

Kumba Iron Ore Limited  
 A member of the Anglo American plc group  
 (Incorporated in the Republic of South Africa)  
 (Registration number 2005/015852/06)  
 Share code: KIO  
 ISIN: ZAE000085346  
 ("Kumba" or "the company")

**Production and Sales Report for Q2 2018 and updated trading statement for the six months ended 30 June 2018**

**Kumba Iron Ore Limited Production and Sales Report for the quarter ended 30 June 2018**

Kumba Iron Ore Limited ("Kumba") announces its production and sales report for the quarter ended 30 June 2018 ("Q2 2018"). Throughout this report, production and sales volumes referred to are 100% of Sishen Iron Ore Company Proprietary Limited ("SIOC"), and attributable to shareholders of Kumba as well as the non-controlling interests in SIOC.

**Overview:**

- Safety performance continued to improve on all fronts with Kumba maintaining its fatality free track record.
- Total production increased by 2% compared to Q2 2017 due to a solid operational performance from both Sishen and Kolomela.
- Export sales increased by 1% to 9.6Mt and were adversely affected by derailments along the iron ore export channel.

<b>Production summary</b>					
' 000 tonnes	Quarter ended		% change vs Q2 2017	Quarter ended Q1 2018	% change vs Q1 2018
	Q2 2018	Q2 2017			
<b>Total</b>	<b>11,572</b>	<b>11,382</b>	<b>2</b>	<b>10,855</b>	<b>7</b>
- Sishen Mine	7,930	7,872	1	7,325	8
- Kolomela Mine	3,642	3,510	4	3,530	3

<b>Sales summary</b>					
' 000 tonnes	Quarter ended		% change vs Q2 2017	Quarter ended Q1 2018	% change vs Q1 2018
	Q2 2018	Q2 2017			
<b>Total</b>	<b>10,342</b>	<b>10,348</b>	<b>-</b>	<b>10,831</b>	<b>(5)</b>
- Export sales	9,560	9,423	1	9,946	(4)
- Domestic sales	782	925	(15)	885	(12)

Kumba delivered a solid operational performance across the board in Q2 2018. Sishen and Kolomela have both continued to benefit from productivity improvements.

Sishen's waste stripping increased by 4% to 44.4Mt, from the 42.7Mt produced in Q2 2017 due to ongoing improvements in productivity. The full year guidance for waste stripping remains unchanged at 170-180Mt.

Kolomela's production increased by 4% to 3.6Mt compared to 3.5Mt in Q2 2017, supported by the full ramp-up of the DMS modular plant performance. Waste stripping of 13.1Mt decreased from 15.3Mt due to high rainfall. Full year production and waste stripping guidance remains unchanged at 14Mt and 55-57Mt respectively.

Export sales increased marginally by 1% to 9.6Mt compared to 9.4Mt in Q2 2017. Relative to Q1 2018, however export sales decreased by 4% due to derailments and sub-optimal rail performance. This, coupled with severe weather disruptions at Saldanha port, has led to high levels of finished product inventory of 6.2Mt at 30 June 2018.

Kumba is working closely with Transnet to secure delivery of the contractual capacity and to mitigate further derailments. Due to the rail performance challenges experienced in the first six months of the year, the full year total sales guidance has been revised to 42-44Mt from 44-45Mt. The full year guidance for production was revised down to 43-44Mt to more closely align to rail supply levels, as part of the integrated sales and operations planning drive and focus on optimal efficiency.

#### **Updated trading statement for the six months ended 30 June 2018**

Kumba's financial results for the six months ended 30 June 2018 ("the period"), will be released on the Stock Exchange News Service of the JSE Limited ("SENS") on 24 July 2018.

In accordance with section 3.4(b) of the JSE Limited Listings requirements, and further to the trading statement released on SENS on 25 June 2018 in which the Company indicated that headline earnings per share ("HEPS") and basic earnings per share ("EPS") for the period would be at least 20% lower than the previous six months ended 30 June 2017 ("the comparative period"), Kumba advises shareholders that headline earnings for the period are likely to be between R2,884 million and R3,033 million, a decrease of between 34% and 37%, with basic earnings for the period expected to be between R2,851 million and R2,998 million, a decrease of between 35% and 38%. HEPS is likely to be between R9.02 and R9.49, a decrease of between

34% and 37%. Basic EPS is expected to be between R8.92 and R9.38, a decrease of between 35% and 38%.

Reported headline earnings and basic earnings for the comparative period (released on SENS on 25 July 2017) were R4,603 million and R4,586 million respectively, while reported HEPS and EPS for the comparative period were R14.42 and R14.37 respectively.

The expected decrease in earnings for the period is largely attributable to the impact of a stronger Rand/US Dollar exchange rate, lower export iron ore prices relative to the comparative period as well as derailments on the Iron Ore Export Channel. Further information will be provided in the Company's results for the period to be released on SENS on 24 July 2018.

The financial information, on which this trading statement is based, has not been reviewed and reported on by the Company's external auditors.

Centurion  
19 July 2018

Sponsor  
RAND MERCHANT BANK (A division of FirstRand Bank Limited)

For further information, please contact:

**Company Secretary**

Celeste Appollis  
[celeste.appollis@angloamerican.com](mailto:celeste.appollis@angloamerican.com)  
Tel: +27 683 7063  
Mobile: +27 82 941 7535

**Investors**

Penny Himlok  
[penny.himlok@angloamerican.com](mailto:penny.himlok@angloamerican.com)  
Tel: +27 12 622 8324  
Mobile: +27 82 781 1888

**Media**

Sinah Phochana  
[sinah.phochana@angloamerican.com](mailto:sinah.phochana@angloamerican.com)  
Tel: +27 12 683 7019  
Mobile: +27 76 066 0655

**Notes to editors:**

Kumba Iron Ore Limited, a member of the Anglo American plc group, is a leading value-adding supplier of high quality iron ore to the global steel industry. Kumba produces iron ore in South Africa at Sishen and Kolomela mines in the Northern Cape Province. Kumba exports iron ore to

customers in a range of geographical locations around the globe including China, Japan, Korea and a number of countries in Europe and the Middle East.

[www.angloamericankumba.com](http://www.angloamericankumba.com)

**Notes to editors:**

Anglo American is a global diversified mining business and our products are the essential ingredients in almost every aspect of modern life. Our portfolio of world-class competitive mining operations and undeveloped resources provides the metals and minerals to meet the growing consumer-driven demands of the world's developed and maturing economies. With our people at the heart of our business, we use innovative practices and the latest technologies to discover new resources and mine, process, move and market our products to our customers around the world.

As a responsible miner – of diamonds (through De Beers), copper, platinum and other precious metals, iron ore, coal and nickel – we are the custodians of what are precious natural resources. We work together with our key partners and stakeholders to unlock the sustainable value that those resources represent for our shareholders, the communities and countries in which we operate and for society at large. Anglo American is re-imagining mining to improve people's lives.

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