

CLIENT: Kumba Iron Ore

DATE: 15/02/2007

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Chairperson

Narrative

Chairperson

Good afternoon ladies and gentlemen. It's my pleasure on behalf of Kumba Iron Ore to welcome all of you to our first set of results today. Thank you very much for coming. We're going to have a brief introduction and then I'm going to hand over to Ras and Vincent to present the results to you. Thank you.

Video presentation

Do you see what we see? If you see awe-inspiring potential, then you do! Because we see much more than a mine. We see a commitment to deliver outstanding sustainable value to all our stakeholders. We see a commitment to our employees and the communities where we operate. We see greater returns for those who place their trust in us. We see increased environmental and social awareness, leading to sustainable development. We see the wealth of our country and a wealth of our people, people devoted to perfecting the business of quality iron ore production for our customers. We see a new frontier of operational and people performance in the global mining industry. We see a future where our name is synonymous with customer focus, superb leadership and our exceptional people. We see past the obvious and look for what lies beneath. Are you ready? Kumba Iron Ore. We see what could be.

Erasmus Myburgh

Ladies and gentlemen, from me I'd like to welcome you to this first results presentation of Kumba Iron Ore. Particularly I'd like to pay tribute to our chairman Lazarus Zim who led us through some of these transition activities. Thank you Lazarus for also being here today. I see also Dirk is here, a major shareholder in SIOC. Very important people in our lives. Also because it is the first presentation I would like to introduce you, you may not know the rest of the executive team. I may just ask them to stand up so we can also recognise and see them in future. Christo van Loggerenberg is responsible for projects and technical, Francois Louw is responsible for the commercial and marketing in our organisation, Peet Kotze is an important general manager of Sishen mine. He and Aart van den Brink at the end there are very important people in our lives looking after our core assets. And Fergus Marupen is very importantly looking after our HR and our people prospects in the company. I'd also like to say to you that its been a long and protracted process to get the company eventually listed on the Johannesburg stock exchange, but I tell you that if you look at the results we are extremely pleased, and I'd like to pay a

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lot of tribute to all our people who have worked hard and kept their noses close to the grindstone in making sure that we continue to produce the results that were expected of them.

The first two months of trading of the company were very successful. Our share price increased by some 10%. Also doing better than the rest of the JSE's resources index. And we're very pleased with the acceptance by the market. Although we're technically only reporting on two months of results we thought it more appropriate to give you twelve months of results for comparative purposes. Please bear in mind that the twelve months results we're going to talk about are unaudited. If we then look at our results year on year, highlights for us: revenue is up 32%, operating profit is up by 36% and headline earnings increased by 33%. And that despite some once-off charges that Vincent Uren will explain to you in his part of the presentation. On the production side, volumes were up 1% and our exports down by 4%, mainly as a result of the shiploader failure we had in September. The company is producing good cash flows, and because of that our board could declare a maiden dividend of 80c per share. We turn to our operational performance. We'd like to start off with safety. Safety is a very important production imperative for us. Sishen iron ore mine continued with their very good safety improvement and had a record run of 5.3 million man hours worked without an injury during the year. That resulted in them also achieving a record all-time best of 0.22 lost time injury free rate. Thabazimbi had a little kick up in their lost time injury frequency rate, also achieved a milestone of working 4000 production shifts without a fatality, for which they will receive a reward from the DME I believe tomorrow. Sadly we also had to report that we had a fatality and our heartfelt condolences were extended to the family, friends and colleagues of Carl Haarsbroek who lost his life in a vehicle accident at Sishen during the year. Production performance at Sishen was stable as usual. They produced 28.7 million tonnes last year. And the stripping ratio increased in line with expected mine plans as the pit is getting deeper and deeper. One of the major challenges for Sishen over the year was an increase in production costs, mainly due to three reasons. The normal inflationary production cost increases of about 7.6% were increased by another 19% due to three factors. First of all due to some preparation work that we had to do in anticipation of the Sishen expansion project in the mine, a much larger mine, a much larger pit to come. We had employed some additional contract mining to deal with

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Vincent Uren

additional waste stripping, and some additional people were recruited and trained in preparation for the ramp up. Some geological aspects also contributed where the mines in areas of very hard rock weren't counted, and they had to do additional drilling and blasting in those areas. We expect these types of cost levels to be extended for another year or so. At Thabazimbi the production was a little bit constrained. They only produced 2.4 million tonnes last year due to the inability of Spoornet to supply the required rail capacity to Mittal. Notwithstanding that the mine was able to contain their costs to well within budget. Waste mined and stripping were in line with the life of mine plans.

In total our export sales as we said were down by 3% to 21.5 million tonnes, impacted negatively by the shiploader failure in September of last year. I'm pleased to say that the total impact of this incident was well contained because of good cooperation between our own staff, Transnet and customers who agreed to change some of their shipping schedules to accommodate the change. And then Transnet has strengthened the shiploader that is currently in operation and also added some additional mitigating operational plans to ensure that it continues to operate reliably. They've also decided for the failed shiploader to go for a redesign of the tripper car which is currently under manufacturing. And Louis assures me it will be back in operation by August of this year in time for the ramp up when the products come on-stream. Local domestic sales were lower mainly as a result of lower demand from Mittal earlier in the year, but also due to some road constraints in the latter part. Now I'd like to hand over to Vincent to take us through the financial results.

Good afternoon everyone. It's my pleasure to be here today to present the first set of results for Kumba Iron Ore since its listing in November 2006. It's wonderful that we can present such solid results. I think that we've had a very busy time since October last year where we went through the process of the unbundling, setting up the new company and then very rapidly thereafter into the year end. So I'd like to thank all the staff in the finance division who contributing to bringing these results out. Ras mentioned that our trading period is for two months, November and December. Those results are audited. The twelve months results that you'll see are not audited but we put them together in the interests of compatibility. Turning to the results. A very solid set of results for Kumba. Its revenue and operating profit was up

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more than 30%. Sales tonnes in the two and the twelve month periods was 5.5 million tonnes and 24.7 million tonnes respectively, generating revenue of R2.2 billion and R8.65 billion in the same periods. As a result of this an operating profit of R684 million was shown for the two month period and R5.2 billion for the twelve month period, with headline earnings R262 million and R2.12 billion for the two periods. Basic earnings were impacted by the profit of the sale of the non-iron ore offshore assets prior to the unbundling of the Kumba Resources. That was a profit of R1.57 billion. Revenue and operating profit were also impacted adversely by the 3% reduction in export volumes that Ras has talked about, and that was about 620 000 tonnes, caused by the shiploader breakdown in September which meant a rescheduling of the vessels. And therefore at year end there were slightly higher stock levels. It is our hope that by the end of market we would have worked through those stock levels and brought them down to usual.

We had a strong operating margin, a 10% increase in our operating margin from 42% to 46%. That excludes the once-off profits on the non-iron ore offshore assets, the Hopetown profit and the IFRS 2, R253 million charges. So that is I think a clean operating EBIDAR margin. Tax rates. In the two month and the twelve month period was had very different tax rates to the 29%. In respect of the two month period the 29% tax rate increased as a result of essentially one time, and that is the SIOC Community Trust development R153 million charges, which increased the tax rate from 29% to 36%. The 3% that was sold by Khaya to the Community Trust, 3% of Sishen Iron Ore company, that resulted in a capital gains tax of about R39 million and that increased the tax charge further from 26% to 42%. In the twelve month period we had those same factors which equally were impacted by the sale of the non-iron ore offshore assets and that had the effect of reducing the tax rate by 11%. I talked about our deal with some once-off charges. We've seen a lot of comments in the press. And there are three charges I want to talk about. The first one is the IFRS 2 charge for R153 million. Kumba Iron Ore sold 3% of Sishen Iron Ore Company to the Community Trust at a predetermined value. It was R458 million in terms of a Kumba Resources empowerment transaction. That R458 million was determined in October 2005. I've talked about the capital gains tax which was incurred as a result of that. For accounting purposes in terms of IFRS2, the substance of the relationship between Kumba and the SPV which houses the Community Trust's 3% is that of one of control. So we had to

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consolidate the results of the 3% Community Trust into our results. The charge of R153 million arose when we looked at the transaction from an October 2006 perspective, and we valued it because it was an equity-settled instrument. And that resulted in a higher value which meant that the cost of R153 million was charged to the income statement. This is not a cost the minority share in, so it was a cost for Kumba only. The second item I wanted to deal with was the profit on the sale of the non-iron ore interests immediately prior to the unbundling of Kumba from the Kumba Resources group. The non-iron ore assets were sold. Those assets were principally the Kumba Base Metals International and its subsidiaries, Kumba Holdings Ticor and [unclear] Australia. And that resulted in a profit of R1.57 billion which is not taxable. The third is the transaction costs, and just to clarify, those costs we estimated at R30 million and those costs are R30 million.

We've had a number of queries on the calculations in respect to the minorities and you won't find this slide in your pack, it is a slide we put together this morning to show you how we've gone about it. I mentioned the fact that we consolidate the results of the Community Development Trust, but equally we consolidate the results of the Employee trust because that trust operates in terms of a pre-determined set of rules notwithstanding that there are independent trustees that act on auto-pilot. And we need to consolidate those results as well. This means that we have minorities of 20%. In terms of disclosure, in the pre-listing document there were no minorities at that stage so we showed the results for 100% of the business. The trading statement that we put out in January had to have reference to that income statement in the pre-listing document. So we couldn't use a minority calculation there. So as it was a comparative figure it was based on 100% of the profits. But just to take you through how we've calculated the minority interest, simply put for the two month profit for the year of R379 million we have added back Kumba's capital gains tax in respect of the 3% of the community trust that was sold, and we have added back charge in respect of the 3% that I've just talked about. This gives you attributable profit of R573 million. 20% of that is R114 million. The same calculation is performed for the twelve month period. And the only adjustment to the twelve month period is to add back for headline earnings purposes the 20% share on the profit on disposal of the 3%.

Turning now to the operating profit, the net increase year on

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year is R1.5 billion. Operating profit, increasing from R3.9 billion to R5.4 billion. Gross increases of R2.5 billion offset by increase charges of just over R1 billion. Turning to the constituent parts of the increased profit performance, price on the back of 71.5% price increases in 2005 and another 19% increase in 2006. We had a good product mix which resulted in higher CIF sales of 188 000 tonnes from our stockpile in Chengdu. Slightly offset by reduced lump iron mix. 57% in 2005 and 56% in 2006. The exchange rate played its part in the weaker Rand, R6.73 to the Dollar contributed R328 million. In 2005 it was R6.3 million. The other two positives were non-cash costs which was a foreign currency translation gain of R95 million and the other is R255 million, that is the collective change in respect of the Hopetown sale. The disposal of the offshore assets was R157.1 million and the IFRS charges of R153 million. The unfortunate red parts arise because of volume mixes. Ras talked about the export volumes being 3% down and the domestic volumes being 9% down. Inflationary pressures took away R202 million of our operating profit and cash costs increased by R584 million. I've got a slide on the cash costs to try and break it down into greater detail. The R584 million it made up of distribution charges of R15 million, principally higher tariffs for the rail and the port. R174 million is a volume issue reflecting lower Thabazimbi mining activity. That's a positive 54. Lower distribution costs, positive 262, offset by charter and profit restatement of R490 million. Whereas previously Kumba had accounted for the margin on the charter and profits, this year we're reflecting the full cost of sales and revenue, so the margin is still reflected overall.

Labour rates contributed R22 million to the cost increase, and this was in respect of an 8% increase in rates. Petroleum costs were R64 million. Two main factors: the higher haul truck consumption and the increased price of diesel. Contract mining, there were two main factors that contributed to the R259 million at this charge. The first is that in order to meet our committed rail facilities we purchased in an additional 650 000 tonnes of iron ore and that cost us R50 million. And Ras talked about the changing of the pit shelf and that required a removal of 11 million tonnes of waste ore, and that cost R209 million. Maintenance costs increased by R37 million as a results of a life-cycle maintenance on trucks as the fleet ages. R53 million; I told you about R30 million in respect of pangolin costs, the other R23 million is in respect of the 2005 expense recovery in respect of the Hancock settlement. R40

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million are the head office costs and related savings from the cost initiatives in the operations. A net effect of all of this is a 10% increase in EBID. It is very pleasing to see an EBID increase like that. And a year on year increase of 10%. Going forward we aim to look at a number of cost control measures, including the cost of tyres and fleet maintenance. We have set an internal target of R80 million in 2007.

I'm not very good with moving these pages. Right. Financial performance; turning next to cash flow. It's wonderful that I can stand here and talk about 95% compound growth rate in operating cash from just over R1 billion in 2004 to R4.3 billion in 2006. That cash is needed for the high cap ex programme that we have. If you look at 2005 that is where we started incurring cap ex in respect of the Sishen expansion project and in 2006 R1.5 billion was spent on the expansion project. The strong cash flows are more than sufficient to cover the cap ex profile of R2.6 billion in 2006. There is still about R2.5 – R3 billion cap ex we expect to spend in 2007. That is there to give you a range for your calculations for this year. Let's have a look at the cash position next. We started off the year with R591 million in the bank, and ended up with just over R1 billion in the bank. That's on the back of a strong R4.3 billion operating cash inflow. And we used that money in the following ways: to pay tax of just over R1.2 billion, paid dividends of R1.5 billion (consisting of the dividend of 2005 which was R554 million, an interim dividend of R626 million and a special unbundling dividend of R356 million). I talked to you about the capital expenditure of R1.7 billion to about the R1.5 billion are proceeds of the disposal of the offshore assets. Realised gains on forward cover amounted to R44 million and the net interest bearing debt raised was R939 million, comprised of R2.48 billion (I think you'll recognise that number from the pre-listing statement) R1.956 billion we paid and R55 million worth of interest. Our debt at the end of the year amounted to just over R4 billion gross debts. With R1 billion in the bank our net debt was approximately R3 billion.

Before I conclude I thought I'd share with you some [unclear] to show you the impact of various different components on our EBID. If you look along the left-hand side you will see capital, operating costs, export volumes, prices and Rand/Dollar exchange rate. These sensitivities show what the effect of a 1% change in the Rang/Dollar exchange rate is. That would be R77 million either way for example. This shows that we are most sensitive to the exchange rate and to the iron ore prices, and less to capital and operating

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costs. A key variable is understandably the Rand/iron ore price. In conclusion I am pleased to report that we have experienced firm iron ore prices which have resulted in an EBID margin of 46%, up 10% year on year. With robust cash flows of R4.3 billion generated from operations and cost containment measures in place. It was wonderful that we earned that. Headline earnings of 84c per share. And I am pleased that yesterday the board declared a maiden dividend of 80c per share, which is 1,05 times covered. Thank you.

Thank you Vincent. Now let's turn to our projects or our growth pipeline. We were pleased with a very healthy grow pipeline that we have shared with you before. Our pipeline consists of a balance of green and brown fields projects. Currently we have eleven projects in that pipeline ranging from the Sishen expansion project currently under construction of 13 million tonnes per annum, up to the potential level studies that we still need to consider in thinking about. These projects in total have potential to add some 78-90 million tonnes per annum if we include Falémé 2 in our total potential incremental capacity. If we think about that most of these projects are in the Northern Cape on a well-defined and well-known resource of some 2 billion tones, the risks involved in developing some of these projects are lower than one would normally guess. What excited us a lot is the fact that the majority of the brown field's projects are aimed at increasing the resource utilization. In short that means that minable product or product which has been mined and previously considered as waste could be turned into saleable product. Of course these things need to be phased, and the way that we see it at the moment you will see on this slide. We also indicate to you there what our target is. We still aim to achieve 70 million tones by 2015 and all of the projects in the Northern Cape in particular need to be synchronized with the rail expansion. Currently the Sishen expansion project in particular is catered for with the agreement we have with Transnet in place. The current Transnet ramp up from the current levels to 41 million and later to 47 million tons per annum will cater for the said project. The Sishen South project however requires a next phase of expansion of the channel.

Turning to the individual projects, I am very pleased to report

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to you that the Sishen expansion project is on track to deliver its first product in the third quarter of this year. And also we expect that this project will come within budget of R5.1 million. This is despite some earlier delays in the project when engineering design were running late due to staff and skills shortages, which also resulted in some of the construction areas which are currently behind schedule. But notwithstanding that the project teams have developed alternatives which will mitigate some of these factors and we still believe that we will then start up according to schedule and ramp up according to plan. This project specifically also excelled in another area. It has an outstanding safety record. They achieved at the end of the last year an injury frequency rate of 0.11 which is remarkable considering the fact that at the peak of construction some 3400 people are involved, and also considering the fact that construction activities are relatively higher risk activities. Over the 24 month period this project has only experienced three lost time injuries of a minor nature. Indeed a very good record. It sets some good new standards. We are experiencing strong market support for the product. The product is similar to that of Sishen, although of a lower FE content. Currently we are already testing two of these batches with some of our customers in Europe and in the East.

The Sishen South feasibility study is on track, to be completed by March of this year. What is important also for us is to ensure that Transnet feasibility study on the next expansion is synchronized with this. Louis ensures me that they are also on track for us to sit down with some negotiations and optimization to make a decision on both sides between the industry and Transnet by the middle of this year. We expect the capital required for this project to be about R3 billion for 9 million tons per annum mine production. And the type of ores will be similar to that of Sishen. As far as Phoenix is concerned, Mittal has informed us in December that they do not wish to participate in the Phoenix project, although they have asked us to complete the feasibility study which they are paying for. We are currently evaluating our alternatives to ensure that we maximize the resource utilization at Thabazimbi. The existing commercial ranges between ourselves and Mittal is unaffected by this. In West Africa we are continuing our engagement with the authorities of the Senegalese government. We have during this year, after an absence of about six months, started again with exploration drilling, and we have increased our presence in the country by appointing a country manager and opening a branch office.

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<p>Chairperson</p> <p>Mike Bedford</p>	<p>Transformation is a very important imperative for us. The company is complying with the HTSA ownership criteria through its subsidiary SIOC, and we are currently running at 33% HDSA's in management and already have 13% women in mining and our BEE procurement exceeds our own internal target of 25%. We have spent some R400 million over the reporting time period in procuring goods and services from HDSA companies. All applications for our mineral rights conversions have been submitted to the DME. They have been accepted. As far as we know there are no standing questions about it. We have had some of our exploration rights being approved and we believe that the balance of our rights conversions will be concluded, all things being equal, during this financial year. Turning to the market, the iron ore industry remains fundamentally attractive and reasonably strong. As you know expected global seaborne iron ore trade volumes are again expected to grow by 9% during this financial year. And we expect that a steady growth in demand will continue up to 2020.</p> <p>Thinking about the longer-term prices, the very high levels that there are at the moment might come down over time, but we believe that the longer-term pricing will stay in the green fields incentive range. We've seen the earliest settlement in the press by some of the major players in the iron ore industry, settling benchmark prices in the range of 9.5%. In fact 9.5% we've seen some settlements of both lump and fine ore, and Kumba iron ore has just recently started our negotiations with our customers and we have concluded also an increase with [unclear] Steel of 9.5% with lump and fine ore. In closing then ladies and gentlemen we had a successful debut on the JSE. The company is fully empowered. WE have major projects under consideration and the Sishen expansion project is on track to start delivering its production this year. Our solid financial results give us strong cash flows and we are very pleased with the maiden dividend of 80c per share. And we will take questions. Thank you.</p> <p>Ladies and gentlemen we will take questions in Johannesburg first and then we'll cross to the telephone lines. Please could I ask you to wait for a microphone and then to identify yourself and the organization you present.</p> <p>Hi this is Mike Bedford from Barnard Jacobs Mallet. Firstly</p>
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Erasmus Myburgh

the very large increase in unit costs at Sishen. We have the first half figures and there weren't any signs then of the very large increase to come through. Why has the unit cost increase been so lumpy between half one and half two? And secondly, you did say that unit costs would be around these levels for the next year or so. That takes us through to 2008 when SEP starts kicking in. What type of unit cost decreases can we expect in 2008?

Thank you. Just turning to your first question, most of the contract mining activities only accelerated really towards the end of the year. SO that makes up the reason why the second half costs were much higher than what we saw in the first half. As far as the longer-term costs are concerned, as you know the company is continuously looking at ways to decrease its cost base. We have a history of cost improvements, and PAC particularly is driving a process for us to ensure that we continuously optimize our [unclear] environment as well. With the ramp up of the said project, I think those are the type of durations where we will see these elevated cost periods. The mine is also in a process of evaluating alternatives for the additional tonnages that need to be moved at the mine. And the outcome of that will determine what the longer-term cost structures would be. As you know, contract mining is more expensive than what we can do ourselves at the moment. But that capital investment that we need to do in the years to come is something we are considering at the moment with a specific study with the assistance of Snowden's of Australia to find the best alternative for us. So I can't give you an exact indication of when I see it will turn. We obviously will work very hard at bringing them down again.

Chairperson

Another question?

Tim Clarke

Thank, Tim Clarke from Deutsche. Just a quick one on your capital structure and dividend policy. It's a very strong dividend that is coming through. At the time of listing you indicated that you would give us an indication once the board had had a chance to meet and talk of the kind of target capital structure you're aiming for and the kind of dividend policy you expect to set. That's the first question. And the second question is just an easy one. The headline adjustments, am I right to assume that those have gone into revenue?

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Vincent Uren	<p>Yes. Tim, thank you. We did talk about dividend policy a while ago. The board has considered it and based on that and the company experiencing strong cash flows it was happy to pay out a dividend of almost one times covered. Going forward we will have to look carefully at our cash generation ability and balance that with our capital requirements. And as I indicated, there is a R2.5 – R3 billion capital requirement. We'll have to look at ways of making sure that we get a balance sheet that is stretched, but at the same time one that is appropriately geared. I think in the next set of results we'll look more at a dividend reinvestment option where the company can get back some of the money that it pays out by way of dividends. But we are experiencing strong cash flows and at times like that the board wanted to pay out a strong dividend. In respect of the profits, yes they are revenue profits.</p>
Chairperson	<p>Do we have another question in Johannesburg? Yes Martin in the front.</p>
Martin	<p>This question concerns Senegal. Could you confirm now that all these legal impediments have been removed from your activities at Féléme and the concession lease has been confirmed?</p>
Erasmus Myburgh	<p>Martin thank you. We have not in fact progressed any specific legal impediments or reached any conclusions to the impasse that we've in as before. Those discussions are still ongoing and the activities currently that we are doing there are with the consent and with the approval of the ministry. But that doesn't mean that we are running the project itself.</p>
Chairperson	<p>Shall we go to the telephone lines and see if we have any questions there.</p>
Operator	<p>There are no questions from the conference call at this time. My apologies, we have had one person join. This question comes from David Fleming of [unclear] First South. Please go ahead.</p>

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David Fleming

Good afternoon. I just wondered if we could have a re-go at trying to answer the question on costs. The level of cost increase in the second half was absolutely mind-blowing. I mean there were massive increases. I think going forward it would be nice if we could get some clarity in terms of whether this is an appropriate cost base or not? Because it will make a big impact on our call. Secondly, if you could just confirm the minority calculation. I didn't quite understand that. And maybe we were disadvantaged because we didn't see a slide on it. Thirdly, the shares in issue. I wonder if you could give us the number of shares that were issued that might tie in with the minority. Is it higher than the 313 million shares?

Erasmus Myburgh

David I'll deal with the first one and maybe we can pick up the other two a bit later. I don't know if you've been able to listen to the first question that mike asked about the increase costs.

David Fleming

I did yes, but I didn't understand.

Erasmus Myburgh

You thought I didn't answer it appropriately?

David Fleming

Correct yeah.

Erasmus Myburgh

I'll just repeat my answer and you can interrogate it further if you need to. As far as the increased cost in the second half is concerned, you'll see that the majority of those cost increases was for contract mining activity. And those contract mining activities were increased substantially in the latter half of the year, hence the high cost increases in the last part of the year. Do you have a further question on that?

David Fleming

And this year now in 2007?

Erasmus Myburgh

In 2007 those levels of activities will continue. You will understand that we are in preparation for 13 million ton per annum increase in production at the mine itself, and obviously we'll have to mine additional ore during this time period. Instead of buying in new fleet at this stage we are

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increasing the contract mining activities which run at a higher cost than our own operations. So during this time period of ramp up you will see those increased levels, and we believe that they will come down as soon as we decide on which way to go with a longer-term stripping and production capacity increases at Sishen. Those decisions will only be made by the end of this year.

The percentage increase in costs unit-wise at Sishen was 28% year on year. We're just trying to understand. I assume it's not going to be anything like that this year but it would appear from what you're saying that it's certainly double digit growth again.

Erasmus Myburgh

I didn't hear the last part.

David Fleming

I said just listening to what you're saying in terms of contracts still being there and given that they were only in the last part of the last financial year; one would expect that the level of increase in costs at Sishen will be double-digit.

Erasmus Myburgh

Probably at the same levels as it is at the moment.

David Fleming

Percentage-wise?

Erasmus Myburgh

Oh percentage-wise. I don't have a number to give to you but I think you can calculate it. Currently we talk about 8% of the 27% increase in that level, so that might be a figure to use.

Vincent Uren

Ok. Turning to the second point David, I'm not sure if you have the income statement in front of you. Ok, before we look at the line items; I talked about the need to consolidate the 3% held by the Community Development Trust and the 3% held by the Employee Trust. So we have a minority of 20%. Now if we look at the profit for the year and two months of R379 million we have to add back two items. The first of them is in respect of the Kumba sale of 3% of Sishen Iron Ore company. That doesn't affect the minorities of Sishen Iron Ore company. It was a sale by Kumba Iron Ore. So we add that back in the results. Equally there was capital

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	<p>gains tax of R40 million on the sale of the 3% stake. So adding those two amounts back you get to R573 million, which is the attributable profit. And 20% of that is R114 million. You do the same in respect of the twelve month period, and that gives you an attributable share to the minorities of R894 million in the twelve months. In respect of headline earnings there is no adjustment to the two months, but in respect of the twelve month we add back the 20% share on the disposal of the R1.571 billion which is the non-iron ore offshore assets, and that gives you a minority interest headline earnings of R580 million. There is no change in the issued capital of substance. It is still 313.5 million shares. Does that answer your question?</p>
<p>David Fleming</p>	<p>I'll talk to you later I think.</p>
<p>Chairperson</p>	<p>Do we have any more questions on the lines?</p>
<p>Operator</p>	<p>There are no further questions from the conference call at this time.</p>
<p>Chairperson</p>	<p>Do we have any more in Johannesburg? Yes we've got another one.</p>
<p>Speaker</p>	<p>Just on the net financing costs. I mean obviously relatively low given the level of net debt; I presume we can expect a substantial increase there for this current financial year. And the tax rate as well, could you give us some guidance on the tax rate going forward?</p>
<p>Vincent Uren</p>	<p>Net financing costs you're absolutely right. We've only been in a geared position for two months. We have a net debt of R3 billion. Going forward we want to keep a lean balance sheet. I would imagine that that debt would not reduce substantially, depending on the level of dividend that we decide to declare. And in terms of...sorry your second</p>

Chairperson

question was? Tax rate. I would imagine that it will be of the order of just below 25%.

Martin

Martin has got another question.

If I recall correctly, last year in terms of the expected price increase, if my memory serves me correctly you were hoping for something bigger than 9.5%. You were talking double-digit. Are you happy with the 9.5%? Are you happy with how these prices are arrived at largely outside of your control? And also do you not get any premium for the quality of your product? And then the last question, I need to know how much cap ex you're going to be spending in the next five years.

Erasmus Myburgh

As far as the price increases are concerned, yes a double digit for me was...I was expecting in the area of 10% or around that. So the 9.5% was within our own expectations. As far as the process of how the prices are derived, I think the market where you have major players and major consumer groupings makes sense for us at the moment, because they have the biggest stake in it to settle the prices. That sets the benchmark for how it goes. Obviously there are some other negotiations between everybody else around those benchmark prices. And as far as some of our niche products are concerned we are in fact getting different types of prices for those, most of which are sensitive towards the customers. They do not want us to divulge what those percentages exactly are.

Vincent Uren

In respect of the cap ex I did show the range for 2007, which is between R2.5 and R3 billion. That takes account of the Sishen expansion project completion in 2007. There will be a little bit of cash spent in 2008 but it depends on when the Sishen South project is developed that the level of cap ex will change. I can't commit to a number at this stage. I think the 2007 guidance of R2.5 to R3 billion is not a bad figure.

Chairperson

Johan has a question in the front. Thank you.

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Johan Pretorius

Hi my name is Johan Pretorius from Netcor Securities. Just a question on the Phoenix project and the fact that Mittal doesn't want to contribute to cap ex there. How does this change Kumba's plans with the Thabazimbi asset going forward?

Erasmus Myburgh

Yes we are currently evaluating all alternatives. Having done the feasibility study we know what the potential is. Obviously we need to think about how to deal with that going forward. There are options we need to consider as well, and the Thabazimbi team is looking at that to find other ways to utilize the additional resource as identified. And maybe looking at a different type of capital intensive alternative as well. None of those have been completed; they are busy looking at that. And it is our intention that we need to minimize the potential losses to resources. We work hard to find alternative ways for it.

Chairperson

I think that concludes the questions. Oh, Tim's got one more.

Tim Clarke

Just one very quick question. The Transnet expansions. From your point of view are they on time for SEP? Are they gearing up adequately? Can we continue our assumption on commencement and ramp up of SEP? No slippage there? I noticed a slight slippage when we spoke at listing time about early 2007 potentially getting a number of 65 million as an expansion. You now mentioned maybe sitting down in July to talk about it. So it looks like things are getting a little bit late. Is Transnet providing for SEP on time?

Erasmus Myburgh

As far as SEP is concerned and the current ramp up, the indications are that there are in fact meetings and timelines as well. I am not aware of all the detail obviously, but what we see is that their ramp up for SEP is already a little bit ahead of us, to such an extent that for the first part of this year their capacities are a bit bigger than what we require. They may be a little constrained in the latter half. But we are in very good cooperation with them in trying to synchronise

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Tim Clarke

how to make sure that we maximize the throughput through the lines for this financial year. We don't expect any problems for us during this financial year. Going forward of course is something different. We're talking about the next phase of expansions, the feasibility study that they are busy with. We do not plan to sit down only with them in June. We hope to be able to take to the board in June decisions for investment. We have agreed in fact to start the engagement already now, especially on the technical optimization discussions about the alternatives that they may come up with in their feasibility study. That will lead to a commercial discussion of course, but we both aim to get those things engaged by March.

Ok.

Chairperson

Ladies and gentlemen thank you for your interest and for coming through today. Please will you join us for some refreshments afterwards? Thank you.

END OF TRANSCRIPT