

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")

Kumba Production Report for the fourth quarter 2018 and Trading Statement for the year ended 31 December 2018

Production and Sales Report for the fourth quarter ended 31 December 2018

Kumba's continued delivery on health, safety and operating performance contributed to production and sales volumes remaining in line with guidance, despite significant logistical challenges for the quarter ended 31 December 2018 ("Q4 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:

- Kumba's leadership and strong culture of health and safety delivered ongoing improvements across key safety metrics and ensured a fatality free performance.
- Total sales of 43.3 Mt for the year were within the guidance range of 42-44Mt. Export sales for the year decreased by only 4% to 40Mt, with a 10% quarter-on-quarter increase in Q4 2018 despite significant logistical challenges.
- Total production for 2018 of 43.1Mt, although 4% lower, were also within the guidance of 43-44Mt. Compared to Q3 2018, planned production reduced by 3% to 10.2Mt in Q4 2018 to offset elevated stock levels arising from rail constraints.

Sales summary								
' 000 tonnes	Q4 2018	Q4 2017	% change vs Q4 2017	Q3 2018	% change vs Q3 2018	2018	2017	% change 2017 vs 2018
Total	11,591	12,231	(5)	10,492	10	43,257	44,892	(4)
Export sales	10,723	11,355	(6)	9,737	10	39,966	41,615	(4)
Domestic sales	868	876	(1)	756	15	3,291	3,277	—

Production summary								
' 000 tonnes	Q4 2018	Q4 2017	% change vs Q4 2017	Q3 2018	% change vs Q3 2018	2018	2017	% change 2017 vs 2018
Total	10,170	11,643	(13)	10,508	(3)	43,106	44,982	(4)
Sishen Mine	6,960	7,782	(11)	7,031	(1)	29,246	31,119	(6)
Kolomela Mine	3,210	3,860	(17)	3,478	(8)	13,860	13,863	—

Total sales volumes of 43.3Mt and total production of 43.1Mt for the year were both well within guidance of 42-44Mt and 43-44Mt, respectively.

Export sales volumes for 2018 decreased 4% to 40Mt (2017: 41.6Mt) owing to rail constraints and the single loading of vessels following the scheduled refurbishment of the ship loader by Transnet at Saldanha Port. Pleasingly, the earlier reopening of the Iron Ore Export Channel following structural damage to a railway bridge, resulted in export sales in Q4 2018 increasing 10% to 10.7Mt, when compared to the third quarter (Q3 2018: 9.7Mt). Relative to Q4 2017, export sales were 6% lower (Q4 2017: 11.4 Mt).

Total production volumes for the year reduced by 4% to 43.1Mt (2017: 45Mt) to offset high stock levels at the mines. Compared to Q3 2018, production volumes were down 3% to 10.2Mt (Q3 2018: 10.5Mt), while relative to the high base in Q4 2017, volumes in Q4 2018 were down 13% (Q4 2017: 11.6Mt). Lower plant tonnage yields also resulted in lower volumes, as Kumba improved the average quality of its product portfolio in 2018 to 64.5% Fe (2017: 64.1% Fe) following the strategy to maximise the value of tonnes railed and exported to benefit from the strong demand for high-grade ore.

The underlying movements for the twelve-month period were mainly driven by Sishen's production reducing by 6% to 29.2Mt (2017: 31.1Mt), while production at Kolomela was flat at 13.9Mt. Relative to Q3 2018, however, fourth quarter production was driven by Kolomela's production decreasing 8% to 3.2Mt (Q3 2017: 3.5Mt) as elevated stock levels, following the rail challenges, presented an opportunity at Kolomela to undertake additional maintenance on the dense media separation modular plant.

The focus on improving primary mining equipment productivity as part of our operating efficiency drive continued to deliver benefits and resulted in waste stripping at Sishen increasing by 19% to 51Mt for the quarter (Q4 2017: 43Mt) whilst at Kolomela, waste stripping remained relatively flat at 14.1Mt.

Total finished stock held at the mine and port reduced to 5.3Mt (Q4 2017: 4.3Mt), below the 6.6Mt reported at 30 September 2018.

Kumba achieved an average realised iron ore export price of US\$72/tonne (2017: US\$71/tonne) for the full year.

Trading Statement for the year ended 31 December 2018

Kumba's financial results for the year ended 31 December 2018 ("the period") will be released on the Johannesburg Stock Exchange News Service ("SENS") on or about 19 February 2019.

With reference to the JSE Limited Listings Requirements, companies are required to publish a trading statement as soon as they become reasonably certain that the financial results for the period to be reported on will differ by at least 20% from those of the previous corresponding reporting period. The financial results for the year ended 31 December 2017 ("the comparative period") were released on SENS on 13 February 2018.

Kumba's headline earnings and headline earnings per share ("HEPS") for the period are likely to be in line with the comparative period. Reported headline earnings for the comparative period were R9,728 million, while HEPS were R30.47.

As a result of an impairment reversal of R4,789 million (before taxation and non-controlling interest) in the 2017 comparative period, basic earnings per share ("EPS") were positively impacted by R8.30 per share. The non-

recurrence of this impairment reversal in 2018, means that Kumba's basic earnings for the period are likely to be between 19% and 28% lower than the comparative period, translating to a range of between R8,885 million and R10,030 million. In this regard, EPS will also likely be between 19% and 28% lower than the comparative period translating to a range of between R27.80 per share and R31.40 per share. Reported basic earnings for the comparative period were R12,335 million while EPS were R38.63.

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

Centurion
24 January 2019

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

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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

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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