

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⁽¹⁾ for the first quarter ended 31 March 2021

Kumba's Chief Executive, Themba Mkhwanazi, said: "Kumba delivered a strong safety and operational performance, as we continued to support our workforce and local communities through the second wave of Covid-19 in South Africa.

Following a solid start to the year, we have maintained our production and sales guidance of 40.5 – 41.5Mt (equivalent to 40 - 41 million dry metric tonnes). Production in the first quarter was ahead of the comparative 2020 and 2019 periods, with sales in line with expectations. We continued to maximise realised value for our products and achieved an average FOB export price above benchmark levels on the back of demand for our premium quality products in a buoyant iron ore market."

Overview:

- Fatality free production, strong safety and health track record maintained.
- Total production up 10% to 10.6Mt, driven by improved performance at both mines.
- Total sales decreased by 4% to 10.3Mt due to lower domestic offtake and rail constraints.
- Finished stock increased to 5.3Mt from 4.8Mt at 31 December 2020.
- Achieved a strong average realised FOB export iron ore price of US\$180 per wet metric tonne (wmt), equivalent to US\$183 per dry metric tonne (dmt), compared to the average benchmark price of US\$150/wmt or US\$153/dmt.

Production summary					
'000 tonnes	Q1 2021	Q1 2020	% change vs Q1 2020	Q4 2020	% change vs Q4 2020
Total	10,555	9,605	10	9,717	9
Sishen Mine	7,071	6,688	6	6,583	7
Kolomela Mine	3,484	2,917	19	3,134	11

Sales summary					
'000 tonnes	Q1 2021	Q1 2020	% change vs Q1 2020	Q4 2020	% change vs Q4 2020
Total	10,293	10,715	(4)	10,307	—
Export sales	10,186	10,358	(2)	10,307	(1)
Domestic sales	107	357	(70)	—	100

(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

Safety and health

The safety, health and well-being of our workforce is a top priority and a core value for Kumba. At the end of the first quarter of the year ('the period'), we marked four years and ten months of fatality free production. We recognise that, to sustain our safety performance, we need to continually strengthen our safety culture. To achieve this, we implemented our Sustainable risk reduction programme, utilising our operating model and the Leadership capability development framework to ensure increased focus and improved safety performance.

Safeguarding our workforce and our community against the Covid-19 pandemic remains high on our agenda. Ahead of the peak holiday periods, we increase our protocols through our "Stay safe. Return safe" awareness campaign and intensify screening and testing of employees and contractors returning to work. The Covid-19 vaccination programme is the next crucial step in protecting our workforce and all fellow South Africans. We are working together with Anglo American, to support government's roll-out of the national vaccine programme.

Mining and Production

Mining activities were primarily hampered by weather-related safety stoppages and equipment reliability challenges, resulting in total waste stripping decreasing by 20% to 40.3Mt (Q1 2020: 50.1Mt). Sishen's waste stripping reduced by 22% to 29.1Mt (Q1 2020: 37.1Mt) and this was partly offset by a 16% increase at Kolomela to 15.1Mt (Q1 2020: 13Mt). We are focused on recovering our waste performance, supported by post rainfall recovery plans and enhanced equipment availability.

Production volumes increased by 10% to 10.6Mt (Q1 2020: 9.6Mt), demonstrating improved plant availability following the good progress made on scheduled plant maintenance. Kolomela reflected a strong performance with production up 19% to 3.5Mt (Q1 2020: 2.9Mt). Sishen's production also improved, increasing by 6% to 7.1Mt (Q1 2020: 6.7Mt).

Logistics, sales and marketing

Rail performance deteriorated significantly during the period due to a series of operational challenges and train delays, caused by severe weather conditions and a locust outbreak. As a result, closing finished stock increased to 5.3Mt (31 December 2020: 4.8Mt) for the period with 4.9Mt held at the mines.

Logistics are a component of our value chain and, as a consequence of the decrease in iron ore railed to port and sub-optimal levels of finished stock at Saldanha Port, export sales reduced by 2% to 10.2Mt (Q1 2020: 10.4Mt). Together with domestic sales of 0.1Mt (Q1 2020: 0.3Mt), total sales ended the period 4% lower at 10.3Mt (Q1 2020: 10.7Mt).

Kumba achieved an average lump:fine ratio of 69:31 and product quality of 64.2% Fe. This translated into an average realised FOB export iron ore price of US\$180/wmt (equivalent to US\$183/dmt), outperforming the average benchmark Platts 62 index FOB price of US\$150/wmt (equivalent to US\$153/dmt).

2021 guidance update

Kumba has maintained its full year guidance (announced at its annual results presentation on 23 February 2021), subject to potential rail and weather-related disruptions, including low levels of stock at port. We continue to work closely with Transnet to mitigate these risks. Our guidance for 2021 is as follows:

- Total sales of 40.5 – 41.5Mt
- Total production of 40.5 – 41.5Mt
 - Sishen: ~28.5Mt
 - Kolomela: ~13Mt

- Waste:
 - Sishen: 150 - 170Mt
 - Kolomela: 55 - 65Mt

Production and sales volumes referred to for the quarter ended 31 March 2021 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.

Centurion
22 April 2021

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 operations, development projects and undeveloped resources, provides many of the metals and minerals that enable a cleaner, greener, more sustainable world and that meet the fast growing consumer-driven demands of developed and maturing economies. With our people at the heart of our business, we use innovative practices and the latest technologies to mine, process, move and market our products to our customers – and to discover new resources – safely and sustainably.

As a responsible producer of diamonds (through De Beers), copper, platinum group metals, the steelmaking ingredients of iron ore and metallurgical coal, and nickel – with crop nutrients in development and thermal coal operations planned for divestment – we are committed to being carbon neutral across our operations by 2040.

We work together with our business partners and diverse stakeholders to unlock sustainable 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

This announcement includes forward-looking statements. All statements other than statements of historical facts included in this announcement, including, without limitation, those regarding Kumba's financial position, business, acquisition and divestment strategy, dividend policy, plans and objectives of management for future operations (including development plans and objectives relating to Kumba's products, production forecasts and Ore Reserves and Mineral Resource estimates), are forward-looking statements. By their nature, such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Kumba, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding Kumba's present and future business strategies and the environment in which Kumba will operate in the future. Important factors that could cause Kumba's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, levels of actual production during any period, levels of global demand and commodity market prices, mineral resource exploration and development capabilities, recovery rates and other operational capabilities, the effects of global pandemics and outbreaks of infectious diseases, the availability of mining and processing equipment, the ability to produce and transport products profitably, the availability of transport infrastructure, the impact of foreign currency exchange rates on market prices and operating costs, the availability of sufficient credit, the effects of inflation, political uncertainty and economic conditions, the actions of competitors, activities by governmental authorities such as permitting and changes in taxation or safety, health, environmental or other types of regulation, conflicts over land and resource ownership rights and such other risk factors identified in Kumba's most recent Integrated Report. Forward-looking statements should, therefore, be construed in light of such risk factors and undue reliance should not be placed on forward-looking statements.

These forward-looking statements speak only as of the date of this announcement. Kumba expressly disclaims any obligation or undertaking (except as required by applicable law, the Takeover Regulation Panel, the Listings Requirements of the securities exchange of the JSE Limited in South Africa, the Financial Sector Conduct Authority and any other applicable regulations) to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in Kumba's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Nothing in this announcement should be interpreted to mean that future earnings per share of Kumba will necessarily match or exceed its historical published earnings per share.

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