

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 2023**

Kumba's Chief Executive, Mpumi Zikalala, said: "Kumba delivered a solid operational performance in the first half and we are on track to meet our full year production guidance. During the second quarter, we also continued our relentless focus on achieving Zero harm, with proactive safety stoppages and further implementation of our safety improvement initiatives.

"Iron ore production increased by 6% underpinned by Kolomela's recovery and improved productivity at both operations. However, multiple disruptions including derailments and cable theft on the Transnet rail line, resulted in ore railed to Saldanha Bay Port decreasing by 3% at 30 June 2023. With lower finished stock levels at Saldanha Port, sales decreased by 4%.

"To reflect the impact of ongoing rail constraints, we have revised our 2023 guidance on waste to 195 - 225 Mt and on sales to 36 - 38 Mt. We have maintained our production and unit cost guidance for both mines and reduced the C1 cost guidance to US\$43/t to reflect the weaker Rand exchange rate. Given the uncertainty faced as a result of the logistics challenges, we have deferred non-critical capital expenditure of R2.0 billion and revised our guidance down to R9 - 10 billion for the full year.

"The iron ore and coal mining industry's ability to continue contributing significantly to the fiscus, sustain employment, and deliver far-reaching socio-economic benefits are inextricably linked to reliable logistics services. An efficient logistics system is fundamental to global trade and South Africa's weakening economic growth.

"China's pace of economic growth and steel demand slowed in the second quarter following a strong start to the year, while global economic weakness in key markets outside of China persisted. However, iron ore prices are supported as stock at mills in China are at a five year low and supply remains tightly balanced. Kumba achieved an average realised price of US\$106 per wet metric tonne (wmt) relative to the benchmark price of US\$102/wmt. We continued to see good demand for our high quality iron ore products with 30% of the Anglo American group's iron ore customers, including that of Kumba (based on sales volumes), covered by partnerships to develop decarbonisation technology."

### **Production and sales report for the six months ended 30 June 2023**

#### **Overview:**

- Committed to achieving Zero Harm and implementing further critical controls to ensure safe and stable operations.
- Total production for the six months ended 30 June 2023 ("the period") increased by 6% to 18.8 Mt (H1 2023: 17.8 Mt).
- Sales decreased by 4% to 18.9 Mt (H1 2023: 19.7 Mt), reflecting Transnet logistics challenges and low finished stock levels at Saldanha Bay Port.
- Total finished stock increased to 7.9 Mt (31 December 2023: 7.8 Mt), with 0.6 Mt at Saldanha Bay Port.
- Average realised FOB export iron ore price of US\$106/wmt (US\$108 per dry metric tonne (dmt)), relative to the average benchmark price: US\$102/wmt or US\$104/dmt.

Million tonnes	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q2 2023	Q2 2023	H1 2023	H1 2022	H1 2023
						vs	vs			vs
						Q2 2022	Q1 2023			H1 2022
						%	%			%
Iron ore waste	<b>60.3</b>	50.9	55.0	53.8	48.8	24	18	111.2	95.5	16
Iron ore production	<b>9.4</b>	9.4	10.0	10.0	9.5	(1)	(1)	18.8	17.8	6
Iron ore sales	<b>9.5</b>	9.5	6.9	10.0	10.2	(7)	—	18.9	19.7	(4)
Kumba waste	<b>60.3</b>	50.9	55.0	53.8	48.8	24	18	111.2	95.5	16
Sishen	<b>45.5</b>	35.0	39.8	41.4	40.0	14	30	80.5	75.6	6
Kolomela	<b>14.8</b>	15.9	15.2	12.4	8.8	68	(7)	30.7	19.9	54
Kumba production	<b>9.4</b>	9.4	10.0	10.0	9.5	(1)	(1)	18.8	17.8	6
Lump	<b>6.1</b>	6.1	6.5	6.5	6.2	(2)	(1)	12.2	11.6	5
Fines	<b>3.3</b>	3.3	3.5	3.5	3.3	—	—	6.6	6.2	6
Kumba production by mine	<b>9.4</b>	9.4	10.0	10.0	9.5	(1)	(1)	18.8	17.8	6
Sishen	<b>6.5</b>	6.3	7.0	7.1	7.1	(9)	2	12.8	12.9	(1)
Kolomela	<b>2.9</b>	3.1	3.0	2.9	2.4	21	(7)	6.0	4.9	22

#### Safety and health

The safety and health of our employees is fundamental and drives our focus on eliminating fatalities and creating a safe operating environment. Sishen has achieved more than seven years of fatality-free production while at Kolomela, following the tragic loss of a contractor colleague in February, we have achieved a fatality-free second quarter. We continue to implement safety improvement initiatives. These are focused on empowering our leaders and frontline employees and simplifying our fatal risks and critical controls to drive safe, stable, and capable operations.

#### Mining and Production

Total waste stripping increased by 16% to 111.2 Mt (H1 2022: 95.5 Mt) driven by Kolomela's recovery. Compared to H1 2022 which was hampered by operational challenges, Kolomela's waste stripping increased by 54% to 30.7 Mt (H1 2022: 19.9 Mt) and at Sishen, waste stripping increased by 6% to 80.5 Mt (H1 2022: 75.6 Mt). The performance improvements reflect the successful implementation of the rain readiness plan at Kolomela and enhanced productivity at both mines.

Given the Transnet rail challenges experienced to date in 2023, a portion of the waste stripping at Kapstevl South will be re-phased, resulting in Kolomela's waste guidance reducing to 45 - 55Mt (previously 60 - 70Mt) and the total waste guidance being revised down to 195 - 225 Mt (previously 210 - 240 Mt). Nonetheless, the Kapstevl South project remains on track to deliver first ore in 2024. While we have significantly progressed the engineering design of our ultra-high-dense-media-separation project and the project is currently undergoing investment review.

Total production volumes increased by 6% to 18.8 Mt (H1 2022: 17.8 Mt), with Kolomela's production increasing by 22% to 6.0 Mt (H1 2022: 4.9 Mt), reflecting the benefit of improved ore feedstock availability at the mine. Enhancing the quality of Kolomela's feedstock buffer remains a priority and incremental improvements have contributed to Kumba's average product Fe quality of 63.3% compared to 63.1% Fe achieved in the first quarter. Sishen's production was broadly flat at 12.8 Mt (H1 2022: 12.9 Mt) owing to a decrease of 9% (Q1 2022: 7.1Mt) in the second quarter due to a build-up of finished stock at the mine due to logistics constraints.

Kolomela's unit cost guidance was maintained at R510–R540/t due to lower production anticipated in the second half of the year, as a result of rail constraints. Sishen's unit cost guidance was also unchanged at R540 - R570/t. Our C1 unit cost guidance has been reduced to US\$43/t, from US\$44/t to reflect the weaker Rand.

#### Logistics, sales, and marketing

Ore railed to port decreased by 3% to 18.4 Mt (H1 2022: 19.0 Mt). The benefit of the collaboration between the Ore User's Forum (OUF) and Transnet on the maintenance of the Iron ore export channel (IOEC) and the locust spraying programme during the first quarter was offset by derailments resulting in the line being closed for seven days which coincided with incidents of cable theft experienced in June. Increased security was immediately deployed with drones monitoring the IOEC line in the short-term, with work being done in conjunction with Transnet to find a longer-term security solution.

Due to rail constraints, total finished stock remained high at 7.9 Mt (31 December 2022: 7.8 Mt), with the majority of the stock at the mines and low levels of finished stock at Saldanha Bay Port resulting in sales decreasing by 4% to 18.9 Mt (H1 2022: 19.7 Mt) for the first half. Eskom load curtailment at Saldanha Bay

Port earlier in the year was mitigated through an agreement with Eskom and Transnet that the OUF will absorb the Saldanha Bay Port load curtailment to ensure uninterrupted energy supply to the Port. However, due to the ongoing logistics challenges, sales for the full year 2023 have been revised lower by 1.0 Mt to 36 - 38 Mt (previously 37 - 39 Mt).

The National Logistics Crisis Committee (NLCC) which is jointly supported by government, Transnet and organised business has been formed to urgently pursue interventions to address the rail, port and road crises currently severely undermining economic growth and job creation in South Africa in parallel to a reform agenda with longer-term implications, including the opening of rail and port networks to private operators. Kumba welcomes the establishment of the NLCC as clear recognition of the extent to which exports are being hampered by logistics constraints and that deep collaboration and private sector partnerships are required to solve these challenges.

From a marketing perspective, Kumba achieved an average realised FOB export iron ore price of US\$106/wmt (equivalent to the FOB price of US\$108/dmt) on the back of an average lump:fine ratio of 67:33 and improved iron ore content of 63.3% Fe. This was achieved against the average benchmark Platts 62 index FOB price of US\$102/wmt (equivalent to the FOB price of US\$104/dmt) as a result of the lump and Fe content quality premiums that Kumba products attract.

#### Full year 2023 guidance

Kumba's full year 2023 guidance has been revised and subject to third-party rail and port performance, the full year guidance is as follows:

Guidance	FY2023	FY2023 Revised
<b>Total sales (Mt)</b>	37 - 39	36 - 38
<b>Total production (Mt)</b>	35 - 37	Unchanged
Sishen	~26	Unchanged
Kolomela	~10	Unchanged
<b>Waste stripping (Mt)</b>	210 - 240	195 - 225
Sishen	150 - 170	Unchanged
Kolomela	60 - 70	45 - 55
On-mine unit cost (R/t)		
Sishen	540 - 570	Unchanged
Kolomela	510 - 540	Unchanged
C1 unit costs (US\$/t)	~44	~43
Capital expenditure (Rbn)	11.0 - 12.0	9.0 - 10.0

#### Trading statement for the six months ended 30 June 2023

Kumba is finalising its financial results for the six months ended 30 June 2023 and further information will be provided in the company's results for the period, which will be released on the Johannesburg Stock Exchange News Service ("SENS") on 25 July 2023.

In accordance with section 3.4(b) of the JSE Limited Listings Requirements, shareholders are advised that headline earnings for the period are likely to be between R9,040 million and R10,005 million, a decrease of between 14% and 22% from the previous six months ended 30 June 2022 ("comparative period"). Headline earnings per share (HEPS) are likely to be between R28.16 and R31.17, a decrease of between 14% and 22% from the comparative period. Reported headline earnings and HEPS for the comparative period (released on SENS on 26 July 2022) were R11,595 million and R36.13, respectively.

Basic earnings for the period are expected to be between R9,039 million and R10,004 million, a decrease of between 13% and 22% from the comparative period. Basic earnings per share (EPS) are expected to be between R28.16 and R31.17, a decrease of between 13% and 22%. Reported basic earnings and EPS for the comparative period were R11,554 million and R36.00, respectively.

The decrease in earnings for the period is largely attributable to lower average realised FOB export iron ore prices and lower sales volumes, partially offset by a weaker Rand/US Dollar 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 operational and financial forecasts provided in this announcement are estimates and the financial information on which the trading statement is based, has not been reviewed and reported on by the Company's external auditors.

Volumes excluding waste stripping, and on-mine unit costs, are reported as wmt. Product is shipped with ~1.6% moisture and the foreign exchange rate of ~R18/US\$ was used to calculate the 2023 cost guidance.

Production and sales volumes referred to for the period ended 30 June 2023 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.

Rosebank  
20 July 2023

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](http://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 copper, nickel, platinum group metals, diamonds (through De Beers), and premium quality iron ore and steelmaking coal – 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**

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.

Certain statistical and other information about Kumba included in this announcement is sourced from publicly available third-party sources. As such, it has not been independently verified and presents the views of those third parties, though these may not necessarily correspond to the views held by Kumba and Kumba expressly disclaims any responsibility for, or liability in respect of, such third-party information.