



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 fourth quarter, and trading statement, for the year ended 31 December 2021

Production and sales report for the fourth quarter and year ended 31 December 2021

Kumba CEO, Mpumi Zikalala, said "Kumba's strong safety and operational performance in 2021 delivered a 9% increase in production and more than five years of fatality free production. Thanks to the hard work and commitment from our workforce we have achieved production of 40.9 Mt and sales of 40.3 Mt above our previous guidance of 40.5 Mt and 39.5 Mt, respectively.

Our focus on product quality and development of markets beyond China contributed to an average realised price of US\$161 per wet metric tonne (wmt), 18% above the benchmark price of US\$136/wmt. While market uncertainty may persist, our premium quality products and value-focused strategy ensure that we are playing our role in the global steel industry's transition to a cleaner and more sustainable future."

Overview of 2021

- Achieved more than five years of fatality-free production.
- Fully vaccinated more than 75% of our workforce and we encourage everyone to take this opportunity to protect themselves and others.
- Increased production by 9% to 40.9 Mt, reflecting the impact of Covid-19 in 2020 and improved plant reliability in 2021.
- Increased export sales by 1% to 40.2 Mt.
- Finished stock as at 31 December 2021 increased to 6.1 Mt from 4.8 Mt.
- Delivered an average realised FOB export iron ore price of US\$161/wmt (US\$164 per dry metric tonne (dmt)), 18% above the benchmark price of US\$136/wmt (US\$139/dmt).

Sales summary								
	Q4	Q4	% change	Q3	% change			% change
Million tonnes	2021	2020	vs Q4	2021	vs Q3	2021	2020	vs
			2020		2021			2020
Total	10.7	10.3	3	10.1	6	40.3	40.3	—
Export sales	10.7	10.3	3	10.1	6	40.2	40.0	1
Domestic sales	—	—	—	—	—	0.1	0.4	(70)
Production summary								
	Q4	Q4	% change	Q3	% change			% change
Million tonnes	2021	2020	vs Q4	2021	vs Q3	2021	2020	vs
			2020		2021			2020
Total	9.7	9.7	—	10.8	(10)	40.9	37.6	9
Sishen Mine	6.5	6.6	(1)	7.5	(13)	28.0	25.8	9
Kolomela Mine	3.2	3.1	1	3.3	(3)	12.8	11.9	8

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 health, safety and wellbeing of our workforce is our highest priority. Achieving a fatality free record of over five years is testament to our relentless focus on safe and responsible production through our Elimination of Fatalities programme. This year we implemented a risk reduction and safety culture programme to inculcate a proactive safety mindset and behaviour amongst our staff and contractors.



Managing Covid-19 continues to be top of mind. Our safe start-up campaign continues to ensure employees and contractors return to work safely at the start of the year. More than 75% of our workforce is fully vaccinated and a booster programme is currently being rolled out to further protect our workforce against the pandemic. As a result, we continue to see minimal operational disruption. For those who have not yet vaccinated, we continue to actively encourage them to take the earliest opportunity to be vaccinated and hence protect themselves and those around them. We continue to support the national Covid-19 vaccination programme in our host communities, where we have partnered with the government and other stakeholders to make vaccines more accessible.

Mining and production

Total waste stripping for 2021 increased by 2% to 209.4 Mt relative to 204.8 Mt in 2020, supported by our mining recovery plan.

In the fourth quarter (the "period"), waste stripping increased by 5% to 54.1 Mt relative to the 51 Mt achieved in the last quarter of 2020 ("the comparative period"). Performance was driven by a 15% increase at Kolomela to 16.4 Mt (Q4 2020: 14.2 Mt), including 6.6 Mt of pre-stripping at Kapstevl South. Sishen's waste stripping increased by 2% to 37.8 Mt (Q4 2020: 37.2Mt).

Total production for the year increased by 9% to 40.9 Mt (2020: 38.0 Mt), reflecting the impact of Covid-19 in 2020 as well as plant improvement initiatives in 2021. Production for the period was flat relative to the comparative period (Q4 2020: 9.7 Mt), as high stock levels at Sishen and Kolomela mine due to Transnet rail performing below planned levels earlier in the year, increased further following the annual shut-down for port and rail maintenance.

Sishen's and Kolomela's unit costs are in line with revised guidance of R430-R440/t and R320-R330/t, respectively. C1 unit costs of US\$39/t are below the guidance of \$40/t.

Logistics, sales, and the market environment

Total sales ended the year flat at 40.3 Mt, with export sales of 40.2 Mt, up 1% (2020: 40.0Mt) and domestic offtake decreasing by 70% to 0.1 Mt (2020: 0.4Mt). During the period, export sales increased by 3% to 10.7 Mt (Q4 2020: 10.3 Mt) and by 6% compared to Q3 2021. This increase includes additional shipments due to vessels brought forward, as well as improved equipment reliability and throughput at the Saldanha Port, following increased engagements between industry and Transnet to address infrastructure maintenance and capacity.

Closing finished iron ore stock for the year ended at 6.1 Mt (Q4 2020: 4.8 Mt), with the majority of the stock situated at the mines given the rail to port performance.

Even with lower iron ore prices in the second half of the year, Kumba continued to realise competitive prices due to the premium our high quality products attract in the market. For the full year, we achieved an average lump:fine ratio of 69:31 (2020: 69:31) and product quality of 64.1% Fe (2020: 64.3%).

This translated into an average realised FOB export iron ore price of US\$161/wmt (equivalent to US\$164/dmt), which is 18% above the average Platts 62 index FOB price of US\$136/wmt (equivalent to US\$139/dmt).

Production and sales volumes referred to are 100% of Sishen Iron Ore Company Proprietary Limited ("SIOC"), and attributable to Kumba's shareholders and the non-controlling interests in SIOC.

Trading statement for the year ended 31 December 2021

Kumba is currently finalising its financial results for the year ended 31 December 2021, which will be released on the Johannesburg Stock Exchange News Service ("SENS") on 22 February 2022.

In accordance with paragraph 3.4(b) of the JSE Limited Listings Requirements, shareholders are advised that headline earnings for the period are likely to be between R31,264 million and R34,590 million. Headline earnings per share (HEPS) are likely to be between R97.43 and R107.80, an increase of between 37% and 52% from the previous year ended 31 December 2020 ("comparative period"). Reported headline earnings and HEPS for the comparative period (released on SENS on 23 February 2021) were R22,790 million and R71.07, respectively.

Basic earnings for the period are expected to be between R31,270 million and R34,597 million. Basic earnings per share (EPS) are expected to be between R97.45 and R107.82, an increase of between 37% and 52%. Reported basic earnings and EPS for the comparative period were R22,779 million and R71.03 respectively.

The increase in earnings for the period is largely attributable to the higher average realised FOB export ore price, partly offset by a stronger Rand/US\$ exchange rate, relative to the comparative period.

This announcement contains forward-looking statements which are based on the Company's current beliefs and expectations about future events. The financial information on which this trading statement is based, has not been reviewed and reported on by the Company's external auditors.



KUMBA IRON ORE LIMITED

Centurion
27 January 2022

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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