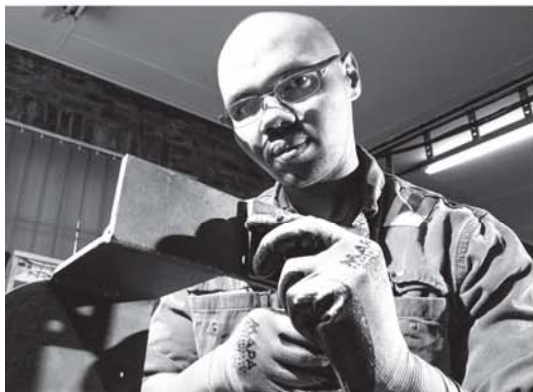




**2015 ANNUAL RESULTS
9 FEBRUARY 2016**



DISCLAIMER

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THE YEAR IN CONTEXT

A turbulent and challenging operating environment

- No loss of life in 2015
- Price decline severely impacted earnings and profitability
- Sishen production underperformance, but in line with revised Q3 guidance
- Kolomela continued to perform well
- Cost and capital management delivered R4.0bn reduction in controllable costs
- Net debt reduced 42% to R4.6bn
- Dividend suspended in 2015

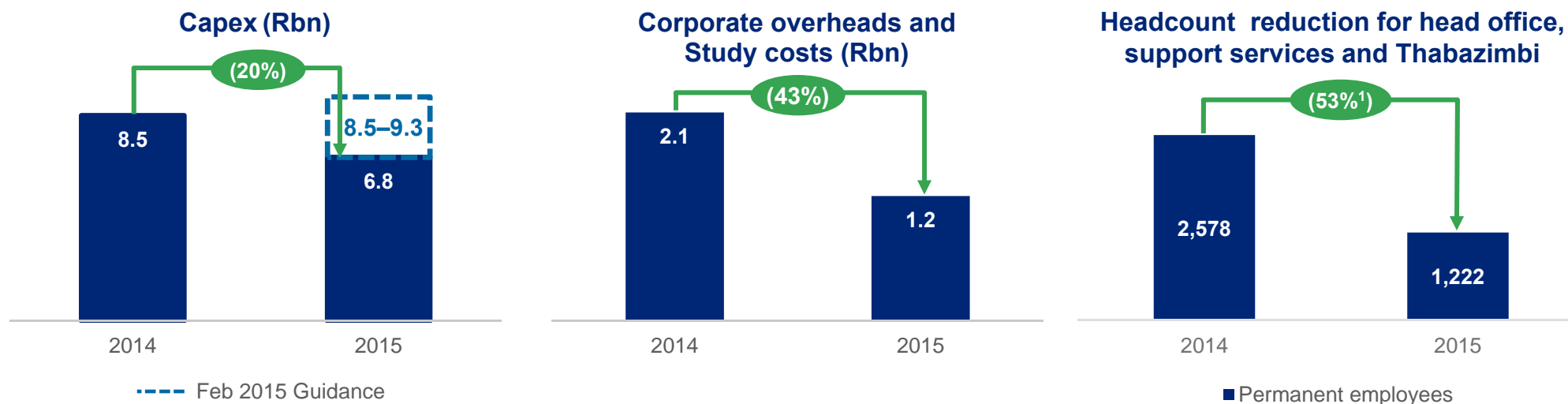
REPOSITIONING THE BUSINESS FOR LOWER PRICES

Actions taken during the year

- Operational focus on value (cash generation) versus volume
 - Sishen reconfigured to a lower cost pit shell
 - Kolomela waste profile optimised and incremental ramp up of low cost tonnes continues
 - Thabazimbi closure in progress
- Full review of capital expenditure to reduce, cancel or defer
- Rationalisation of operating costs
 - Reduced overheads, study costs and support services headcount
- No dividend payable for 2015

R4.0bn REDUCTION IN CONTROLLABLE COSTS

Strong focus on cash preservation



- On mine cash costs reduced by R1.1bn
 - Despite growth in mining volumes and lower production at Sishen
 - Sishen mining cost down 8% in real terms
- Overheads down by R900m
 - Corporate office overhead cut, study cost optimised and headcount reduced to target of R1.2bn set at 1H15
- SIB capex reduction of ~R2bn
 - Lower fleet procurement and optimisation of related support infrastructure at the mines

¹ Target of 69% will be achieved when Thabazimbi's closure process is complete.

RESPONSE TO FURTHER DETERIORATION IN PRICE

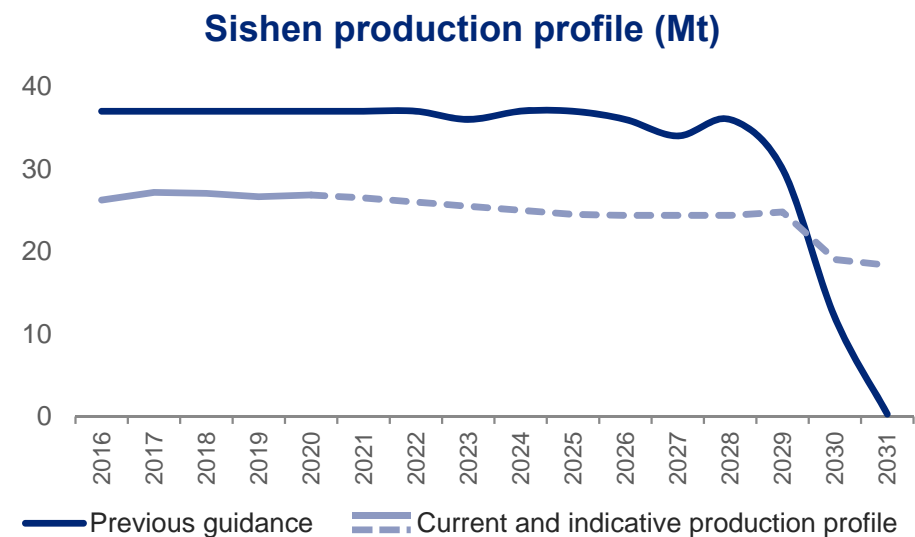
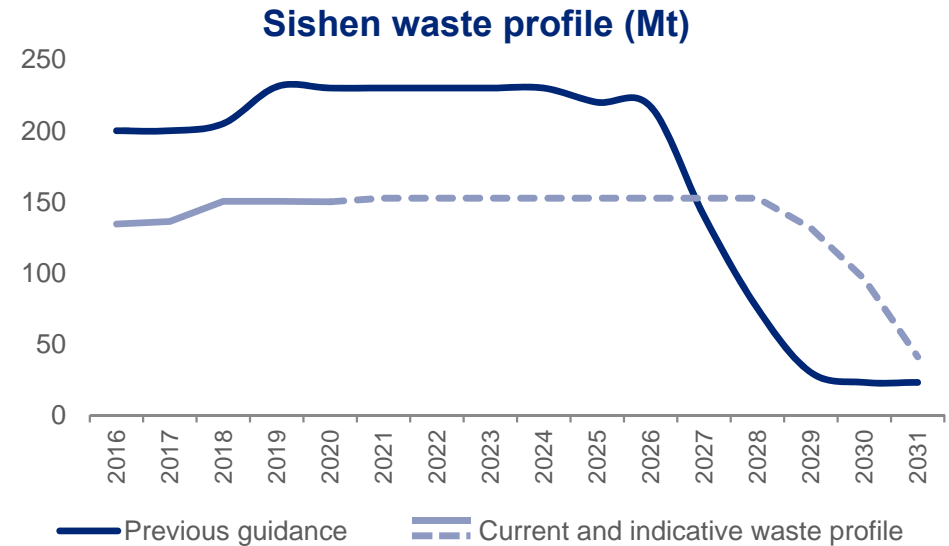
Sishen reconfigured to lower cost pit shell

Objectives

- Transition mine to lower cost of production
- Ensure sustainability at lower prices

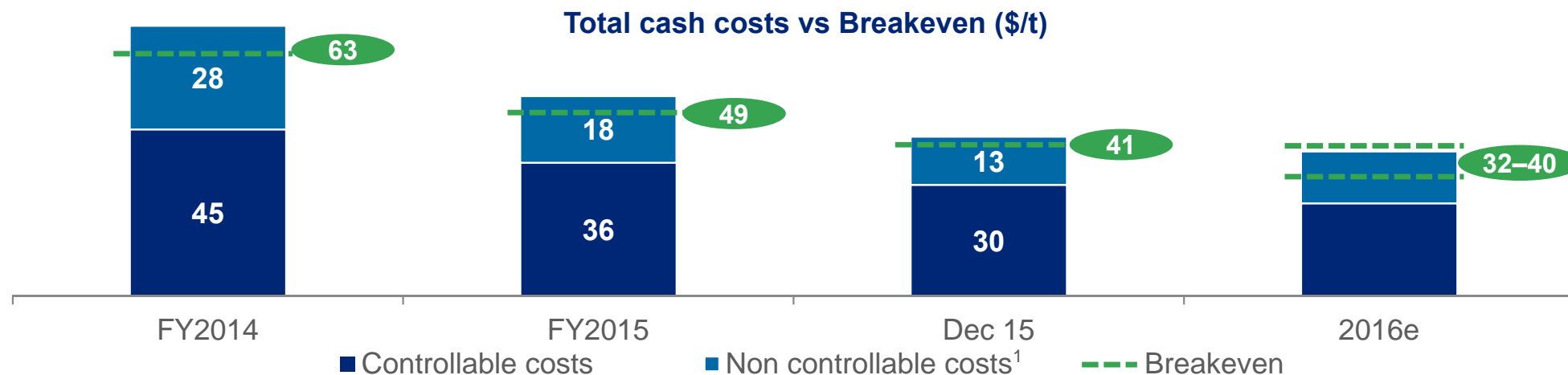
Impact (2016 – 2020)

- Production ~27Mtpa
- Waste ~135Mtpa to 150Mtpa
- Average strip ratio of 3.5 (2016–2020)
- LOM strip ratio being optimised
- No material change to LOM
- Estimated reserve reduction of ~150Mt



MAINTAINING COST REDUCTION MOMENTUM

Breakeven price anticipated to reduce to <\$40/t for 2016



- Breakeven target achieved (\$41/t vs \$45/t set in 1H15)

Controllable costs

- >\$10/t YoY reduction in controllable costs planned for 2016
 - Key savings to be derived from Sishen reconfiguration
 - Continued focus on SIB capex savings, on mine cash cost reduction and overhead cost optimisation

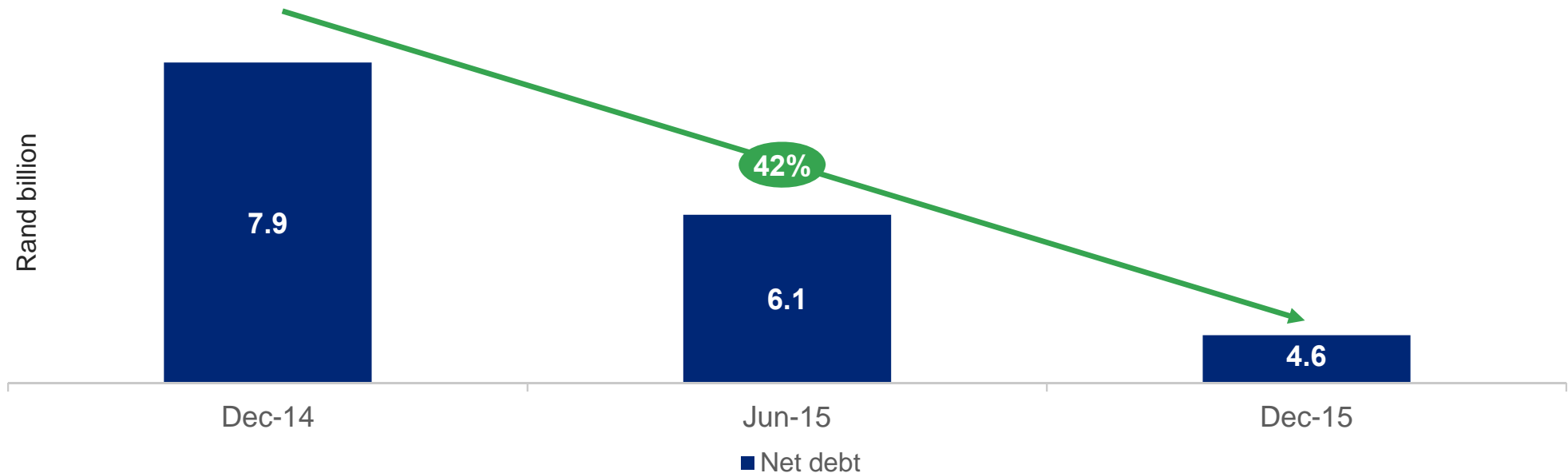
Non controllable costs

- Volatility in non controllable costs anticipated to continue
- Freight rates at historical lows and R/\$ may remain weak
- Non controllables difficult to forecast

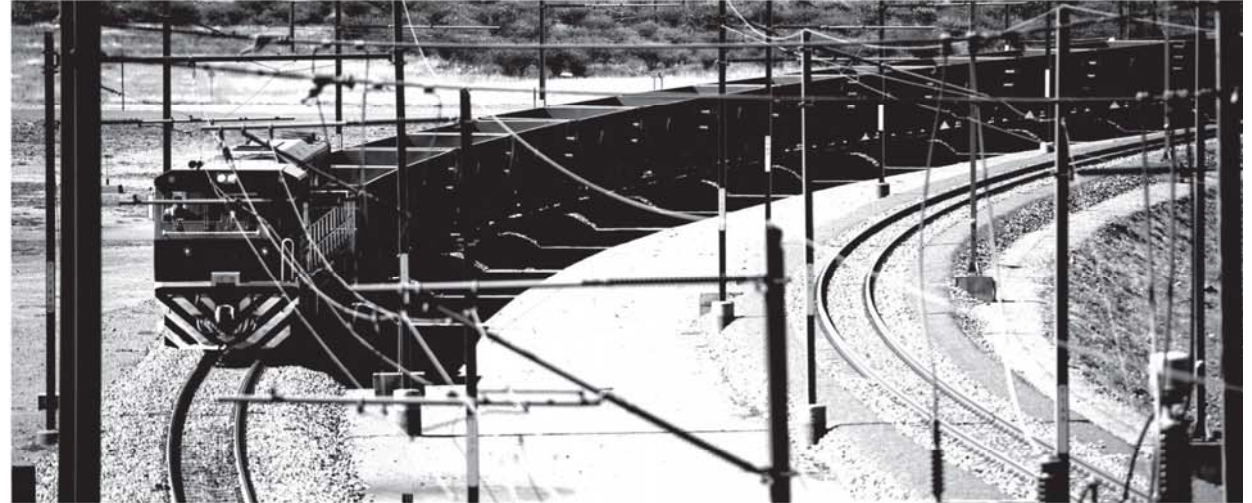
¹ Non controllable costs: logistics, freight costs, royalties.

STRONG COMMITMENT TO CAPITAL PRESERVATION

De-leveraging balance sheet a key priority



- Debt reduced by 42% due to cost focus, capital preservation and dividend suspended
- Debt position anticipated to improve should current market conditions prevail
- Focus remains on:
 - Protecting margin and cash
 - Lowering net debt and improving covenant headroom



RESULTS OVERVIEW

SAFETY FOCUS REMAINS ON CRITICAL CONTROLS

Committed to zero harm

Safety

- No loss of life in 2015
- Improved safety performance – less injuries and reduced severity
- Thabazimbi major slope failure – effective critical control monitoring triggered life-saving response

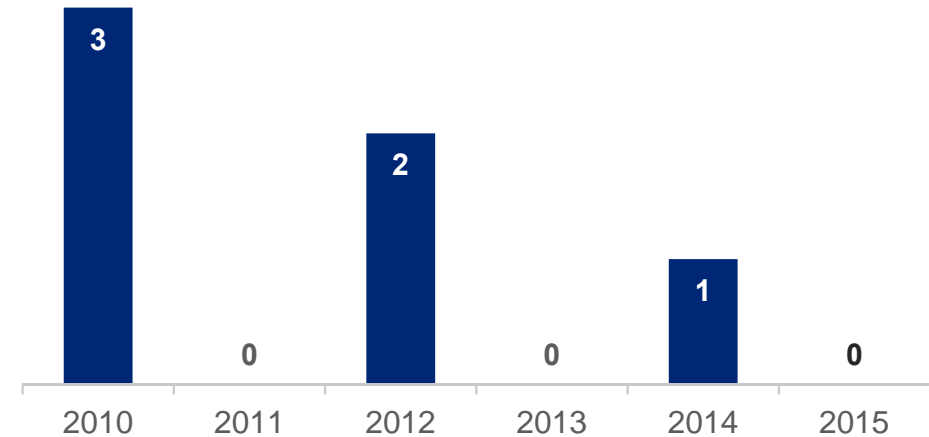
Health

- Voluntary HIV testing at 91%
- Reduction in TB and noise induced hearing loss cases

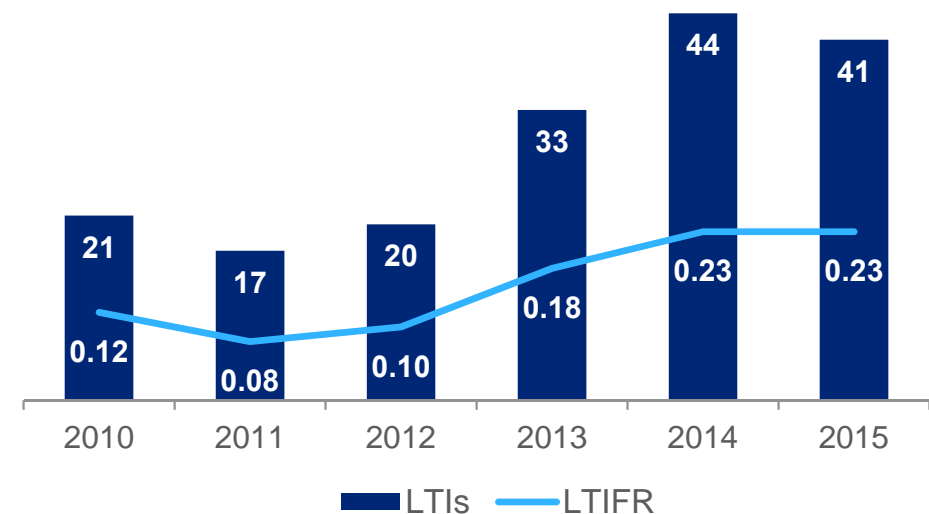
Environment

- Encouraging improvements in footprint management – targets achieved for energy and water savings

Fatalities



LTIs and LTIFR





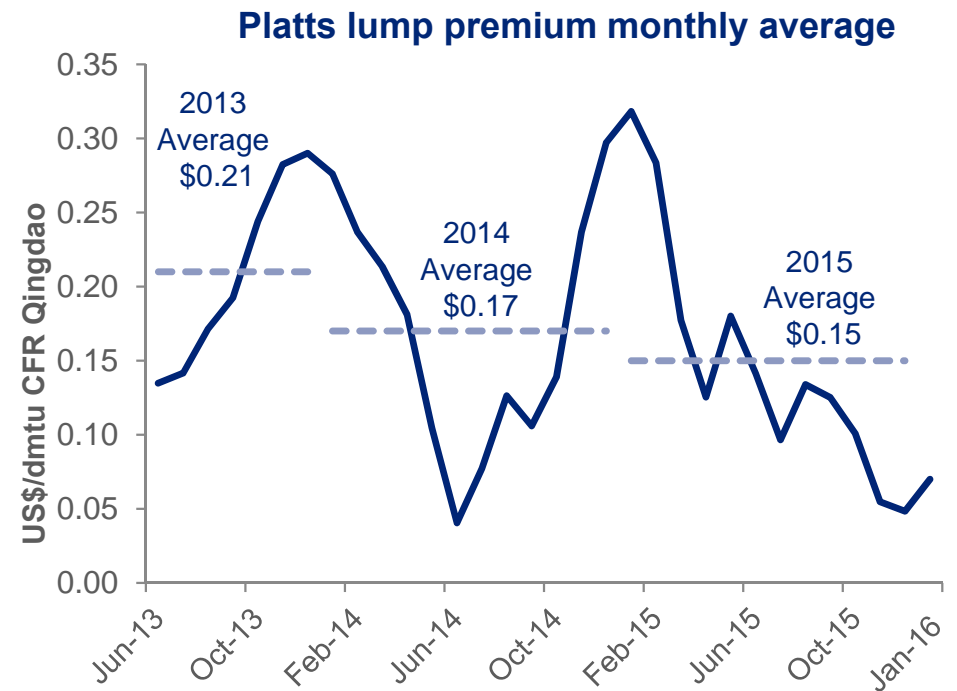
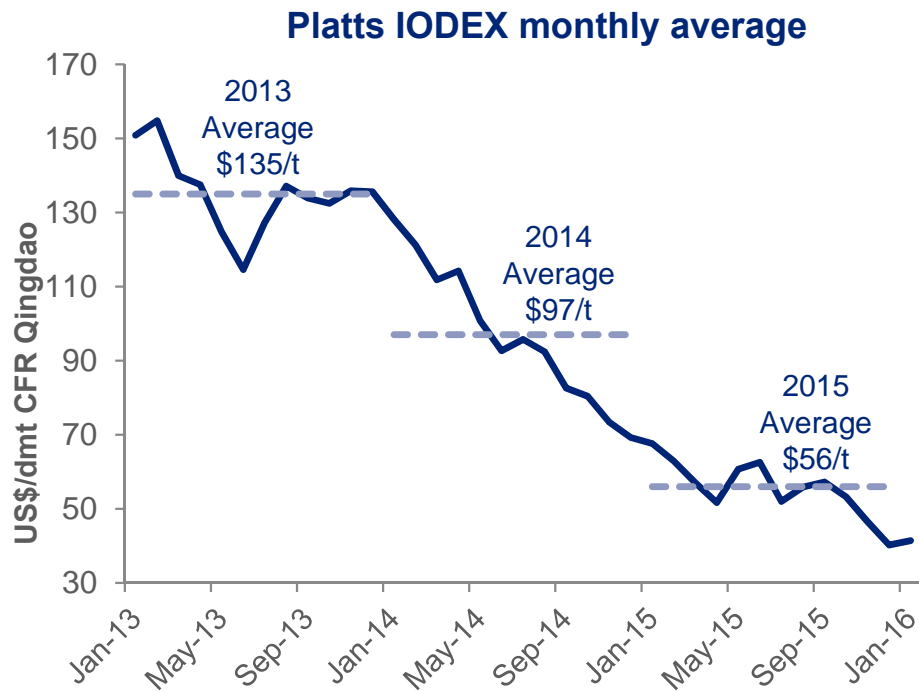
MARKET OVERVIEW



FURTHER PRESSURE ON IRON ORE PRICES

No recovery to historical averages in the near term

- Iron ore prices (62% Fe Platts CFR China) averaged US\$56/t in 2015, down 42%
- Prices declined to historical lows as a result of:
 - Increased supply from Australia and Brazil
 - Lower crude steel production in China and elsewhere
- Seasonal strengthening of lump premium largely absent in late 2015
- Quality differentials favourable for Kumba

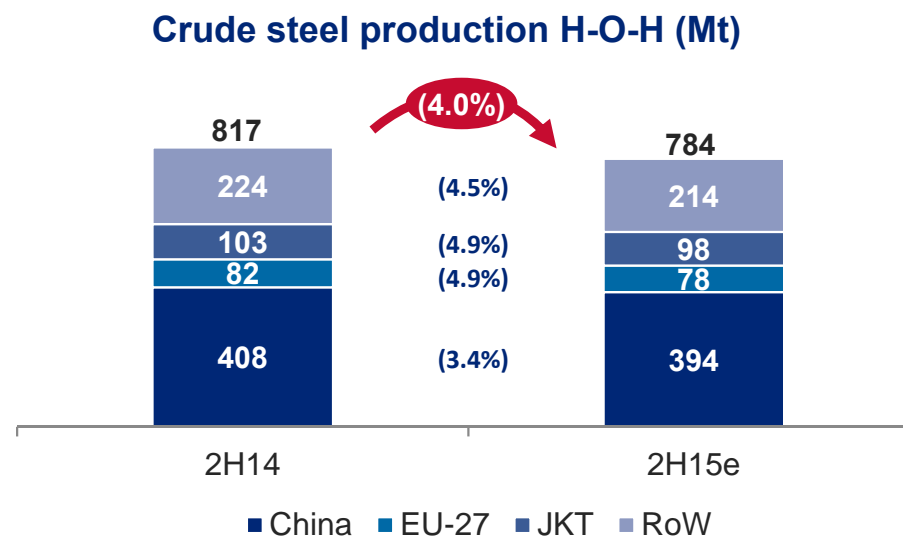
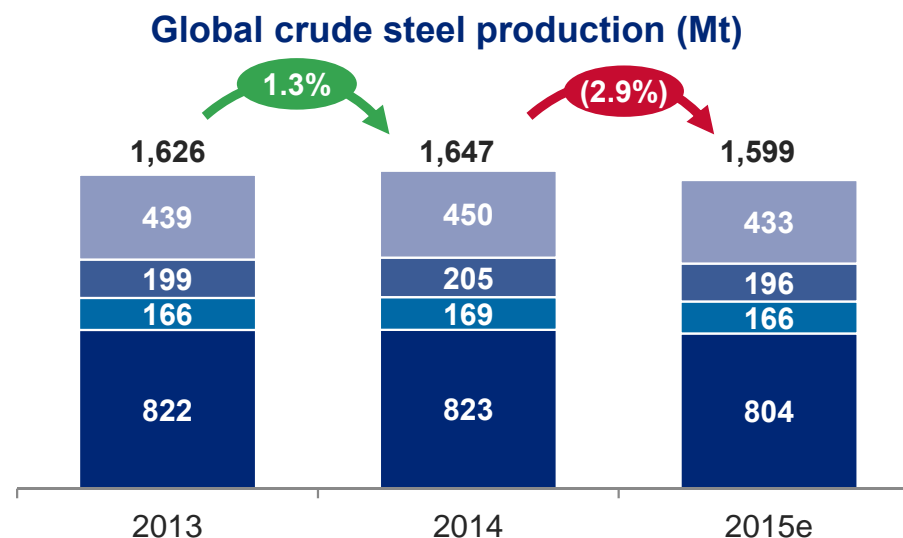


Source: Platts.

GLOBAL CRUDE STEEL PRODUCTION DECLINED

Down in all major regions

- Global crude steel production declined 2.9% in 2015
- China's crude steel production declined notwithstanding record steel exports
- JKT's crude steel production moderated on weak domestic demand and increased competition in export markets
- Rising steel imports and capacity closures impacted Europe
- US steel output declined 10.5% on soft domestic demand and cheap imports
- Global contraction gathered pace in second half of the year



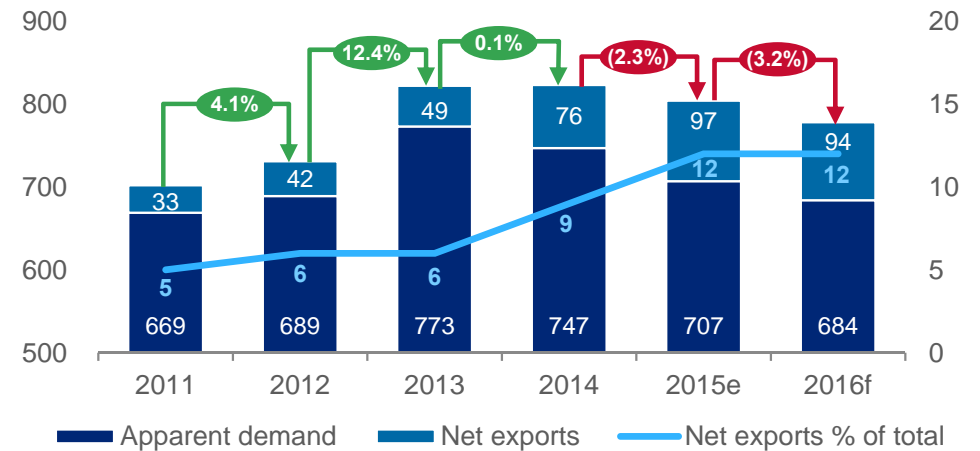
Source: WSA, GTIS.

CHINA CRUDE STEEL PRODUCTION HAS PEAKED

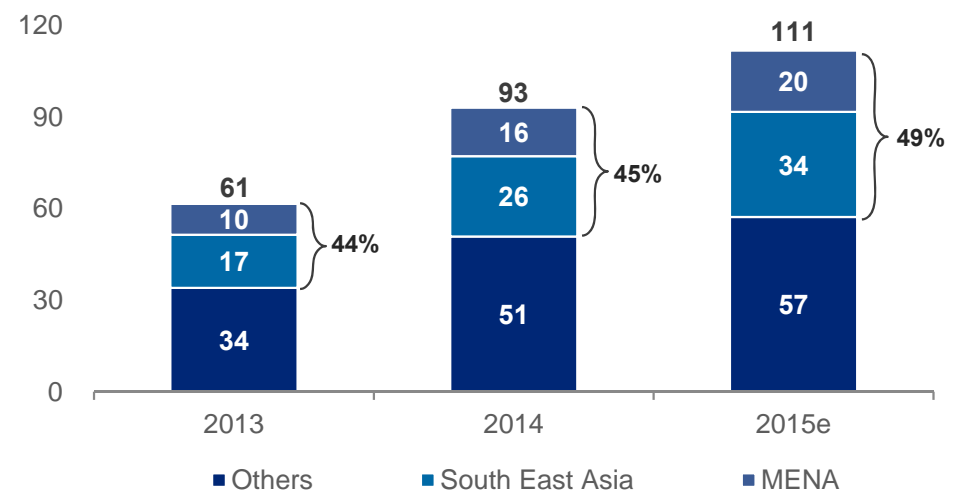
Down despite record high finished steel exports

- Chinese crude steel contracted 2.3% in 2015
- Finished steel exports up 19% to 111Mt
- Steel export growth especially to emerging markets in SE Asia and MENA
- Anti-dumping measures expected to have limited impact on Chinese steel exports

China crude steel production and net exports (Mt)



China finished steel exports (Mt)



Source: WSA, GTIS.

CONTINUED SUPPLY GROWTH IN 2015

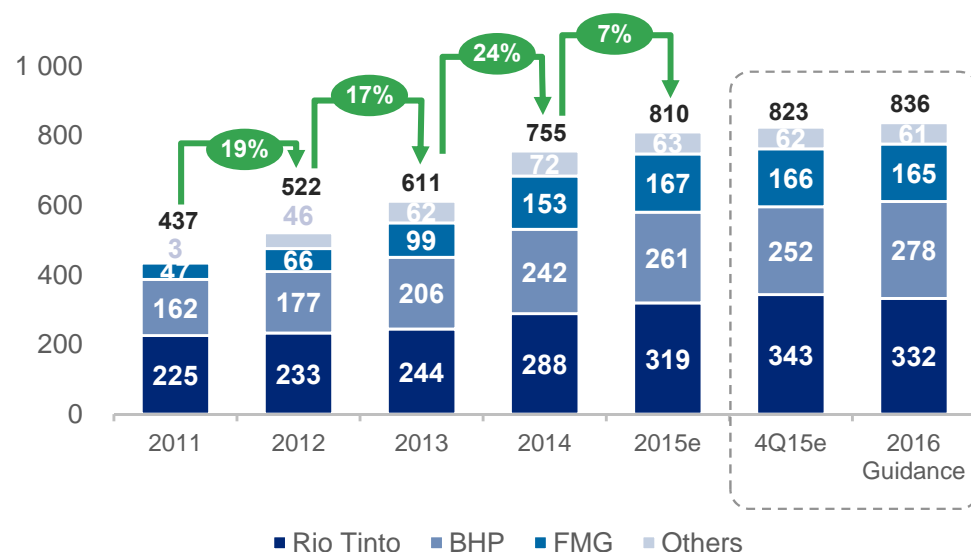
Growth from majors partially offset by supply rationalisation from juniors

- Seaborne exports increased by 42Mt up 3%
- Minas Rio and rising shipments to Malaysia supported a 8% increase in Brazilian exports
- Supply rationalisation gathered pace in 2H15, extending beyond non-traditional suppliers
- Slower growth expected in 2016 and 2017

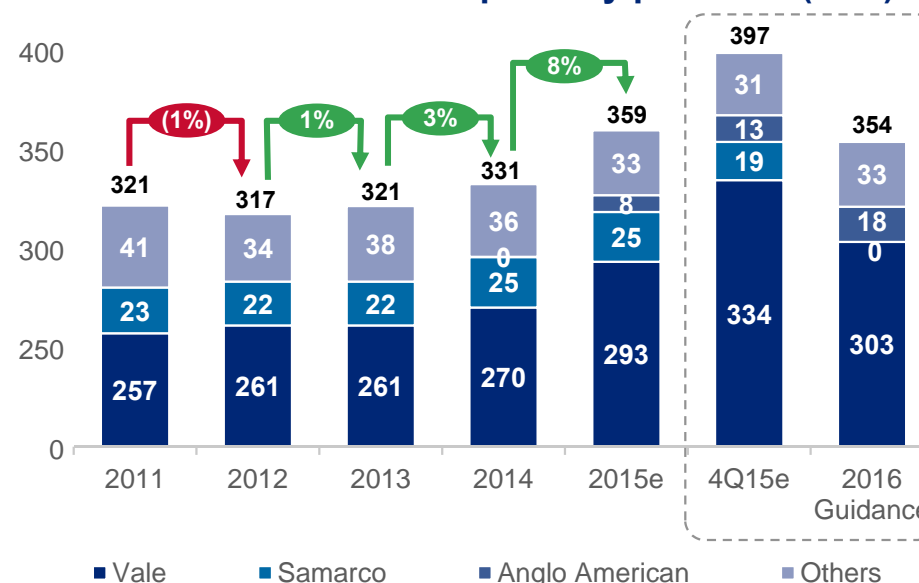
Global seaborne iron ore exports (Mwt)

	1H15	2H15e	HoH	2014	2015e	YoY
Australia	391	419	7%	755	810	7%
Brazil	164	195	19%	332	359	8%
India	2	1	(50%)	10	3	(70%)
S. Africa	33	32	(3%)	65	65	0%
RoW	86	78	(9%)	197	164	(17%)
Total	676	725	7%	1,359	1,401	3%

Australian seaborne exports by producer (Mwt)



Brazilian seaborne exports by producer (Mwt)



Source: GTIS, Mysteel, WSA, WoodMackenzie, Company Reports.

RECORD EXPORT SALES ACHIEVED

Higher volumes but lower price in line with the index

- Export sales increased by 7% underpinned by increased shipments through the multi purpose terminal at Saldanha
- Lower achieved iron ore prices, in line with iron ore and freight indices
- China accounted for 63% of Kumba's export sales portfolio
- CFR sales accounted for 69% of total exports in 2015

Export sales and prices

	2015	2014	2013
Total export sales (Mt)	43.5	40.5	39.1
Contract (%)	72	72	79
Spot (%)	28	28	21
Average FOB price received (\$/t)	53	91	125

Export sales geographical split

%	2015	2014	2013
Europe/MENA/ America	10	10	11
Japan and Korea	20	21	22
India and Other Asia	7	12	-
China	63	57	67
Total	100	100	100

Volumes shipped

Mt	2015	2014	2013
Total ore shipped	43.5	40.1	39.3
Shipped by Kumba	29.8	23.0	25.2

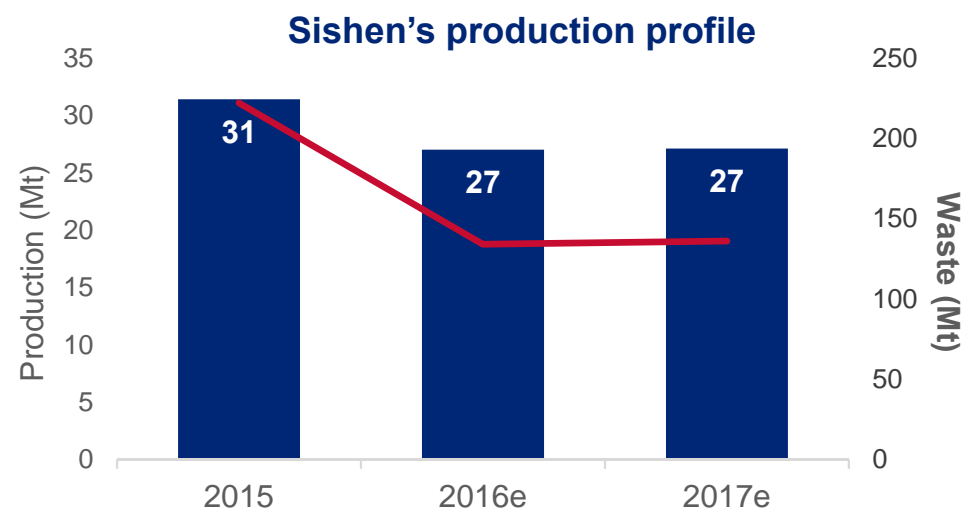


OPERATIONAL OVERVIEW

SISHEN MINE

Production impacted by challenging second half

- Production of 31Mt down 12%, in line with 3Q15 guidance
- Shortage of high grade material in 2H15 caused feedstock constraints to the plants
- 222Mt waste mined, 19% higher to improve exposed ore levels and operational flexibility



Mt	2015	2014	% change	2H15	1H15	% change
Total tonnes mined	261.4	229.9	14%	135.8	125.6	8%
Waste mined	222.2	187.2	19%	114.5	107.7	6%
Ex-pit ore	39.2	42.7	(8%)	21.3	17.9	19%
Production	31.4	35.5	(12%)	15.3	16.1	(5%)
DMS plant	20.3	22.9	(11%)	10.1	10.2	(1%)
Jig plant	11.1	12.6	(12%)	5.2	5.9	(12%)
Stripping ratio ¹	5.7	4.4		5.4	6.0	
Finished product inventory (closing)	1.6	2.1		1.6	1.0	

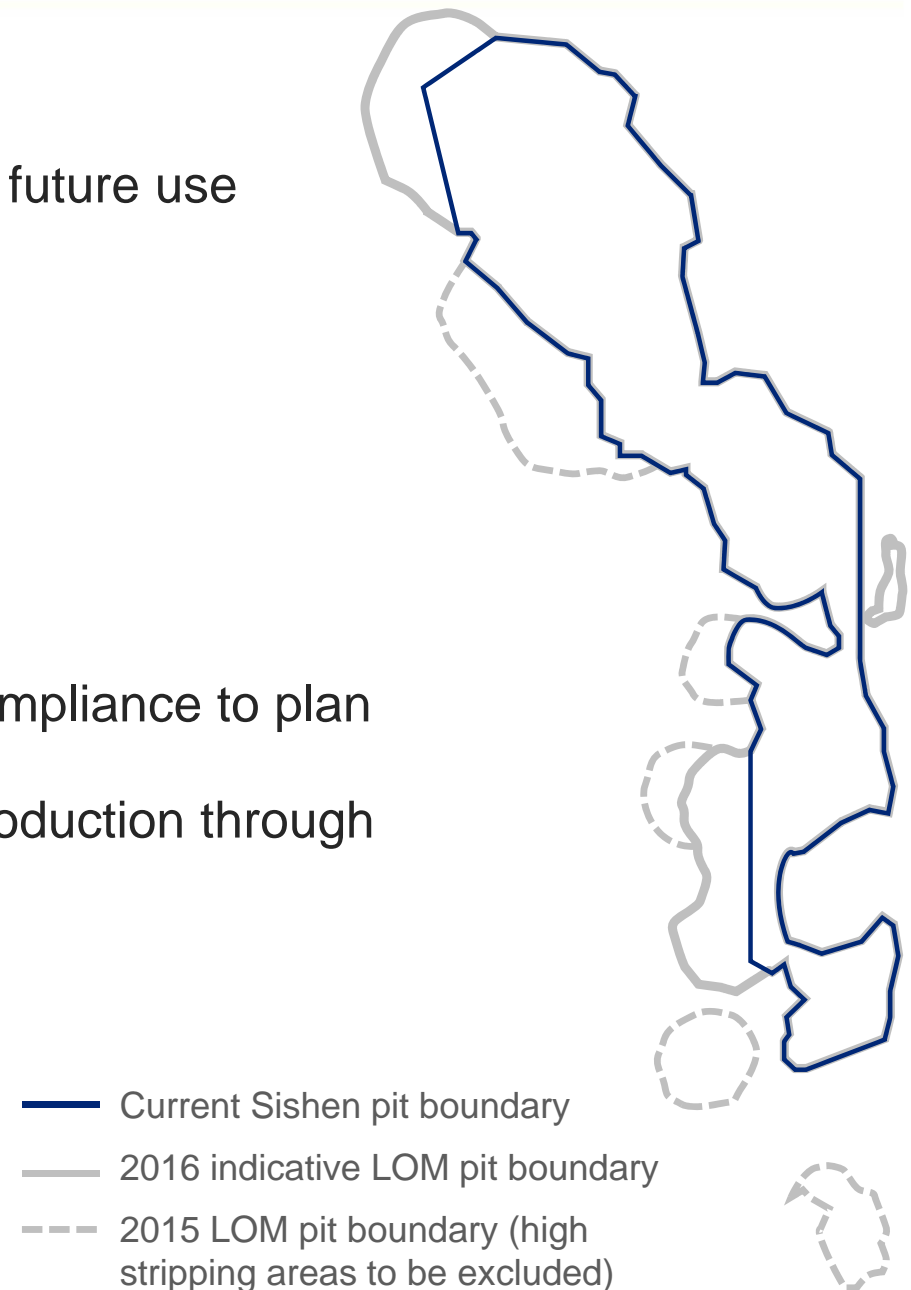
¹ Waste tonnes mined / ex-pit ore.

NEW SISHEN MINE PLAN

Key processes underway

Transition to be completed during 1H16

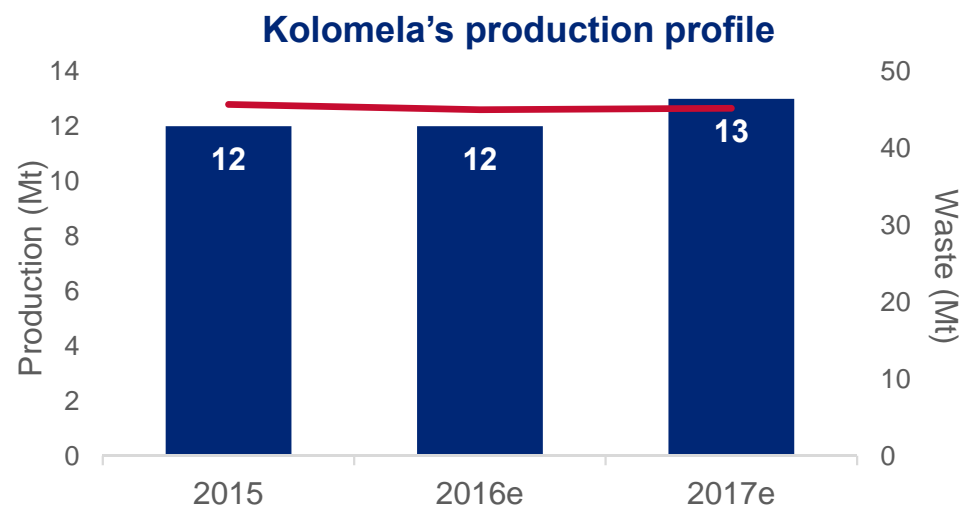
- Equipment being moved, sold or retained for future use
- Headcount rationalisation
 - Section 189 notice issued
 - ~45% reduction in workforce (2,633 permanent and 1,300 contractors)
 - Sustainable savings of ~R550m from 2016
- Executing operating model and improving compliance to plan
- Exploring further opportunities to optimise production through utilisation of spare plant capacity
- On going consultation with key stakeholders



KOLOMELA MINE

Production target exceeded

- Production of 12.1Mt, up 4%, due to improvements in plant efficiencies and throughput rates
- Waste of 45.7Mt, 18% lower as a result of cessation of pre-stripping in the third pit
- Mining in the 3rd pit was deferred to 2019 to preserve cash, resulting in additional production focus on pits currently being mined
- Increase in ore reserves of 24Mt (13%) with the inclusion of Kapstevl South pit. LOM has been extended by 2 years
- Strip ratio 2016–2018 is ~3.6



Mt	2015	2014	% change	2H15	1H15	% change
Total tonnes mined	60.6	70.4	(14%)	25.7	34.9	(26%)
Waste mined	45.7	55.5	(18%)	19.4	26.3	(26%)
Ex-pit ore	14.9	14.9	–	6.3	8.6	(27%)
Production	12.1	11.6	4%	6.2	5.9	5%
Stripping ratio ¹	3.1	3.7		3.1	3.1	
Finished product inventory (closing)	1.2	1.3		1.2	1.3	

¹ Waste tonnes mined / ex-pit ore

LOGISTICS AND SALES

Sales underpinned by port performance

- Volumes railed remained flat at 42.4Mt
- Volumes shipped increased 8% to 43.5Mt due to use of the multi-purpose terminal
- Stocks reduced to 4.7Mt

Mt	2015	2014	% change	2H15	1H15	% change
Railed to port	42.4	42.2	0.5%	20.6	21.8	(6%)
Sishen mine (incl. Saldanha Steel)	30.2	31.7	(5%)	14.3	15.9	(10%)
Kolomela mine	12.2	10.5	16%	6.3	5.9	7%
Total sales	47.8	45.3	6%	21.6	26.0	(17%)
Export	43.5	40.5	7%	20.4	23.2	(12%)
Domestic	4.3	4.8	(10%)	1.2	2.8	(57%)
Volume shipped	43.5	40.1	8%	20.5	23.0	(11%)
Finished product inventory	4.7	6.5		4.7	3.5	

Third party volumes processed and railed ~1.1Mt

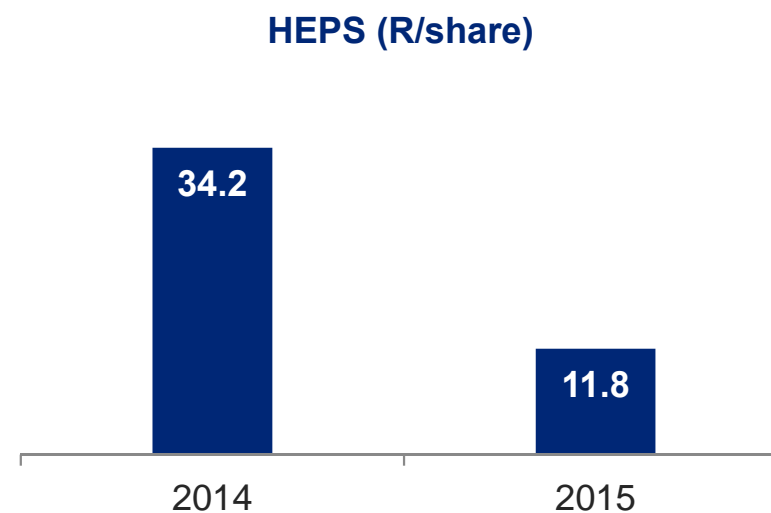
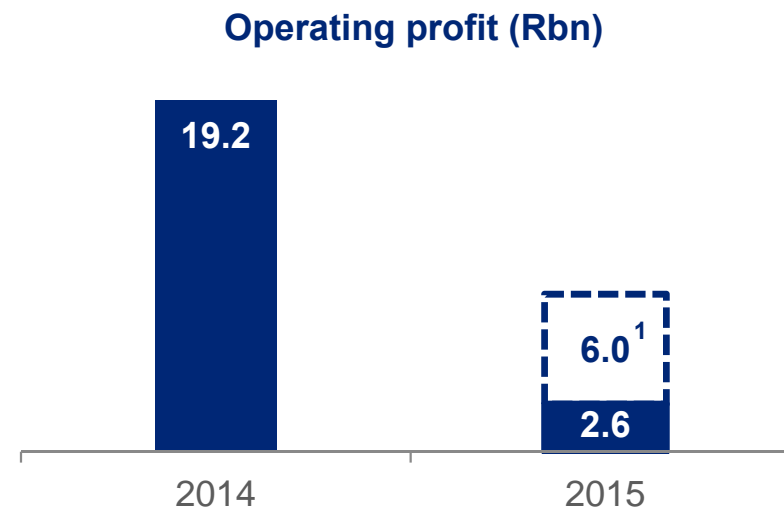


FINANCIAL OVERVIEW

FINANCIAL HIGHLIGHTS

Deteriorating price impacts financial performance

- Unprecedented decline in iron ore price – down 42% to \$56/t
- Revenue decreased 24% to R36bn
- Initiatives to lower the cost base deliver results
- Net debt position improves to R4.6bn
- Sishen impairment of R6bn
- Headline earnings of R3.8bn down 66%
- Capex of R6.8bn down 20%
- Dividend suspended



¹. Sishen impairment.

FINANCIAL REVIEW

Results reflect challenging environment

Rm	2015	2014	% change	2H15	1H15	% change
Revenue	36,138	47,597	(24%)	15,669	20,469	(23%)
Operating expenses	(33,494)	(28,405)	18%	(18,795)	(14,699)	28%
Operating expenses	(30,177)	(28,628)	5%	(14,089)	(16,088)	(12%)
Impairment charge	(5,978)	(439)	1,262%	(5,978)	–	100%
Mineral royalty	(191)	(1,176)	(84%)	(95)	(96)	(1%)
Deferred stripping capitalised	2,852	1,838	55%	1,367	1,485	(8%)
Operating profit (EBIT)	2,644	19,192	(86%)	(3,126)	5,770	(154%)
Operating margin (%) ¹	24	41		18	28	
Headline earnings	3,792	11,006	(66%)	1,273	2,519	(49%)
Effective tax rate (%) ²	69	25		21	39	
Cash generated from operations	13,841	21,769	(36%)	5,169	8,680	(40%)

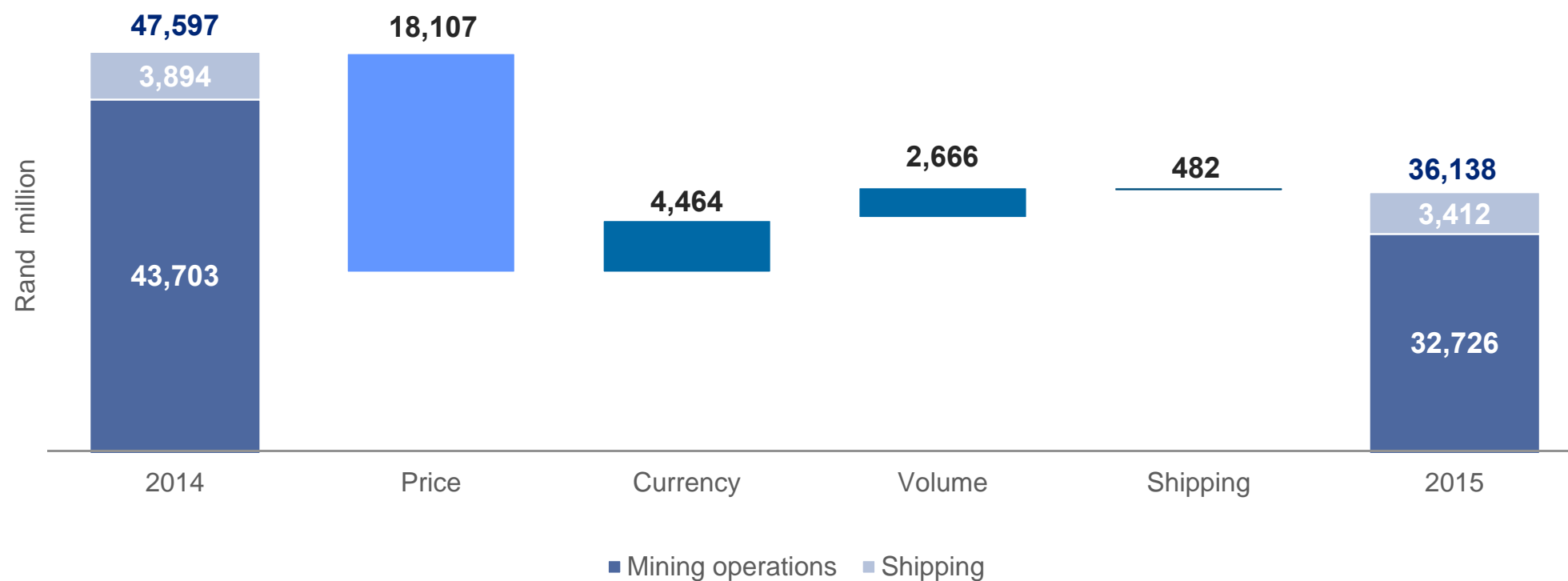
¹ Excluding the impairment charge.

² Excluding the mineral royalty.

REVENUE

Lower realised prices partially offset by weak Rand

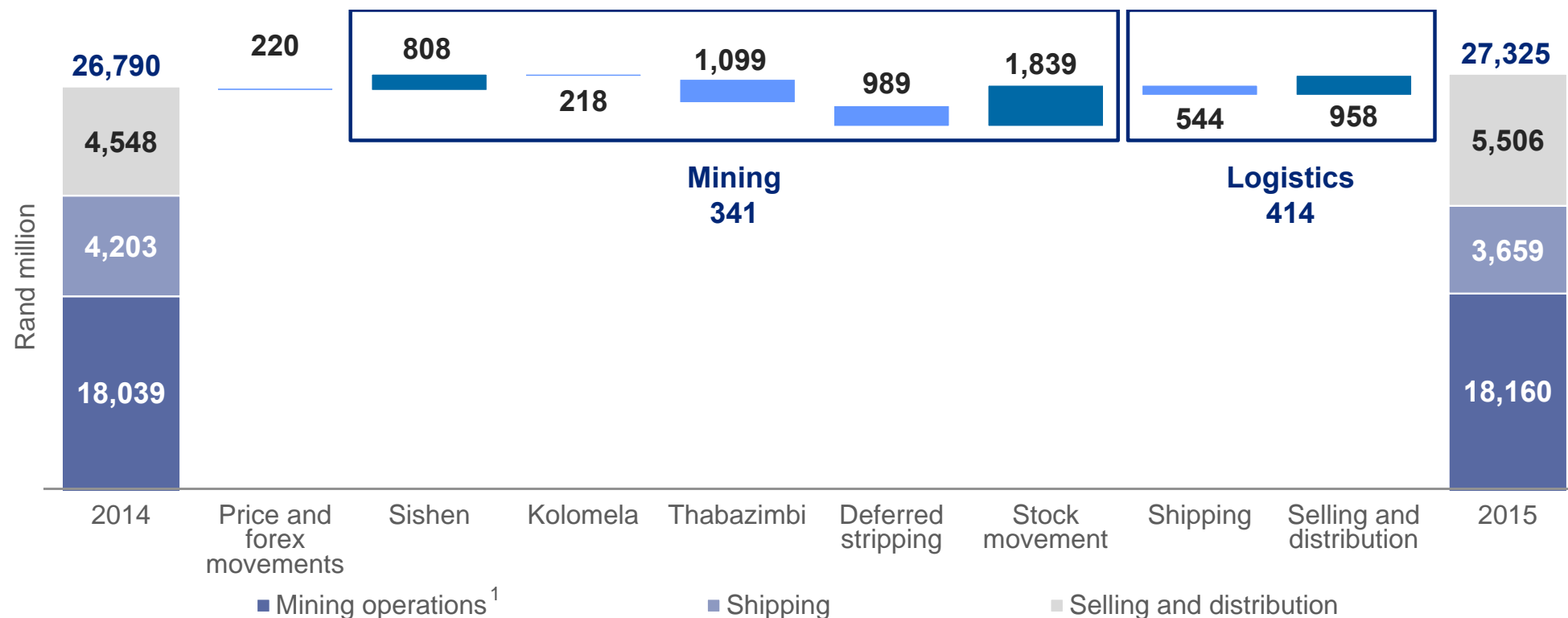
- Revenue decreased by 24%
- Realised average FOB export prices decreased by 42% to \$53/t
- 18% weaker average ZAR/\$ exchange rate of R12.76
- Total sales volumes increased by 2.5Mt to 47.8Mt



OPERATING EXPENDITURE

Costs contained through stringent management

- Mining costs down 3% in real terms mainly from lower fuel prices and lower mining volumes at Thabazimbi and Kolomela
- Freight rates declined to historical low levels reaching \$4.0/t during Jan 2016
- Selling and distribution up due to increased volumes and multi purpose terminal throughput
- Stocks drawn down to 4.7Mt

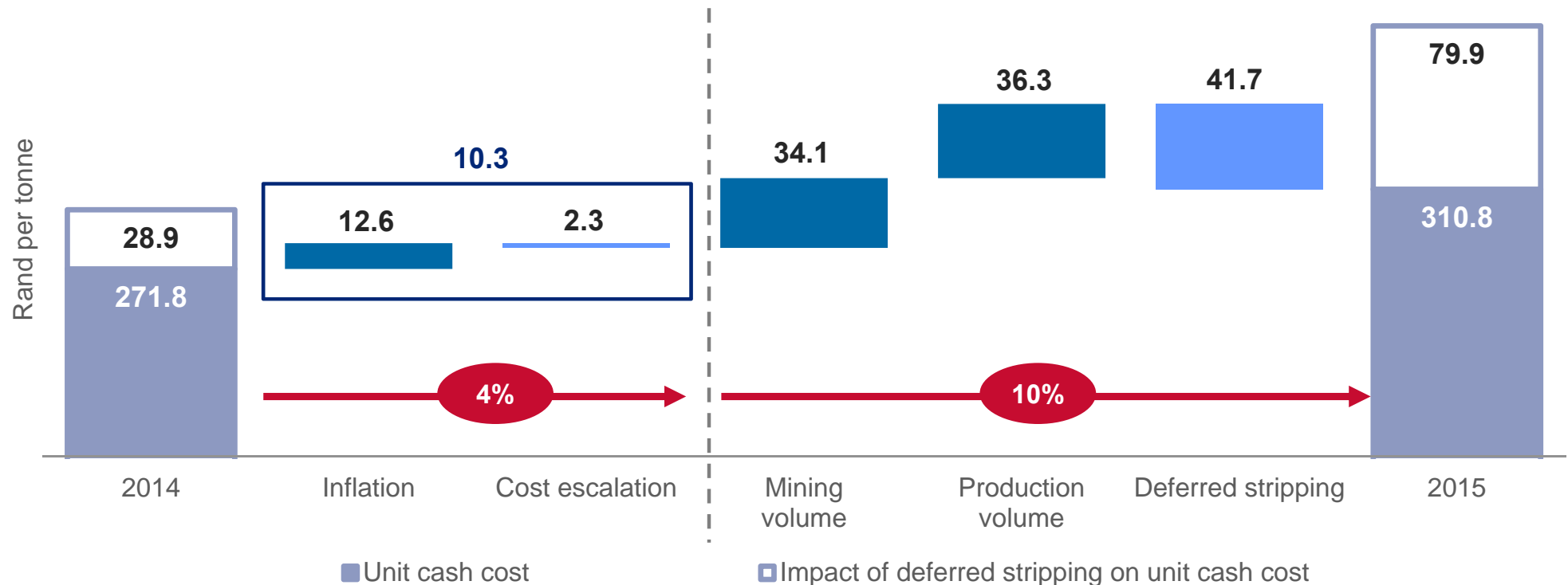


¹ Excluding mineral royalty and impairment charge.

SISHEN UNIT CASH COST

In line with guidance despite lower production

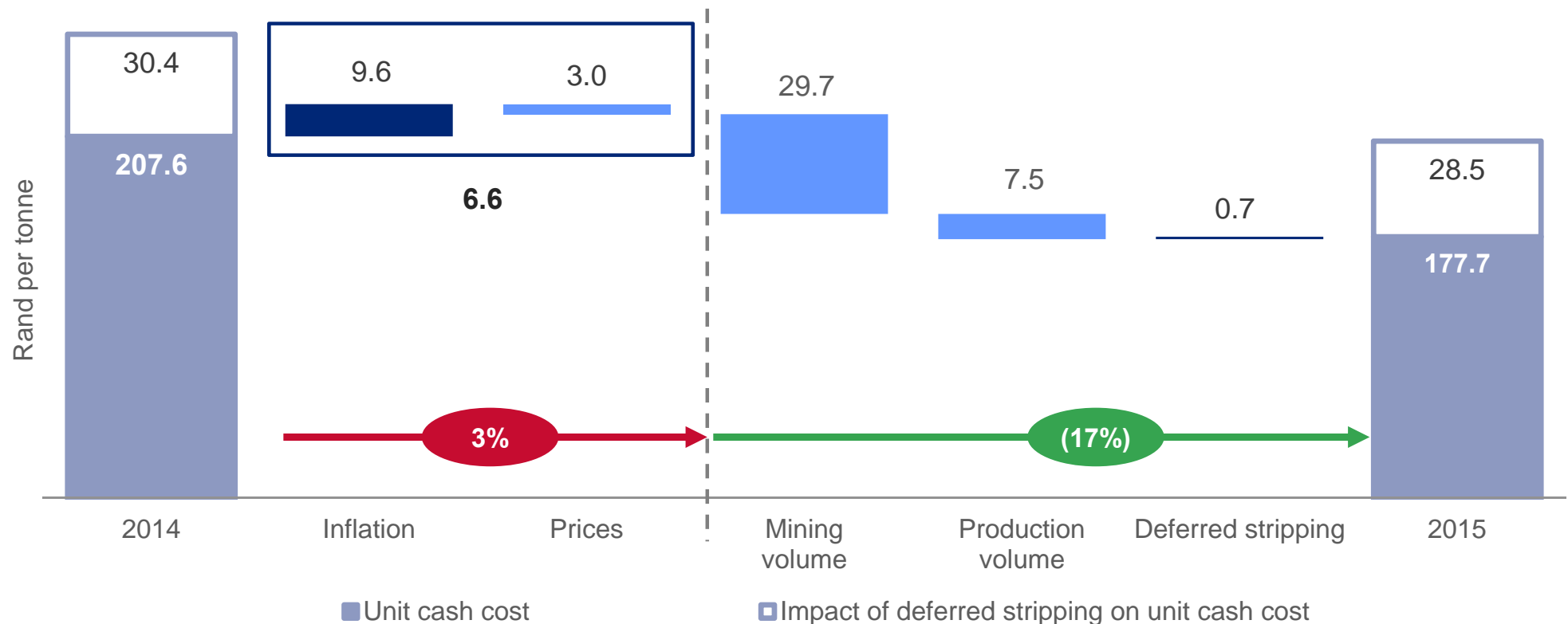
- Cost escalation contained below inflation
- Mining cost driven by 31Mt growth in mining volumes, partially offset by overhead cost savings
- Impacted negatively by 4.1Mt lower production volumes



KOLOMELA UNIT CASH COST

Higher production and waste optimisation drives exceptional unit cost performance

- Cost escalation contained at 3%, well below inflation
- Lower mining costs from 10Mt lower volumes and overhead cost savings
- Higher production volumes supports unit cost decrease

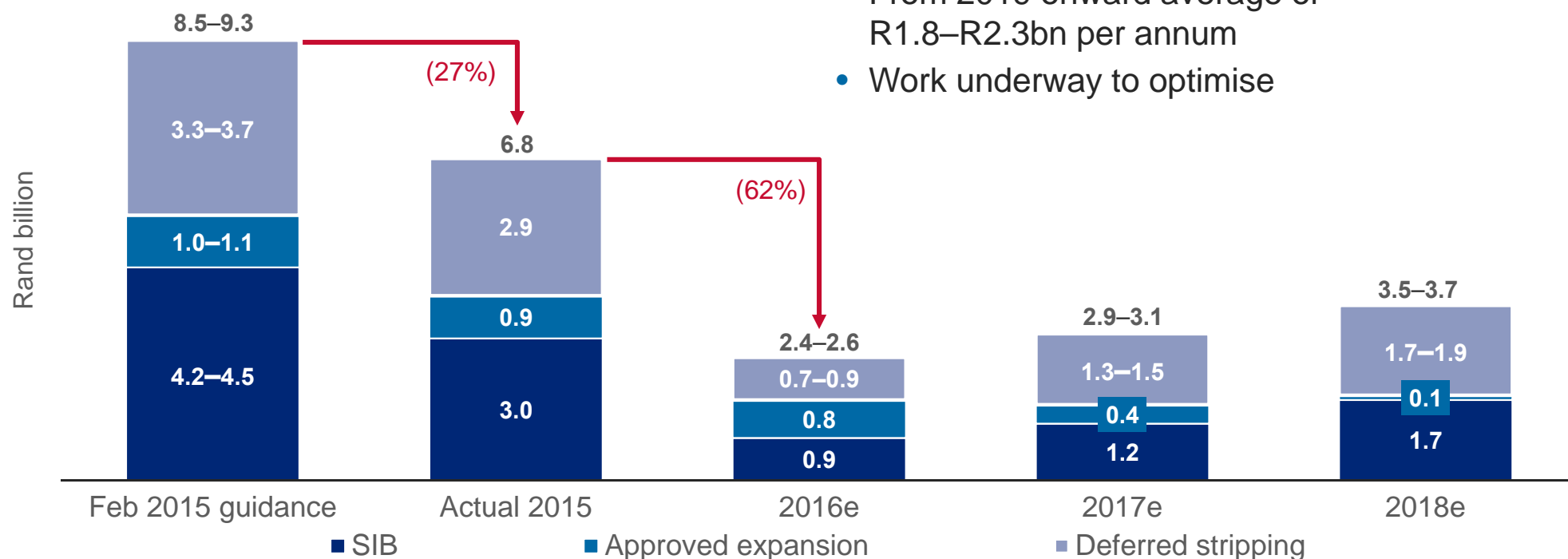


CAPITAL EXPENDITURE OF R6.8bn

Significant capex savings delivered, on track for further savings

- Significant capex cuts vs. Feb 2015 guidance
- Lower waste tonnes mined from optimised pit design, reduced deferred stripping capitalised
- New Sishen pit shell and focus on low-strip areas resulting in reduced deferred stripping in 2016
- Significant SIB cuts for 2016–2017:
 - Sishen: new pit shell reduces fleet and infrastructure capex
 - Kolomela: fleet capex optimised; equipment to be transferred from Thabazimbi and Sishen

- Long-term SIB
 - From 2019 onward average of R1.8–R2.3bn per annum
 - Work underway to optimise



Totals exclude unapproved capex of: 2016: R0.1bn; 2017: R0.2bn; 2018: R0.2bn.

42% REDUCTION IN NET DEBT

Stringent cost control and focus on cash preservation

- Net debt to EBITDA stable notwithstanding decline in profitability
- Further debt reduction in 2016 if current market parameters prevail; business remains highly geared to price, freight, and currency

Rm	2015	2014	% change
Net debt	4,604	7,929	(42%)
Total equity	25,167	27,001	(7%)
Net debt:EBITDA	0.39	0.36	
Interest cover (times)	4	44	
Net debt/equity (%)	18	29	
Net debt/market capitalisation (%)	35	10	
Committed facilities	16,500	10,900	51%
Net financial guarantees to DMR	1,852	1,852	



REGULATORY UPDATE



REGULATORY UPDATE

Ongoing engagement with authorities

Contingent tax liability

- Objection to letter of findings from SARS for 2006–2010 submitted in Dec 2015

21.4% Sishen Mining Right

- Notice received from DMR consenting to addition of 21.4% mining right with conditions
- Appeal submitted to the Minister
- ArcelorMittalSA supply contract amended



OUTLOOK

OUTLOOK REMAINS CHALLENGING

Price pressure to continue

Production

- Sishen
 - ~27Mt in 2016–2020
 - Waste ~135–150Mt in 2016–2020, no impact on life of mine
- Kolomela
 - ~12Mt in 2016; increase to 13Mt by 2017
 - Waste ~46–48Mt in 2016–2020, life of mine increased by 2 years

Export Sales

- Targeting ~40Mt in 2016

Market Fundamentals

- Supply growth continues
- No significant price recovery in the medium term

Profitability

- Profit remains sensitive to price, freight and Rand/US\$ exchange rate

SUMMARY

Resilience and flexibility in a low price environment

- Significant progress made with cash flow preservation
- Industry to remain under continued pressure
 - No price recovery expected over the medium term
 - Tough decisions made to safeguard viability of our business
- Targeting decrease in breakeven cash price to below \$40/t
 - Focus on operational delivery
 - Reconfiguration of Sishen to lower cost of production
 - Incremental growth of low cost tonnes at Kolomela
- Breakeven impacted by lump premium, freight and currency
- Targeting further reduction in net debt



ANNEXURES



ANNEXURE 1

Revenue: Sector analyses

	2015	2014	% change	2H15	1H15	% change
Export (Rm)	29,571	39,939	(26%)	12,748	16,823	(24%)
Tonnes sold (Mt)	43.5	40.5	7%	20.4	23.2	(12%)
US Dollar per tonne	53	91	(42%)	47	61	(23%)
Rand per tonne	679	986	(31%)	625	725	(14%)
Domestic (Rm) ¹	3,155	3,764	(16%)	1,086	2,069	(48%)
Shipping operations (Rm)	3,412	3,894	(12%)	1,835	1,577	16%
Total revenue	36,138	47,597	(24%)	15,669	20,469	(23%)
Rand/US Dollar exchange rate	12.76	10.83	18%	12.34	11.91	4%

¹ Domestic revenue is analysed in Annexure 2.

ANNEXURE 2

Domestic revenue analyses

	2015	2014	% change	2H15	1H15	% change
Domestic (Sishen mine) (Rm) ¹	2,277	2,592	(12%)	726	1,551	(53%)
Tonnes sold (Mt)	2.97	3.8	(22%)	0.9	2.0	(55%)
Rand per tonne	727	682	7%	726	776	(6%)
Domestic (Thabazimbi mine) ² (Rm)	878	1,172	(25%)	360	518	(31%)
Tonnes sold (Mt)	1.3	1.88	(31%)	0.5	0.8	(38%)
Rand per tonne	670	623	8%	720	648	11%
Domestic revenue	3,155	3,764	(16%)	1,086	2,069	(48%)

¹ Domestic revenue from the Sishen mine includes other contractual amounts payable by ArcelorMittal SA.

The weighted average price for the sale of iron ore only is R727/t.

² The domestic revenue from the Thabazimbi mine includes 0.25Mtpa processed on behalf of ArcelorMittal SA at R330/t.

ANNEXURE 3

Aggregate operating expenditure

Rm	2015	2014	% change	2H15	1H15	% change
Cost of goods sold	18,162	18,039	1%	8,224	9,938	(17%)
Cost of goods produced	16,541	16,429	1%	8,287	8,254	0.4%
Production costs	16,927	17,096	(1%)	8,396	8,531	(2%)
Sishen mine	12,776	12,598	1%	6,661	6,115	9%
Kolomela mine	3,367	3,504	(4%)	1,544	1,823	(15%)
Thabazimbi mine	696	866	(20%)	145	551	(74%)
Other	88	128	(31%)	46	42	10%
Inventory movement WIP	(386)	(667)	(42%)	(109)	(277)	(61%)
A grade	(368)	(758)	(51%)	(32)	(336)	(90%)
B grade	(18)	(491)	(96%)	(77)	59	(231%)
Thabazimbi stockpile sales	–	582	(100%)	–	–	0%
Inventory movement finished product	1,322	(237)	(658%)	84	1,238	(93%)
Corporate support and studies	1,227	2,051	(40%)	536	691	(22%)
Forex and other	(928)	(204)	355%	(683)	(245)	179%
Mineral royalty	191	1,176	(84%)	95	96	(1%)
Impairment charge	5,978	439	1262%	5,978	–	100%
Selling and distribution	5,506	4,548	21%	2,615	2,891	(10%)
Shipping operations	3,657	4,203	(13%)	1,883	1,774	6%
Operating expenses	33,494	28,405	18%	18,795	14,699	28%

ANNEXURE 4

Capital expenditure analyses 2014–2018

Rm	2014	2015	2016e	2017e	2018e
	Medium term forecast				
Approved expansion	1,433	870	800	400	100
Deferred stripping	1,838	2,852	700–900	1,300–1,500	1,700–1,900
Sishen	1,025	2,508	400–500	1,050–1,150	1,600–1,700
Kolomela	351	344	300–400	250–350	100–200
Thabazimbi	462	–	–	–	–
SIB Sishen	4,291	2,418	700	700	1,000
SIB Kolomela	915 ¹	612	200	500	700
Total approved capital expenditure	8,477	6,752	2,400–2,600	2,900–3,100	3,500–3,700
Unapproved expansion ²	–	–	100	200	200
Total approved and unapproved capital expenditure	8,477	6,752	2,500–2,700	3,100–3,300	3,700–3,900

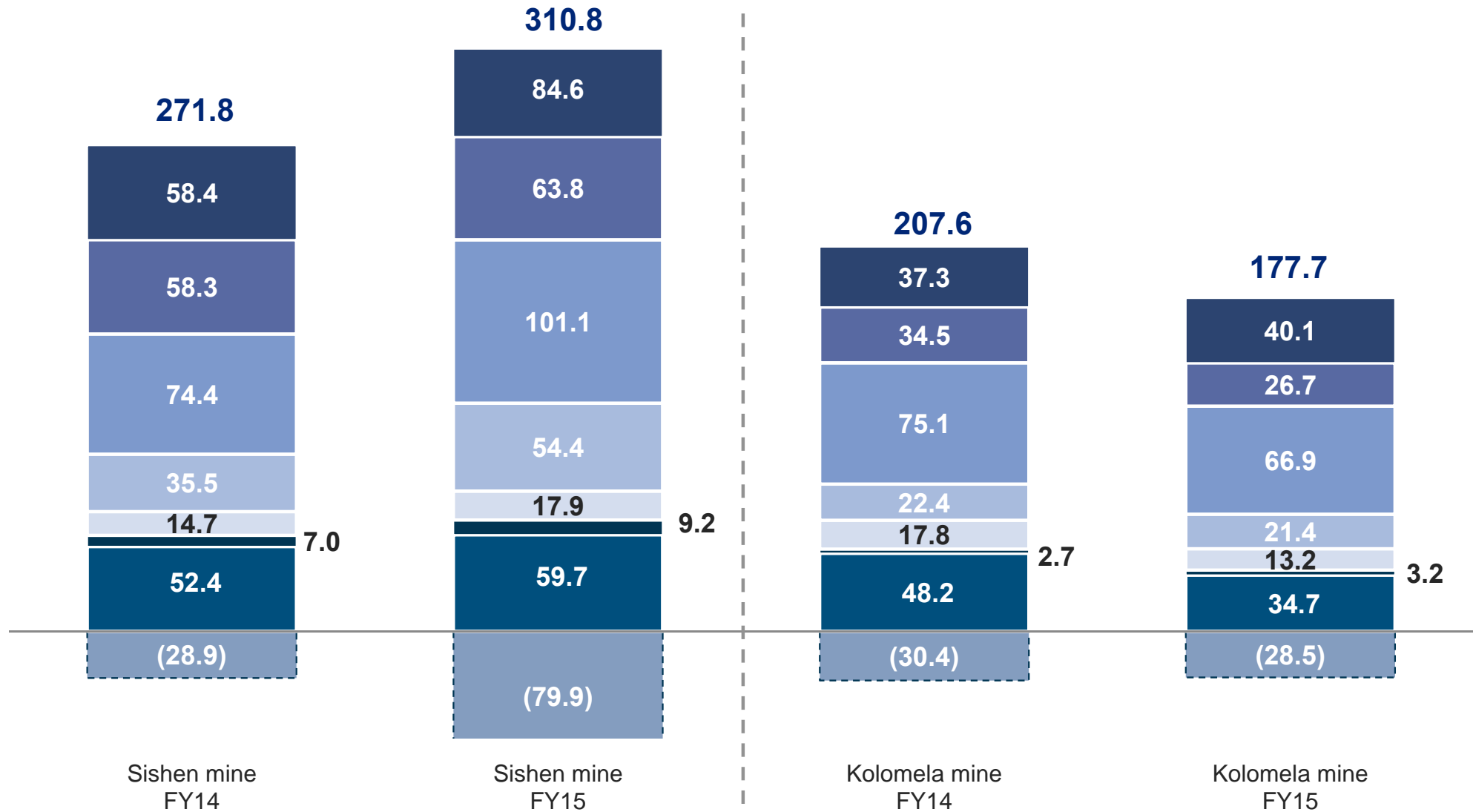
¹ Includes Kolomela's pre-stripping.

² Unapproved high-level estimate for long-term Sishen low-grade production.

All guidance based on current forecast exchange rates.

ANNEXURE 5

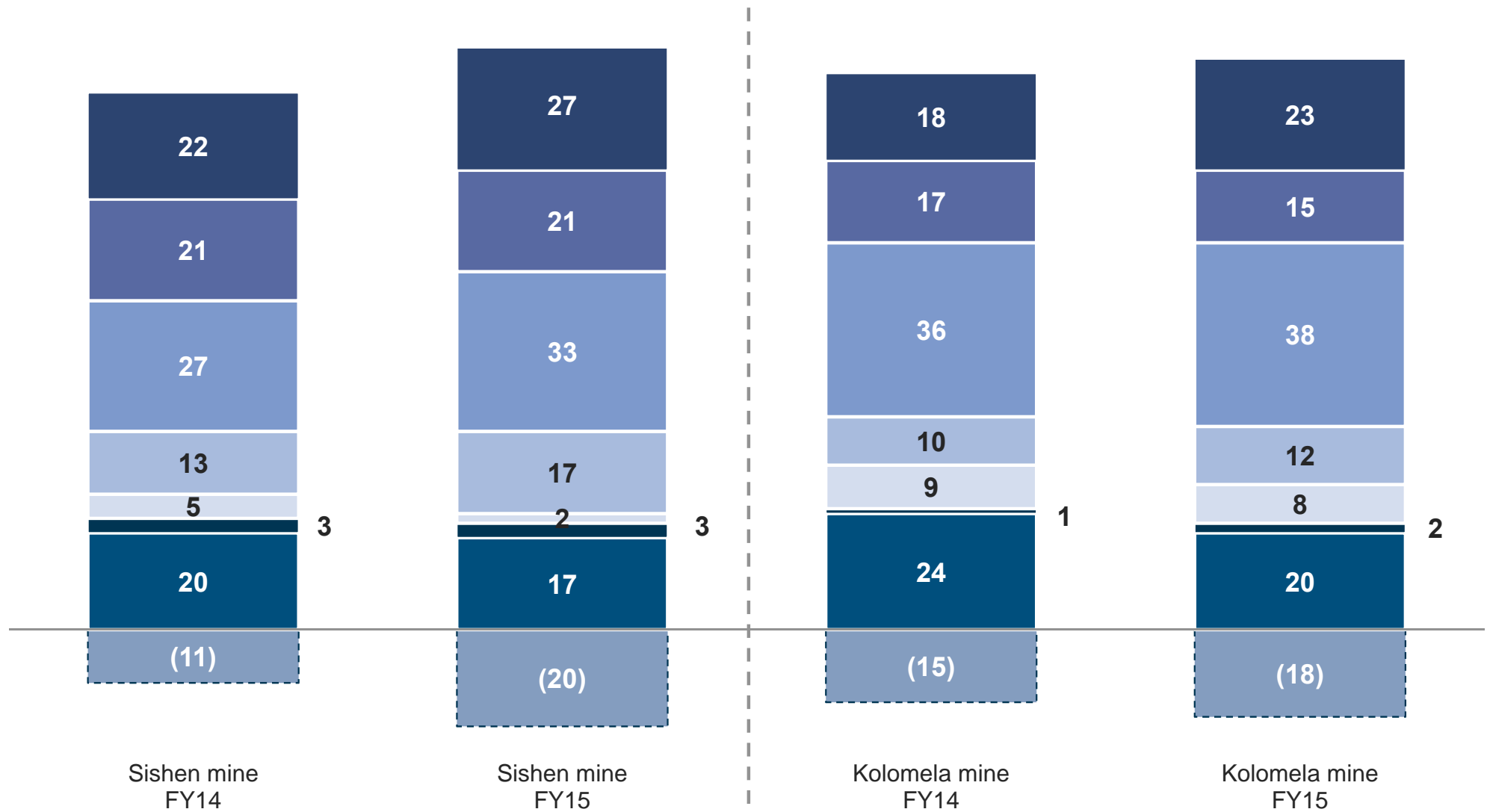
Sishen and Kolomela mines' unit cash cost structure (R/t)



■ Deferred stripping
 ■ Other
 ■ Energy
 ■ Drilling and blasting
 ■ Maintenance
 ■ Outside services
 ■ Fuel
 ■ Labour

ANNEXURE 6

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



■ Deferred stripping
 ■ Other
 ■ Energy
 ■ Drilling and blasting
 ■ Maintenance
 ■ Outside services
 ■ Fuel
 ■ Labour

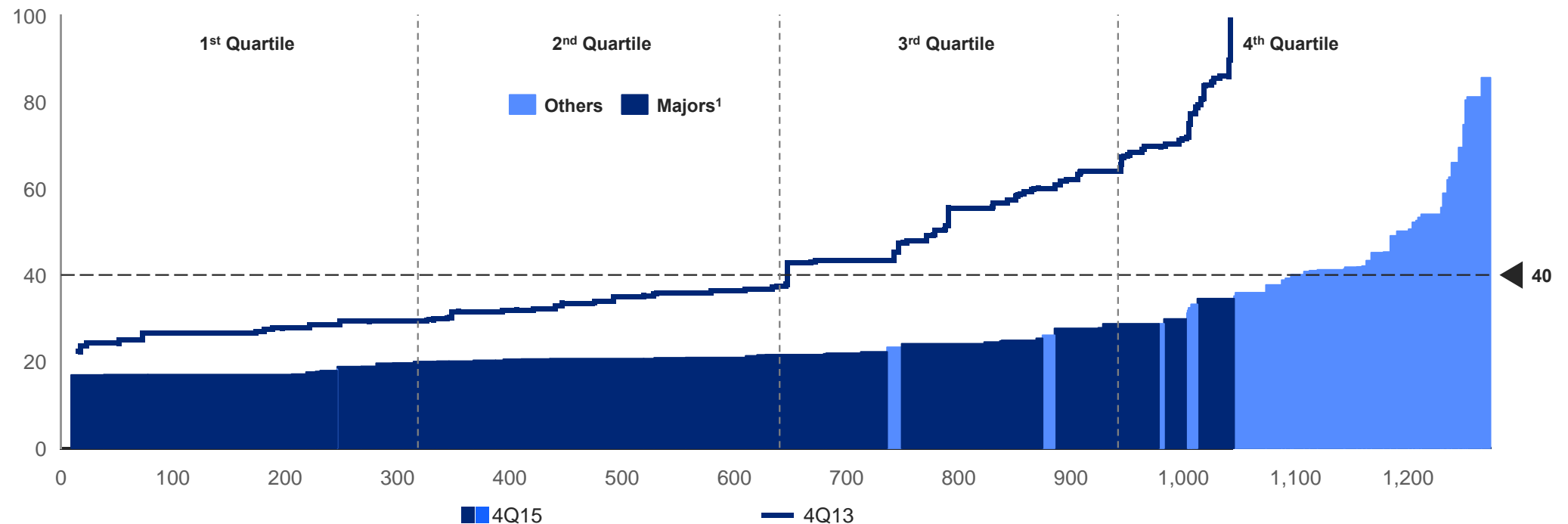
ANNEXURE 7

Seaborne iron ore cost curve

- Non-traditional suppliers increasingly vulnerable to low iron ore pricing environment
 - Extensive cost cutting drives combined with favourable movements in producer currencies, freight, and oil has resulted in a lower and flatter iron ore cost curve
 - Majors account for 98.6% of the total tonnage placed in the first three quartiles of the global cost curve

Global seaborne iron ore 4Q15 vs 4Q13 cost curve

(C1 cash costs normalized to 62% Fe equivalent CFR China, \$/dmt, excluding royalty & levies), production in dmt



Source: Woodmac, Baltic Exchange.

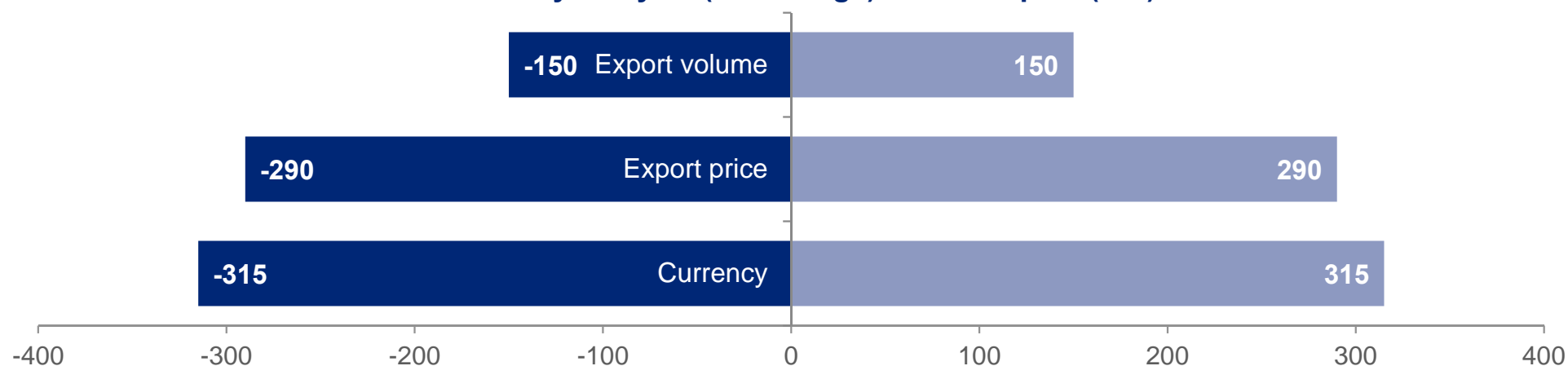
¹ BHP, Rio Tinto, Vale & FMG.

ANNEXURE 8

Sensitivity analysis 2015a

1% change to key operational drivers, each tested independently

Sensitivity analysis (1% change) – EBIT impact (Rm)



Change per unit of key operational drivers, each tested independently

Sensitivity Analysis	Unit change	EBIT impact
Currency (ZAR/USD)	R0.10/\$	R245m
Export Price (USD/tonne)	\$1.00/t	R550m
Volume (Kt)	100Kt	R35m

Sensitivity Analysis	Unit change	Breakeven price impact
Currency (ZAR/USD)	R1.00/\$	\$3.00/tonne