



PRESENTATION TO SYDNEY MINING CLUB

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CHIEF EXECUTIVE
KUMBA RESOURCES
SOUTH AFRICA**

7 FEBRUARY 2002

HISTORY

- **Iscor founded in 1928 by South African Government**
- **Privatised in November 1989**
- **Massive reengineering commenced in 1995**
- **Restructuring started in 2000**
- **Creation of two focused independent entities (Iscor and Kumba)**
- **Unbundling successfully completed on 26 November 2001**

RATIONALE FOR KUMBA UNBUNDLING

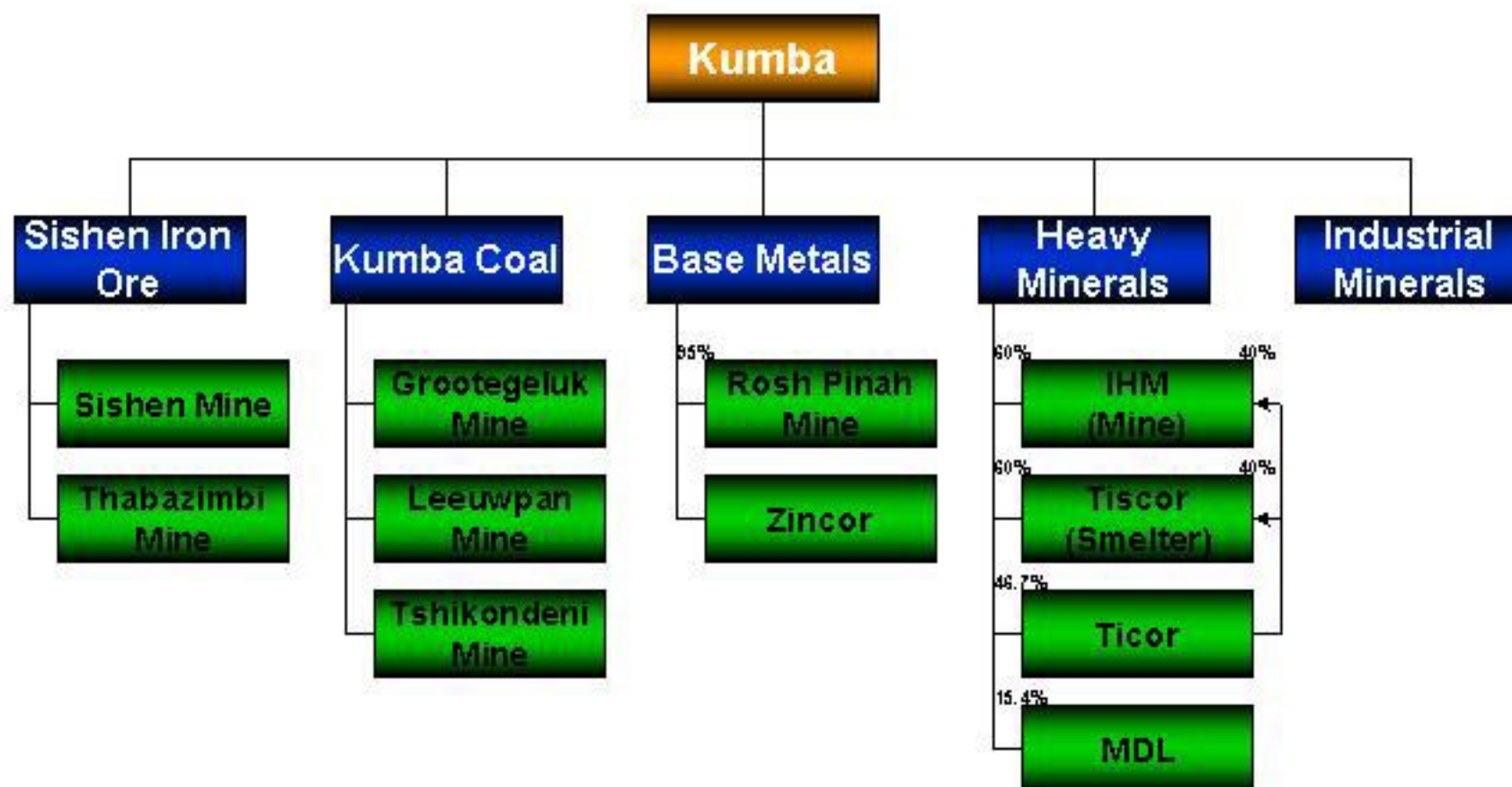
- **Creation of a focused world class resource company**
- **Financial flexibility**
- **Enabling step in value release through expansion/corporate action**
- **Realising appropriate market rating**

Creation of new Southern African mining house

VALUE RELEASED THROUGH UNBUNDLING



STRUCTURE



SHAREHOLDING

	Percentage of ordinary shares in issue
Industrial Development Corporation	14.7
Stimela	11.5
RSA Asset Managers	50.7
Offshore shareholders	10.3
Other	12.8
Total	100.0

Shareholding as at 31 December 2001

STRATEGY

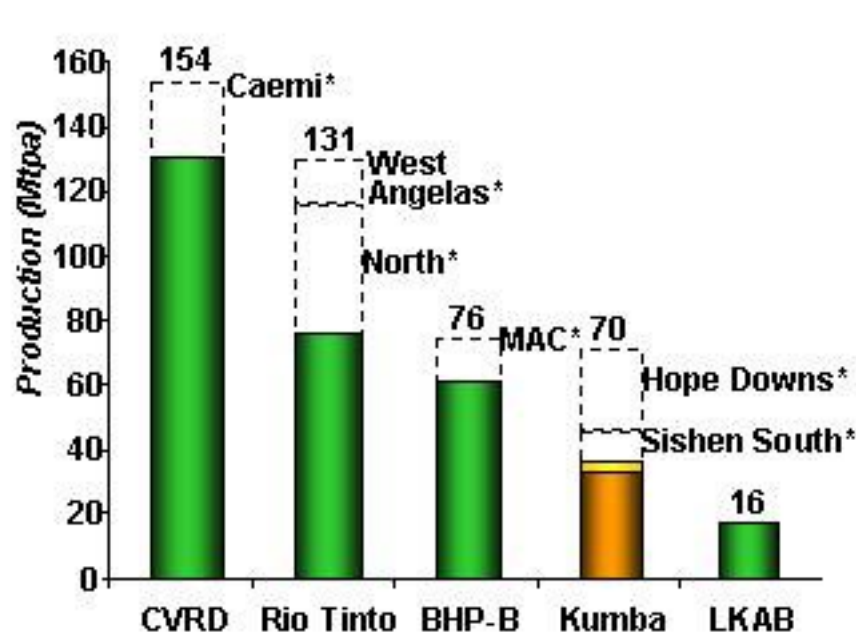
- **Position Kumba as South African based mining house**
- **Accelerate development of Iron Ore business**
- **Build Heavy Minerals to world class business**
- **Consolidate Southern African position in Coal and Base Metals**
- **Build credible empowerment base**
- **Pursue corporate activity opportunities**

DIMENSIONING KUMBA

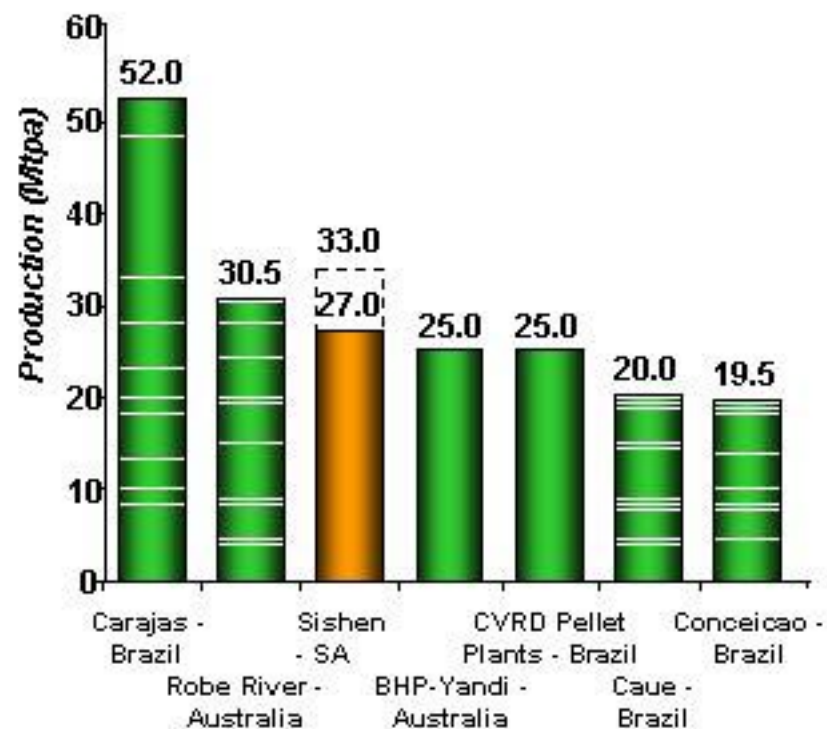
- **Primarily South African based**
- **Exporter of minerals**
- **Focused on iron ore, coal, base metals and heavy minerals**
- **Growing interests internationally, especially in Australia**
- **Growth prospects in Australia, India, China, Namibia and DRC**
- **Black economic empowerment – Tiso, Eyesizwe Coal**

IRON ORE IN CONTEXT

Iron ore producers



* At 100%



World class iron ore assets

IRON ORE OPERATIONS

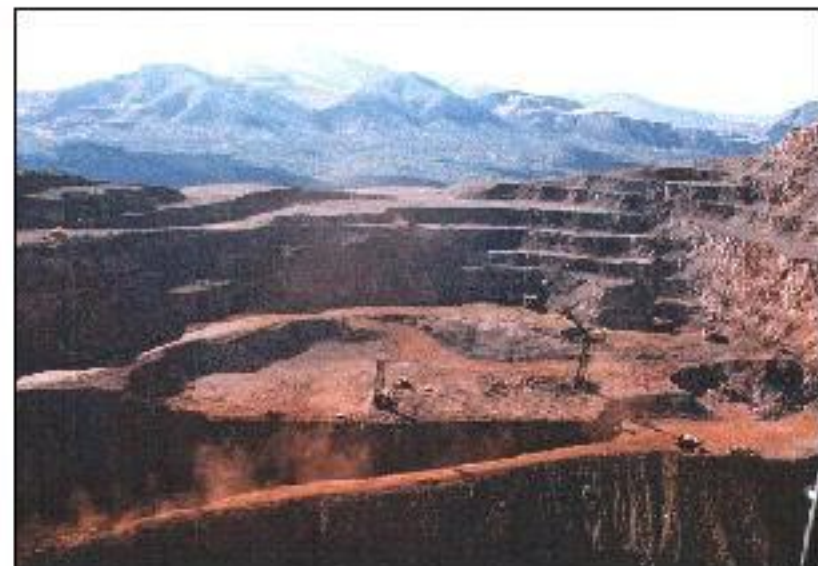
Sishen

- World Class open cast mine
- Production – 27.0 Mtpa
- Exports – 20.7 Mtpa
- High Lump ratio - 63%
- Reserves – 877 million tons
- Resources – 1 724 million tons
- Premium lump producer
- Expansion of mine, rail & port

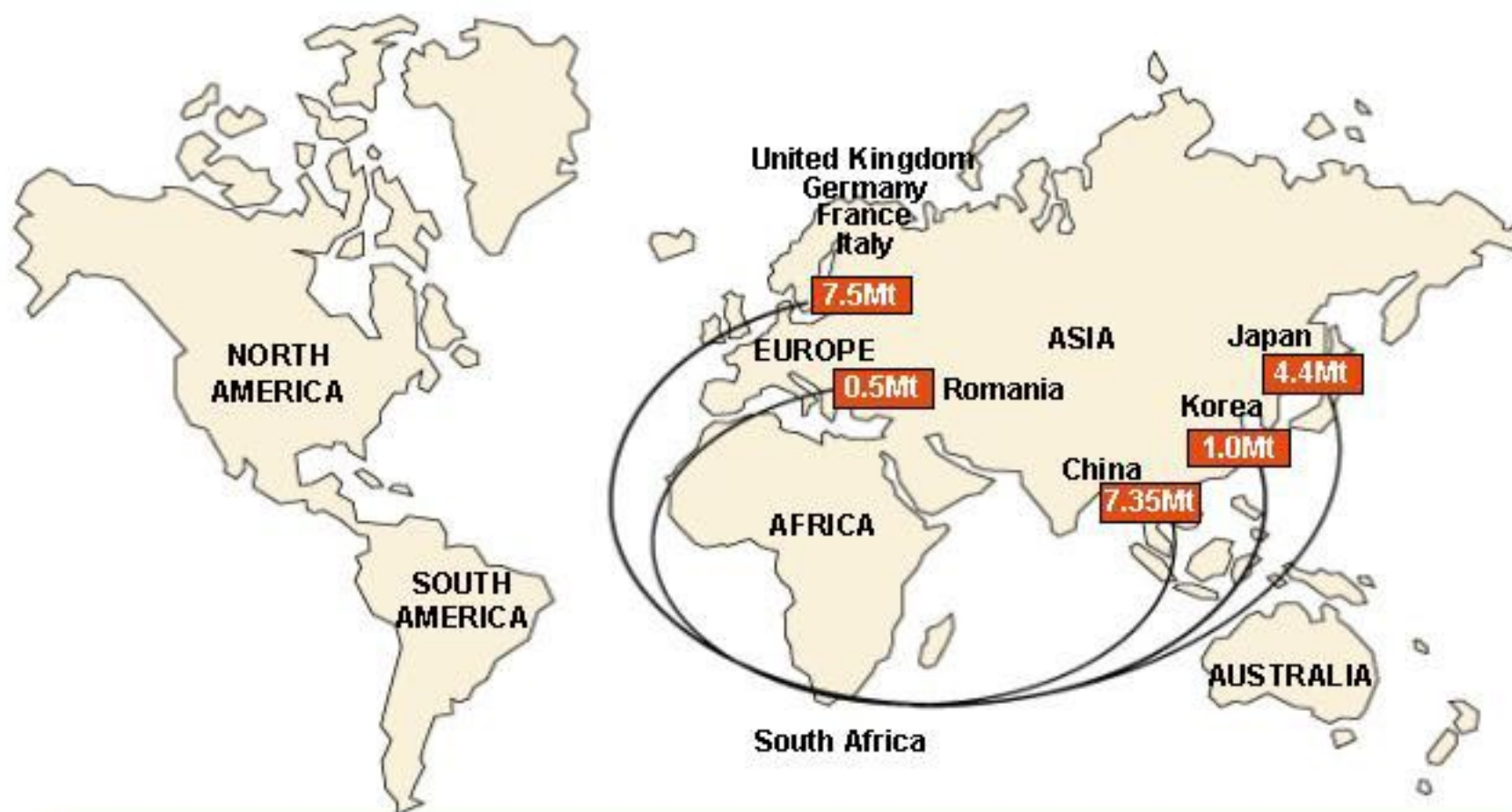


Thabazimbi

- Open cast mine
- Production - 2.2 Mtpa
- Sales - Iscor (100%)
- Life of mine – 8 years
- Projects to extend life of mine

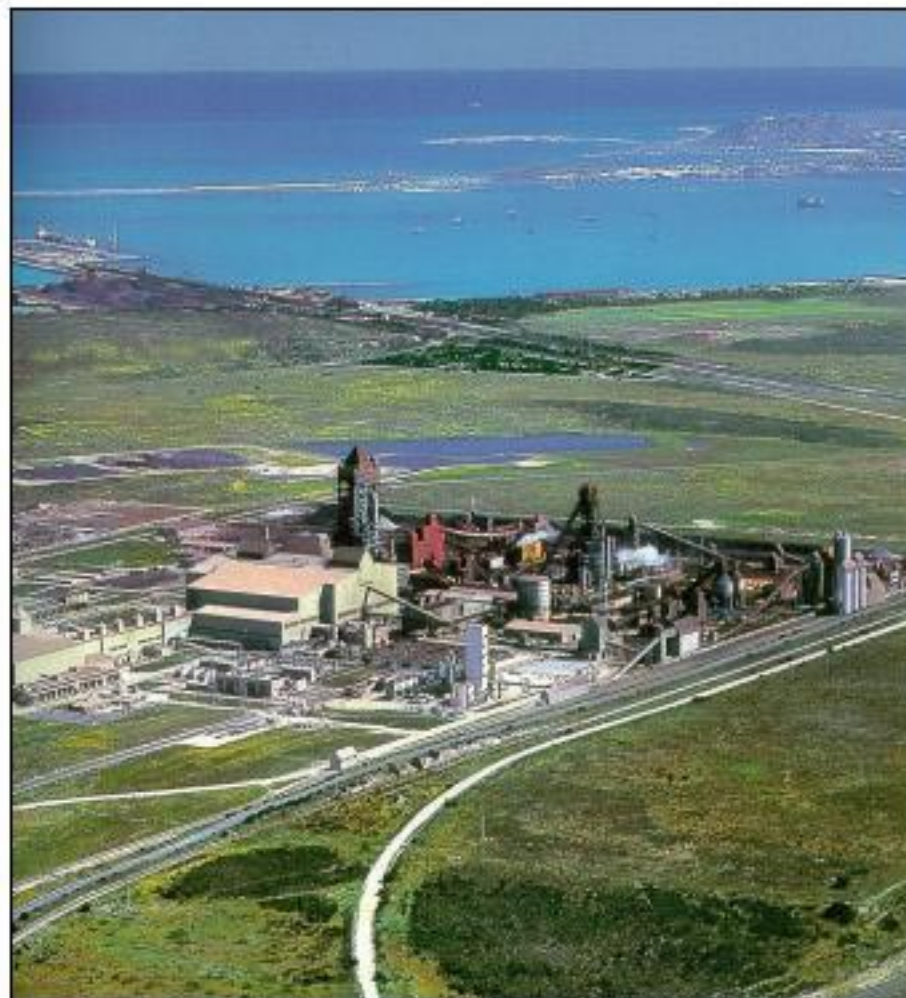


IRON ORE EXPORTS



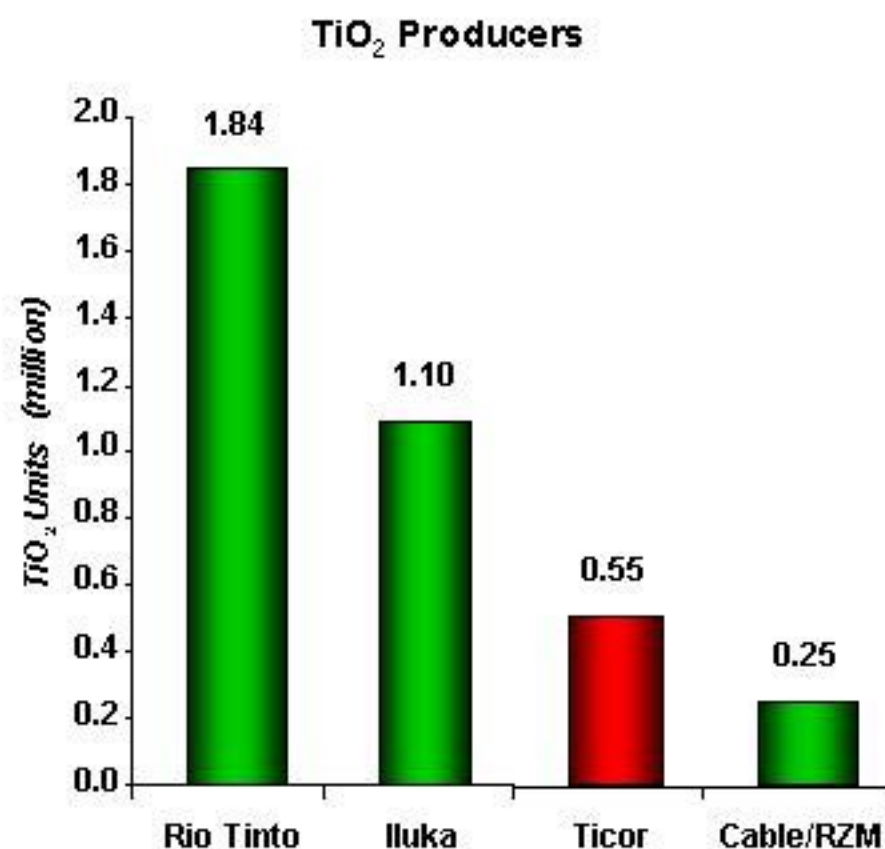
35 customers in 17 countries

SALDANHA BAY



HEAVY MINERALS IN CONTEXT

- Consolidated portfolio
- Potential to be 3rd largest TiO₂ producer
- Pigment and Zircon
- Brownfields expansions in South Africa and Australia
- Greenfields expansions in India



HEAVY MINERALS STRUCTURE

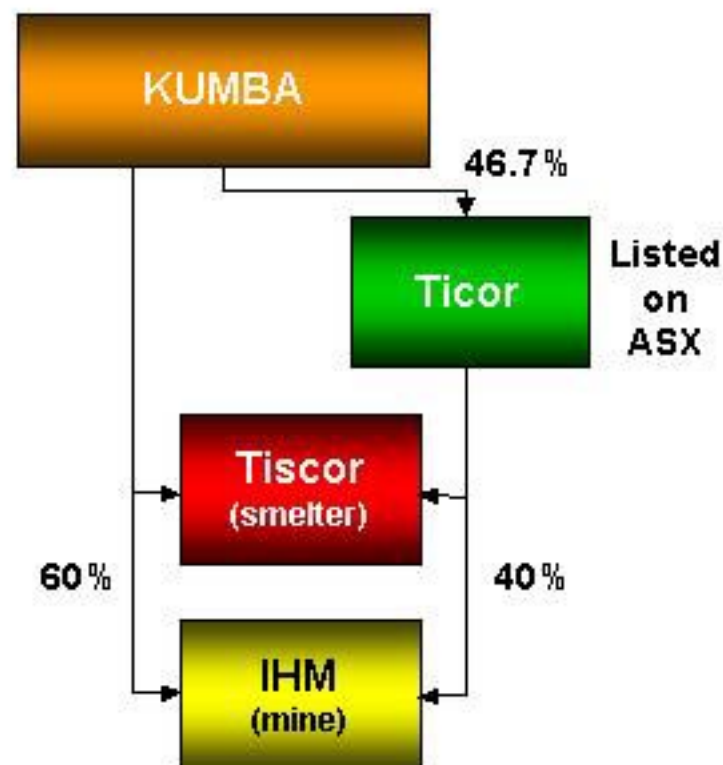
Ticor

- Kumba holding increased to 46.7%
- Option over balance of IHM project
- All TiO₂ business through Ticor

IHM project

- Mine completed
- MSP busy with ramp-up
- Dec 2002 smelter # 1 hot commissioning
- Smelter # 2 hot commissioning by 2004

IHM Ownership



HEAVY MINERALS PROJECT

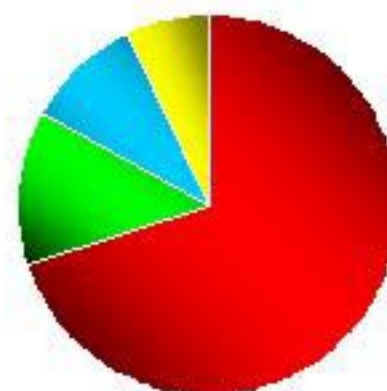


COAL

- Lowest cost mines in South Africa
- Grootegeluk largest open cast mine in South Africa, largest beneficiation facility in the world
- Brownfields and Greenfields expansions
- MOU signed with black economic empowerment coal company
- Grow export tonnage
- Waterberg strategic resource 10.5 billion tonnes

2001 Sales – 16.9 Mt

■ Eskom	70%
■ Iscor	13%
■ Other	10%
■ Export	7%



COAL

Grootegeluk

- World class open cast mine
- Largest in Africa
- Production - 16.4 Mtpa
- Sales - Eskom: 13.0 Mtpa
 - Domestic: 2.6 Mtpa
 - Exports: 0.8 Mtpa
- Reserves - 749 Mt

Leeuwan

- Open cast mine
- Production - 1.6 Mtpa
- Sales - Domestic: 1.3 Mtpa
 - Export: 0.3 Mtpa
- Reserves - 60 Mt

Tshikondeni

- Underground mine
- High quality coal
- Production - 460 ktpa
- Sales - Iscor (100%)
- Reserves - 11 Mt

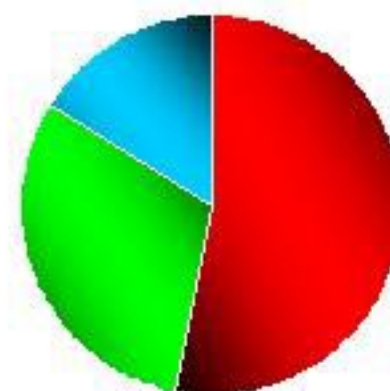


BASE METALS

- Only zinc smelter in South Africa
- Low cost producer
- Proximity of markets
- Rosh Pinah mine Namibia
- Brownfields expansions at Zincor and Rosh Pinah
- Greenfields opportunities in Namibia

2001 Zinc metal sales – 106 kt

■ Domestic	53%
■ Iscor	31%
■ Export	16%



BASE METALS

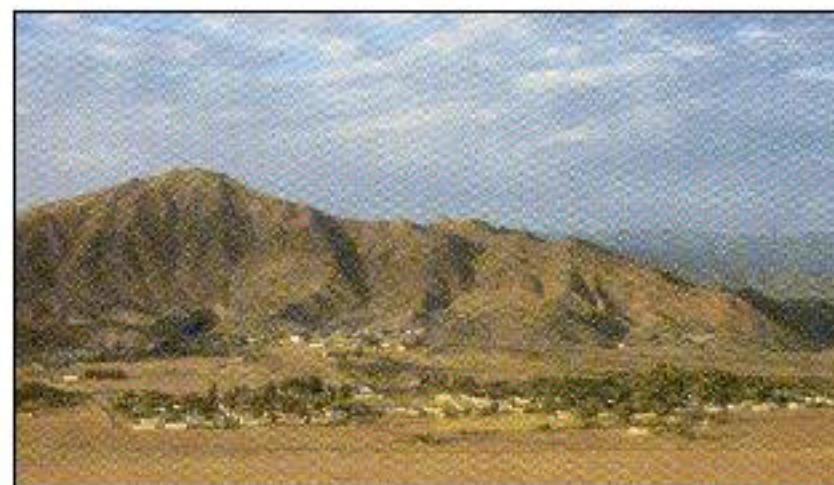
Zincor

- Very low cost producer
- Production - 116 ktpa zinc
- 185 ktpa acid
- Sales - Iscor: 35 ktpa zinc
- Exports: 16 ktpa zinc
- 70 % within 100 km
- Only zinc smelter in SA
- Only integrated zinc producer in Southern Africa



Rosh Pinah

- Underground mine
- Production - 75 ktpa zinc concentrate
- 20 ktpa lead concentrate
- Sales - Zincor (100% of zinc)
- 34% of Zincor feedstock
- Exports (100% of lead)
- Reserves – 6.0 Mt
- Grades – 9 % Zn, 2.5% Pb
- 5 % owned by Namibian empowerment groups



RESERVES AND POSITION ON COST CURVE

	Reserves	Cost
Iron Ore	27 yrs +	Lowest quartile globally
Coal	23 yrs +	Lowest in South Africa
Base Metals		
Smelter		3 rd lowest in western world
Mine	6 yrs +	Competitive producer
Heavy Minerals	20 yrs +	Low cost producer

MINERAL & PETROLEUM RESOURCES BILL

- Policy process launched September 1995
- Draft Green Paper by Steering Committee issued October 1996
- Green Paper by Department of Minerals and Energy issued February 1998
- High level discussions between Chamber of Mines and Government
- Publication of White Paper - October 1998
- Publication of Draft Mineral Development Bill - December 2000
- Meeting between Government and Chamber of Mines - June 2001
- Revised Bill: "Mineral and Petroleum Resources Bill"

OBJECTIVES OF BILL

- **State custodianship of the nation's mineral rights**
- **Development of South African mineral resources**
- **Opportunities for historically disadvantaged persons to enter mining/minerals industry**
- **Socio-economic development of mining areas**
- **Security of tenure**
- **Environmental standards**

CONCERNS OF INDUSTRY WITH BILL

- **Unintended negative consequences:**
 - ▶ **Undermining of fundamental property rights through uncompensated expropriation (unconstitutional)**
 - ▶ **Lack of security of tenure for current operations – prospecting and mining**
 - ▶ **Excessive discretionary powers of Minister and administrative officials**
 - ▶ **Legislative and regulatory uncertainty**
 - ▶ **Discretionary royalty**
 - ▶ **Bureaucratic interference in commercial decisions (eg beneficiation)**
 - ▶ **Lack of appeal to courts**

MBULWA AND THE ROAD AHEAD

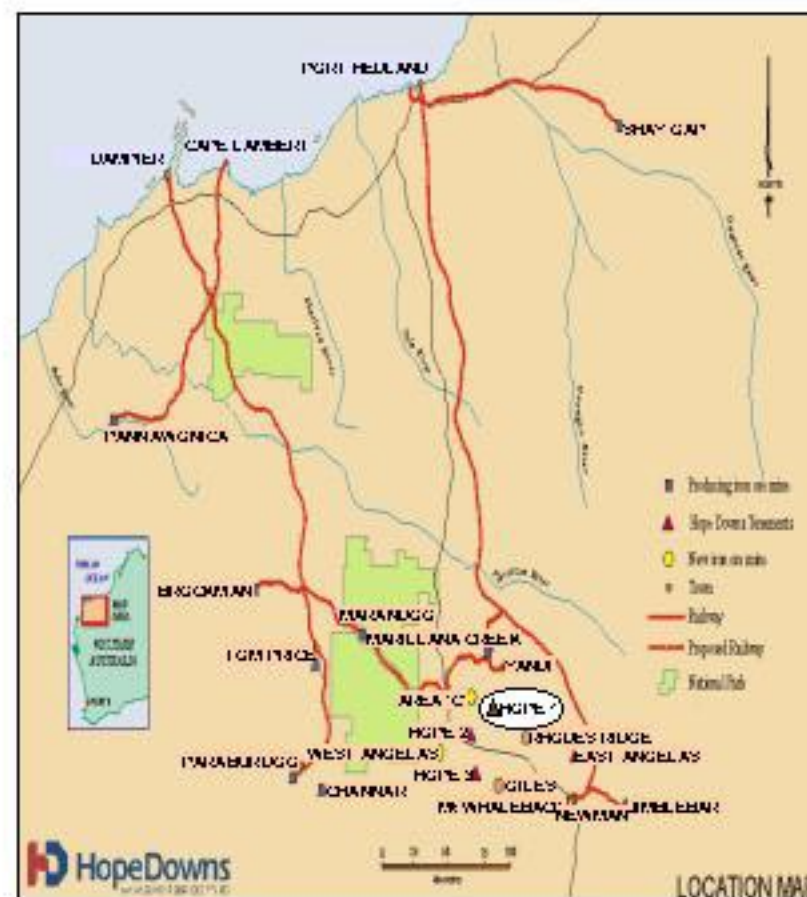
- Meeting between Chamber and Government – June 2001:
 - ▶ Policy principle underlying Bill
 - ▶ Security of tenure
 - ▶ Need to attract investment
 - ▶ Discretionary powers of Minister
 - ▶ State custodianship of mineral resources
 - ▶ Process of appeal to courts
 - ▶ Transitional measures for minimum disruption
- Revised Bill
- Implications for Kumba

BLACK ECONOMIC EMPOWERMENT

- **Tiso shareholding (5%)**
- **Eyesizwe Coal (Pty) Ltd**
- **Rosh Pinah Zinc Corporation**
- **Grootegeluk, Leeuwpan, Thabazimbi, Ticor SA**
- **Rosh Pinah exploration**
- **Outsourcing contracts**
- **Employment equity**

HOPE DOWNS

- Establish global footprint
- 50% with Hancock Prospecting
- 25 Mtpa output
- 401 Mt reserve
- Feasibility study 2002
- Production by 2004 possible
- Access to infrastructure
- Third player in Pilbara
- Legal dispute to establish rights



MINCOR

- Africwest Gold
- Renamed Mincor Resources
- Kumba holding currently at 34.76%
- Purpose of investment is access to promising projects
- Mincor's current focus is on mining of Nickel sulphide
- Successes:
 - Miitel nickel mine
 - Wannaway nickel mine
 - Reco Diq copper project

MINERAL DEPOSITS LIMITED

- Existing mineral sands producer on east coast of Australia
- Kumba's current holding at 15.4%
- Purpose to secure rights to participate in projects in Tamil Nadu province of India
- AU\$3 m pre-feasibility study concluded during 2001
- Although MDL shareholding remains in Kumba, responsibility for decision to develop Tamil Nadu deposits ceded to Ticor

CONCLUSION

- **Kumba well under way to becoming the next RSA mining giant**
- **Although South African based, already significant presence internationally**
- **Committed to investments in Australia**
- **Track record of unlocking value**
- **Great assets + great people + great growth prospects = great investment**



H A R N E S S I N G T H E P O W E R O F T H E E A R T H