



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 for the first quarter ended 31 March 2022

Kumba's Chief Executive, Mpumi Zikalala, said: "Seasonal weather-related events and equipment reliability constraints led to challenging operating conditions in the first quarter of the year. Pleasingly, we continued to see strong demand for our high quality products, resulting in an average realised price 38.5% above benchmark prices.

"Given the tough operating conditions, our production and sales volumes decreased by 21% and 8%, respectively. We are therefore adjusting our production and sales guidance for the full year 2022 to between 38 and 40Mt (previously between 39 and 41Mt). Concurrent to this, we have revised our C1 unit cost guidance to \$44/t (previously \$41/t) to reflect the revised production guidance, as well as inflationary pressure, including higher diesel and explosives costs.

"Progressing our near-term priorities of operational excellence, cost efficiencies and realising the full value of our premium product has become even more important and we are fully focused on delivering improvements across these priorities. From a responsible business perspective, we are encouraged that despite the operational challenges, we have maintained our safety performance and our fatality-free track record has increased to five years and ten months."

Overview:

- Strong safety performance maintained with five years and ten months of fatality-free production.
- Total production decreased by 21% to 8.3Mt, due to high rainfall and equipment reliability caused by continued spares supply challenges, both of which impacted the availability of plant feedstock.
- Total sales decreased by 8% to 9.5Mt, as a result of rail constraints and low levels of available stock at Saldanha Port.
- Finished stock reduced to 5.1Mt from 6.1Mt on 31 December 2021.
- Strong average realised FOB export iron ore price of US\$169 per wet metric tonne (wmt), equivalent to US\$172 per dry metric tonne (dmt), above the average benchmark price of US\$122/wmt or US\$124/dmt.

Sales summary					
Million tonnes	Q1 2022	Q1 2021	% change vs Q1 2021	Q4 2021	% change vs Q4 2021
Total	9.5	10.3	(8)	10.7	(11)
Export sales	9.5	10.2	(7)	10.7	(11)
Domestic sales	—	0.1	(100)	—	100

Production summary					
Million tonnes	Q1 2022	Q1 2021	% change vs Q1 2021	Q4 2021	% change vs Q4 2021
Total	8.3	10.6	(21)	9.7	(15)
Sishen Mine	5.8	7.1	(18)	6.5	(11)
Kolomela Mine	2.5	3.5	(29)	3.2	(22)

Safety performance

Our people are central to our business and their safety, health, and well-being are of utmost importance. In the first quarter of this year ("the period"), we marked five years and ten months of fatality-free production. Our Elimination of Fatalities work continues to support our safety performance with ongoing



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improvements across the key performance indicators representing the six pillars of leadership, caring culture, planning, risk management, monitoring and assurance, and being a learning organisation.

Mining and Production

Despite high seasonal rainfall hampering operational activities, particularly at Kolomela, total waste stripping increased by 6% to 46.7Mt (Q1 2021: 44.1Mt).

At Sishen, waste stripping increased by 23% to 35.7Mt (Q1 2021: 29.1Mt), demonstrating the effectiveness of the rain readiness plans implemented in 2021, which included the redeployment of heavy mining equipment (HME) to less saturated areas of the mine. However, this redeployment did impact the availability of plant feedstock. During the period, Kolomela experienced more than double the rainfall at Sishen (428mm compared to 207mm). While rain readiness plans were in place at the mine, the significant volume of water proved challenging. Consequently, waste stripping decreased by 27% to 11.1Mt (Q1 2021: 15.1Mt).

In addition to weather related impacts, we continued to experience equipment reliability issues due to the global shortage of HME spares which is largely due to the cumulative effect of Covid-19 and geopolitical disruptions. Accordingly, a strong focus has been placed on implementing our reliability programs and managing the spares situation with our supply teams and original equipment manufacturers. Furthermore, we have deployed additional mining contractor resources in line with our mine plan requirements.

Plant stability was impacted by feedstock constraints emanating from the mining challenges described above. These resulted in total production volumes decreasing by 21% to 8.3Mt (Q1 2021: 10.6Mt), with production at Sishen decreasing by 18% to 5.8Mt (Q1 2021: 7.1Mt) and Kolomela by 29% to 2.5Mt (Q1 2021: 3.5Mt). Critical plant maintenance was brought forward during the period to reduce potential disruptions to production going forward, as our supply is ramped up.

Logistics, sales, and marketing

Ore railed to port decreased by 1% to 9.1Mt (Q1 2021: 9.2Mt). This, coupled with lower production volumes led to a 1Mt decrease in closing finished stock of 5.1Mt (31 December 2021: 6.1Mt), with 4.3Mt held at the mines. The rail line was also impacted in the period by severe weather conditions which resulted in washouts as well as the continued plague of locusts in the Northern Cape region. As a result of rail constraints and low stock levels at Saldanha Port, export sales decreased by 7% to 9.5Mt (Q1 2021: 10.2Mt). We continue to work closely with Transnet to improve the efficiency of the line.

Kumba achieved an average lump:fine ratio of 65:35 and product quality of 64.0% Fe. This translated into an average realised FOB export iron ore price of US\$169/wmt (equivalent to US\$172/dmt), outperforming the average benchmark Platts 62 index FOB price of US\$122/wmt (equivalent to US\$124/dmt).

2022 guidance update

Given the operational performance and inflationary pressures, Kumba has revised its production, sales, and unit cost guidance for 2022 (announced at its annual results presentation on 22 February 2022). Subject to further potential logistics and weather-related disruptions, the guidance for 2022 is as follows:

Guidance	FY2022	FY2022 Revised
Total sales (Mt)	39 - 41	38 - 40
Total production (Mt)	39 - 41	38 - 40
Sishen	~28	~26.5
Kolomela	~13	~12.5
Waste stripping (Mt)		
Sishen	140 - 160	Unchanged
Kolomela	55 - 65	50 - 60
On-mine unit cost (R/t)		
Sishen	490 - 520	500 - 530
Kolomela	350 - 370	380 - 400
C1 unit costs	≤\$41/t	~\$44/t

Volumes excluding waste stripping, and on-mine unit costs, are reported as wet metric tonnes. Product is shipped with ~1.6% moisture.

Production and sales volumes referred to for the quarter ended 31 March 2022 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.

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



KUMBA IRON ORE LIMITED

Centurion
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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 around the globe including in China, Japan, South 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 operations, with a broad range of future development options, provides many of the future-enabling metals and minerals for a cleaner, greener, more sustainable world and that meet the fast growing every day demands of billions of consumers. With our people at the heart of our business, we use innovative practices and the latest technologies to discover new resources and to mine, process, move and market our products to our customers – safely and sustainably.

As a responsible producer of diamonds (through De Beers), copper, platinum group metals, premium quality iron ore and metallurgical coal for steelmaking, and nickel – with crop nutrients in development – we are committed to being carbon neutral across our operations by 2040. More broadly, our Sustainable Mining Plan commits us to a series of stretching goals to ensure we work towards a healthy environment, creating thriving communities and building trust as a corporate leader. We work together with our business partners and diverse stakeholders to unlock enduring value from precious natural resources for the benefit of the communities and countries in which we operate, for society as a whole, and for our shareholders. Anglo American is re-imagining mining to improve people's lives.
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