

FY19: 3 (FY18: 5)

Competitive Fe quality

64.1%

FY18: 64.3%

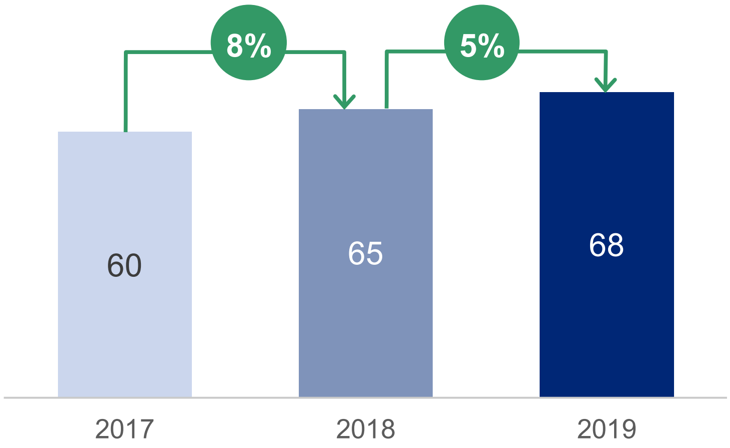
Lump:Fine ratio

58.1%

FY18: 58.7%

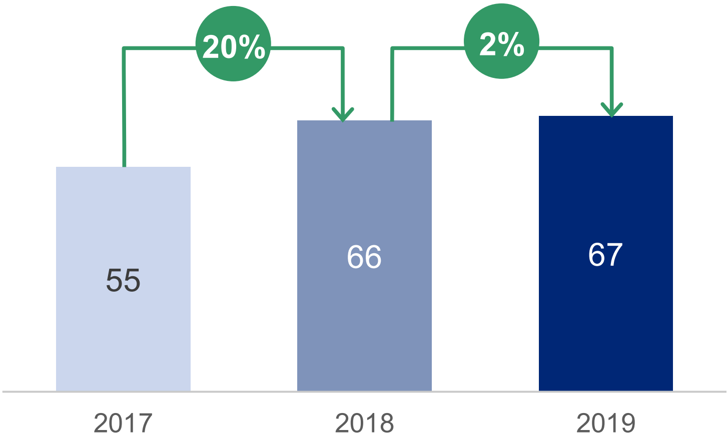
Operational efficiency – focused on improving equipment reliability

Sishen Owner Fleet OEE (%)



- Solid 2800 shovel performance
- Improved 960[1] truck payload
- Offset by maintenance on 4100[1] shovels

Kolomela Owner Fleet OEE (%)



- Increased 730[2] truck DOH by 1.5hrs
- Improved 730[2] truck payload
- Offset by maintenance on 996[2] shovels

P101 initiatives

- Targeting P101 benchmark efficiency
- Double-sided loading to improve tempo
- Payload, DOH and truck speed optimisation
- In-pit dumping, shorter haul distances
- Optimised shift system

1. *Sishen: P101 - 4100 shovels; 960 trucks*
2. *Kolomela: P101 - 996 shovels; 730 trucks*

Rail performance significantly improved, while total sales reflects lower domestic offtake

Railed to port

42Mt

FY18: 40.6Mt

Finished product inventory

6.4Mt

FY18: 5.3Mt

Export sales

40Mt

FY18: 40Mt

Domestic sales

2.2Mt

FY18: 3.3Mt

Total sales

42.2Mt

FY18: 43.3Mt

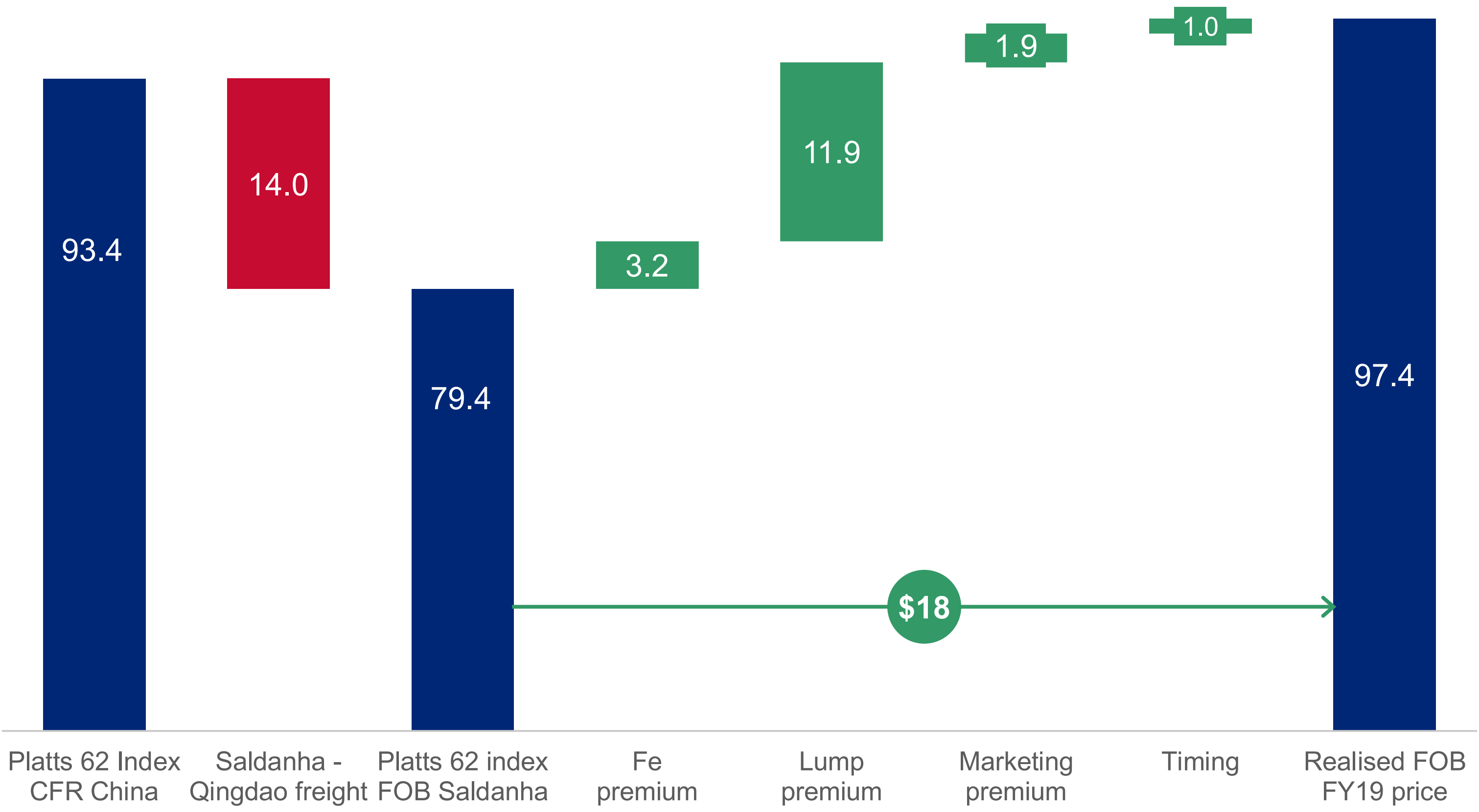
FINANCIAL OVERVIEW

Enhancing shareholder returns

Margin enhancement		Financial discipline		Sustainable returns	
Average realised FOB price FY18	**US$97/t** US$72/t	**Cost savings** FY19 target	**R920m** R700m	**HEPS** FY18	**R50.88** R30.28
EBITDA margin FY18	**52%** 45%	**Break-even price** FY18	**US$45/t** US$41/t	**DPS** FY18	**R46.78** R30.24

Price premia reflect continued focus on quality and diversification

Kumba FY19 realised FOB price (US$/dmt)



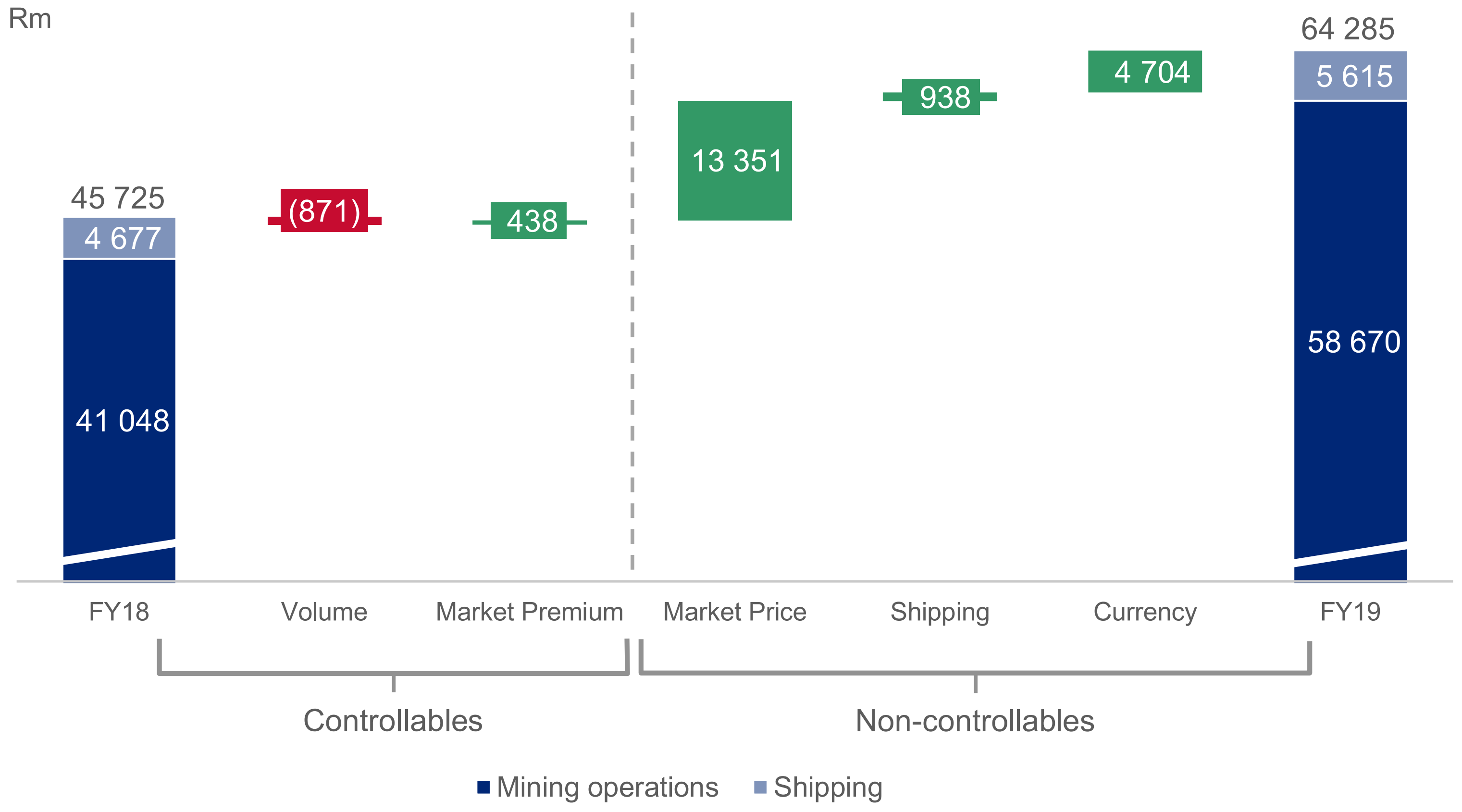
Price drivers

Average market prices:

- P62 Index CFR China price +34% average: US$93/dmt
- Fe premium: average: ~US$1.5 per 1% Fe
- Lump premium: average: US$0.27/dmtu (US$17/dmt) vs. US$0.25/dmtu in 2018
- Marketing: P65-62 differential -50% to US$11/dmt
- Timing effects: Products generally priced in month of arrival

Revenue driven by market price and currency gains

Revenue increased by 41%



Revenue drivers

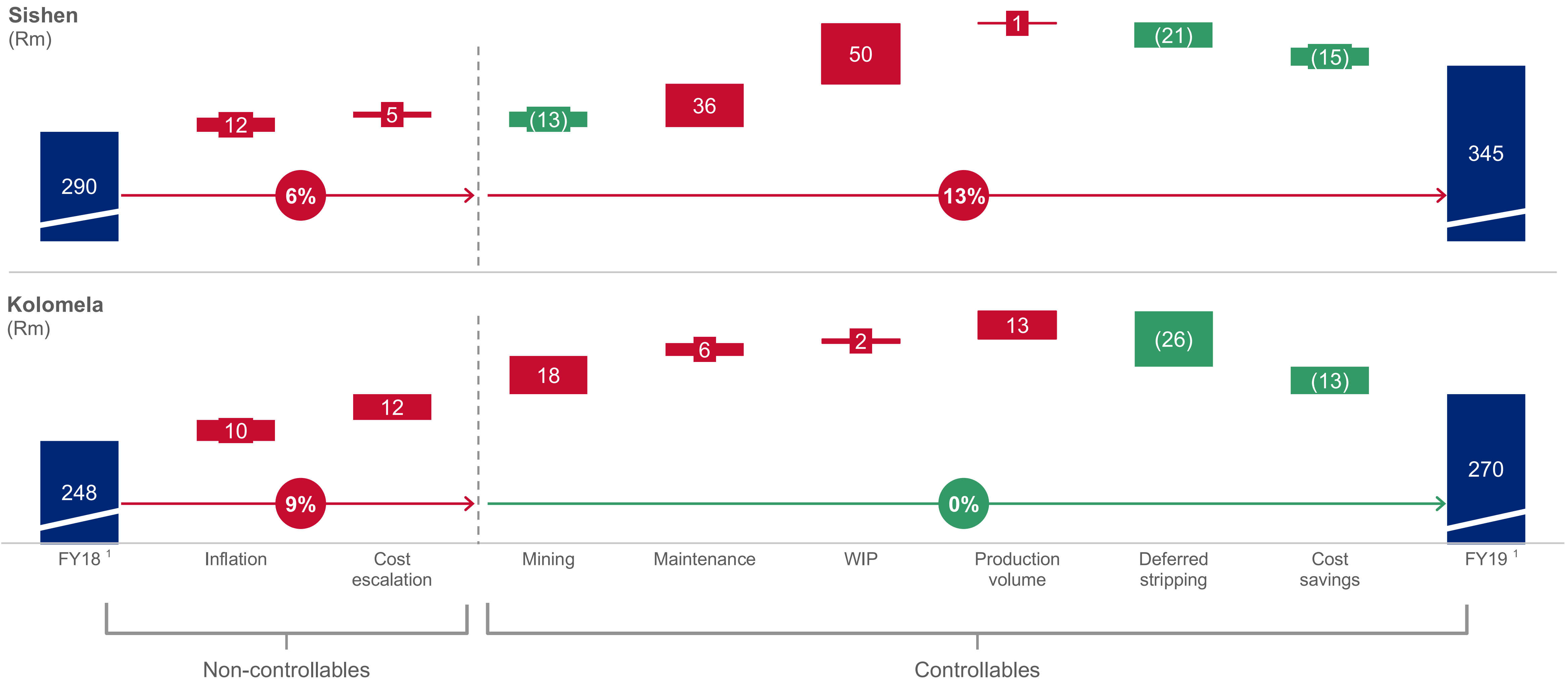
Controllables

- Sales volumes down 2% due to lower domestic offtake
- Market premium +US$1.4/t to US$18.0/t (FY18: US$16.6/t)

Non-controllables

- Average realised FOB export price up 35% to US$97/t (FY18: US$72/t)
- Average R/US$ exchange rate 9% weaker at R14.45 (FY18: R13.24)

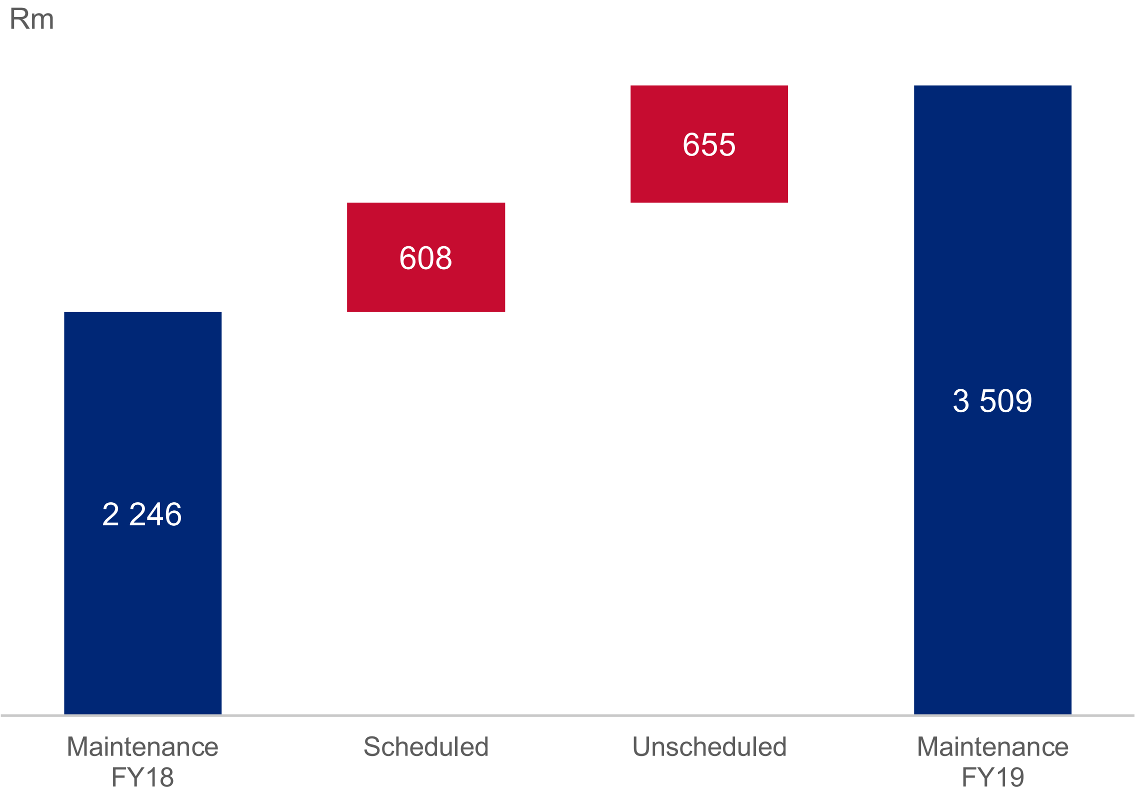
Unit cash cost – maintenance and cost escalation partly offset by savings



1. Excluding impact of deferred stripping on unit cost: Sishen = FY19: R68/t (FY18: R47/t); Kolomela = FY19: R48/t (FY18: R22/t)

Unit costs impacted by increased maintenance and WIP utilisation

Maintenance costs for 2019



Guidance for 2020

Maintenance

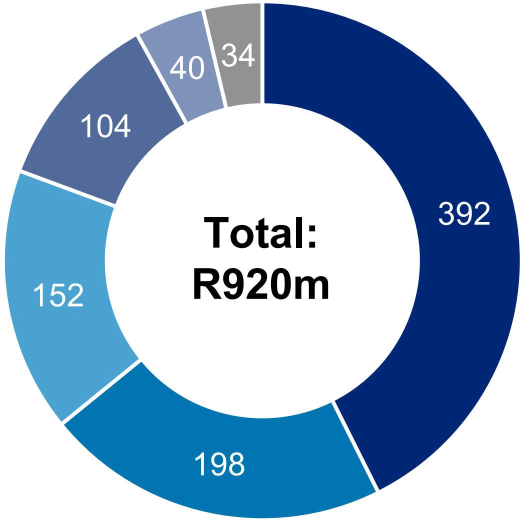
- 2019: total maintenance R3.5bn, R1.3bn up year-on-year (R655m unscheduled)
- 2020: expected scheduled maintenance ~R3.0bn

WIP movement

- 2019: negative Sishen unit cost impact of ~R50/t from WIP utilisation (lower ex-pit ore volumes)
- 2020: ex-pit ore to exceed plant feedstock requirements

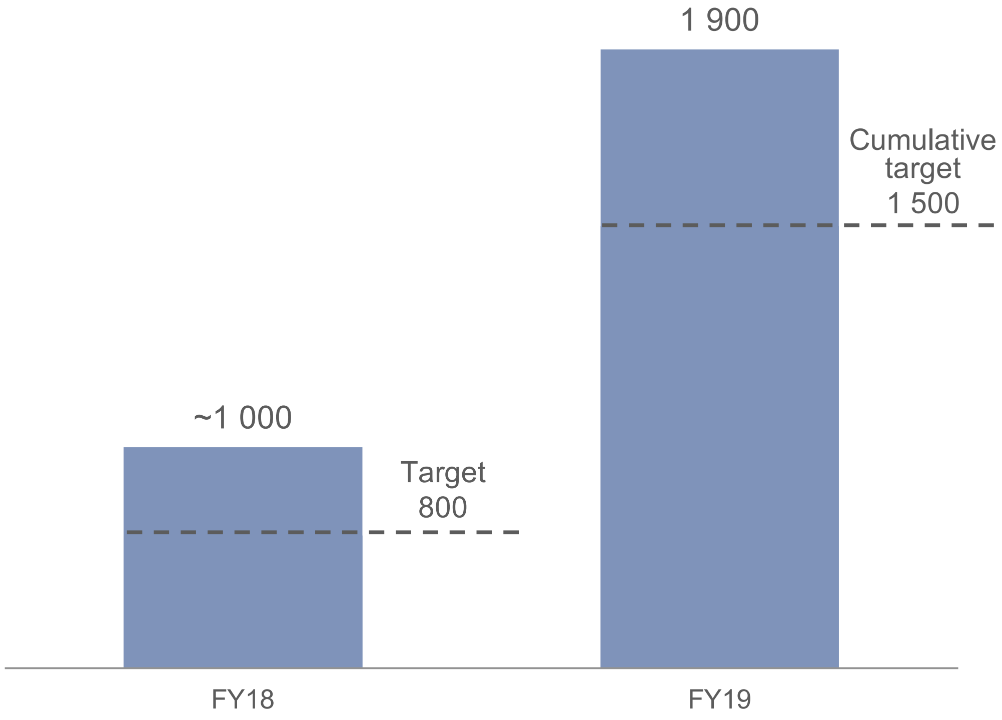
Cost savings delivered ahead of target

Cost savings initiatives 2019 (Rm)

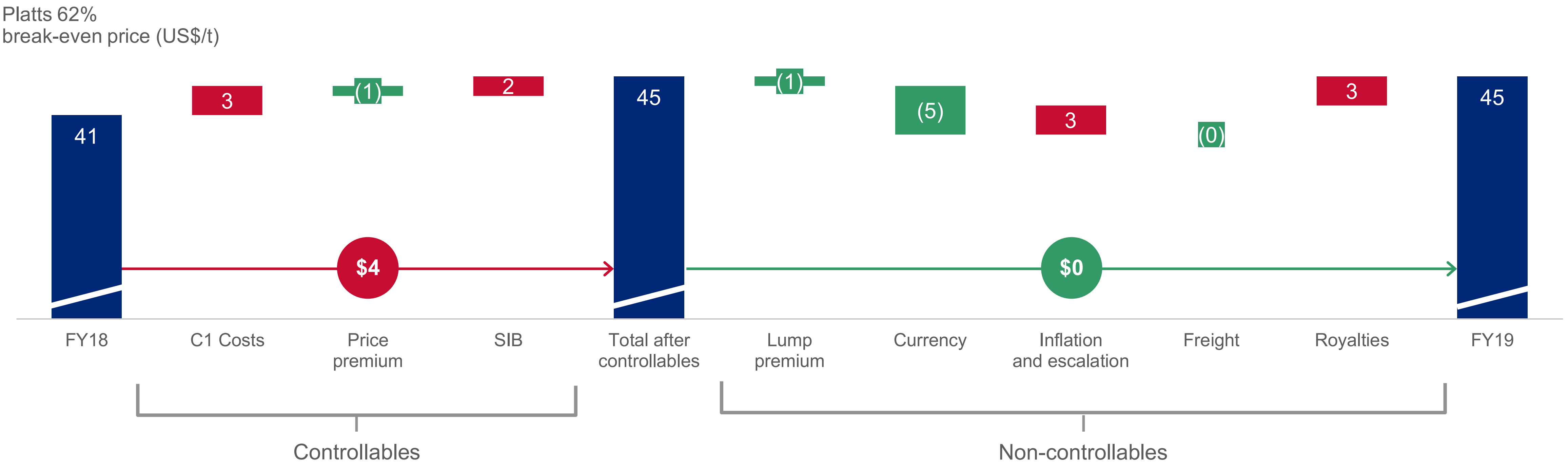


- Mining: Improved drill, blast, tyre and diesel efficiencies
- Overheads: Fixed cost savings
- Projects: Project scope and execution optimisation
- Plant: Reduced consumption of Ferro Silicon and electricity
- Supply chain: Contract optimisation
- Engineering: Reduced external spend

Cumulative cost savings (Rm)

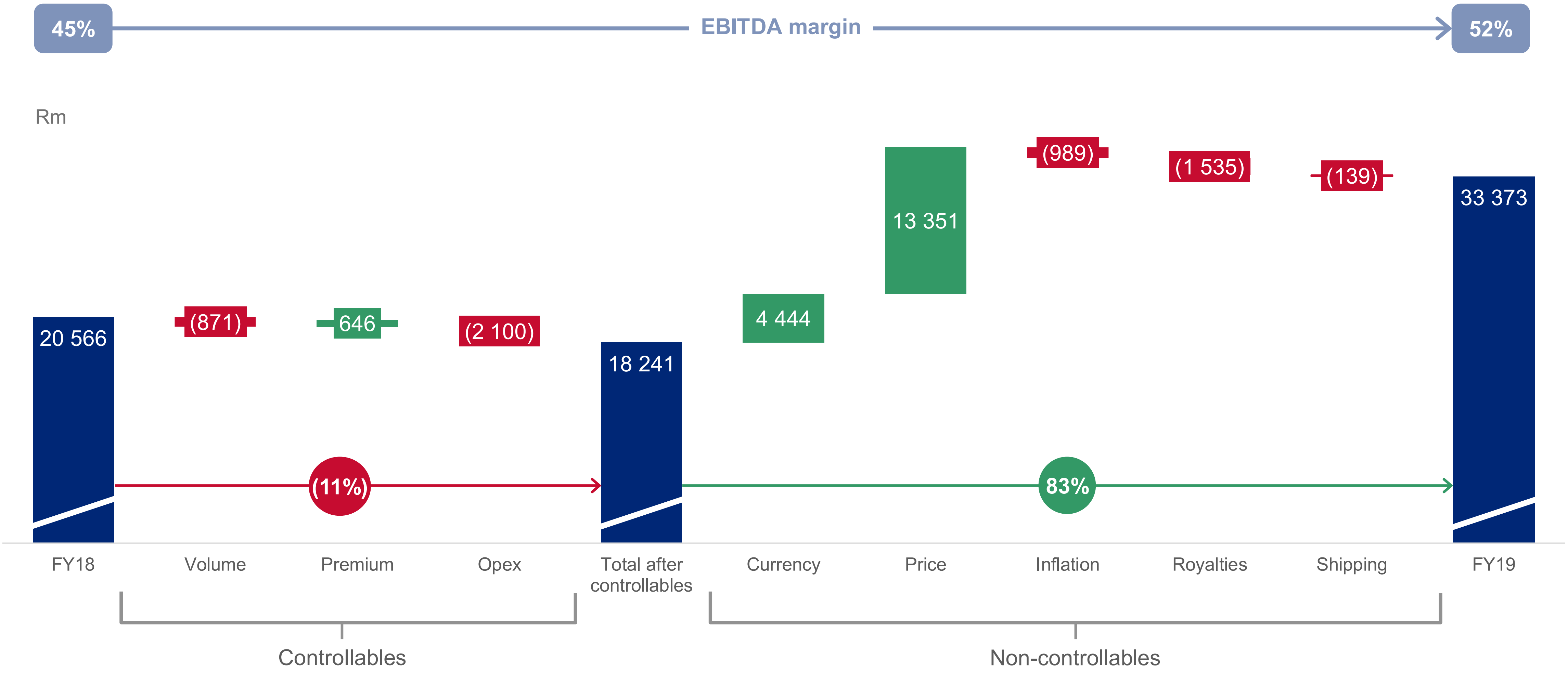


Break-even price reflects increased on-mine costs and SIB capex



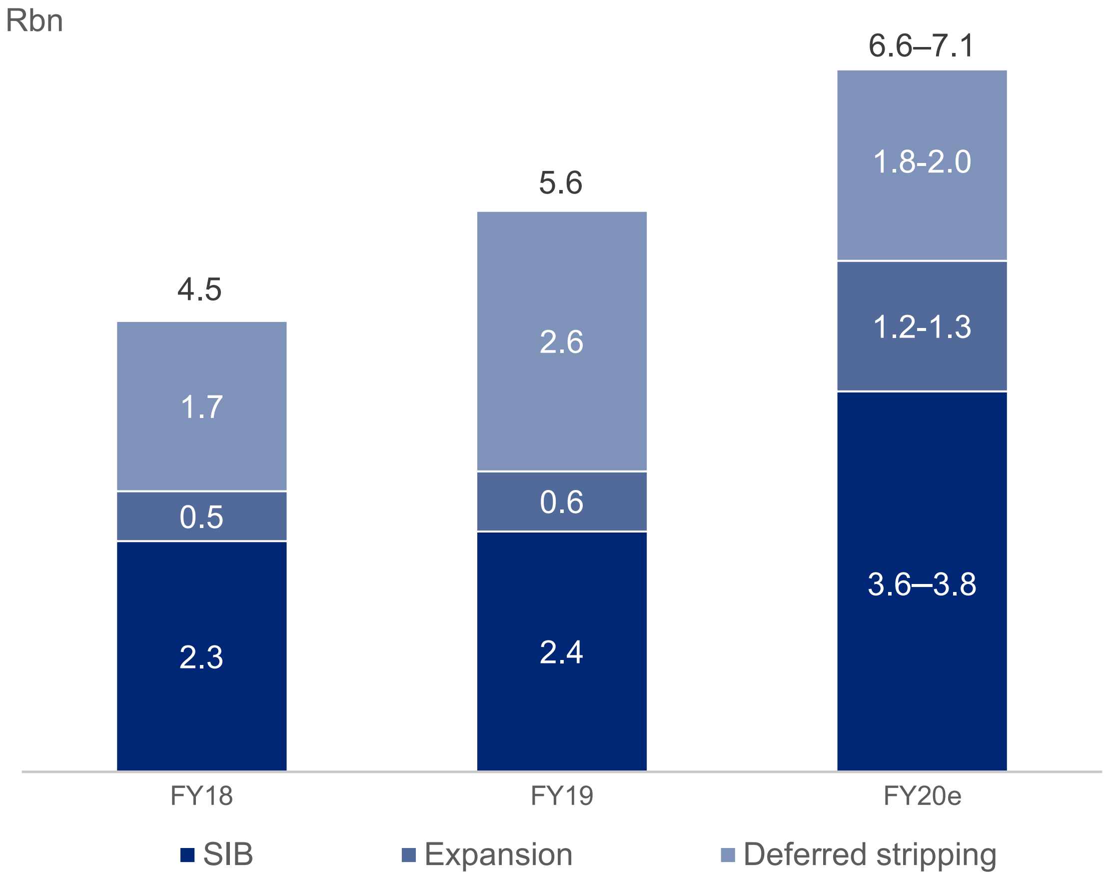
- Increased controllable costs driven by:
  - Higher opex caused by breakdowns
  - Increased on-mine SIB capex, offset by
  - Stronger achieved price premium
- Constant non-controllable costs due to:
  - Higher lump premium of US$11.90/t (FY18: US$11.10/t)
  - Currency gains from exchange rate of R14.45/US$ (FY18: R13.24/US$), offset by
  - Higher input cost inflation and escalation and royalties

EBITDA reflects higher revenue, partially offset by cost increases



Capital expenditure to sustain and grow our business

Capital expenditure



FY19

SIB:

- Capital spares, plant and other infrastructure spend, and fleet

Deferred stripping:

- Mining in higher strip ratio areas

Expansion:

- Dingleton, UHDMS/Kapstevel feasibility, P101 efficiency programme

Medium term

SIB:

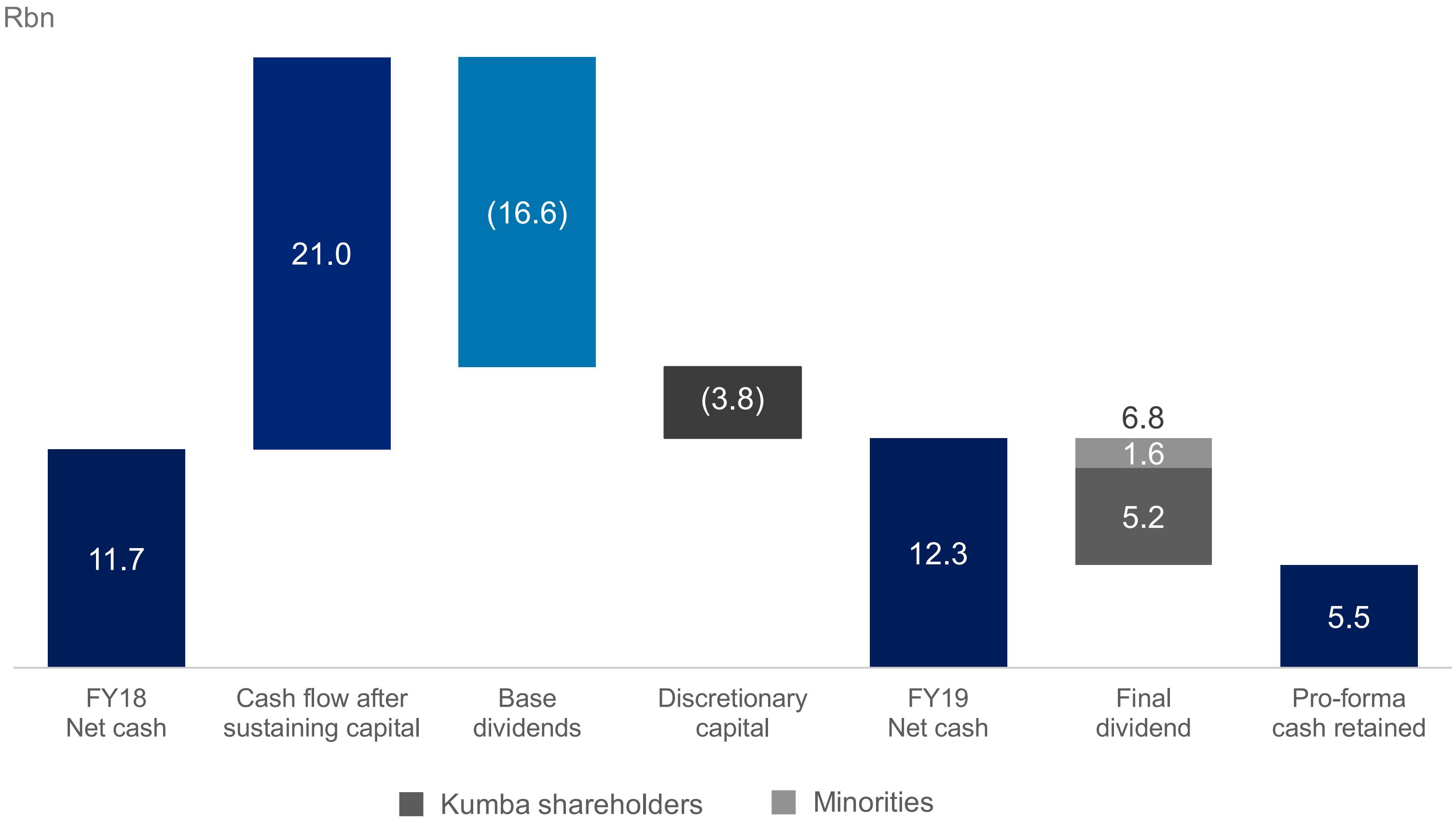
- Expected to peak 2020, driven by capital spares, fleet renewals and plant infrastructure. Normalising from 2021 to ~R3bn p.a.

Expansion:

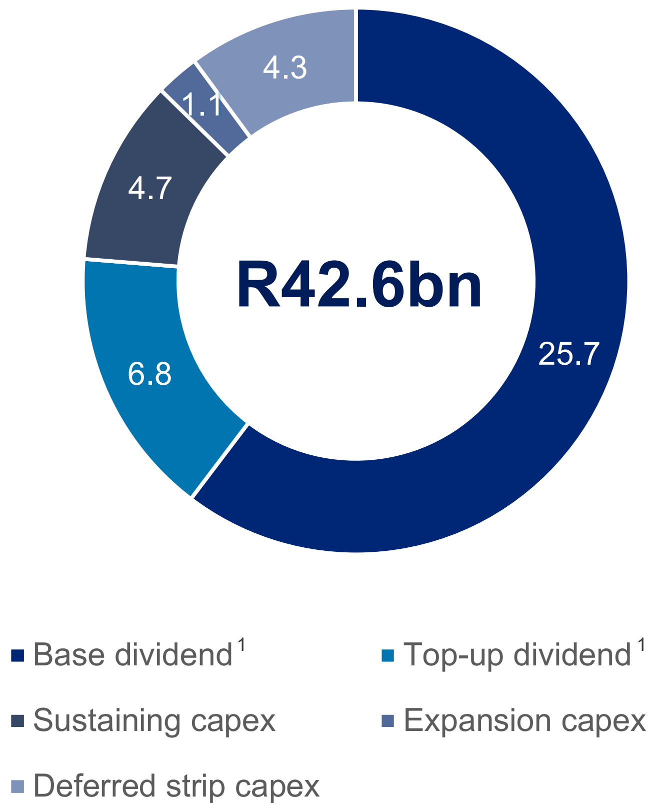
- Kapstevel South total spend including pre-stripping ~R5bn (2020 – 2023)
- UHDMS project total spend ~R3bn (2020 – 2023)
- P101 efficiency programme

Disciplined capital allocation supports shareholder returns

Capital allocation: FY19



Capital allocation: 2018 – 2019



1. *Including dividends declared to minorities*

COMMITTED TO DELIVERING OUR STRATEGY

Operating at full potential by 2022

Enhanced product portfolio

Total sales of premium products

40%

FY19: 19%

Improved operational efficiency

P101 benchmark on waste fleet

>100%

FY19: 68%

Cost saving initiatives

Cumulative target

>R2.6bn

FY20: R960m target
To date: R1.9bn

Leveraging our endowment – targeting 20 year life of asset

Sishen and Kolomela	Sishen - Technology	Kolomela - Exploration	Northern Cape Exploration
Life of Mine	Feasibility	Prefeasibility/concept	Early exploration
Focusing on optimisation and efficiencies	**Sishen UHDMS project**	**Ploegfontein**	**Heuningkranz and other targets**
↑ Kolomela LoM stripping ratio optimised from **4.1 – 3.8**	– **~273Mt** mineral resource[2]	↑ Drilling **65%** complete – **~73Mt** mineral resource[2]	↑ Drilling **90%** complete ↑ Access obtained to **2 prospective** targets

Implementation time horizon

Ongoing	Near term (3 - 5 years)	Medium term (5 – 7 years)	Longer term (+7 years)

1. *UHDMS: Ultra high density media separation*
2. *Mineral Resource targeted for UHDMS beneficiation based on site-specific Mineral Resource estimates as at 31 December 2019)*

Guidance for 2020

Total production	Total sales	Capex
41.5 – 42.5Mt	**42 – 43Mt**	**R6.6 – 7.1bn**

Sishen

- Production: ~ 29Mt
- Waste: 170 – 180Mt
- Unit costs: R355 – 370/t
- Strip ratio: 4.4, LoM ~3.4
- LoM: 13 years

Kolomela

- Production: ~13Mt
- Waste: 55 – 60Mt
- Unit costs: R280 – 290/t
- Strip ratio: to exceed 4, LoM ~3.8
- LoM: 13 years

Our value proposition

Asset	Capabilities	Sustainable returns (2018-2019)
▪ Premium product portfolio	▪ Safe and flexible production	▪ R54bn EBITDA
▪ Life extension opportunities	▪ P101 efficiency and technology	▪ R25bn attributable free cash flow
▪ License to operate	▪ Talented people	▪ ROCE of 83% in 2019, up from 49%
▪ Strong balance sheet	▪ Capital discipline	▪ R32.5bn of dividends declared

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THANK YOU

ANNEXURES

Annexure 1:
Logistics performance

Mt	FY19	FY18	% change	2H19	1H19	% change
Railed to port (incl. Saldanha Steel)	**42.0**	40.6	3	19.7	22.3	(12)
Sishen mine (incl. Saldanha Steel)	**27.8**	27.1	3	12.9	14.9	8
Kolomela mine	**14.2**	13.5	5	6.9	7.3	(5)
Total sales	**42.2**	43.3	(3)	20.8	21.4	(3)
Export	**40.0**	40.0	—	20.1	19.9	1
Domestic	**2.2**	3.3	—	0.7	1.5	(6)
Total ore shipped	**40.0**	40.0	—	20.1	19.9	1
CFR (shipped by Kumba)	**27.3**	26.5	3	14.6	12.7	15
FOB (shipped by customers)	**12.8**	13.5	(5)	5.6	7.2	(6)
Finished product inventory	**6.4**	5.3	21	6.4	4.5	(31)

Annexure 2:
Operating margin

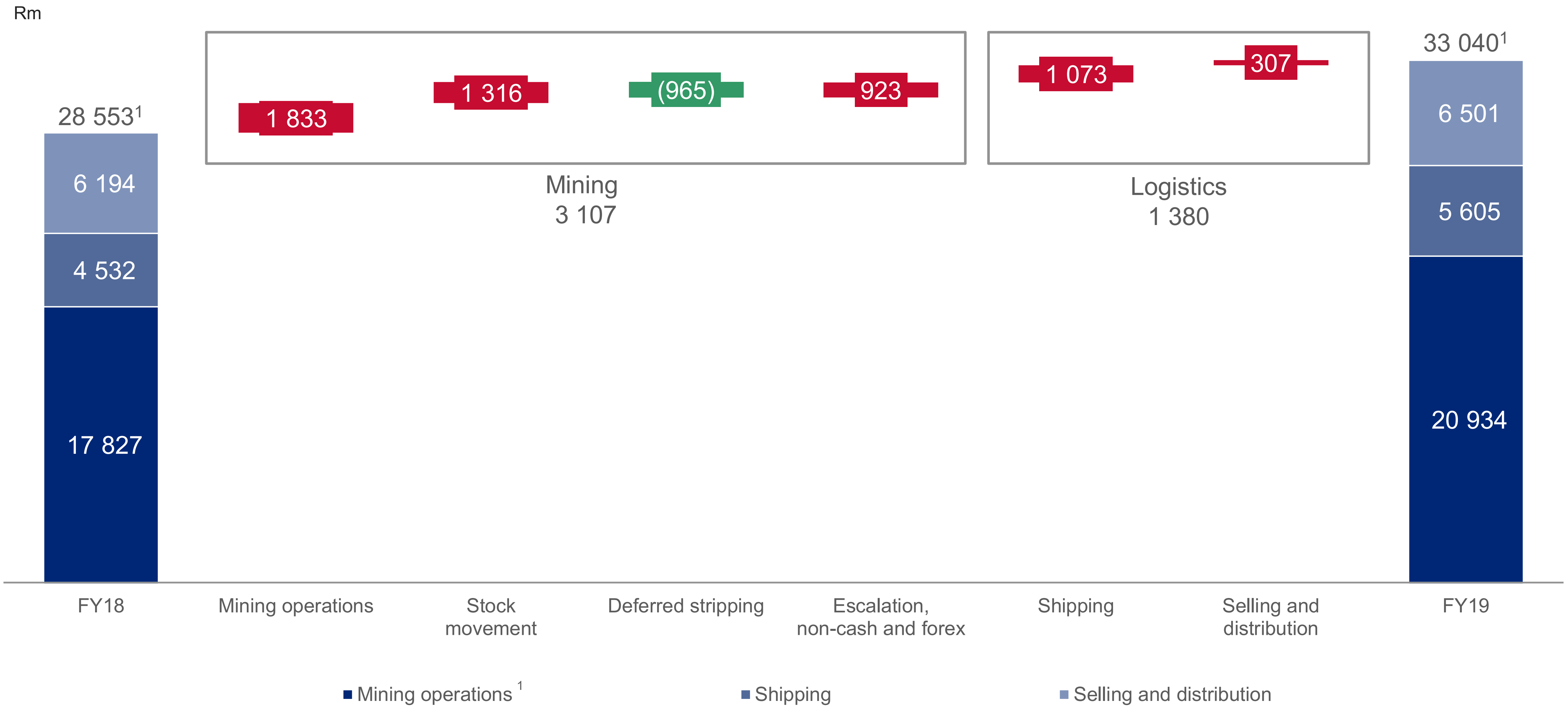
Rm	FY19	FY18	% change	2H19	1H19	% change
Revenue	**64 285**	**45 725**	41	**29 787**	**34 498**	(14)
Operating expenses	**(35 474)**	**(29 429)**	21	**(18 943)**	**(16 530)**	15
Operating profit	**28 811**	**16 296**	77	**10 844**	**17 968**	(40)
Operating margin (%)[1]	**45**	**36**	9	**36**	**52**	(16)
Profit for the period	**21 316**	**12 595**	69	**—**	**13 183**	(100)
Equity holders of Kumba	**16 259**	**9 615**	69	**—**	**10 058**	(100)
Non-controlling interest	**5 057**	**2 980**	70	**—**	**3 125**	(100)
Effective tax rate (%)	**27**	**24**	3	**27**	**27**	—
Cash generated from operations	**34 657**	**18 906**	83	**15 435**	**19 224**	(20)

1. *Excluding impairment*

Annexure 3:
Revenue analysis

	FY19	FY18	% change	2H19	1H19	% change
Export (Rm)	**56 113**	**38 261**	47	25 529	30 584	(17)
Tonnes sold (Mt)	**40.0**	**40.0**	—	20.1	19.9	1
US Dollar per tonne	**97**	**72**	35	86	108	(20)
Rand per tonne	**1 402**	**957**	46	1 270	1 537	(17)
Domestic (Rm)	**2 557**	**2 787**	(8)	789	1 767	(55)
Shipping operations (Rm)	**5 615**	**4 677**	20	3 468	2 147	62
Total revenue	**64 285**	**45 725**	41	29 787	34 498	(14)
Rand/US Dollar exchange rate	**14.45**	**13.24**	9	14.70	14.20	4

Annexure 4:
Expense drivers

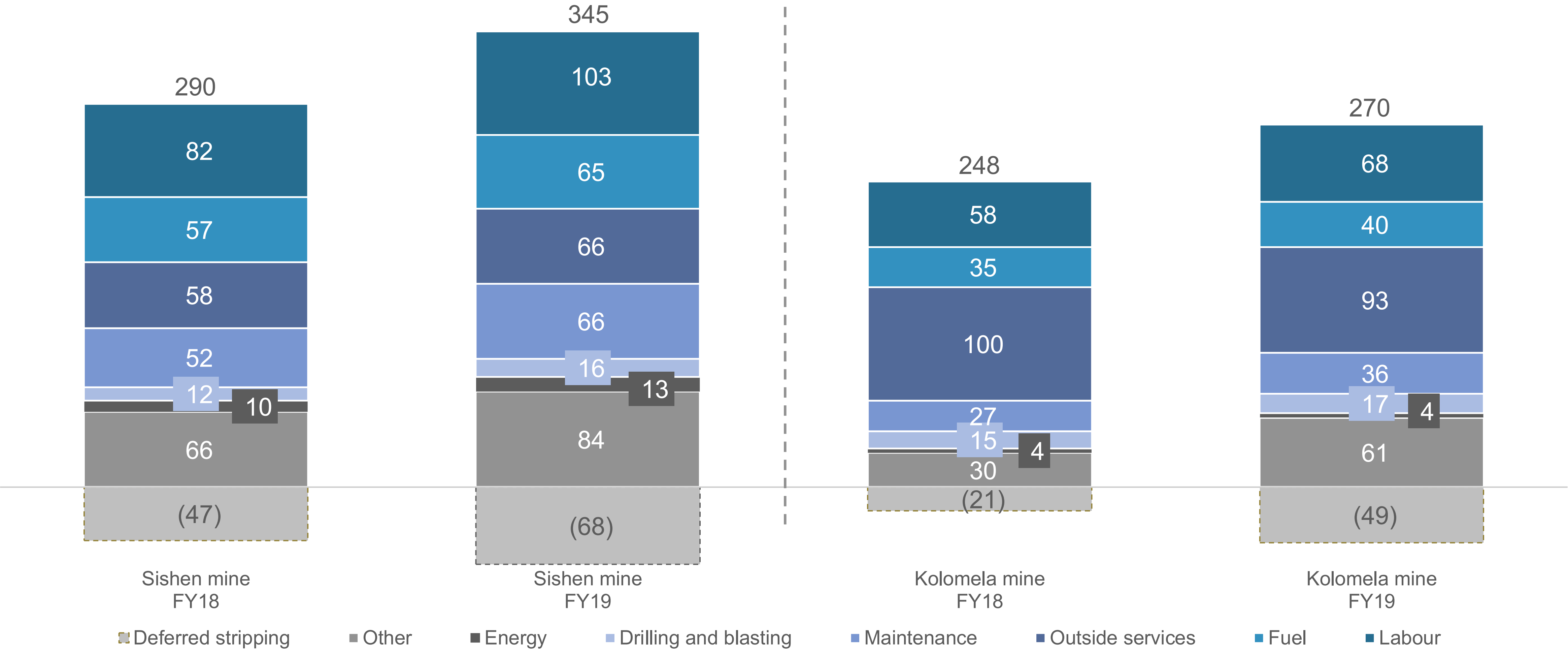


1. *Excluding the mineral royalty and impairment*

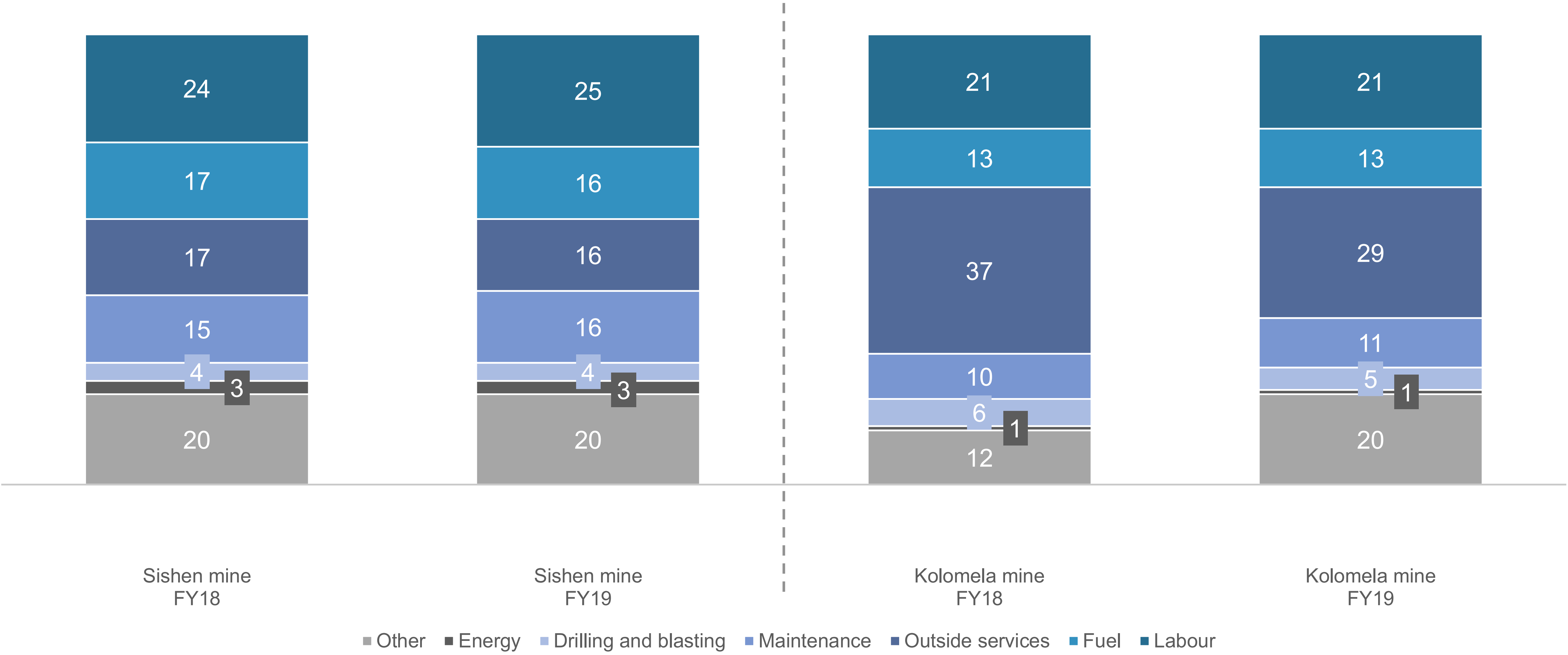
Annexure 5:
Expense Analysis

Rm	FY19	FY18	% change	2H19	1H19	% change
Cost of goods sold	**20,934**	**17,827**	17	10,994	9,940	11
Cost of goods produced	**18,951**	**16,222**	17	9,862	9,089	9
Production costs	**18,900**	**17,661**	7	10,334	8,566	21
Sishen mine	**13,434**	**12,209**	10	7,285	6,149	18
Kolomela mine	**5,370**	**5,079**	6	2,986	2,384	25
Thabazimbi mine	**—**	**69**	(100)	—	—	—
Other	**96**	**304**	(68)	63	33	91
Inventory movement WIP	**51**	**(1,439)**	>(100)	(472)	523	>(100)
A grade	**319**	**(1,250)**	>(100)	(304)	623	>(100)
B grade	**(268)**	**(189)**	42	(168)	(100)	68
Inventory movement finished product	**14**	**171**	(92)	(398)	412	>(100)
Corporate support and studies	**2,122**	**1,339**	58	1,530	592	>100
Forex and other	**(153)**	**95**	>(100)	—	(153)	(100)
Mineral royalty	**2,411**	**876**	>100	1,187	1,224	(3)
Impairment charge/(reversal)	**23**	**—**	100	(33)	56	>(100)
Selling and distribution	**6,501**	**6,194**	5	3,401	3,100	10
Shipping operations	**5,605**	**4,532**	24	3,395	2,210	54
Operating expenses	**35,474**	**29,429**	21	**18,944**	**16,530**	15

Annexure 6:
Sishen and Kolomela mines' unit cash cost structure (R/t)



Annexure 7:
Sishen and Kolomela mines' unit cash cost structure (%)

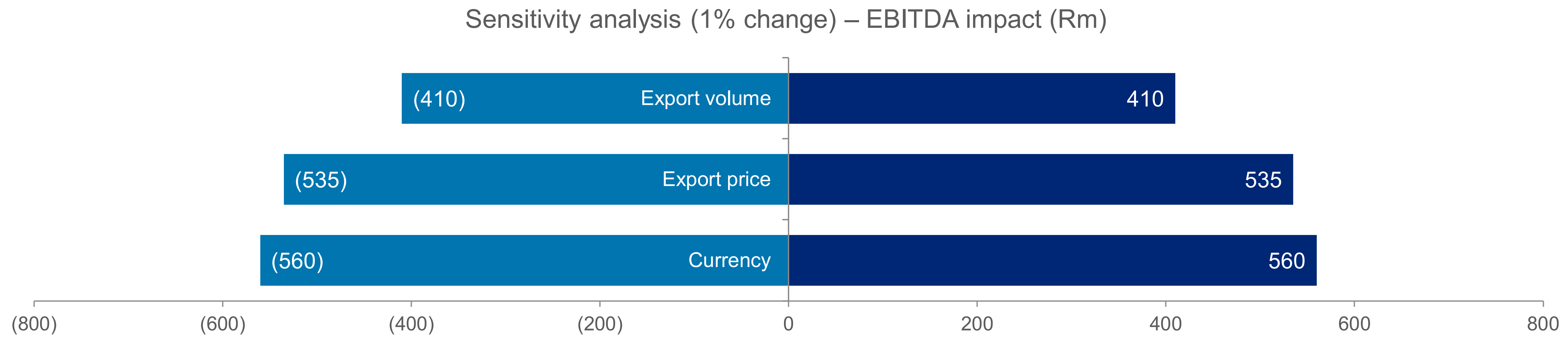


Annexure 8:
Capital expenditure analysis

Rm	FY19	FY18	Forecast 12 months 31 Dec 2020
Approved expansion	**592**	**506**	**900**
Deferred stripping	**2 634**	**1 669**	**1 800 – 2 000**
Sishen	1 981	1 370	1 000 – 1 100
Kolomela	653	299	800 – 900
SIB	**2 377**	**2 288**	**3 600 – 3 800**
Sishen	1 693	1 691	2 400 – 2 500
Kolomela	684	597	1 200 – 1 300
Unapproved expansion	**–**	**–**	**300 – 400**
Total approved and unapproved capital expenditure	**5 603**	**4 463**	**6 600 – 7 100**

Annexure 9:
Sensitivity analysis for 2019

1% change to key operational drivers, each tested independently

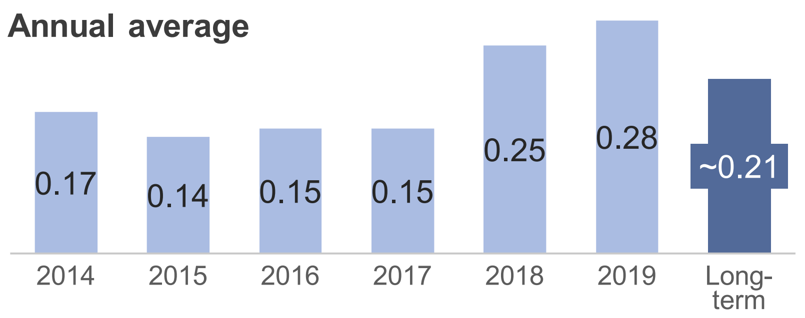


Change per unit of key operational drivers, each tested independently

Sensitivity analysis	Unit change	EBITDA impact
Currency (Rand/US$)	R0.10/US$	R390m
Export Price (US$/t)	US$1.00/t	R585m
Volume (kt)	100kt	R100m
		Breakeven price impact
Currency (Rand/US$)	R1.00/US$	US$3.00/t

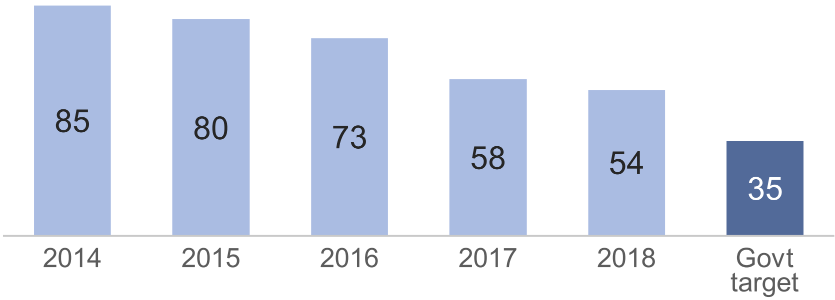
Annexure 10:
Structural changes support quality premiums

Lump premium (Platts, US$/dmtu)[1]

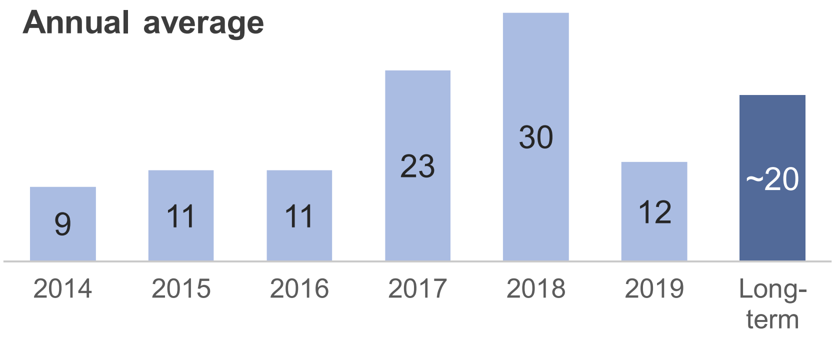


- Tighter emissions standards
- Escalating sinter costs
- Sinter displaced by lump

Beijing air quality (PM 2.5)[1]

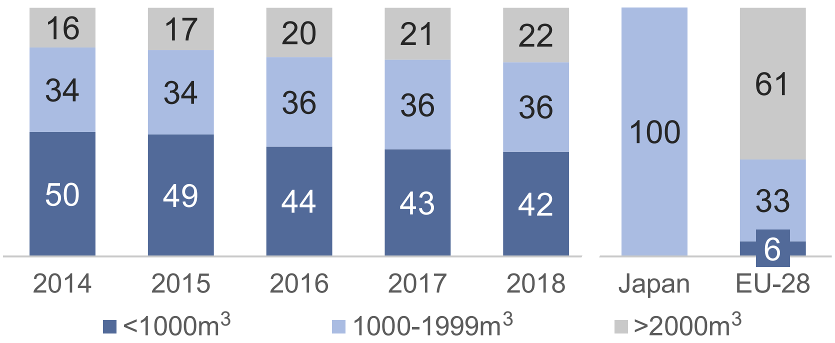


62% vs 65% premium (Platts, %)[1]



- ~250Mt steel capacity reduction
- Bigger blast furnaces
- Steel industry consolidation

China blast furnace size (%)[1,2]



1. *Source: Beijing Urban Master Plan, 2030; CISA, MIIT, Wood Mackenzie; WSA, CRU*
2. *CISA member mills only*