



KUMBA RESOURCES

HARNESSING THE POWER OF THE EARTH



GLOBAL METALS AND MINING CONFERENCE

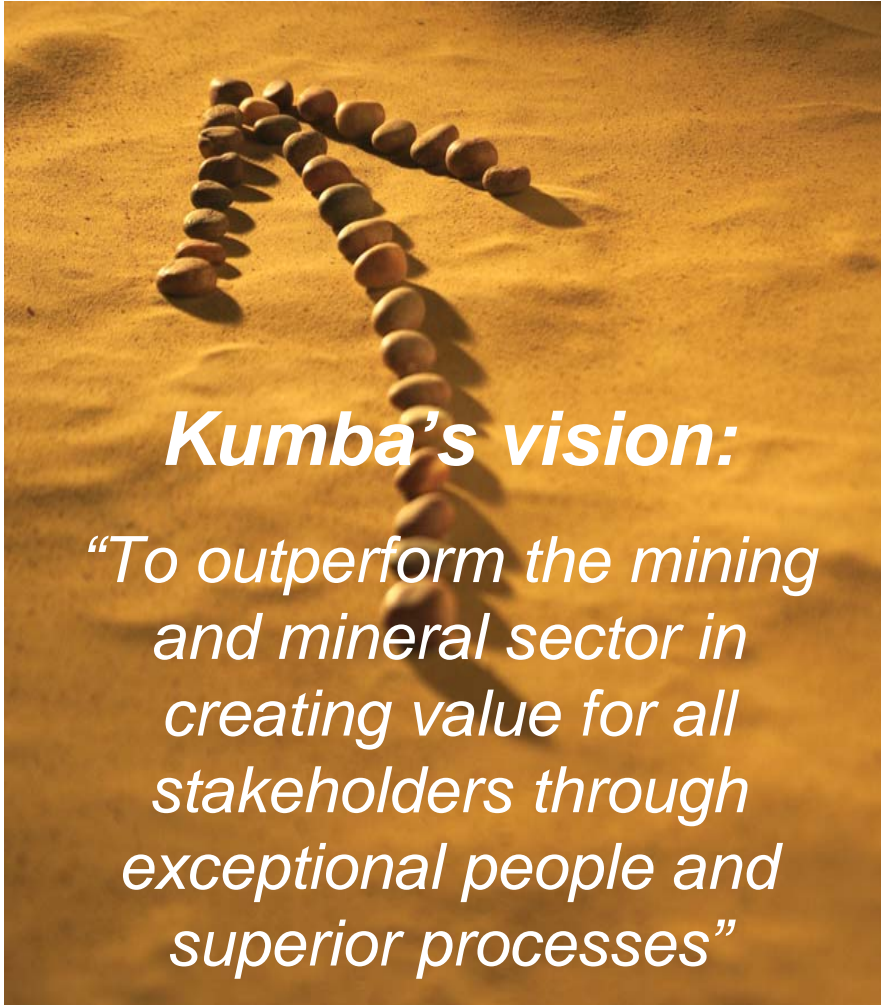
A PERSPECTIVE ON IRON ORE

Trevor Arran
Sydney, Australia
18 November 2003

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- Sea-borne iron ore
 - Market prospects
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KUMBA COMPANY PROFILE

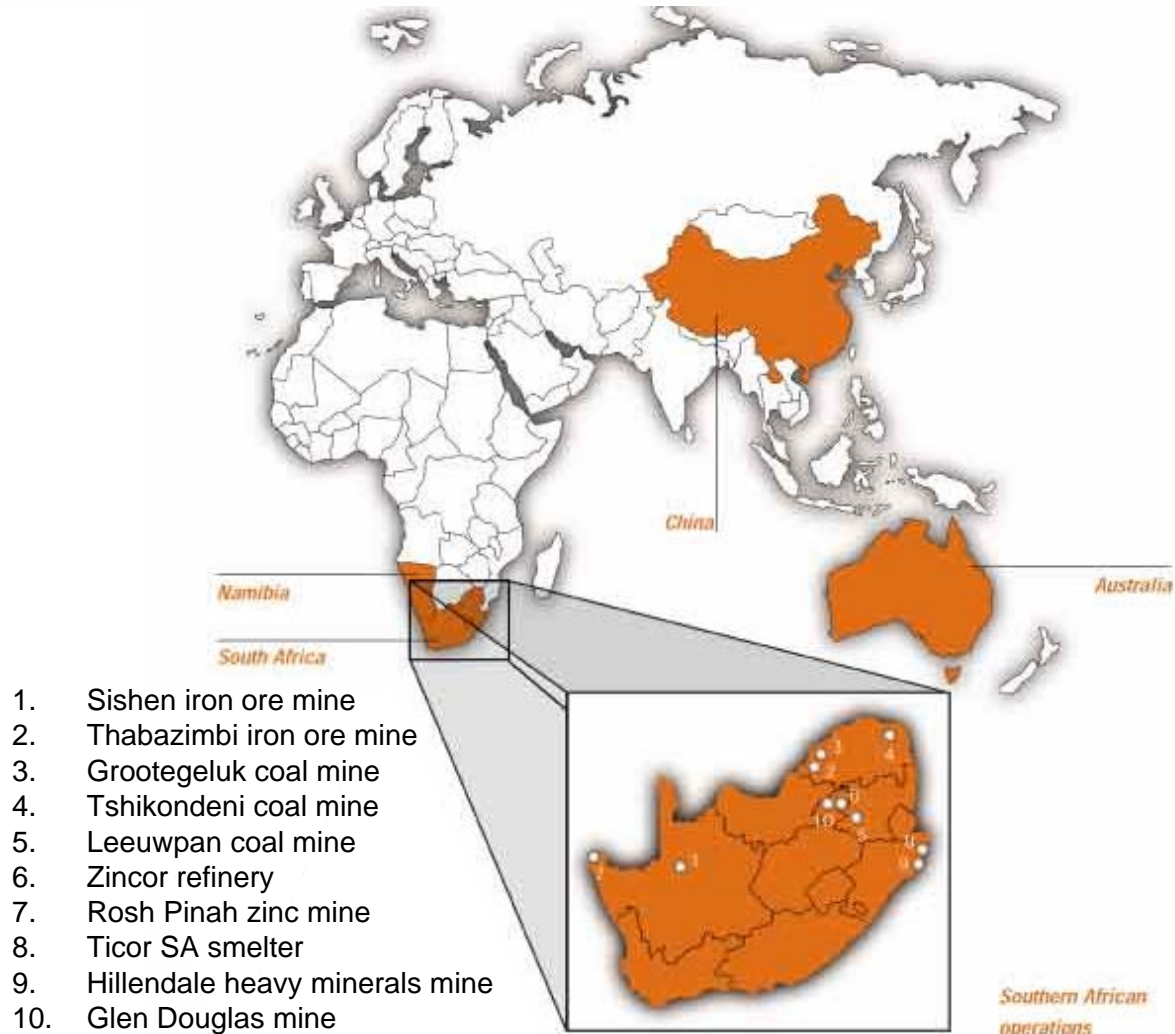


- Listed on the JSE Securities Exchange as a separate independent company
- Largest diversified South African mining company listed on the JSE
- One of the world's largest producers of high quality lump ore
- 9 200 permanent employees
- Market capitilisation of USD1.4 billion
- Ranked South Africa's best mining company to work for (2003)

KUMBA RESOURCES GROUP STRUCTURE



LOCATION OF KUMBA OPERATIONS



REVENUE CONTRIBUTION 2003

Base metals



USD 99 million

Heavy minerals



USD 65 million

Industrial minerals



USD 9 million

Coal

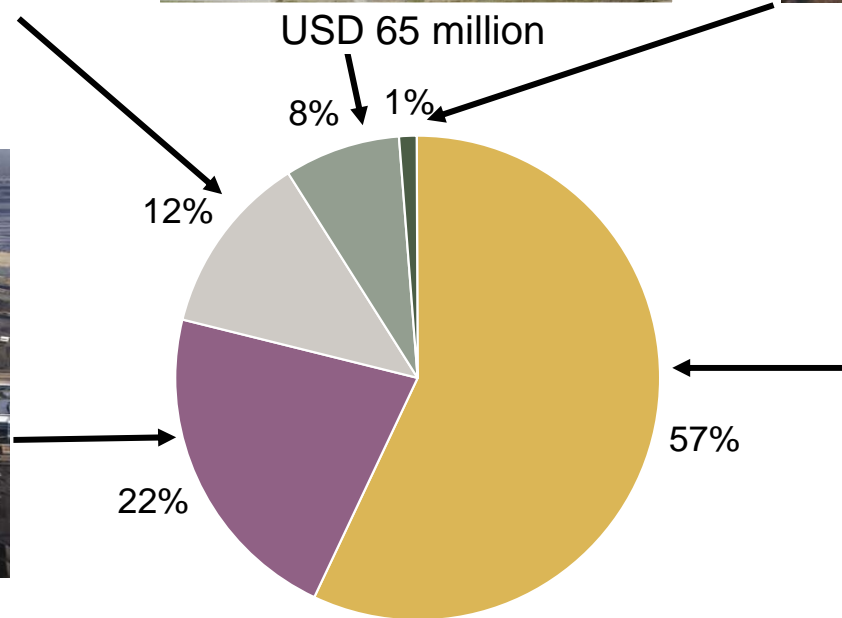


USD182 million

Iron ore

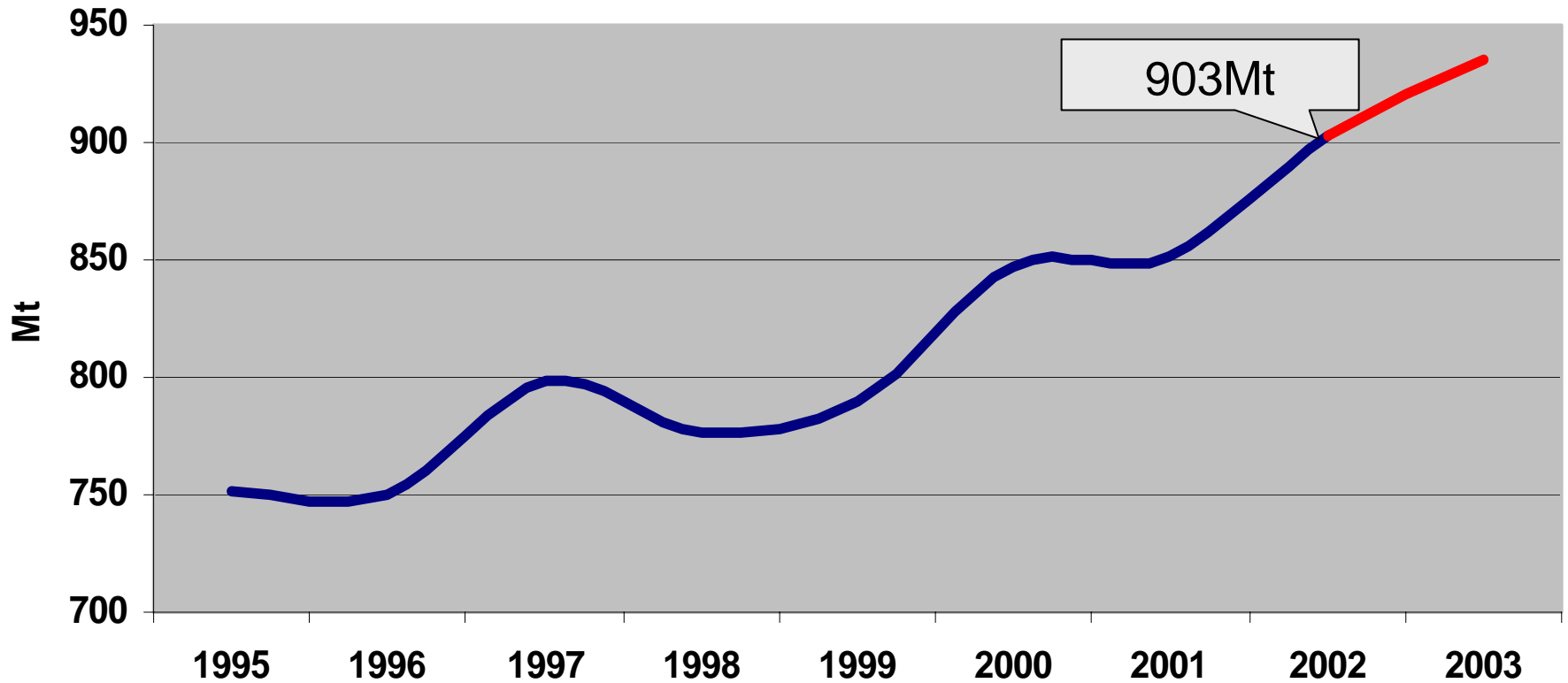


USD 470 million



GLOBAL CRUDE STEEL PRODUCTION

GLOBAL CRUDE STEEL PRODUCTION



Source: CRU

GROWTH IN STEEL DEMAND IS PRIMARILY DRIVEN BY ASIA

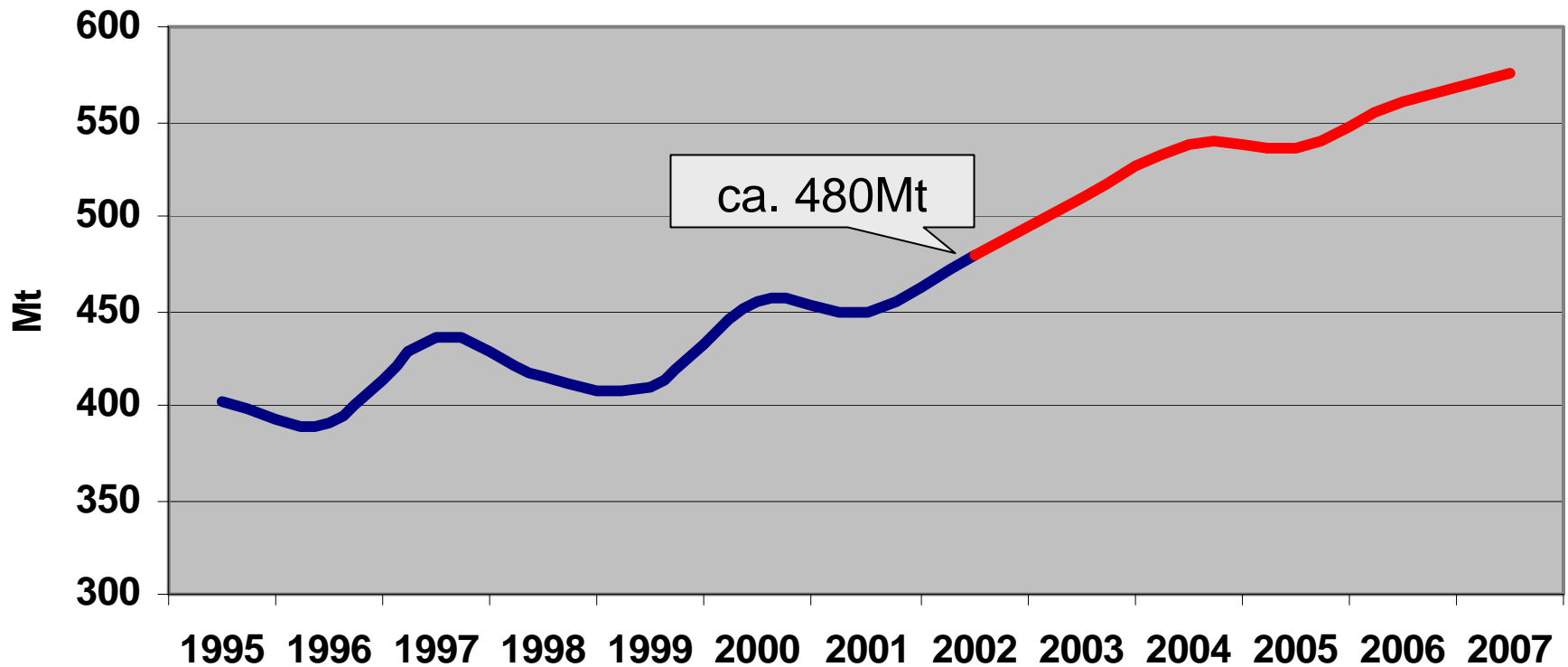


- The global consumption of finished steel has grown by 2.5% p.a. since 1997 and is expected to exceed 800 Mt in 2003
- The continued economic growth in Asia is the primary driver of global steel demand
- The consumption of finished steel has grown by 4.6% p.a. in Asia and Oceania during the past 5 years
- China's steel consumption has grown by 12.5% p.a. (1997-2002)
- China's imports of steel products soared by 76% (2001/2002)
- Crude steel production in China has grown by 10.8% p.a. (1997-2002)

Source: AME

THE SEA-BORNE IRON ORE TRADE

GLOBAL SEA-BORNE IRON ORE TRADE



Source: CRU

GLOBAL DEMAND FOR IRON ORE IS INCREASING



- Global imports of iron ore have increased by 1.2% p.a. (1997-2002)
- Global sea-borne imports have grown by 2% p.a.
- Chinese imports have soared by 15% p.a. (1997-2002)
- The Big Three exporters (CVRD, BHPB, Rio Tinto) have a combined share of 71% in the global sea-borne trade
- Kumba has a 4.2% global market share, with a 7.6% market share in China
- There is expected to be a net shortage of iron ore in the global sea-borne market during 2003

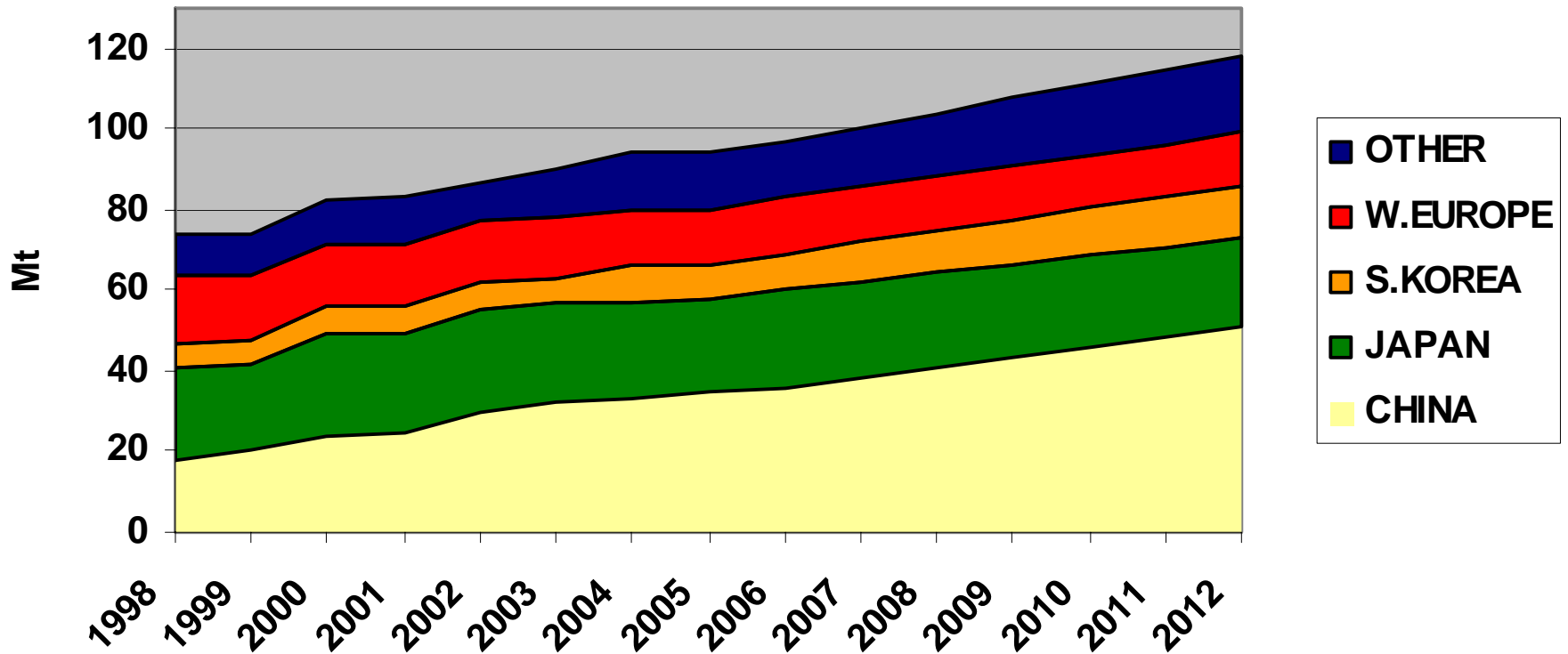
SOURCES: AME, TEX, CRU

DRIVERS OF SEA-BORNE ORE DEMAND

- Location of steel mills far from sources of raw materials
- Optimisation of steel capacity requires high quality ore - China
- Large reserves of high quality iron ore have been developed in Australia, Brazil, RSA and India
- Logistical infrastructure has been developed with a growing number of deepwater ports, high capacity loading and discharging facilities
- A growing tonnage of direct reduction feedstock for new steel-making technologies (COREX, MIDREX, HYL, HISMELT)
- The sea-borne demand for iron ore is expected to continue its current growth trend during the next decade

GROWTH IN SEA-BORNE LUMP ORE DEMAND

SEA-BORNE LUMP ORE DEMAND



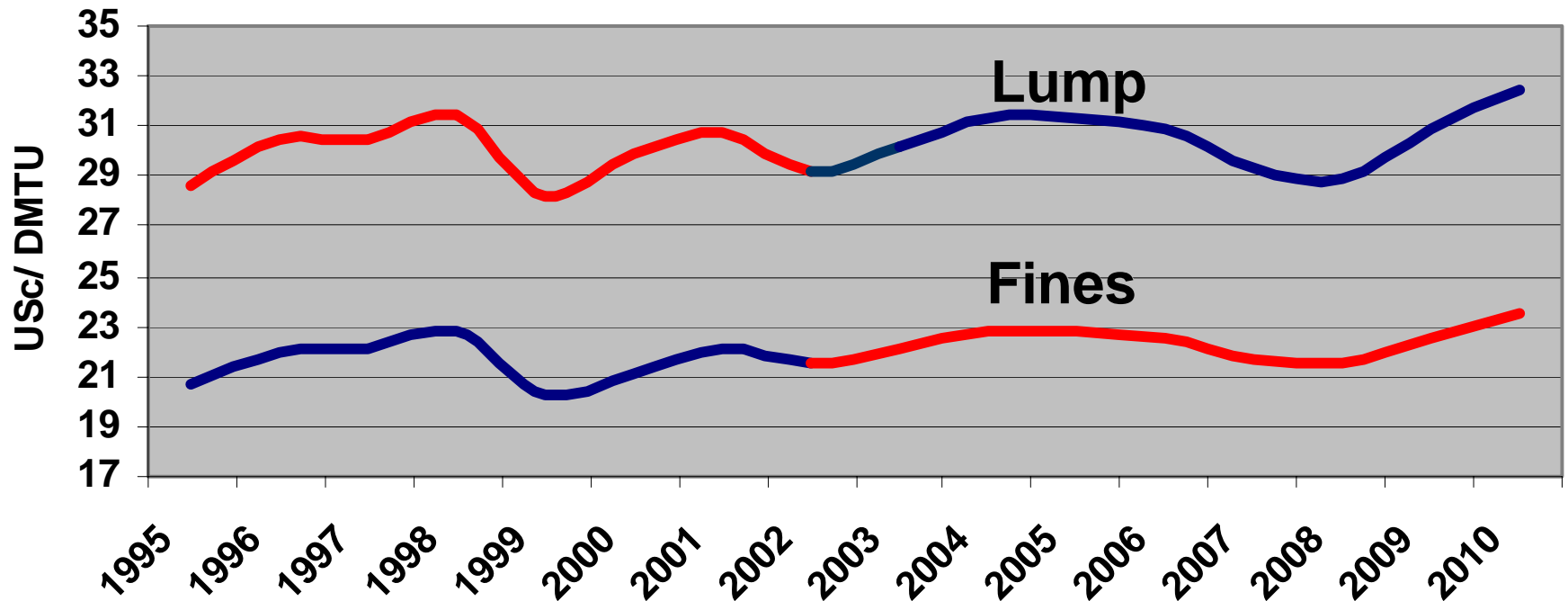
Source: CRU

SEA-BORNE IRON ORE PRICES

- Iron ore prices have been declining in real USD for more than 30 years in the face of USD strength
- We expect this long term trend to continue
- We forecast lump as well as fine ore prices to increase in nominal terms
- CRU predicts the maintenance of fine ore prices in real terms and growth in real lump ore prices
- Although the initial decline in the R/USD exchange rate cushioned the effect of the real USD price decline, this has now been reversed
- But the old formula might not work...

PRICES ARE EXPECTED TO INCREASE IN NOMINAL TERMS

SISHEN FOB PRICES (NOMINAL)



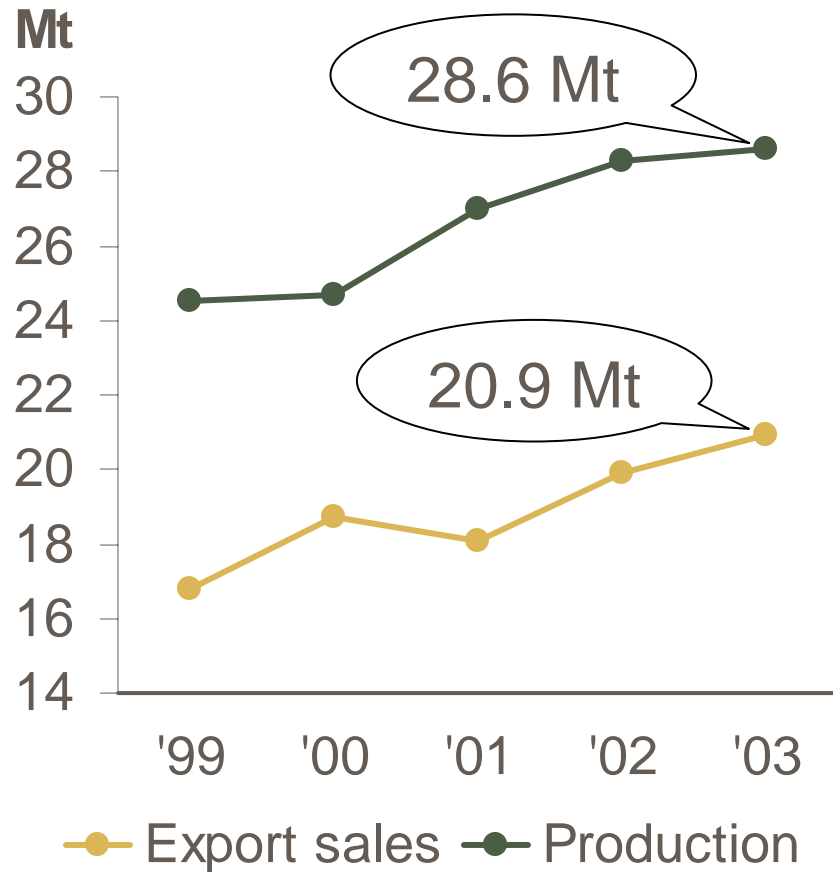
Source: CRU

CURRENT REALITY FOR KUMBA

- The sea-borne iron ore market is buoyant (growth 5-6% p.a.)
- There are growth opportunities in W.Europe, China, Japan, E.Europe
- China is expected to import some 140 Mt (2003) compared to 112 Mt (2002) and is forecast to grow to 180 Mt (2005)
- Sishen's export capacity is stable for the coming year
- There are various projects to satisfy this (Sishen Expansion Project, Sishen-South, Northern Cape Consolidation, Hope Downs)
- Expansion of export tonnage to commence during 04/05
- All growth projects are subject to rail/port capacity and economic viability

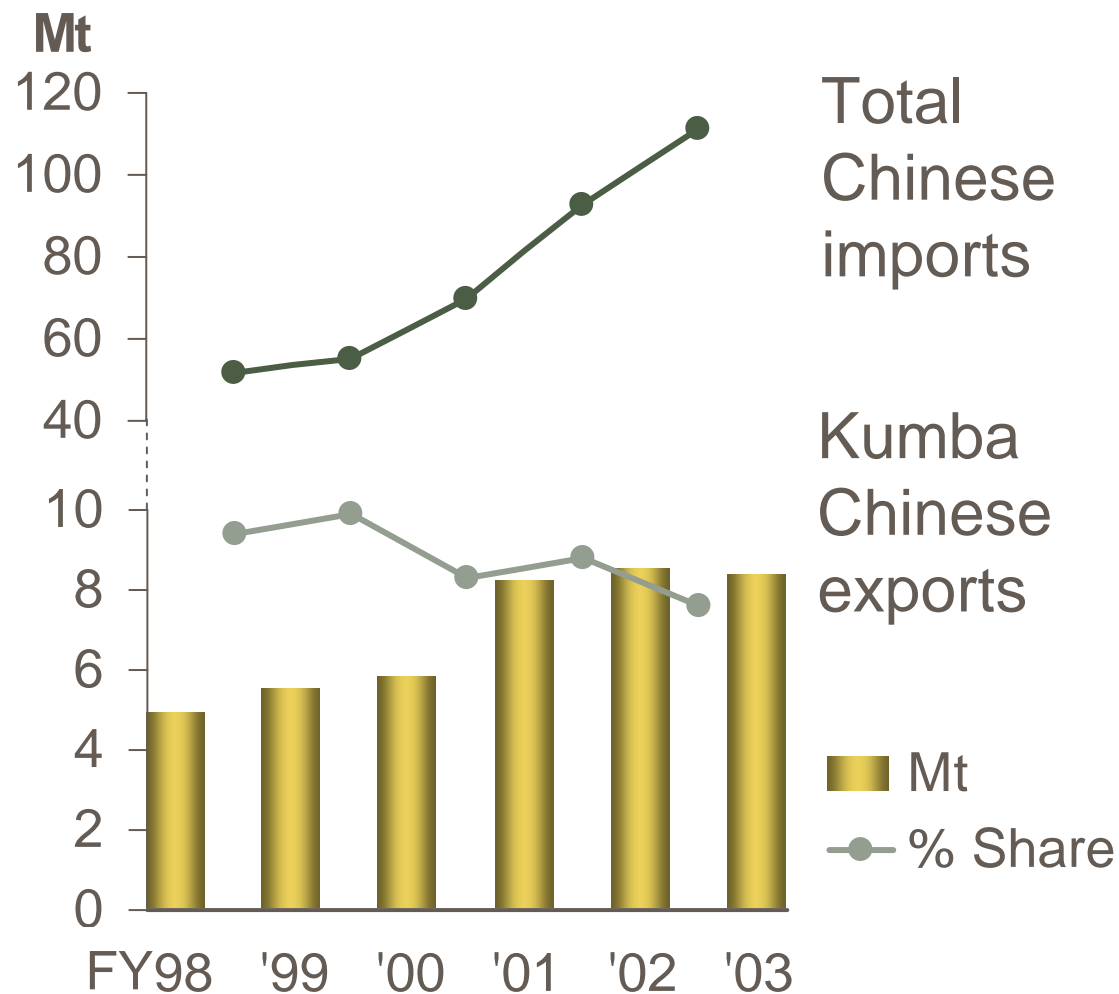
CURRENT OPERATIONS

- Total production 28.6 Mt
- Production record at Sishen 26.2 Mt
- Exports record 20.9 Mt
- Total tonnes mined +7%
- Focus on selective mining



CURRENT POSITION IN CHINESE MARKET

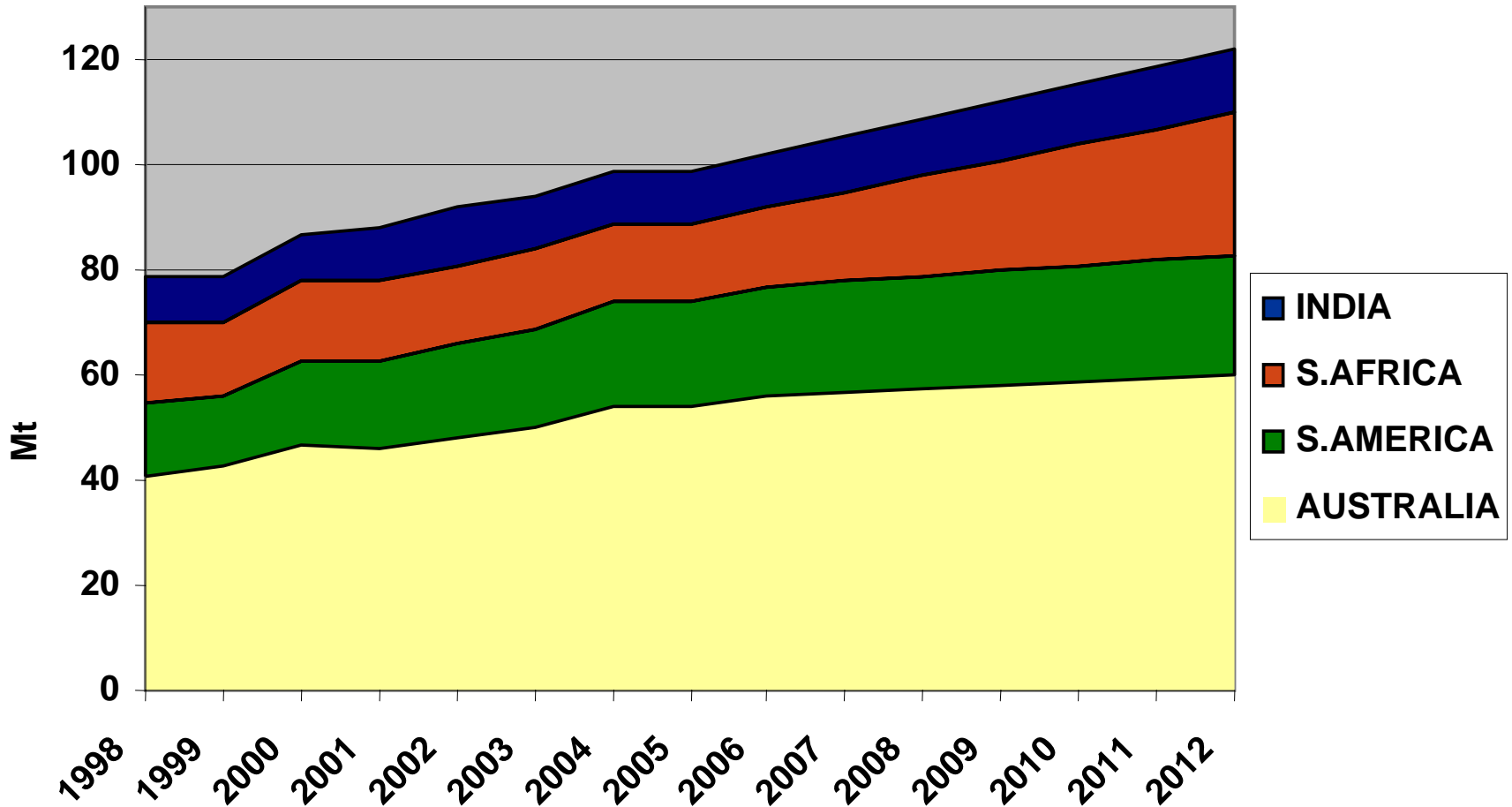
- Strong international demand driven by China
- Kumba has 7.6% of Chinese imports



KUMBA WILL INCREASE ITS LUMP ORE MARKET SHARE



SEA-BORNE LUMP ORE SUPPLY



KUMBA IS WELL POSITIONED FOR GROWTH

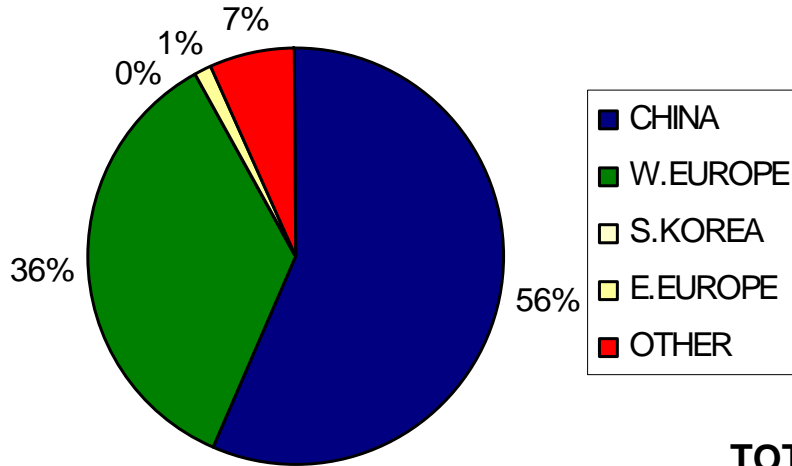
- Sishen is expected to maintain a 60:40 lump/fines ratio
- Global lump ore demand is expected to grow by 3.1% p.a.
- Lump ore demand is expected to grow from 87 Mtpa today to more than 122 Mtpa by 2012
- China is projected to double lump ore imports from the current 25 Mtpa to 51 Mtpa by 2012
- Kumba is the only major ore producer that is predominantly a lump ore supplier
- The new Australian projects (Marra Mamba/ Pisolitic ore types) have typical lump/fines ratio's of 30:70 or less

MARKETABILITY OF SISHEN PRODUCTS

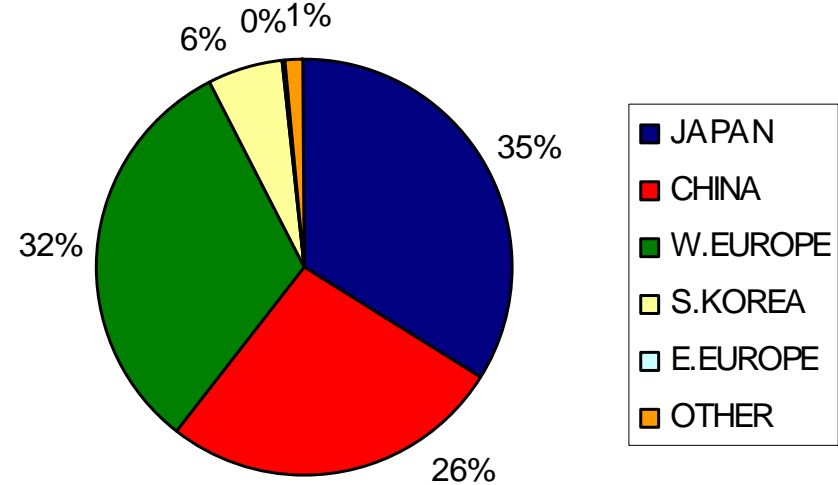
- Consistency: Sishen ore and specifically lump ore is the industry benchmark for consistency of quality
- High Fe-content: Surpasses the iron (Fe) values achieved by major Australian brands. This enhances throughput in the blast furnace, lowers logistical cost per unit of Fe
- Low Al_2O_3 : Substantially lower than values achieved by major Australian brands. Slag viscosity is lowered for improved processing efficiency
- Low H_2O : Lower free water content than any of the major competing ore brands. Higher logistical cost while freezing of the ore mass in transit is averted during Northern Hemisphere winters
- Low P: Phosphorous levels lower than in Australian Brockman brands; high phosphorous levels increase brittleness in steel products

SISHEN EXPORT MARKET DISTRIBUTION

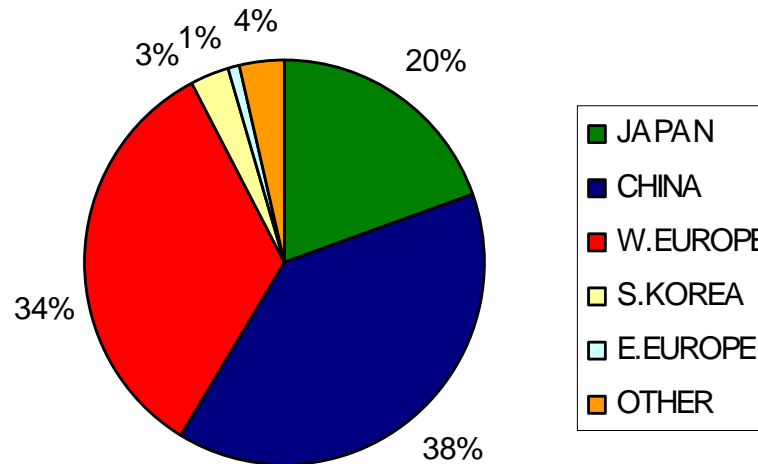
FINE ORE : 2002/03



LUMP ORE : 2002/03



TOTAL : 2002/03

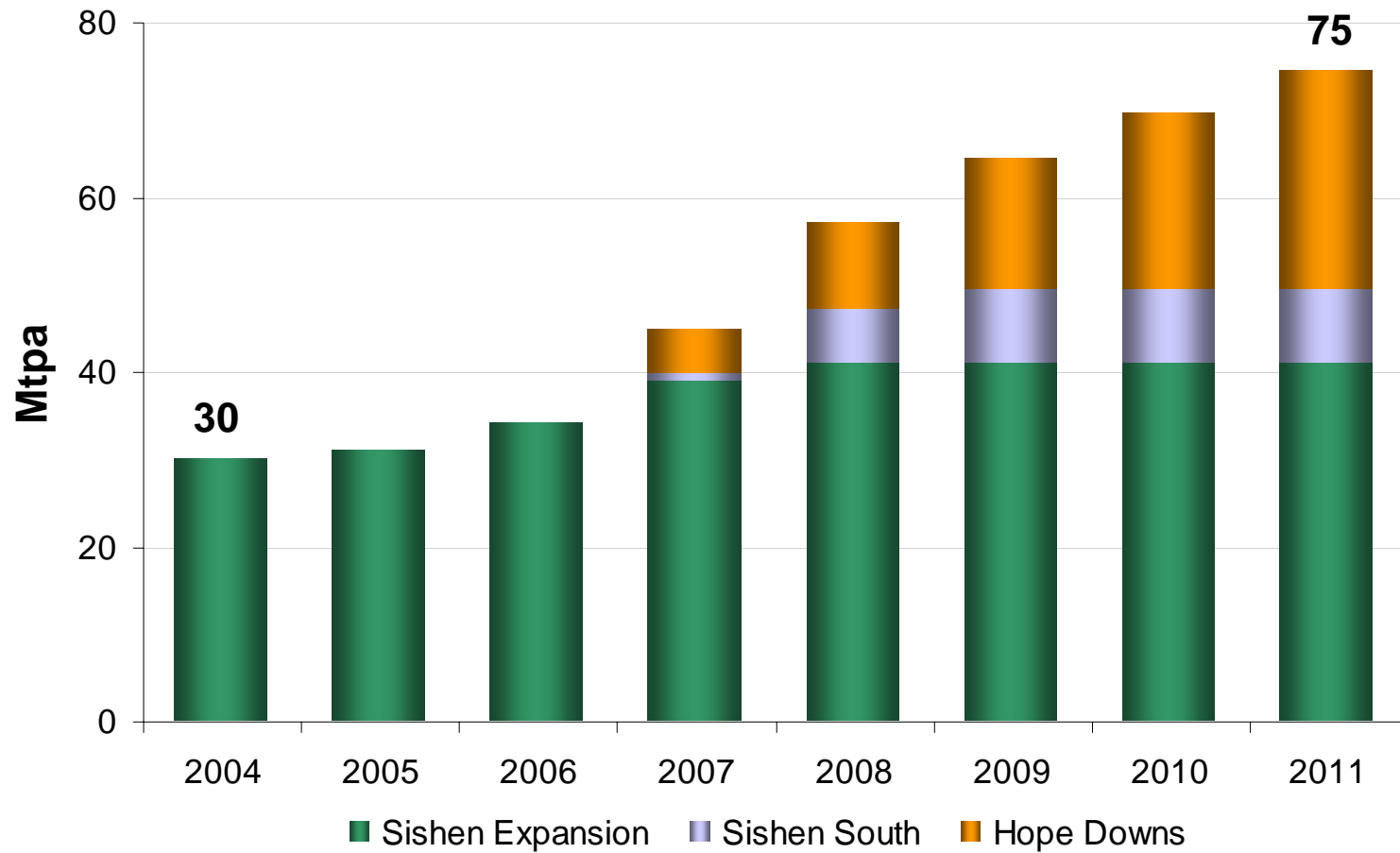


A PIPELINE OF GROWTH OPPORTUNITIES

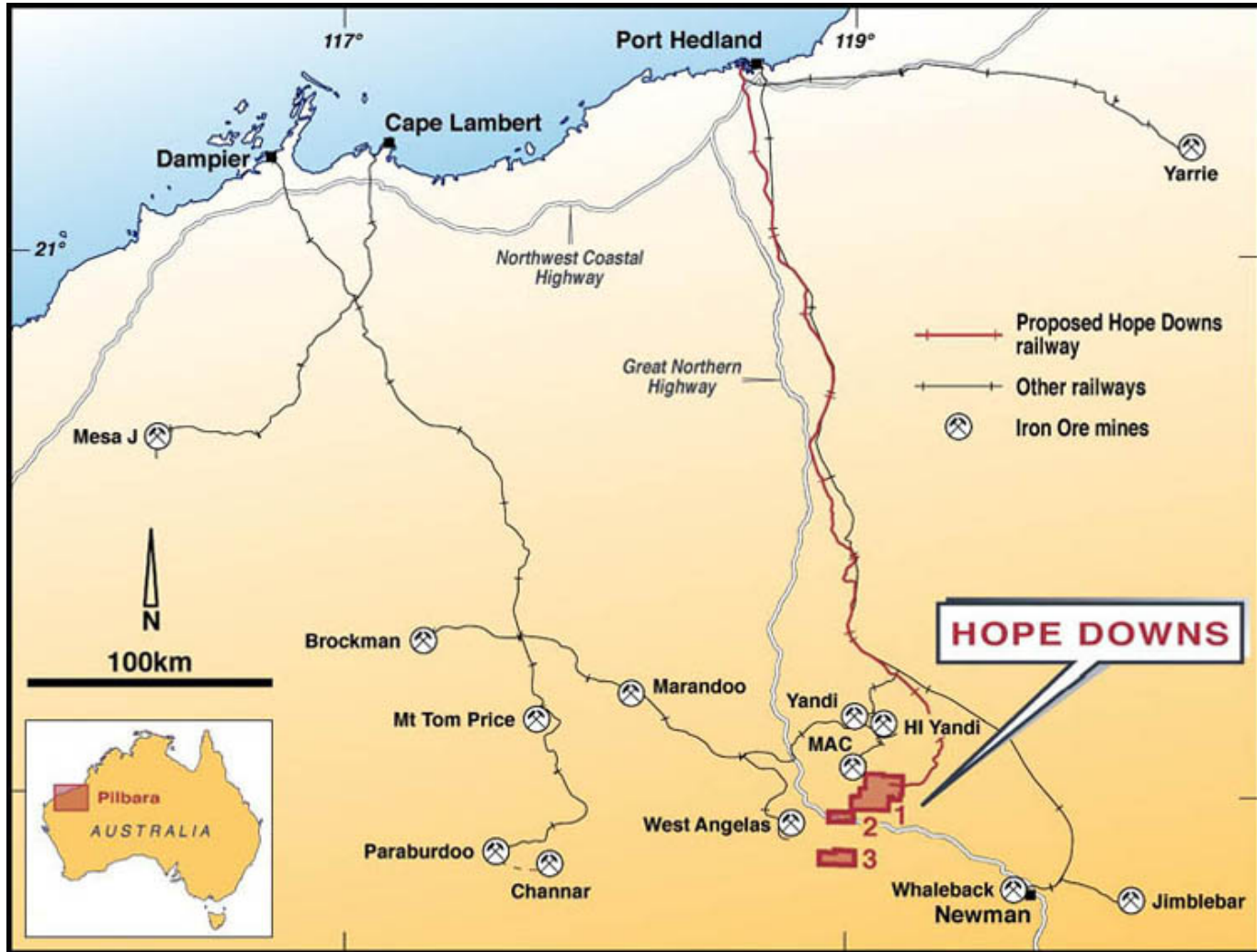
- **Hope Downs**
 - Value enhancement through CSCR
 - Appointed financial advisor
 - Information memorandum to be signed-off by respective boards
 - Final approval and funding phase
- **Sishen Expansion Project (SEP)**
 - Up-current classifier
 - Additional fines
 - Alternative grade
- **Sishen South**
 - Value enhancement phase commenced
- **Northern Cape consolidation**
- **West Africa**
 - Options to commence pre-feasibility studies in three West African countries

GROWTH OPPORTUNITIES

Kumba could be associated with 75 Mtpa iron ore by 2011



HOPE DOWNS



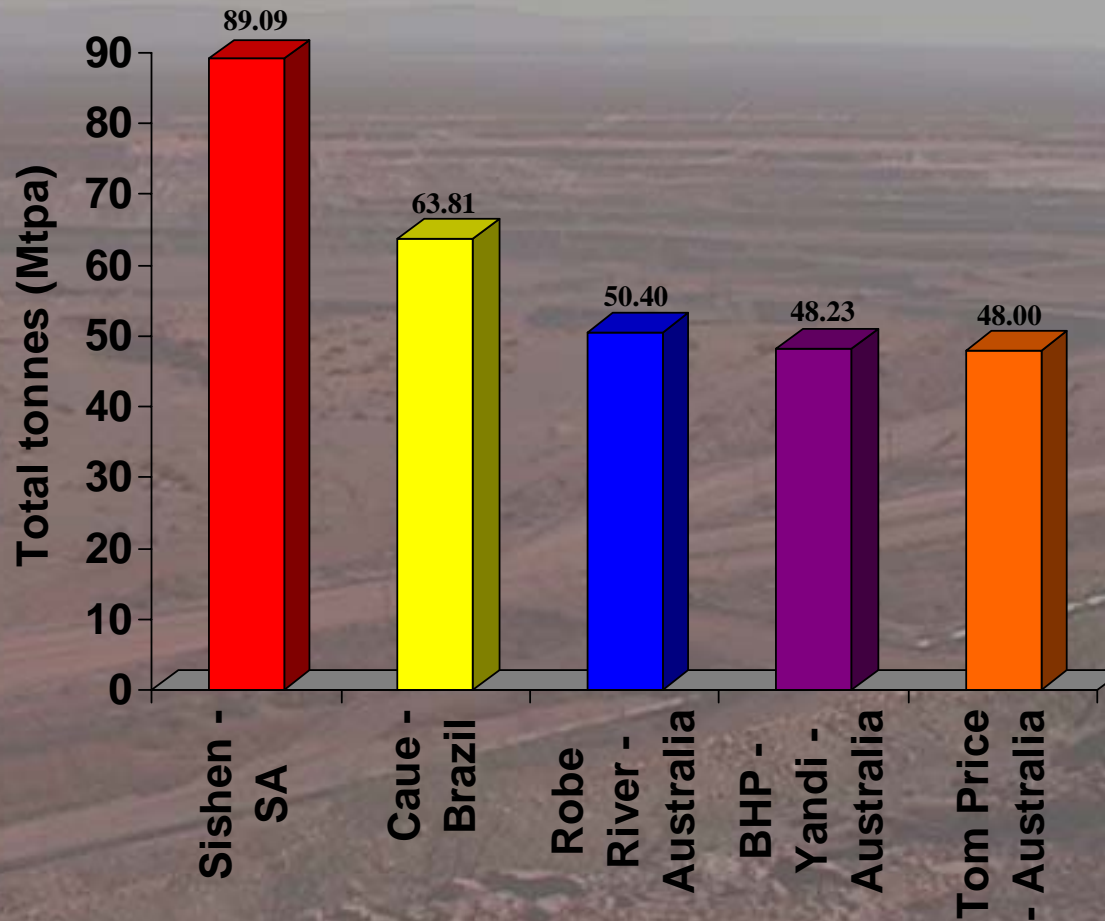
HOPE DOWNS PROJECT

Key Features

- Kumba & Hancock ownership
- Mineral Resources of 800 Mt (Hope 1, 2 & 3)
- Hope 1:
 - Total resource of 519 Mt at average grade of 61.5% Fe
 - Total reserves of 449 Mt (ROM at 57% cut-off grade)
- LOM > 24 years
- First ore shipments early 2007
- Production build up to 25 Mtpa within 5 years
- 370 km of new railway (Hope 1 to Port Hedland)
- New stockpiling and berth facilities at Port Hedland
- Market support secured for 80% of first 5 years production
- Independent rail study – feasible

SISHEN

The largest open cast iron ore mines of the world:



Source: AME

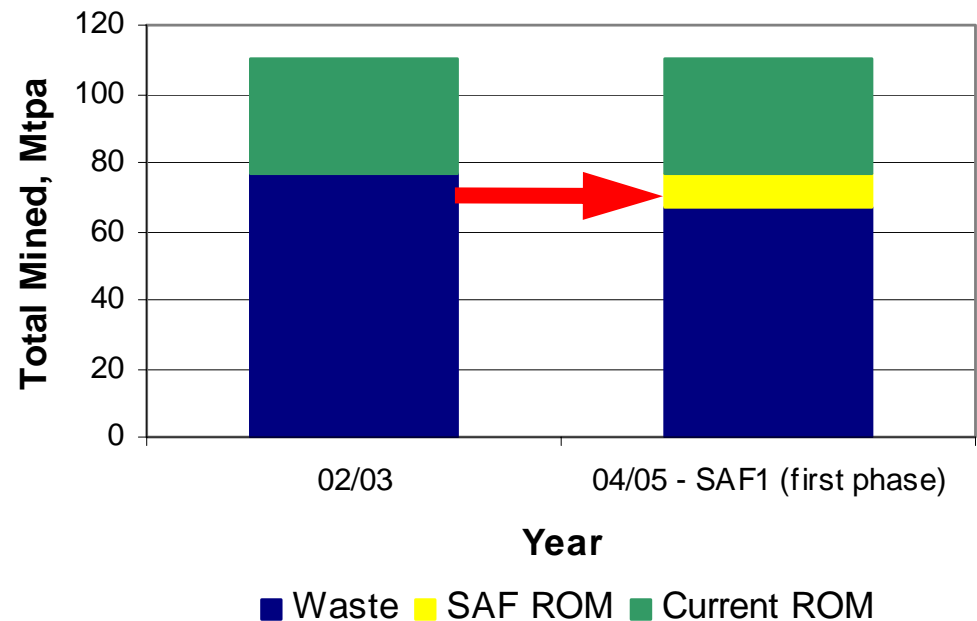
SISHEN MINE GROWTH PLANS

- Available rail and port capacity will be utilised
- Staged capacity expansion alternatives (3 – 10 Mtpa capacity)
 - Existing products (premium)
 - New products from existing production (standard)
- Sishen Expansion Project (SEP)
 - Up-Current Classifier Plant
 - Additional fine ore capacity 0.4 Mtpa
 - Construction in progress and on schedule
 - Total capital expenditure R88m
 - Commissioning first quarter 2004
 - Sishen Additional Fines (SAF) project
 - Sishen Alternative Grade (SAG)

SISHEN ADDITIONAL FINES (SAF)

- Up-current classifier will create surplus capacity at the fine cyclone plant
- SAF project will produce more saleable product from same ROM production
- Technical and pilot studies confirmed that fine ore at current product quality can be produced from current waste material
- Produce an additional 0.7Mtpa of fine ore
- Capex ± R70 - R100m estimated
- Implementation by July 2004

SAF Project effect on Total Tons mined

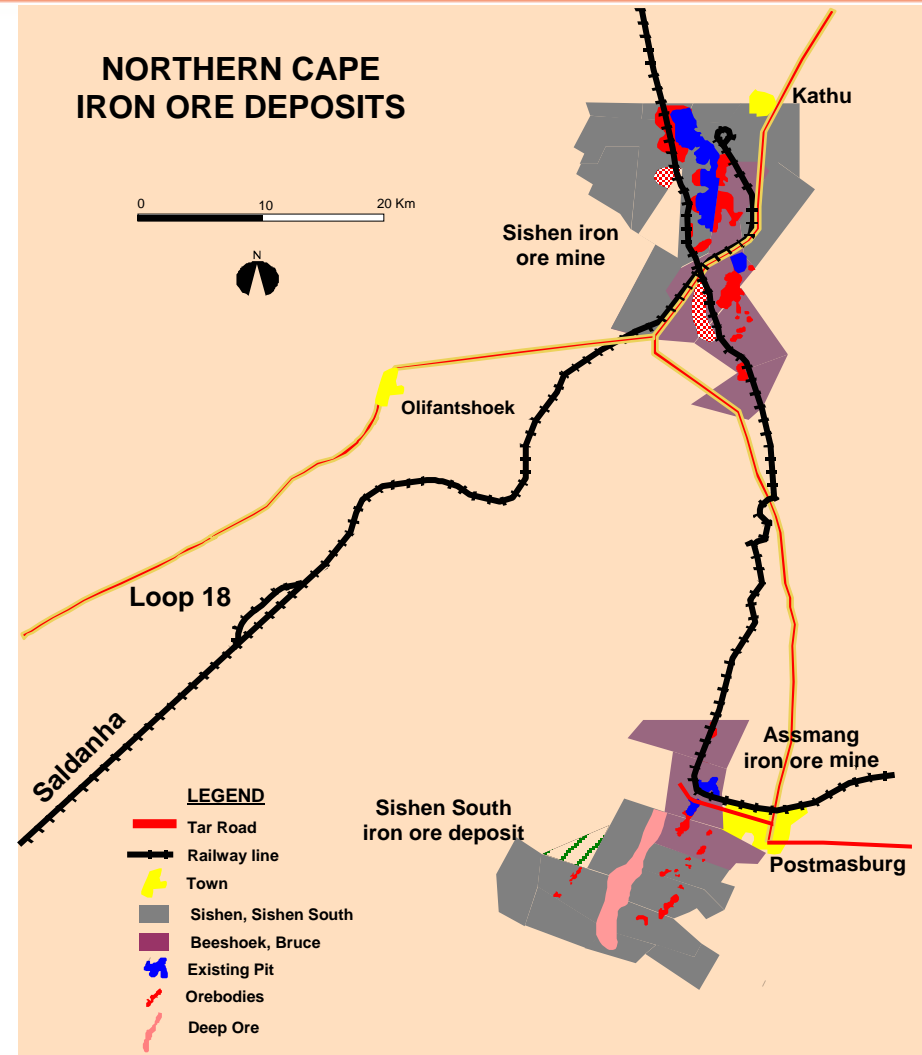


SISHEN ALTERNATIVE GRADE (SAG)

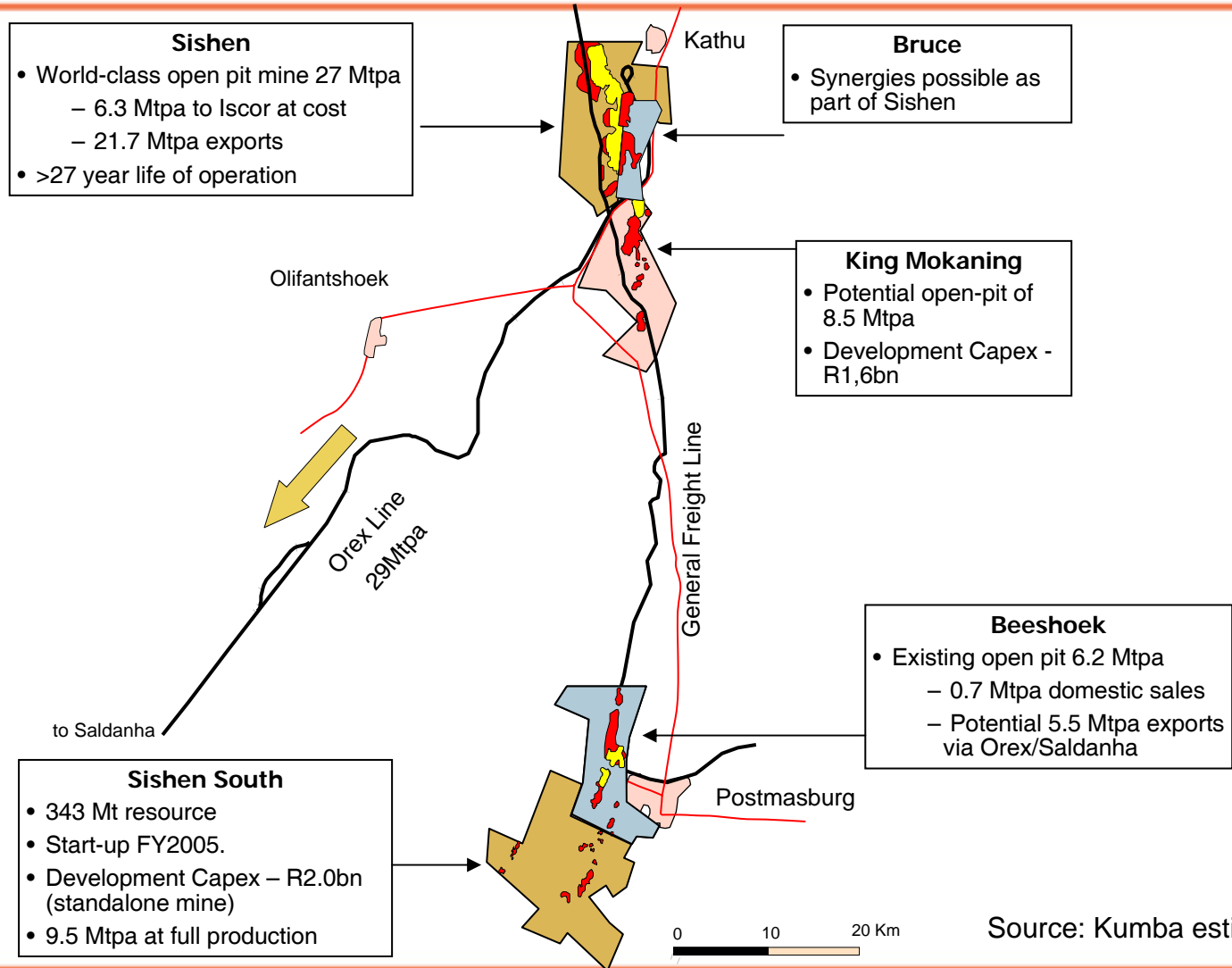
- Expand production above the current 27 Mtpa from the Sishen complex
- Jig beneficiation technology to treat lower grade run of mine (ROM) material
- Currently being either stockpiled and/or dumped as waste
- New Sishen Alternative Grade standard products being considered:
 - SEP 1 - a high Fe and medium P (~ 0.09%) product
 - SEP 2 - a medium Fe (62% to 64%) product
- Effectively lowering stripping ratio by turning waste to product
- Substantial increase in reserves from existing ore body
- Pre-feasibility study completed
- Technical feasibility study planned for completion in August 2004
- Possible implementation 2006 - 2008

SISHEN SOUTH PROJECT

- 70km south of Sishen
- Well developed infrastructure
- Good quality resource
- Technical feasibility study completed
- Clean sheet capital redesign completed
- Pending approval, start in 2H 2004, full production in 2008

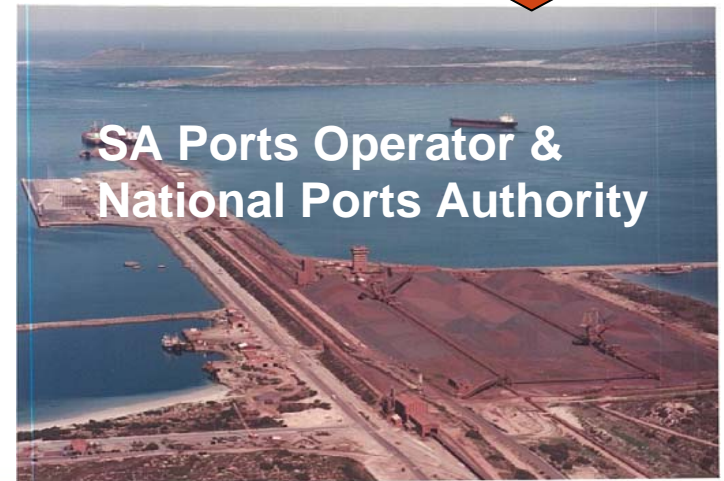


NORTHERN CAPE IRON ORE INDUSTRY



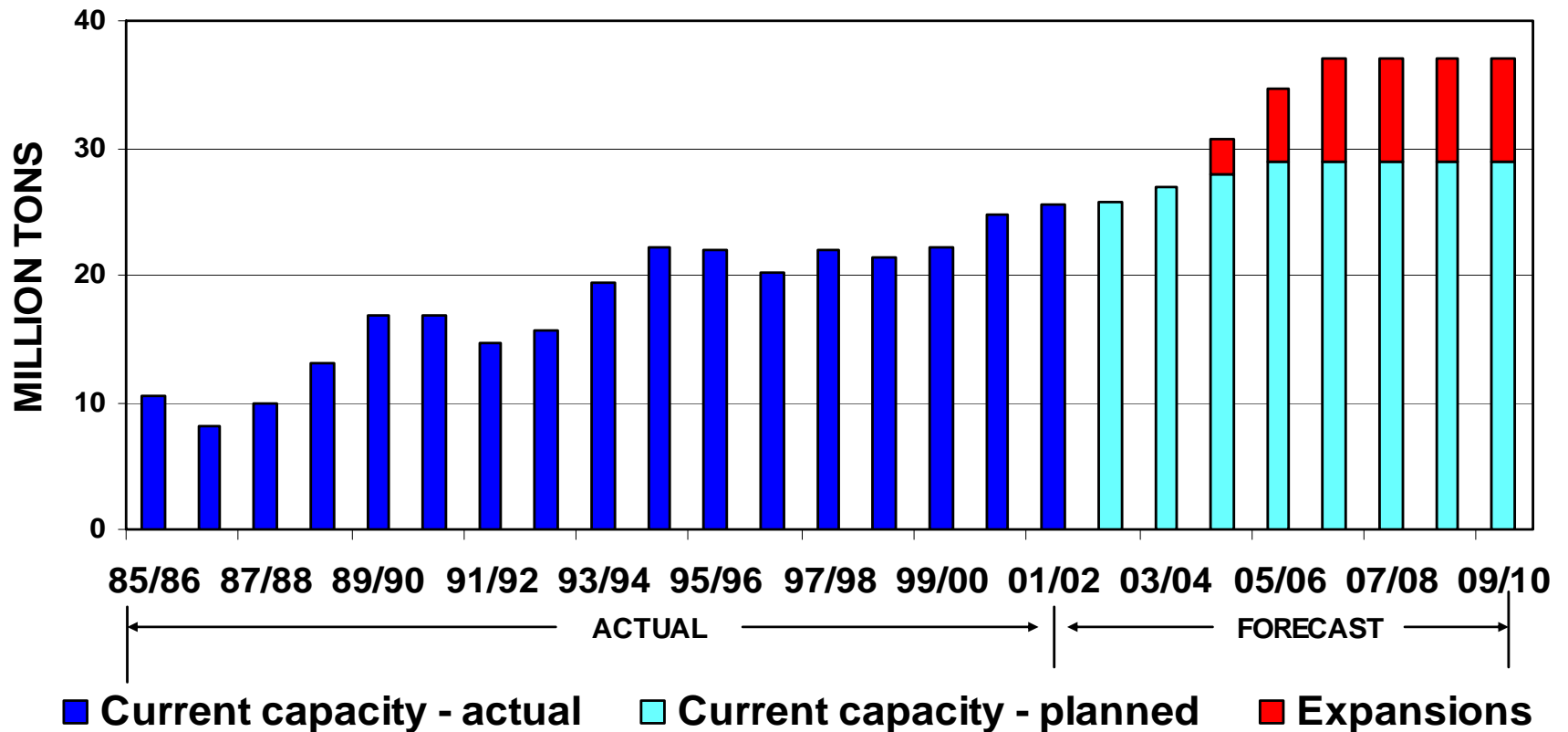
Source: Kumba estimates

ROLE PLAYERS OF THE SA IRON ORE LOGISTICS CHAIN



OREX CAPACITY EXPANSIONS

SISHEN SALDANHA RAILWAY LINE CAPACITY



OREX PROJECTS TO INCREASE CAPACITY

CURRENT PROJECT (29Mtpa)

- Parallel rail loops
- 29 trainslots: 216 x 100 t wagon trains
- end of 2004

FUTURE 38Mtpa MILESTONE

- 35 trainslots: 228 x 100 t wagon trains
- Increased traction power
- timeframe?

FUTURE +50Mtpa SCENARIO

- Technology migration initiatives including in-cab signaling to reduce time between trains
- Increased rolling stock

SALDANHA PORT UPGRADE & EXPANSION TO 36 Mtpa

- 2nd tippler
- 3rd stacker reclaimer
- Replacement of the 2 existing stacker reclaimers
- New conveyors to link the 2nd tippler and 3rd stacker reclaimer to the existing system
- New overland conveyor to the shiploader
- Refurbishment of the existing conveyor system
- Replacement of the 2 existing shiploaders
- Completion date end 2005

CONCLUSION

- The sea-borne iron ore market is currently buoyant and is expected to remain so during the next decade
- The growth in demand from Asia and specifically China is the main driver of demand
- Kumba is well positioned to share in this growth
- Kumba's predominantly lump ore production, excellent market spread, quality products and good positioning in key markets should underpin growth initiatives
- Sishen is well established as a niche ore brand
- Kumba is embracing its future as a key player in a growing market



KUMBA RESOURCES

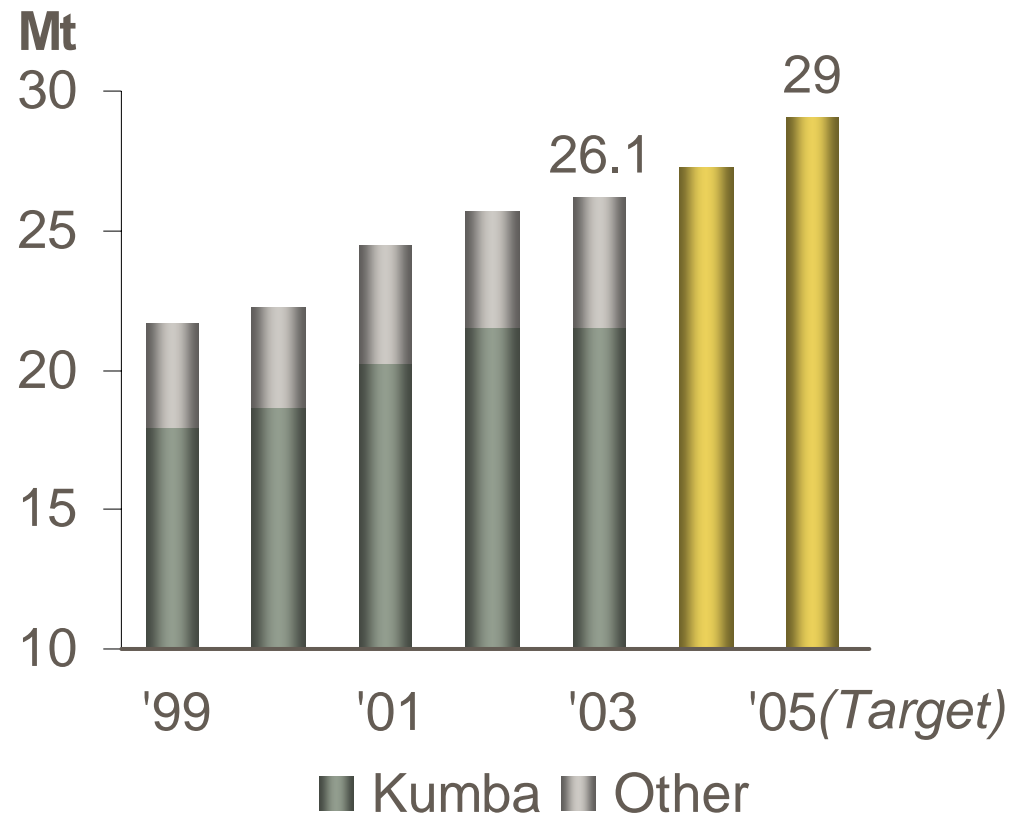
HARNESSING THE POWER OF THE EARTH

THANK YOU.

IRON ORE - LOGISTICS

- Railage record 26.1 Mt
- 29 Mtpa expansion in progress
- Further expansion under investigation

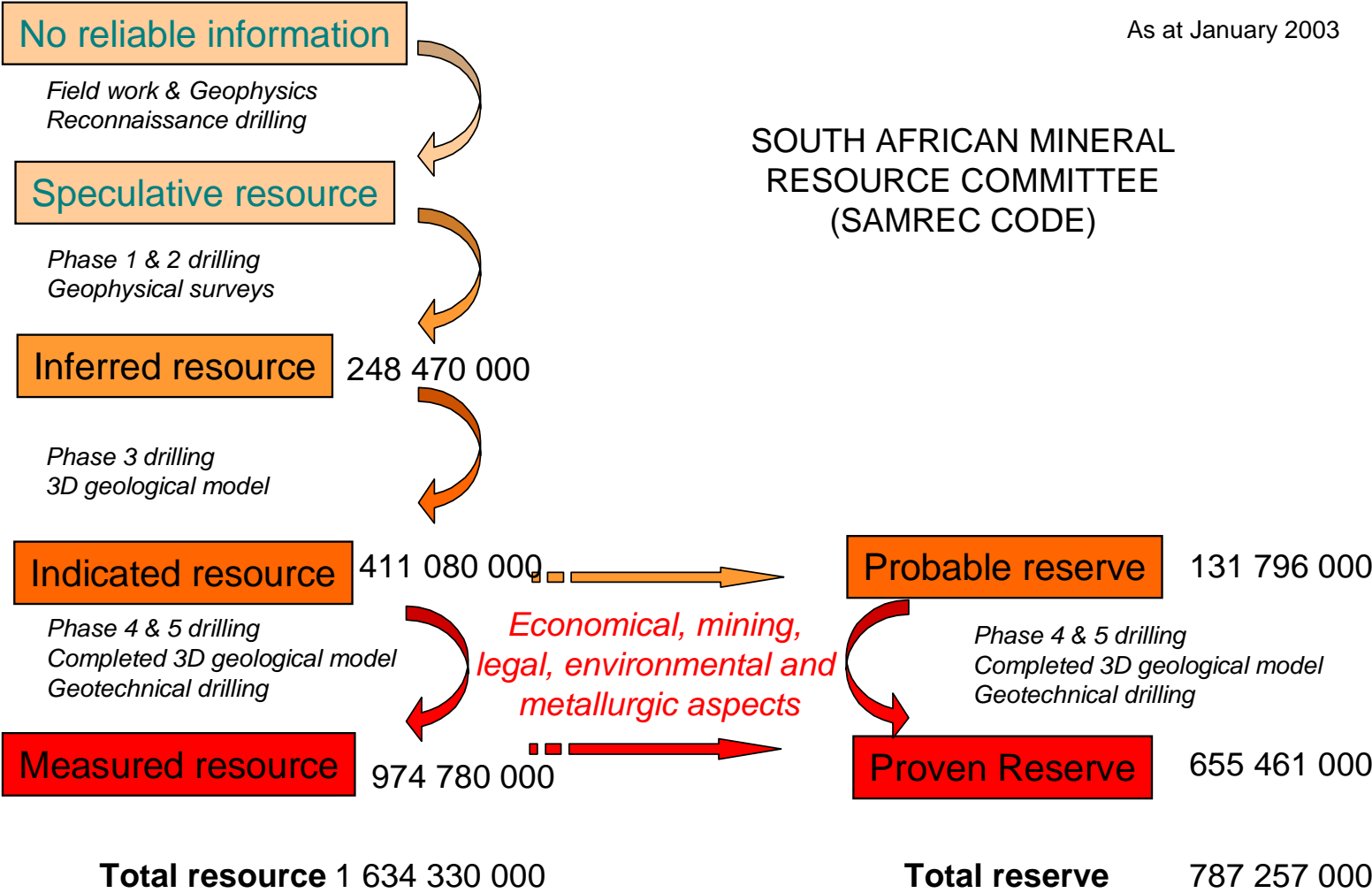
Sishen-Saldanha rail performance



RESOURCES AND RESERVES

As at January 2003

SOUTH AFRICAN MINERAL
RESOURCE COMMITTEE
(SAMREC CODE)



OREX ROLLING STOCK REQUIREMENTS

RAIL INFRASTRUCTURE			
Description	25 Mt Current	29 Mt Capacity	38 Mt Capacity
Number of loops	12	19	19
Number of load-outs (mines)	4	4	5
Electrical loco's (9E)	31	0	0
Upgraded 9E loco's	0	31	31
New 9E loco's	0	0	24
Diesel loco's	38	38	0
Wagon size	63/85/100 ton	85/100 ton	100 ton
No of wagons	2 704	2 704	3294
No of train sets	10	11	13
No of train slots/week	27	29	35
Train length	216 wagons	216 wagons	228 wagons
Off loading tippler	1	1	2

