100 YEARS 1917 - 2017

REVIEWED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017
AND CASH DIVIDEND DECLARATION

DELIVERING CHANGE
BUILDING RESILIENCE
FOCUSED EXCELLENCE

AngloAmerican

KUMBA IRON ORE LIMITED

FATALITY FREE AND REDUCED LOST-TIME INJURIES

PRODUCTIVITY IMPROVEMENT RESULTED IN PRODUCTION OF **21.9 MT,** UP **23%**

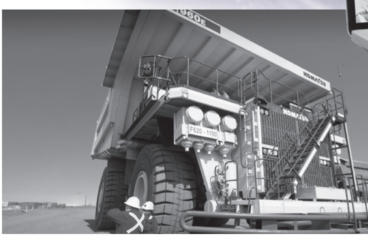
IMPROVED FINANCIAL PERFORMANCE WITH STRONG **CASH GENERATION**

REVENUE OF **R21.5 BILLION,** UP **22%**

HEADLINE EARNINGS OF **R4.6 BILLION, R14.42** PER SHARE, UP **53%**

BALANCE SHEET STRENGTHENED WITH NET CASH OF **R13.5 BILLION**

DIVIDEND REINSTATED – **R15.97** PER SHARE INTERIM **CASH DIVIDEND**



OTHER SOURCES OF INFORMATION

Our website provides more information on our Company and its performance.

www.angloamericankumba.com

COMMENTARY

SAFETY

The focus on safety remains a key priority for the group. The continuous effort in our safety performance included an emphasis on leadership, operational risk management and implementation of critical controls, which have resulted in encouraging improvements reflected in our leading indicator reporting. No fatalities were recorded during the first half of 2017. The total recordable case frequency rate, a measure of frequency of injuries, was 0.73 (1H16: 0.83) and the lost-time injury frequency rate (LTIFR) decreased to 0.23 (1H16: 0.27).

SIGNIFICANT IMPROVEMENT IN PRODUCTIVITY AND EFFICIENCIES DELIVERED

Themba Mkhwanazi, Chief executive of Kumba, notes, "I am pleased to report that Kumba has delivered on our key objectives set for the first half. Kumba was fatality free and improved significantly on all key safety indicators. Our operational performance was again encouraging, with another step change in productivity from the revised Sishen mine plan and enhanced fleet efficiencies. This resulted in a 23% improvement in production.

"Stronger operational performance and commodity prices resulted in the operating margin improving to 36% from 29% in 1H16, and headline earnings increasing 53%. Cash flow conversion was strong with operating free cash flow up 48% to R8.3 billion resulting in a robust R13.5 billion net cash position. This has enabled us to resume dividend payments, with an interim dividend of R5.1 billion declared representing R15.97 per share. While the overall progress has been very encouraging, substantial effort was required simply to offset cost inflation and there is no room for complacency. The team is therefore examining every aspect of the value chain in order to improve Kumba's ability to endure any future price volatility."

DIVIDEND REINSTATED

The Board has decided to resume paying a dividend, in accordance with the Board's policy of returning excess cash to shareholders, whilst retaining a high level of balance sheet flexibility. A conservative approach remains critical in the context of an ongoing volatile price environment.

Taking cognisance of the uncertain environment, but also recognising the strong cash balance built up by the group, the Board has decided to pay an interim cash dividend of R15.97 per share.

The dividend policy remains under review and the Board will continue to assess the Company's requirements at each interim and annual reporting period, taking into account the prevailing risks and opportunities, as well as the future earnings outlook.

REGULATORY UPDATE

The Reviewed Mining Charter (MCIII)

On 15 June 2017, the South African Department of Mineral Resources (DMR) published its Reviewed Mining Charter 2017 (MCIII). Kumba has expressed its concern that, unlike the collaborative process for agreeing the 2004 and 2010 Mining Charters, the MCIII was not concluded through agreement between the DMR and all relevant stakeholders, including the mining industry, despite the best efforts of those stakeholders over the preceding year. Unfortunately, the practical experience of the mining industry in implementing the previous Mining Charters – which themselves have contributed to the achievement of the significant transformation that exists across the South African mining industry today – was not taken into account in the development of MCIII.

Kumba is supportive of the legal course of action being followed by the Chamber of Mines, with the ultimate objective of arriving at a negotiated solution that is practical to implement, and that preserves and enhances investment in what is a critically important industry for South Africa.

COMMENTARY CONTINUED

In the absence of new investment, South Africa will fail to deliver the economic growth required to create greater levels of employment and socio-economic upliftment for the benefit of all South Africans. Kumba is committed to meeting South Africa's transformation objectives and has been a longstanding and major contributor to the country's transformation.

On 14 July 2017, the Chamber of Mines advised that the Minister of Mineral Resources has given a written undertaking that the Minister and the DMR, will not implement or apply the provisions of the 2017 Reviewed Mining Charter in any way, pending judgment in the urgent interdict application brought by the Chamber of Mines. Kumba welcomes the undertaking and will continue to engage through the Chamber of Mines.

Sishen consolidated mining right granted

An application, in terms of Section 102 of the Mineral and Petroleum Resources Development Act No 28 of 2002, to extend Sishen mine's mining right by the inclusion of the adjacent Sishen Iron Ore (Pty) Ltd (SIOC) Prospecting Rights (including Dingleton) and other properties, was lodged on 1 July 2016. This application is required by Sishen mine to expand its current mining operations within the adjacent Dingleton area. The official grant letter was received from the DMR on 6 July 2017 and the process to amend the Sishen mining right, will now proceed. Mining operations will only commence once the required environmental authorisation, in terms of the National Environmental Management Act 1998 (Act 107 of 1998), has been approved, which is expected soon.

Thabazimbi transfer to ArcelorMittal SA

SIOC and ArcelorMittal SA announced in 2016 that they had entered into an agreement to transfer Thabazimbi mine to ArcelorMittal SA, subject to the fulfilment of certain conditions. If these conditions are not satisfied by 31 August 2017 (the later date agreed to by the companies), the agreement will lapse and SIOC will proceed with the closure of the mine.

The agreement is expected to become effective in the second half of 2017, at which time the employees, assets and liabilities will transfer to ArcelorMittal SA at a nominal purchase consideration plus the assumed liabilities of which 97% is already ArcelorMittal SA's contractual liability. These liabilities include the mine's social closure plan based on the identified needs of the Thabazimbi community. The transfer will simplify the current arrangement by making ArcelorMittal SA solely responsible for Thabazimbi's closure and rehabilitation. The Thabazimbi mine assets and related liabilities that will transfer have been presented separately in the balance sheet as assets and liabilities of the disposal group held for sale at 30 June 2017 (refer to note 9 in the condensed consolidated financial statements).

MARKET OVERVIEW

The Platts 62%Fe CFR index reached US$95.05 per tonne in February, the highest level since August 2014, driven by Chinese New Year restocking and rising steel prices. Iron ore prices have subsequently fallen and ended the first half of the year at US$63 per tonne. Economic activity in China remained buoyant, with a rise in domestic steel prices and improved margins prompting mills to ramp-up capacity and boosting demand for iron ore. Strengthening iron ore prices have resulted in high cost supply coming back into the market, with iron ore supply from high cost seaborne suppliers, primarily from India, increasing 20% year-on-year.

The lump premium started the year at 10 US cents/dmtu and ended the first half at 21 US cents/dmtu, reaching an historic low of almost 2 US cents/dmtu in April. The recent rally in premiums is on the back of lower availability of lump product at Chinese ports and record mill margins, incentivising a renewed focus on productivity and supporting demand for direct charge material.

Underlying steel production and iron ore demand remained relatively strong during the first six months of the year but a tempering in steel demand is expected in the second half. Rising iron ore stock levels at Chinese ports, combined with a number of growth projects coming on line, is anticipated to put pressure on iron ore prices during the next six months.

Overview of six months ended 30 June 2017

Total tonnes mined were 125 Mt, a 13% increase. Total production increased to 21.9 Mt with significant productivity improvements at Sishen helping to deliver 15.6 Mt and a continued solid performance at Kolomela delivering 6.3 Mt. Total sales volumes increased by 5% to 21.2 Mt (1H16: 20.2 Mt) on the back of export sales of 19.5 Mt (1H16: 18.1 Mt) due to higher production.

Kumba achieved an average cash break-even price of US$43/tonne (CFR China) in the first six months of 2017, an increase of US$14/tonne from the average for the full year 2016. Controllable costs increased by US$1/tonne as a result of a US$2/tonne increase from mining cost inflation and higher waste mining volumes, partially offset by a further reduction in controllable overhead costs of US$1/tonne through continued cost optimisation. Uncontrollable costs increased as a result of higher freight rates (US$3/tonne) and lower lump and market premiums (US$5/tonne), higher mineral royalties (US$1/tonne) and a stronger currency which added US$4/tonne.

Headline earnings increased by 53% to R4.6 billion (1H16: R3 billion), mainly as a result of the 29% increase in the average realised iron ore export price to US$71/tonne (1H16: US$55/tonne), and 5% higher total sales volumes. Attributable and headline earnings for the period were R14.37 and R14.42 per share respectively.

OPERATIONAL PERFORMANCE

Production summary (unreviewed)

	Six months ended		
'000 tonnes	**June 2017**	June 2016	% change
Total	**21,854**	**17,788**	**23**
Lump	**14,483**	11,391	27
Fines	**7,371**	6,397	15
Mine production	**21,854**	**17,788**	**23**
Sishen mine	**15,551**	11,541	35
DMS plant	**9,705**	6,727	44
Jig plant	**5,846**	4,814	21
Kolomela mine	**6,303**	5,877	7
Thabazimbi mine	**–**	370	–

COMMENTARY CONTINUED

Sishen mine

The successful execution of the restructuring and mine plan redesign has increased the mine's flexibility and improved the run rates on key operating parameters. The new mine plan, Operating Model and significant fleet productivity gains of 57% helped drive Sishen's improved performance. Sishen focused on increased operator training and equipment direct operating hours (DOH) through higher attendance rates, changed shift patterns and more accountability at supervisory levels. Through these measures and a committed workforce, the mine has been able to reduce its reliance on contractors and as productivity rises, this trend is expected to continue. In the pit, wider benches, changed blast sizes and improved shovel productivity contributed to the increase in mining volumes. Better shovel and truck DOH have added an extra five production hours per day. Implementation of the Operating Model has resulted in an 84% improvement in mine to plan compliance since 2015.

As a result, total tonnes mined at Sishen increased by 11% to 92.9 Mt (1H16: 83.7 Mt) with 39% less trucks. As per the plan, the mine's stripping ratio increased to 4.7 for the six months, compared to 3.5 for the same period in 2016.

Production increased by 35% to 15.6 Mt (1H16: 11.5 Mt) due to a combination of increased plant throughput and higher yields. Waste mined was 76.6 Mt, an 18% increase for the period. Higher than normal levels of rainfall impacted performance in 1Q17 but the tonnages were recovered in the second quarter.

Kolomela mine

Kolomela production was impeded by rain and weather delays in 1Q17, but improved substantially in the second quarter to remain on track to achieve full year guidance. Productivity and efficiencies of the Kolomela drill fleet increased by 20% with the introduction of automated drilling technology. The Operating Model implementation has been responsible for a 7.6% improvement in DSO plant throughput.

Total tonnes mined increased by 21% to 32.2 Mt, (1H16: 26.7 Mt). Waste mined was 25.4 Mt (1H16: 20.2 Mt), an increase of 26%, as planned. The mine produced 6.3 Mt of ore (1H16: 5.9 Mt), a 7% increase, from 3% more ex-pit ore, benefiting from stockpiled material.

Operating Model

The implementation of the Operating Model continues to yield operational efficiency improvements. The stabilised roll-outs at the Kolomela plant and Sishen shovel maintenance area continue to demonstrate the benefits from the completed implementations. The model ensures more stable operations, reduced variability and enhanced capability and efficiency, providing a structured approach for continuous improvement.

Logistics

Despite severe weather disruptions at port and rail, Kumba's volumes railed on the Sishen-Saldanha Iron Ore Export Channel increased by 14% to 20.8 Mt (1H16: 18.3 Mt), as a result of increased production.

Kumba shipped 19.5 Mt (1H16: 18.1 Mt) from the Saldanha port destined for the export market, an increase of 8%, including 0.2 Mt shipped through the multi-purpose terminal (MPT) at the Saldanha port.

Sales summary (unreviewed)

'000 tonnes	June 2017	June 2016	% change
	Six months ended		
Total	**21,234**	**20,210**	**5**
Export sales	**19,477**	18,106	8
Domestic sales	**1,757**	2,104	(16)
Sishen mine	**1,757**	1,416	(24)
Thabazimbi mine	**–**	688	–

Sales

Total sales increased by 5% to 21.2 Mt (1H16: 20.2 Mt), as export sales volumes of 19.5 Mt (1H16: 18.1 Mt), including 0.3 Mt from third party producers, were aided by higher production levels. CFR sales accounted for 65% of export sales volumes (1H16: 70%). Finished product inventory held at the mines and ports increased from 2.3 Mt to 4.4 Mt. China accounted for 60% (1H16: 65%) of Kumba's export sales portfolio while the share of EU/MENA/Americas region increased to 20%, as Kumba further diversified its customer portfolio in the region. The group's lump:fine ratio was 63:37 for the period (1H16: 63:37).

FINANCIAL RESULTS

Revenue

The group's total revenue from continuing operations increased by 22% to R21.5 billion for the period compared to R17.6 billion for the comparable period in 2016, mainly as a result of the 29% increase in the average realised iron ore export price to US$71/tonne (1H16: US$55/tonne), and 5% higher total sales volumes. These gains were partially offset by the strengthening of the average Rand/US$ exchange rate (1H17: R13.21/US$1 compared to 1H16: R15.40/US$1). Firmer freight rates resulted in a R652 million increase in shipping revenue.

Kumba's FOB achieved prices improved by US$16/tonne compared to 1H16, driven by stronger average iron ore index prices offsetting impacts of higher freight rates and lower lump premiums. The average 62% Platts index increased by US$22/tonne, whilst the lump premium decreased by US$3/tonne and freight rates increased by US$5/tonne compared to 2016. The FOB achieved price increased by US$2/tonne due to pricing our China sales in the month of arrival.

Average lump premiums increased by 76% to US$0.08/dmtu in 2Q16 from that of the first quarter, on the back of increased demand for direct charge material supported by stronger steel prices. However, the first half average of US$0.07/dmtu is 53% lower than the 1H16 average of US$0.15/dmtu.

Operating expenses

Operating expenses increased by 11% to R13.8 billion compared to R12.4 billion in the first half of 2016; principally as a result of the 23% increase in production volumes and inflationary pressure on input costs. This was partially offset by saving on mining costs from productivity measures, savings from overhead reductions, reduced use of contractors and lower diesel prices. Selling and distribution costs remained flat despite the 14% increase in sales volumes railed.

COMMENTARY CONTINUED

R444 million higher freight costs were incurred due to the Platts freight rate on the Saldanha-Qingdao route increasing to US$10/wmt. Spot freight rates averaged US$9.91/tonne, an 87% increase from US$5.29/tonne in 1H16.

Cost savings were achieved through continued aggressive management of overheads and by focusing on high value project and technical studies, partially offset by inflation.

Unit cash costs at Sishen mine increased by 5% to R311 per tonne (FY16: R296 per tonne) primarily a result of 10% higher waste mining volumes and inflationary cost pressure, partially offset by productivity gains in mining and processing activities which resulted in an increase in production volumes, and higher deferred waste stripping costs capitalised, driven by a higher stripping ratio of 4.7. Kolomela mine incurred unit cash costs of R252 per tonne (FY16: R201 per tonne), a 25% increase from higher mining volumes, above inflationary pressures from higher fuel prices, and the costs incurred for the crushing of feedstock material for the modular plant.

Operating profit

Kumba's operating profit margin increased by 7 percentage points to 36% (1H16: 29%). The group's mining operating margin increased to 39% (1H16: 32%), excluding the net freight loss incurred on shipping operations mainly as a result of long-term fixed price chartering contracts. Operating profit increased by 50% to R7.7 billion (1H16: R5.2 billion).

Cash flow

The increased profitability on the back of higher average realised iron ore prices and increase in sales volumes during the six months positively impacted the group's cash generating ability. Cash flow generated from operations was R11.7 billion (1H16: R7.6 billion). The group ended the period with a net cash position of R13.5 billion (1H16: R548 million; 2H16: R6.2 billion). Capital expenditure of R1.1 billion was incurred, R0.2 billion on stay-in-business (SIB) activities, R0.7 billion on deferred stripping, and R0.2 billion on expansions, which included R137 million on the Dingleton project. The relocation of the remaining houses for the Dingleton project has progressed well and is expected to be completed on schedule and within budget.

The group expects total capital expenditure for 2017 (including deferred stripping) to be in the range of R3.0 billion to R3.1 billion.

ORE RESERVES AND MINERAL RESOURCES

There have been no material changes to the ore reserves and mineral resources as disclosed in the 2016 Kumba Integrated Report.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events that occurred from 30 June 2017 to the date of this report, not otherwise dealt with in this report.

CHANGES IN DIRECTORATE

The following directors tendered their resignations from the Board during the period:

- Ms Zarina Bassa as an independent non-executive director with effect from 11 May 2017.
- Mr Andile Sangqu as a non-executive director, and shareholder representative of Anglo American, with effect from 24 March 2017.
- Ms Natascha Viljoen as a non-executive director and shareholder representative of Anglo American, with effect from 24 March 2017.
- Mr Frikkie Kotzee as executive director with effect from 11 May 2017 following his resignation as Chief financial officer of the group.

The Board thanks all four former directors for their contributions and guidance during their respective tenures and wishes them all the best in their future endeavours.

The Board announced the following appointments to the Board:

- Mr Terence Goodlace as an independent non-executive director with effect from 24 March 2017.
- Mr Seamus French as a non-executive director and a shareholder representative of Anglo American with effect from 24 March 2017.
- Mr Stephen Pearce as a non-executive director and a shareholder representative of Anglo American with effect from 24 March 2017.
- Mr Sango Ntsaluba as an independent non-executive director of the Board and chairman of the Audit Committee, with effect from 5 June 2017.
- Mr Bothwell Mazarura as Chief financial officer and executive director, effective 1 September 2017.

CHANGE IN MANAGEMENT

The Board announced the resignation of Ms Avanthi Parboosing as Company secretary with effect from 30 June 2017. The Board expresses gratitude to Ms Parboosing for her valued contribution to the Company. Mr Itumeleng Lebepe was appointed as acting Company secretary from 1 July 2017.

OUTLOOK

Sishen's solid and consistent performance and ongoing improvements since the restructuring have resulted in guidance being revised. Total production for 2017 is expected to be in the range of 41 – 43 Mt, with Sishen producing between 28 – 29 Mt of product and 155 – 165 Mt of waste. Kolomela is expected to produce 13 – 14 Mt in 2017, aided by further improvements in plant efficiency and throughput rates. Waste guidance remains at 50 – 55 Mt for the year.

Export sales volumes are expected to be under pressure as a result of adverse weather conditions during the wet Western Cape winter months, as well as the annual maintenance shutdown on the iron ore export channel during 2H17. Full year sales guidance is 41 – 43 Mt. Domestic sales volumes of up to 6.25 Mt are contracted to ArcelorMittal SA in terms of the supply agreement, however, 3 – 3.5 Mt is the expected volume for 2017.

Iron ore prices are expected to remain under pressure in the short to medium term. The group's performance remains sensitive to the volatility in iron ore export prices and the Rand/US$ exchange rate. Kumba will continue to optimise its assets by stepping up financial and operational performance through an increased focus on extracting value from the entire value chain enabling growth in free cash flow and returns. The Company will remain focused on maintaining a strong balance sheet to provide flexibility in the face of price volatility.

The presentation of the Company's results for the six months ended 30 June 2017 will be available on the Company's website **www.angloamericankumba.com** at 08:00 CAT and the webcast will be available from 11:30 CAT on 25 July 2017.

SALIENT FEATURES AND OPERATING STATISTICS

for the period ended

	Unreviewed 6 months 30 June 2017	Unreviewed 6 months 30 June 2016	Unaudited 12 months 31 December 2016
Share statistics ('000)			
Total shares in issue	**322,086**	322,086	322,086
Weighted average number of shares	**319,219**	319,826	319,521
Diluted weighted average number of shares	**321,274**	320,706	321,164
Treasury shares	**2,882**	3,003	2,798
Market information			
Closing share price (Rand)	**171**	111	159
Market capitalisation (Rand million)	**55,144**	35,752	51,212
Market capitalisation (US$ million)	**4,216**	2,435	3,730
Net asset value attributable to owners of Kumba (Rand per share)	**100.51**	69.42	86.47
Capital expenditure (Rand million)*			
Incurred	**1,071**	1,294	2,353
Contracted	**451**	806	644
Authorised but not contracted	**2,377**	2,719	2,208
Operating commitments*			
Operating lease commitments	**75**	105	89
Shipping services	**6,850**	8,847	8,692
Economic information			
Average Rand/US Dollar exchange rate (ZAR/US$)	**13.21**	15.40	14.69
Closing Rand/US Dollar exchange rate (ZAR/US$)	**13.08**	14.68	13.73
Sishen mine FOR unit cost			
Unit cost (Rand per tonne)	**391.63**	480.20	412.04
Cash cost (Rand per tonne)	**311.40**	326.90	296.19
Unit cost (US$ per tonne)	**29.65**	31.18	28.05
Cash cost (US$ per tonne)	**23.57**	21.23	20.16
Kolomela mine FOR unit cost			
Unit cost (Rand per tonne)	**346.28**	253.79	283.42
Cash cost (Rand per tonne)	**252.30**	171.50	201.09
Unit cost (US$ per tonne)	**26.21**	16.48	19.29
Cash cost (US$ per tonne)	**19.10**	11.14	13.69

*The capital expenditure and operating commitments amounts shown above have been reviewed.

CONDENSED CONSOLIDATED BALANCE SHEET

as at

Rand million	Notes	Reviewed 30 June 2017	Reviewed 30 June 2016	Audited 31 December 2016
ASSETS				
Property, plant and equipment	3	**31,651**	32,680	32,131
Biological assets		**3**	10	2
Investments held by environmental trust		**580**	844	559
Long-term prepayments and other receivables		**126**	547	84
Inventories		**3,533**	2,518	2,889
Deferred tax assets		**–**	1	87
Non-current assets		**35,893**	**36,600**	**35,752**
Inventories		**3,449**	4,305	4,604
Trade and other receivables		**2,579**	2,992	5,253
Cash and cash equivalents		**13,486**	5,048	10,665
Current assets		**19,514**	**12,345**	**20,522**
Assets of disposal group classified as held for sale	9	**1,118**	**–**	**938**
Total assets		**56,525**	**48,945**	**57,212**
EQUITY				
Shareholders' equity	4	**32,374**	22,360	27,850
Non-controlling interests		**10,081**	6,754	8,686
Total equity		**42,455**	**29,114**	**36,536**
Liabilities				
Interest-bearing borrowings	5	**–**	4,500	4,500
Provisions		**2,051**	2,931	1,967
Deferred tax liabilities		**7,362**	7,860	7,462
Non-current liabilities		**9,413**	**15,291**	**13,929**
Provisions		**19**	518	164
Trade and other payables		**3,298**	2,696	3,741
Current tax liabilities		**353**	1,326	1,906
Current liabilities		**3,670**	**4,540**	**5,811**
Liabilities of disposal group classified as held for sale	9	**987**	**–**	**936**
Total liabilities		**14,070**	**19,831**	**20,676**
Total equity and liabilities		**56,525**	**48,945**	**57,212**

CONDENSED CONSOLIDATED INCOME STATEMENT

for the period ended

Rand million	Notes	Reviewed 6 months 30 June 2017	Reviewed 6 months 30 June 2016	Audited 12 months 31 December 2016
Revenue		**21,500**	17,566	40,155
Operating expenses		**(13,761)**	(12,411)	(24,881)
Operating profit	6	**7,739**	**5,155**	**15,274**
Finance income		**321**	75	295
Finance costs		**(206)**	(305)	(496)
Share of profit of equity accounted joint venture		**–**	–	2
Profit before taxation		**7,854**	4,925	15,075
Taxation		**(1,784)**	(1,146)	(3,934)
Profit for the year from continuing operations		**6,070**	**3,779**	**11,141**
Discontinued operations				
(Loss)/profit from discontinued operations	9	**(72)**	41	3
Profit for the year		**5,998**	**3,820**	**11,144**
Attributable to:				
Owners of Kumba		**4,586**	2,974	8,621
Non-controlling interest		**1,412**	846	2,523
		5,998	**3,820**	**11,144**
Basic earnings/(loss) per share attributable to the ordinary equity holders of Kumba (Rand per share)				
From continuing operations		**14.59**	9.20	26.97
From discontinued operations		**(0.22)**	0.10	0.01
Total basic earnings per share		**14.37**	**9.30**	**26.98**
Diluted earnings/(loss) per share attributable to the ordinary equity holders of Kumba (Rand per share)				
From continuing operations		**14.49**	9.17	26.83
From discontinued operations		**(0.22)**	0.10	0.01
Total diluted earnings per share		**14.27**	**9.27**	**26.84**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period ended

Rand million	Reviewed 6 months 30 June 2017	Reviewed 6 months 30 June 2016	Audited 12 months 31 December 2016
Profit for the period	**5,998**	**3,820**	**11,144**
Other comprehensive loss for the year, net of tax	**(70)**	**(57)**	**(233)**
Exchange differences on translation of foreign operations[1]	**(70)**	(57)	(233)
Total comprehensive income for the year	**5,928**	**3,763**	**10,911**
Attributable to:			
Owners of Kumba	**4,533**	2,930	8,442
Non-controlling interest	**1,395**	833	2,469
	5,928	**3,763**	**10,911**

[1] There is no tax attributable to items included in other comprehensive income and all items will be subsequently reclassified to profit or loss.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended

Rand million	Reviewed 6 months 30 June 2017	Reviewed 6 months 30 June 2016	Audited 12 months 31 December 2016
Total equity at beginning of year	**36,536**	**25,167**	**25,167**
Changes in share capital and premium			
Treasury shares issued to employees under employee share incentive schemes	**82**	127	197
Purchase of treasury shares	**(61)**	(180)	(180)
Changes in reserves			
Equity-settled share-based payment	**52**	289	513
Vesting of shares under employee share incentive schemes	**(82)**	(127)	(197)
Total comprehensive income for the year	**4,533**	2,930	8,442
Dividends paid	**–**	–	–
Changes in non-controlling interest			
Total comprehensive income for the year	**1,395**	833	2,469
Dividends paid	**–**	–	–
Equity-settled share-based payment	**–**	75	125
Total equity at end of year	**42,455**	**29,114**	**36,536**
Comprising			
Share capital and premium (net of treasury shares)	**(93)**	(184)	(114)
Equity-settled share-based payment reserve*	**138**	2,191	172
Foreign currency translation reserve	**1,208**	1,409	1,262
Retained earnings	**31,121**	18,944	26,530
Shareholders' equity	**32,374**	**22,360**	**27,850**
Attributable to the owners of Kumba	**32,374**	21,452	27,850
Attributable to non-controlling interest	**–**	908	–
Non-controlling interest	**10,081**	6,754	8,686
Total equity	**42,455**	**29,114**	**36,536**
Dividend (Rand per share)			
Interim**	**15.97**	–	–
Final	**n/a**	n/a	n/a

*The second phase of the employee share ownership scheme, Envision, unwound in November 2016. On vesting, the equity-settled share-based payment reserve was reclassified to retained earnings.

**The interim dividend was declared after 30 June 2017 and has not been recognised as a liability in this interim financial report. It will be recognised in shareholders' equity for the year ending 31 December 2017.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the period ended

Rand million	Reviewed 6 months 30 June 2017	Reviewed 6 months 30 June 2016	Audited 12 months 31 December 2016
Cash generated from operations	**11,726**	7,632	17,218
Income from investments	**–**	–	2
Net finance costs paid	**130**	(258)	(319)
Taxation paid	**(3,334)**	(646)	(3,363)
Cash flows from operating activities	**8,522**	**6,728**	**13,538**
Additions to property, plant and equipment	**(1,071)**	(1,294)	(2,353)
Proceeds from the disposal of property, plant and equipment	**21**	3	9
Cash flows used in investing activities	**(1,050)**	**(1,291)**	**(2,344)**
Purchase of treasury shares	**(61)**	(180)	(180)
Net interest-bearing borrowings repaid	**(4,500)**	(3,705)	(3,705)
Cash flows used in financing activities	**(4,561)**	**(3,885)**	**(3,885)**
Net increase in cash and cash equivalents	**2,911**	1,552	7,309
Cash and cash equivalents at beginning of year	**10,665**	3,601	3,601
Foreign currency exchange gains on cash and cash equivalents	**(90)**	(105)	(245)
Cash and cash equivalents at end of year	**13,486**	**5,048**	**10,665**

HEADLINE EARNINGS

for the period ended

Rand million	Reviewed 6 months 30 June 2017	Reviewed 6 months 30 June 2016	Audited 12 months 31 December 2016
Reconciliation of headline earnings			
Profit attributable to owners of Kumba	**4,586**	2,974	8,621
Impairment charge	**–**	4	4
Net loss on disposal and scrapping of property, plant and equipment	**32**	60	186
	4,618	**3,038**	**8,811**
Taxation effect of adjustments	**(9)**	(19)	(54)
Non-controlling interests in adjustments	**(6)**	(10)	(33)
Headline earnings	**4,603**	**3,009**	**8,724**
Headline earnings (Rand per share)			
Basic	**14.42**	9.41	27.30
Diluted	**14.33**	9.38	27.16
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	**319,218,877**	319,825,728	319,520,658
Diluted weighted average number of ordinary shares	**321,274,112**	320,705,715	321,163,523

The dilution adjustment of 2,055,235 shares at 30 June 2017 (30 June 2016: 879,987 and 31 December 2016: 1,642 865) is a result of the vesting of share options previously granted under the various employee share incentive schemes.

NORMALISED EARNINGS

for the period ended

Rand million	Unreviewed 6 months 30 June 2017	Unreviewed 6 months 30 June 2016	Unaudited 12 months 31 December 2016
Reconciliation of normalised earnings			
Headline earnings attributable to owners of Kumba	**4,603**	3,009	8,724
Recognition of deferred tax asset	**–**	–	(86)
	4,603	3,009	8,638
Taxation effect of adjustments	**–**	–	–
Non-controlling interest in adjustments	**–**	–	20
Normalised earnings	**4,603**	**3,009**	**8,658**
Normalised earnings (Rand per share)			
Basic	**14.42**	9.41	27.10
Diluted	**14.33**	9.38	26.96
The calculation of basic and diluted normalised earnings per share is based on the weighted average number of ordinary shares in issue as follows:			
Weighted average number of ordinary shares	**319,218,877**	319,825,728	319,520,658
Diluted weighted average number of ordinary shares	**321,274,112**	320,705,715	321,163,523

This measure of earnings is specific to Kumba and is not required in terms of International Financial Reporting Standards or the JSE Listings Requirements. Normalised earnings represents earnings from the recurring activities of the group.

This is determined by adjusting the headline earnings attributable to the owners of Kumba for non-recurring expense or income items incurred during the year. There were no adjusting items in the current period (30 June 2016: nil, 31 December 2016: R86 million).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2017

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 condensed consolidated interim financial statements of Kumba and its subsidiaries for the six months ended 30 June 2017 were authorised for issue in accordance with a resolution of the directors on 21 July 2017.

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared under the supervision of DJ Prins CA(SA), acting Chief financial officer, in accordance with IAS 34 *Interim Financial Reporting* and the South African Companies Act No 71 of 2008 and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and in compliance with the JSE Listings Requirements for interim reports.

The condensed consolidated interim financial statements have been prepared in accordance with the historical cost convention except for certain financial instruments, discontinued operations and disposal group held for sale, share-based payments, and biological assets which are stated at fair value, and are presented in Rand, which is Kumba's functional and presentation currency. All financial information presented in Rand has been rounded off to the nearest million.

2.1. Accounting policies

The accounting policies and methods of computation applied in the preparation of these condensed consolidated interim financial statements are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

No new standards, amendments to published standards or interpretations which became effective for the year commencing on 1 January 2017 had an effect on the reported results or the group accounting policies. The group did not early adopt any new, revised or amended accounting standards or interpretations.

2.2. Going concern

In determining the appropriate basis of preparation of the condensed consolidated interim financial statements, the directors are required to consider whether the group can continue in operational existence for the foreseeable future. The financial performance of the group is dependent upon the wider economic environment in which the group operates. Factors exist which are outside the control of management which can have a significant impact on the business, specifically the volatility in the Rand/US$ exchange rate and the iron ore price.

These condensed consolidated interim financial statements are prepared on a going concern basis. The Board is satisfied that the group is sufficiently liquid and solvent to be able to support the current operations for the next 12 months.

2. BASIS OF PREPARATION continued

2.3. Accounting judgements, estimates and assumptions

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty are consistent with those applied to the consolidated financial statements for the year ended 31 December 2016.

2.4. Change in estimates

The measurement of the environmental rehabilitation and decommissioning provisions are a key area where management's judgement is required. The closure provisions are measured at the present value of the expected future cash flows required to perform the rehabilitation and decommissioning. This calculation requires the use of certain estimates and assumptions when determining the amount and timing of the future cash flows and the discount rate. The closure provisions are updated at each balance sheet date for changes in these estimates.

The life of mine (LoM) plan on which accounting estimates are based only includes proved and probable ore reserves as disclosed in Kumba's 2016 annual ore reserves and mineral resources statement. The most significant changes in the provision for 2017 arises from the change in the LoM for both Sishen and Kolomela. The effect of the change in estimate of the rehabilitation and decommissioning provisions, which was applied prospectively from 1 January 2017, is detailed below:

Rand million	Reviewed 30 June 2017	Reviewed 30 June 2016	Audited 31 December 2016
Increase/(decrease) in environmental rehabilitation provision	120	198	(3)
Increase in decommissioning provision	1	18	9
(Decrease)/increase in profit after tax attributable to the owners of Kumba	(66)	110	1
Rand per share			
Decrease in earnings per share attributable to the owners of Kumba	0.21	0.34	–

The change in estimate from the decommissioning provision has been capitalised to the related property, plant and equipment and as a result had no effect on profit or earnings per share.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the six months ended 30 June 2017

3. PROPERTY, PLANT AND EQUIPMENT

Rand million	Reviewed 30 June 2017	Reviewed 30 June 2016	Audited 31 December 2016
31 December 2016			
Capital expenditure	**1,071**	**1,458**	**2,520**
Comprising:			
Expansion	**197**	340	856
Stay-in-business (SIB)*	**218**	652	1,343
Deferred stripping	**656**	466	321
Transfers from assets under construction to property, plant and equipment	**663**	**855**	**2,392**

*Included in the expenditure above is the non-cash addition of Rnil (30 June 2016: R164 million and 31 December 2016: R167 million) relating to the unguaranteed residual value under a finance lease.

Expansion capital expenditure comprised mainly of the expenditure on the Dingleton relocation project and Sishen's second modular plant. SIB capital expenditure to maintain operations was principally related to infrastructure to support mining and plant operations.

4. SHARE CAPITAL AND SHARE PREMIUM

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

Rand million	Reviewed 30 June 2017	Reviewed 30 June 2016	Audited 31 December 2016
Balance at beginning of period	**(114)**	(131)	(131)
Net movement in treasury shares under employee share incentive schemes	**21**	(53)	17
Purchase of treasury shares	**(61)**	(180)	(180)
Shares issued to employees	**82**	127	197
Share capital and share premium	**(93)**	**(184)**	**(114)**

4. SHARE CAPITAL AND SHARE PREMIUM continued

Reconciliation of number of shares in issue:

Number of shares	Reviewed 30 June 2017	Reviewed 30 June 2016	Audited 31 December 2016
Balance at beginning and end of period	**322,085,974**	**322,085,974**	**322,085,974**
Reconciliation of treasury shares held:			
Balance at beginning of period	2,797,627	1,109,732	1,109,732
Shares purchased	284,194	2,140,891	2,140,891
Shares issued to employees under the Long-Term Incentive Plan and Kumba Bonus Share Plan	(200,194)	(247,892)	(452,996)
Balance at end of period	**2,881,627**	**3,002,731**	**2,797,627**

All treasury shares are held as conditional awards under the Kumba Bonus Share Plan.

5. INTEREST-BEARING BORROWINGS

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

Rand million	Reviewed 30 June 2017	Reviewed 30 June 2016	Audited 31 December 2016
Interest-bearing borrowings	–	(4,500)	(4,500)
Cash and cash equivalents	13,486	5,048	10,665
Net cash	**13,486**	**548**	**6,165**
Total equity	**42,455**	**29,114**	**36,536**
Interest cover (times)	**–**	**16**	**36**

Movements in interest-bearing borrowings are analysed as follows:

Rand million	Reviewed 30 June 2017	Reviewed 30 June 2016	Audited 31 December 2016
Balance at beginning of period	4,500	8,205	8,205
Interest-bearing borrowings raised	–	30	30
Interest-bearing borrowings repaid	(4,500)	(3,735)	(3,735)
Balance at end of period	**–**	**4,500**	**4,500**

The group's committed debt facilities of R12 billion (revolving facility) mature in 2020. At 30 June 2017, Rnil (30 June 2016: R4.5 billion and 31 December 2016: R4.5 billion) of the committed facility had been drawn down. The group had undrawn committed facilities of R12 billion (30 June 2016: R12 billion and 31 December 2016: R12 billion) and uncommitted facilities of R8.3 billion (30 June 2016: R8.3 billion and 31 December 2016: R8.3 billion).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the six months ended 30 June 2017

6. SIGNIFICANT ITEMS INCLUDED IN OPERATING PROFIT

Operating expenses is made up as follows:

Rand million	Reviewed 30 June 2017	Reviewed 30 June 2016	Audited 31 December 2016
Production costs	**8,200**	7,852	15,819
Movement in inventories	**513**	359	(368)
Finished products	**16**	733	84
Work-in-progress	**497**	(374)	(452)
Cost of goods sold	**8,713**	8,211	15,451
Mineral royalty	**648**	234	963
Selling and distribution costs	**2,659**	2,674	5,379
Cost of services rendered – shipping	**1,761**	1,317	3,115
Sublease rent received	**(20)**	(25)	(27)
Operating expenses	**13,761**	12,411	24,881
Operating profit has been derived after taking into account the following items:			
Employee expenses	**1,796**	1,797	3,498
Net restructuring cost	**8**	377	384
Share-based payment expenses	**55**	366	647
Depreciation of property, plant and equipment	**1,497**	1,496	3,089
Deferred waste stripping costs	**(656)**	(466)	(321)
Net loss on disposal and scrapping of property, plant and equipment	**32**	60	191
Gain on lease receivable	**–**	(164)	(164)
Net finance losses/(gains)	**170**	8	(657)
Net (gains)/losses on derivative financial instruments			
Realised	**–**	(90)	(420)
Unrealised	**42**	(76)	(570)
Net foreign currency (gains)/losses			
Realised	**208**	156	286
Unrealised	**(51)**	42	69
Fair value gains on investments held by the environmental trust	**(29)**	(24)	(22)

7. TAXATION

The group's effective tax rate was 23% for the period (30 June 2016: 23% and 31 December 2016: 26%).

8. SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Kumba Executive Committee.

The Kumba Executive Committee considers the business principally according to the nature of the products and services provided, with the identified segments each representing a strategic business unit. 'Other segments' compromise corporate, administration and other expenditure not allocated to the reported segments.

The total reported segment revenue compromises revenue from external customers, and is measured in a manner consistent with that disclosed in the income statement. The performance of the operating segments are assessed based on earnings before interest and tax (EBIT), which is 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 asset.

Depreciation, staff costs and additions to property, plant and equipment are not reported to the CODM per segment, but are significant items which are included in EBIT and/or reported on for the group as a whole.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the six months ended 30 June 2017

8. SEGMENTAL REPORTING continued

	Products[3]			Services			
Rand million	Sishen mine	Kolomela mine	Thabazimbi mine[1]	Logistics	Shipping operations	Other	Total
Reviewed period ended 30 June 2017							
Income statement							
Revenue from external customers	14,462	5,344	–	–	1,694	–	21,500
EBIT	7,933	2,864	(92)	(2,659)	(67)	(332)	7,647
Significant items included in EBIT:							
Depreciation	950	488	1	5	–	54	1,498
Staff costs	1,145	383	–	18	–	312	1,858
Balance sheet							
Total segment assets	552	157	–	–	807	61	1,577
Cash flow statement							
Additions to property, plant and equipment							
Expansion capex	197	–	–	–	–	–	197
Stay-in-business capex	139	73	5	1	–	–	218
Deferred stripping	550	106	–	–	–	–	656
Reviewed period ended 30 June 2016							
Income statement							
Revenue from external customers	11,308	5,216	616	–	1,042	–	18,182
EBIT[2]	5,036	3,280	51	(2,675)	(275)	(211)	5,206
Significant items included in EBIT:							
Depreciation	973	446	–	4	–	73	1,496
Staff costs	1,677	354	61	15	–	494	2,601
Balance sheet							
Total segment assets	257	72	–	343	–	209	881
Cash flow statement							
Additions to property, plant and equipment							
Expansion capex	313	27	–	–	–	–	340
Stay-in-business capex	375	113	–	–	–	–	488
Deferred stripping	340	126	–	–	–	–	466

8. SEGMENTAL REPORTING continued

Rand million	Products[3]			Services			
	Sishen mine	Kolomela mine	Thabazimbi mine[1]	Logistics	Shipping operations	Other	Total
Audited year ended 31 December 2016							
Income statement							
Revenue from external customers	26,644	10,764	612	–	2,747	–	**40,767**
EBIT[2]	14,194	6,539	41	(5,379)	(370)	290	**15,315**
Significant items included in EBIT:							
Depreciation	1,992	943	2	9	–	145	**3,091**
Staff costs	3,045	738	62	29	–	717	**4,591**
Impairment	–	–	4	–	–	–	**4**
Balance sheet							
Total segment assets	606	163	–	651	–	58	**1,478**
Cash flow statement							
Additions to property, plant and equipment							
Expansion capex	735	110	–	–	–	11	**856**
Stay-in-business capex	729	259	–	1	–	187	**1,176**
Deferred stripping	88	233	–	–	–	–	**321**

[1] The segment information above includes the results of Thabazimbi and therefore differs from the information presented in the income statement.
[2] After impairment charge.
[3] Derived from extraction, production and selling of iron ore.

Geographical analysis of revenue and non-current assets

Rand million	**Reviewed 30 June 2017**	Reviewed 30 June 2016	Audited 31 December 2016
Total revenue from external customers	**21,500**	**18,182**	**40,767**
South Africa	**1,431**	1,728	2,862
Export	**20,069**	16,454	37,905
China	**11,962**	11,086	25,054
Rest of Asia	**4,209**	3,185	7,730
Europe	**3,326**	2,183	4,846
Middle East and Africa	**572**	–	275

All non-current assets, excluding investments in associates and joint ventures, are located in South Africa, with the exception of R5 million located in Singapore (30 June 2016: R20 million and 31 December 2016: R11 million), which relates to prepayments.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the six months ended 30 June 2017

9. DISCONTINUED OPERATIONS AND DISPOSAL GROUP HELD FOR SALE

All remaining plant operations at the Thabazimbi mine ceased on 31 March 2016 following the decision taken in 2015 to close the mine. The Thabazimbi operation continues to be classified as a discontinued operation for the period ended 30 June 2017, separately from continuing operations, consistent with the periods ended 30 June 2016 and 31 December 2016. Analysis of the result of the Thabazimbi mine is as follows:

Rand million	Reviewed 6 months 30 June 2017	Reviewed 6 months 30 June 2016	Audited 12 months 31 December 2016
Revenue	–	**616**	**612**
Operating expenses	(92)	(565)	(571)
Operating (loss)/profit	(92)	51	41
Net finance income	1	5	4
(Loss)/profit before tax	(91)	56	45
Income tax credit/(expense)	19	(15)	(42)
(Loss)/profit after income tax of discontinued operation	(72)	41	3
Attributable to owners of the parent	(55)	32	2
Attributable to the non-controlling interest	(17)	9	1
(Loss)/profit from discontinued operation	(72)	41	3
Cash flow (utilised in)/generated from discontinued operations			
Net cash flows (utilised in)/generated from operating activities	(31)	374	279
Net cash (utilised)/generated by Thabazimbi	(31)	374	279

As previously reported, SIOC and ArcelorMittal SA entered into an agreement for the transfer of the Thabazimbi mine, together with the mining right, to ArcelorMittal SA. The agreement is expected to come into effect by 31 August 2017. If all conditions precedent are not met by 31 August 2017 (the later date agreed between the parties), the agreement will lapse and SIOC will proceed with closure of the mine.

The requirements of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* have been considered and as a result the Thabazimbi mine assets and liabilities that will transfer to ArcelorMittal SA have been presented as assets and liabilities held for sale as at 30 June 2017, 30 June 2016 and 31 December 2016.

9. DISCONTINUED OPERATIONS AND DISPOSAL GROUP HELD FOR SALE continued

Assets and liabilities of disposal group held for sale at

Rand million	Reviewed 30 June 2017	Reviewed 30 June 2016*	Audited 31 December 2016
ASSETS			
Property, plant and equipment	**11**	–	8
Biological assets	**18**	–	18
Investments held by environmental trust	**308**	–	296
Long-term prepayments and other receivables	**559**	–	515
Inventories	**2**	–	5
Trade and other receivables	**220**	–	96
Total assets	**1,118**	–	938
LIABILITIES			
Non-current provisions	**885**	–	822
Current provisions	**102**	–	114
Total liabilities	**987**	–	936
Net carrying amount sold	**131**	–	2

*At 30 June 2016, Thabazimbi mine was classified as a discontinued operation and not as a disposal group held for sale. No agreement existed between ArcelorMittal and SIOC to transfer Thabazimbi mine to ArcelorMittal at 30 June 2016, and therefore the assets and liabilities were not disclosed as a disposal group held for sale.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the six months ended 30 June 2017

10. RELATED PARTY TRANSACTIONS

During the period, 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.

Rand million	Reviewed 6 months 30 June 2017	Reviewed 6 months 30 June 2016	Audited 12 months 31 December 2016
Short-term deposits held with Anglo American SA Finance Limited[1] (AASAF)	**9,628**	2,277	7,430
– Weighted average interest rate (%)	**7.17**	6.83	–
– Deposit	**–**	2,277	7,430
– Weighted average interest rate (%)	**–**	6.70	7.02
Interest earned on short-term deposits with AASAF during the year	**299**	60	262
Short-term deposit held with Anglo American Capital plc[1]	**2,910**	1,970	1,991
Interest earned on facility during the period	**11**	3	7
Interest paid on borrowings during the period	**–**	7	7
Weighted average interest rate (%)	**–**	8.16	8.16
Trade payable owing to Anglo American Marketing Limited[1] (AAML)	**374**	186	195
Shipping services provided by AAML	**1,788**	1,299	3,107

[1]Subsidiaries of the ultimate holding company.

11. FAIR VALUE ESTIMATION

The carrying value of financial instruments not carried at fair value approximates fair value because of the short period to maturity or as a result of market-related variable interest rates.

The table below presents the group's assets and liabilities that are measured at fair value:

Rand million	Level 1[1]	Level 2[2]	Level 3[3]
Reviewed 6 months – 30 June 2017			
Investments held by the environmental trust	**888**	–	–
Cash and cash equivalents			
– Derivative financial assets	**–**	107	–
– Derivative financial liabilities	**–**	(122)	–
	888	(15)	–
Reviewed 6 months – 30 June 2016			
Investments held by the environmental trust	**844**	–	–
Derivative financial instruments			
– Derivative financial assets	**–**	96	–
– Derivative financial liabilities	**–**	(3)	–
	844	93	–
Audited 12 months – 31 December 2016			
Investments held by the environmental trust	**855**	–	–
Cash and cash equivalents			
– Derivative financial assets	**–**	615	–
– Derivative financial liabilities	**–**	(28)	–
	855	587	–

[1]Level 1 fair value measurements are derived from unadjusted quoted prices in active markets for identical assets or liabilities.

[2]Level 2 fair value measurements are derived from inputs other than quoted prices included within level 1 that are observable either directly or indirectly (i.e. derived from prices).

[3]Level 3 fair value measurements are derived from valuation techniques that include inputs that are not based on observable market data.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the six months ended 30 June 2017

12. CONTINGENT LIABILITIES

The two matters which were reported as contingent liabilities at 31 December 2016, being the South African Revenue Service matter and the matter regarding the Sishen municipal rates and taxes, were resolved during the interim period. There were no contingent liabilities at 30 June 2017.

13. GUARANTEES

The total guarantees issued in favour of the DMR in respect of the group's environmental closure liabilities at 30 June 2017 were R2.8 billion (30 June 2016: R2.8 billion and 31 December 2016: R2.8 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 R438 million (30 June 2016: R438 million and 31 December 2016: R438 million). ArcelorMittal SA has guaranteed R730 million of this amount by means of bank guarantees issued in favour of SIOC.

As a result of the annual revision of closure costs, a shortfall of R450 million arose. Guarantees of the shortfall will be issued in due course.

14. REGULATORY UPDATE

Mining Charter

Significant uncertainty remains around the Mining Charter III, released on 15 June 2017, which impacts future empowerment of mining companies and granting of new mining rights.

On 14 July 2017, the Chamber of Mines advised that the Minister of Mineral Resources has given a written undertaking that the Minister and the DMR, will not implement or apply the provisions of the 2017 Reviewed Mining Charter in any way, pending judgment in the urgent interdict application brought by the Chamber of Mines. Kumba welcomes the undertaking and will continue to engage through the Chamber of Mines.

15. CORPORATE GOVERNANCE

The group subscribes to the Code of Good Corporate Practices and Conduct and complies with the recommendations of the King III Report. In November 2016, the Board charter was aligned with the provisions of all relevant statutory and regulatory requirements including among others, King IV. Full disclosure of the group's compliance is contained in the 2016 Integrated Report.

16. EVENTS AFTER THE REPORTING PERIOD

There have been no material events subsequent to 30 June 2017, not otherwise dealt with in this report.

17. INDEPENDENT AUDITORS' REVIEW REPORT

The auditors, Deloitte & Touche, have issued their unmodified review report on the condensed consolidated interim financial statements for the six months ended 30 June 2017. The review was conducted in accordance with ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

The auditor's report on the condensed consolidated interim financial statements is available for inspection at the Company's registered office.

Any reference to future financial performance included in this announcement has not been reviewed or reported on by the Company's auditors. The auditor's report does not necessarily report on all the information contained in the financial results. Shareholders are therefore advised that in order to obtain a full understanding of the review engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the registered office.

On behalf of the Board

F Titi
Chairman

TM Mkhwanazi
Chief executive

21 July 2017
Pretoria

NOTICE OF INTERIM CASH DIVIDEND

At its Board meeting on 21 July 2017, the directors approved a gross interim cash dividend of 1,597 cents per share on the ordinary shares from profits accrued during the period ended 30 June 2017. The dividend has been declared from income reserves.

The dividend will be subject to a dividend withholding tax of 20% 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 after withholding tax at a rate of 20% amounts to 1,2776 cents per share.

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

The salient dates are as follows:

Publication of declaration data	Tuesday, 25 July 2017
Last day for trading to qualify and participate in the interim dividend (and change of address or dividend instructions)	Tuesday, 15 August 2017
Trading ex-dividend commences	Wednesday, 16 August 2017
Record date	Friday, 18 August 2017
Dividend payment date	Monday, 21 August 2017

Share certificates may not be dematerialised or rematerialised between Wednesday, 16 August 2017 and Friday, 18 August 2017, both days inclusive.

By order of the Board

I Lebepe
Acting Company secretary

25 July 2017

ADMINISTRATION

REGISTERED OFFICE

Centurion Gate
Building 2B
124 Akkerboom Road
Centurion, 0157
Republic of South Africa
Tel: +27 12 683 7000
Fax: +27 12 683 7009

TRANSFER SECRETARIES

Computershare Investor Services (Proprietary) Limited
Rosebank Towers, 15 Biermann Avenue
Rosebank, 2196, South Africa
PO Box 61051, Marshalltown, 2107

SPONSOR TO KUMBA

RAND MERCHANT BANK (a division of FirstRand Bank Limited)

DIRECTORS

Non-executive: F Titi (chairman), DD Mokgatle, AJ Morgan, BP Sonjica,
TP Goodlace (British/South African), S French (Irish), NS Dlamini, SS Ntsaluba, ST Pearce (Australian)
Executive: TM Mkhwanazi (chief executive)

ACTING COMPANY SECRETARY

I Lebepe

COMPANY REGISTRATION NUMBER

2005/015852/06
Incorporated in the Republic of South Africa

INCOME TAX NUMBER

9586/481/15/3

JSE code: KIO
ISIN: ZAE000085346
('Kumba' or 'the Company' or 'the group')

25 July 2017

Kumba Iron Ore
Centurion Gate – Building 2B
124 Akkerboom Road
Centurion
0157

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