

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 and Sales Report, and Trading Statement for the six months ended 30 June 2019

Production and Sales Report for the six months ended 30 June 2019

Kumba's first priority is the safety of its employees and we are now fatality-free for more than three years. In the six months ended 30 June 2019 ("the period"), Kumba has focused on safe, responsible production, while achieving optimal value for our high quality products. Throughout this report, production and sales volumes referred to are 100% of Sishen Iron Ore Company Proprietary Limited ("SIOC") and are attributable to shareholders of Kumba as well as the non-controlling interests in SIOC.

Overview:

- Kumba marked three years of fatality free operations, demonstrating our commitment to safety.
- Export sales increased by 2% to 19.9 Mt, reflecting improved rail performance, partly offset by poor weather conditions and repairs to a stacker reclaimer in Q2 2019 which resulted in a 4.0% decrease relative to Q1 2019.
- Total production decreased by 11.0% to 20.1 Mt due to plant maintenance, however, demonstrating an increase in Q2 2019 relative to Q1 2019 by 11% to 10.5 Mt as plant performance improved.

Sales summary								
' 000 tonnes	Quarter ended		% change	Quarter ended	% change	1H ended		% change
	Q2 2019	Q2 2018	vs Q2 2018	Q1 2019	vs Q1 2019	June 2019	June 2018	vs 1H 2019
Total	10,472	10,342	1	10,879	(4)	21,350	21,173	1
- Export sales	9,756	9,560	2	10,131	(4)	19,886	19,506	2
- Domestic sales	716	782	(8)	748	(4)	1,464	1,667	(12)

Production summary								
' 000 tonnes	Quarter ended		% change	Quarter ended	% change	1H ended		% change
	Q2 2019	Q2 2018	vs Q2 2018	Q1 2019	vs Q1 2019	June 2019	June 2018	vs 1H 2019
Total	10,544	11,572	(9)	9,517	11	20,060	22,427	(11)
- Sishen Mine	7,310	7,930	(8)	6,447	13	13,757	15,255	(10)
- Kolomela Mine	3,234	3,642	(11)	3,070	5	6,303	7,172	(12)

Kumba's total sales for the first half increased by 1.0% to 21.3 Mt (H1 2018: 21.2Mt), with export sales increasing 2.0% by 19.9 Mt (H1 2018: 19.5 Mt). This reflects an improvement in rail performance, allowing us to meet sustained demand for our premium quality products. In Q2 2019, however, shipments were hampered by severe weather disruptions and repairs to a stacker reclaimer at Saldanha port, resulting in export sales decreasing by 4.0% to 9.8 Mt in Q2 2019, relative to 10.1 Mt in Q1 2019.

Operationally, total production decreased by 11.0% to 20.1 Mt (Q2 2018: 22.4 Mt), however, good progress was achieved with production increasing by 9.0% in Q2 2019 to 10.5 Mt relative to Q1 2019. This was largely driven by Sishen's production improving by 13.0% from 6.4 Mt in Q1 2019. At Kolomela, production decreased by 12% to 6.3 Mt (H1 2018: 7.2 Mt) due to extended maintenance of the dense media separation plant.

Kumba continued to focus on its *value over volume* strategy in line with the strong demand for high quality iron ore. The average lump to fine ratio was maintained at 68:32 and the average Fe quality of the product portfolio was stable at 64.3% Fe (H1 2018: 64.5% Fe). These factors contributed to the higher average realised FOB export iron ore price of US\$108/tonne (1H 2018: US\$69/tonne).

Kumba delivered a solid performance from its mining activities. Although waste stripping at Sishen decreased, as planned, by 4% to 82.8 Mt (H1 2018: 86.6 Mt), the primary mining equipment performed well in Q2 2019 with increased levels of availability. Full year waste stripping guidance is unchanged at 170-180 Mt. At Kolomela, productivity continued to improve, demonstrated by the haul truck direct operating hours increasing on average from 14 to above 18 hours owing to reduced cycle times. Waste stripping increased by 17% to 30.9 Mt (H1 2018: 26.4 Mt) with the full year guidance maintained at 55-60 Mt.

Given the unscheduled plant maintenance in the first half of the year, production guidance for 2019 is revised to 42-43 Mt, from 43-44 Mt. The full year sales guidance is unchanged at 43-44 Mt, as sales volumes will be supplemented from finished stock which is at a healthy level of 4.5 Mt (30 June 2018: 6.2 Mt).

Updated Trading statement for the six months ended 30 June 2019

Kumba is currently finalising its results for the period, which will be released on the Johannesburg Stock Exchange News Service ("SENS") on 23 July 2019.

In accordance with section 3.4(b) of the JSE Limited Listings Requirements, and further to the trading statement released on SENS on 14 May 2019 in which the company indicated that headline earnings per share ("HEPS") and basic earnings per share ("EPS") for the period would be at least 160% higher than the previous six months ended 30 June 2018 ("the comparative period"); shareholders are advised that headline earnings for the period are likely to be between R9,779 million and R10,284 million. HEPS are likely to be between R30.52 and R32.10, an increase of between 228% and 245%. Reported headline earnings and HEPS for the comparative period (released on SENS on 24 July 2018) were R2,977 million and R9.31, respectively.

Basic earnings for the period are expected to be between R9,743 million and R10,246 million. Basic EPS are expected to be between R30.41 and R31.98, an increase of between 230% and 247%. Reported basic earnings and EPS for the comparative period were R2,943 million and R9.21, respectively.

The increase in earnings for the period is largely attributable to the higher average realised FOB export iron ore prices and a weaker Rand/US Dollar exchange rate relative to the comparative period. More information will be provided in the company's results for the period to be released on SENS on 23 July 2019.

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

Centurion
18 July 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

Anglo American is a leading global mining company 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 that enable a cleaner, more electrified world and that meet the fast 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 – safely, responsibly and sustainably.

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

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