



KUMBA IRON ORE LIMITED

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 third quarter ended 30 September 2021

Kumba's Chief Executive, Themba Mkhwanazi, said: "Kumba delivered a solid operational performance, due to improved mining stability and good plant availability. Safety and health are always our top priority as we continued to drive a strong safety culture while staying focused on achieving increased rates of vaccination amongst our workforce and their families.

Production increased to 10.8 Mt, while equipment breakdown at Saldanha Port and weather disruptions affecting ship movements at the port led to lower sales of 10.1 Mt. Due to rail and port logistics performing below planned levels, our full year production and sales are expected to be at the low end of guidance at 40.5 Mt and 39.5 Mt, respectively.

On the market front, steel production cuts in China have weighed on iron ore prices in recent months. However, increased sales to markets outside of China have supported an average year to date realised price of US\$181 per wet metric tonne (wmt) for the third quarter, 17.5% above the benchmark price. Overall, we are seeing ongoing market recognition for the premium quality properties of our iron ore products, including for their carbon emission reduction properties in the steelmaking process."

Overview

- Maintained strong safety performance and improved pace of workforce vaccination.
- Total production increased by 11% to 10.8 Mt (Q3 2020: 9.7 Mt), reflecting strong operational performance and excess plant capacity.
- Total sales were 9% lower at 10.1 Mt (Q3 2020: 11.1 Mt), due to equipment breakdown and weather-related disruptions at Saldanha Port.
- Finished stock of 6.9 Mt (30 June 2021: 6.1 Mt), with high levels of on-mine stock as a result of rail performing below planned levels.
- Average year to date realised FOB export iron ore price of US\$181 per wmt (US\$184 per dry metric tonne (dmt)), 17.5% above the average benchmark price of US\$154 per wmt (US\$157 per dmt), reflecting the benefit of our diversified market strategy.

Sales summary					
Million tonnes	Quarter ended		% change	Quarter ended	% change
	Q3 2021	Q3 2020	vs Q3 2020	Q2 2021	vs Q2 2021
Total	10.1	11.1	(9)	9.2	9
- Export sales	10.1	11.1	(9)	9.2	9
- Domestic sales	—	—	—	—	—

Production summary					
Million tonnes	Quarter ended		% change	Quarter ended	% change
	Q3 2021	Q3 2020	vs Q3 2020	Q2 2021	vs Q2 2021
Total	10.8	9.7	11	9.8	10
- Sishen Mine	7.5	6.6	14	6.9	10
- Kolomela Mine	3.3	3.1	6	2.9	11

1. Volumes, excluding waste stripping, are reported as wet metric tonnes. Product is shipped with approximately 1.6% moisture. The comparative has been restated as Kumba previously reported on a dry basis



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Safety and health

Kumba continues to build on its fatality-free record of over five years through its relentless focus and commitment to safe and responsible production. Our new safety behaviour and culture programme launched in June 2021 is progressing well. We have seen an improvement in safety awareness and leadership, and a decrease in high-potential hazards and incidents. From a health perspective, we continue to work with the rest of Anglo American in South Africa to successfully reduce the number of positive Covid-19 cases through our on-site protocols and are collaborating with health authorities to ramp-up vaccination rates at our operations and among our host communities.

Mining, production and unit costs

Mining stability increased in the third quarter of the year (the "period") following improved pit conditions and equipment availability. While total waste mining of 56.8 Mt is 3% below the 58.8 Mt achieved in Q3 2020 ("the comparative period"), good progress has been made relative to the first two quarters of the year (Q1 2021: 40.3 Mt and Q2 2021: 54.3 Mt).

Waste stripping was driven by a 6% increase at Sishen Mine to 40.7 Mt (Q2 2021: 38.6 Mt) and a 2% increase at Kolomela to 16.1 Mt (Q2 2021: 15.8 Mt). This is a result of improvements in shovel set up and haul truck payload demonstrating the effectiveness of the mining recovery plan.

Iron ore production performance continued to improve reflecting increased plant availability and reliability supported by our "Stable and Capable" programme as part of our operating model and defect elimination initiatives. Total production increased by 11% to 10.8 Mt (Q3 2020: 9.5 Mt), with Sishen Mine production increasing by 14% to 7.5 Mt (Q3 2020: 6.6 Mt) and Kolomela by 6% to 3.3 Mt (Q3 2020: 3.1 Mt).

Strong production combined with Transnet rail performing below expected levels, has resulted in materially higher levels of stock at the mines. We therefore expect to limit production in the months ahead and to finish the year at the low end of the production guidance range at 40.5 Mt.

Since the first half of the year, rising diesel prices and slower than anticipated ramp-up in operational efficiencies and cost savings have led to an upward revision in Sishen's unit cost guidance from R410 – R420/t to R430 – R440/t. Kolomela's unit cost guidance has been maintained at R305 – R315/t and total C1 unit costs remain at US\$40/t.

Logistics, sales and the market environment

Total sales improved by 9% in the period to 10.1 Mt relative to volumes of 9.2 Mt in Q2 2021 despite equipment breakdown and weather-related disruptions. However, total sales decreased by 9% relative to the 11.1 Mt achieved in the comparative period.

Transnet is currently carrying out a 5-week refurbishment programme at Saldanha Port. Given some interruptions experienced, there is a risk of overruns to that period. As a result, the sales guidance is also expected to be at the low end of the full year range at 39.5 Mt.

Year to date, Kumba achieved an average lump: fine ratio of 69:31 (YTD Q3 2020: 67:33) and Fe content of 64.1% (YTD Q3 2020: 64.3%). This translated into an average year to date realised FOB export iron ore price of US\$181/wmt (equivalent to US\$184/dmt), outperforming the average benchmark Platts 62 index FOB price of US\$154/wmt (equivalent to US\$157/dmt).

Guidance	FY2021 (dmt)	FY2021 Revised (dmt)	FY2021 (wmt)
Total sales (Mt)	39 - 40	~39	~39.5
Total production (Mt)	40 - 41	~40	~40.5
Sishen	~28	~27.5	~28
Kolomela	~13	~12.5	~12.5
Waste stripping (Mt)			
Sishen	150 - 160		
Kolomela	55 - 65		
	FY2021 Revised	FY2021 Revised	
		(dmt)	
On-mine unit cost (R/t)			
Sishen	410 - 420	430 - 440	
Kolomela	305 - 315		



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2. Volumes, excluding waste stripping, are reported as wet metric tonnes. Product is shipped with approximately 1.6% moisture. The comparative has been restated as Kumba previously reported on a dry basis

Production and sales volumes referred to for the period are 100% of Sishen Iron Ore Company Proprietary Limited (“SIOC”), and attributable to shareholders of Kumba as well as to the non-controlling interests in SIOC.

This announcement contains forward-looking statements which are based on the Company’s current beliefs and expectations about future events. The operational and financial information provided in this announcement are estimates and have not been reviewed and reported on by the Company’s external auditors.

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 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

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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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Forward-looking statements:

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