



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 2024

Kumba's Chief Executive, Mpumi Zikalala, said: "Kumba's focus on operational excellence continued to deliver a safe and solid operational performance. Our year-to-date 2024 (YTD 2024) total recordable injury frequency rate (TRIFR) improved to 0.86 from 1.10 in the comparative 2023 period. This demonstrates our relentless focus and commitment to eliminating fatalities and achieving zero harm for all our people.

"Production increased by 3% compared to the second quarter of this year (Q2 2024) and we are on track to deliver our full year 2024 guidance of 35 - 37 million tonnes (Mt). Our cost optimisation programme is progressing well, and we continue to target a C1 unit cost of US\$38 per tonne for the full year 2024.

"Sales increased by 2% relative to the comparative 2023 period. However, in comparison to Q2 2024, sales decreased by 6% as ship loading was impacted by adverse weather conditions in July 2024 at the Saldanha Bay port. Given this, sales are expected to end the year closer to the lower end of our full year 2024 sales guidance of 36 - 38 Mt, subject to Transnet's logistics performance which will include the annual maintenance shutdown in October 2024.

"Low steel demand, robust iron ore supply and elevated inventories at ports in China have continued to place pressure on the iron ore market. However, the iron ore market rallied in the last week of September 2024, amid economic stimulus measures announced by the Chinese government and calls for counter-cyclical fiscal policies to stabilise the Chinese property market. This resulted in a year-to-date average benchmark free-on-board (FOB) iron ore price of US\$90 per wet metric tonnes (wmt). Against this context, Kumba achieved an average realised FOB export price of US\$94/wmt, US\$4/wmt above the average benchmark price, reflecting the premium quality of Kumba's iron ore products.

"In the longer term, as steel production shifts to Direct Reduced Iron steelmaking which has significantly lower emissions compared to the traditional blast furnace route, demand for direct charge materials such as Kumba's high-quality iron ore lump, will grow rapidly. The resumption of our ultra-high-dense-medium-separation technology project recently announced on the 29th of August 2024, should treble the proportion of premium iron ore produced at our world-class Sishen mine, ensuring that Kumba continues to play a key role in the green steel value chain".

Overview

- Continued improvements in safety performance with a YTD 2024 TRIFR of 0.86 (YTD 2023: 1.10).
- Total production decreased by 3% to 9.4 Mt (Q3 2023: 9.7 Mt), in line with Transnet's logistics performance which decreased by 8%.
- Total sales increased by 2% to 9.0 Mt (Q3 2023: 8.9 Mt), reflecting improved port equipment performance. However, adverse weather conditions resulted in sales decreasing by 6% compared to Q2 2024.
- Finished stock was 8.6 Mt (Q3 2023: 9.0 Mt and Q2 2024: 8.2 Mt) at the end of the period, with 7.5 Mt on-mine and 1.1 Mt at port.
- Average YTD realised FOB export iron ore price of US\$94/wmt (YTD 2023: US\$110/wmt), US\$4/wmt above the average benchmark price of US\$90/wmt (YTD 2023: US\$100/wmt).



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	Q3	Q2	Q1	Q4	Q3	%	%	YTD	YTD	%
000 tonnes	2024	2024	2024	2023	2023	Q3 2024	Q3 2024	2024	2023	YTD 2024
						vs	vs			vs
						Q3 2023	Q2 2024			YTD 2023
Iron ore waste	39,414	44,663	43,794	46,021	59,602	(34)	(12)	127,871	170,817	(25)
Iron ore production	9,446	9,184	9,275	7,234	9,736	(3)	3	27,905	28,481	(2)
Iron ore sales	9,027	9,556	8,533	9,343	8,873	2	(6)	27,116	27,816	(3)
Kumba waste	39,414	44,663	43,794	46,021	59,602	(34)	(12)	127,871	170,817	(25)
Sishen	34,073	39,265	35,502	37,391	45,842	(26)	(13)	108,840	126,409	(14)
Kolomela	5,341	5,398	8,292	8,630	13,760	(61)	(1)	19,031	44,408	(57)
Kumba production by mine	9,446	9,184	9,275	7,234	9,736	(3)	3	27,905	28,481	(2)
Sishen	6,767	6,644	6,563	5,958	6,680	1	2	19,974	19,463	3
Kolomela	2,679	2,540	2,712	1,276	3,056	(12)	5	7,931	9,018	(12)
Kumba sales	9,027	9,556	8,533	9,343	8,873	2	(6)	27,116	27,816	(3)
Lump	6,191	5,925	5,620	6,220	5,878	5	4	17,736	18,477	(4)
Fines	2,836	3,631	2,913	3,123	2,995	(5)	(22)	9,380	9,339	—

Safety performance

Kumba's YTD 2024 TRIFR improved to 0.86 (YTD 2023: 1.10). Kumba's relentless focus on zero harm included the implementation of regular routine interventions ("Stop for safety reset" in August 2024 and September 2024) to improve safety awareness and critical controls, as well as embedding a baseline of employee and service partner behaviour and actions required to ensure safe working practices through our initiative ("My daily safety rhythms and routines").

Mining, production, and unit costs

At the start of the year, the value chain was reconfigured to align to Transnet's constrained logistics performance and to improve the company's cost competitiveness. To reflect this, the company's total waste stripping and production guidance for the full year 2024 was set at between 155 - 170 Mt and 35 - 37 Mt, respectively.

In line with this guidance and Kumba's optimised mine plan, waste stripping decreased by 34% to 39.4 Mt (Q3 2023: 59.6 Mt), driven by a 26% decrease to 34.1 Mt at Sishen and a 61% decrease to 5.3 Mt at Kolomela. Total production decreased by 3% to 9.4 Mt (Q3 2023: 9.7 Mt), with a 12% decrease at Kolomela to 2.7 Mt, partly offset by a 1% increase in Sishen's production to 6.8 Mt. Relative to the second quarter of this year, production increased by 3% demonstrating operational stability and capability in the drive for efficiency benefits of an integrated mining complex.

Consistent progress is also being made in terms of the cost optimisation programme. The savings from the right-sizing of the mining fleet, improved operational efficiencies and supply chain management, as well as the optimised use of consumables and a more streamlined organisational structure, ensure that the company is on track to achieve the unit cost guidance of between R520 - 550/tonne for Sishen and R410 - 440/tonne for Kolomela, as well as the C1 unit cost target of \$38/tonne.

Logistics, sales, and the market environment

Ore railed to port decreased by 8% to 9.1 Mt (Q3 2023: 9.9 Mt) due to the cumulative impact of derailments, rail breakages and speed restrictions. Compared to Q2 2024, which was impacted by the 5-day mini-shut in April, ore railed to port increased by 5%. Total finished stock was 8.6 Mt (Q3 2023: 9.0 Mt and Q2 2024: 8.2 Mt) at the end of the period, with 7.5 Mt on-mine and 1.1 Mt at port. Mine stockpiles are expected to remain elevated to cater for the tie-in of the ultra-high-dense-medium-separation technology at Sishen.

Despite logistics constraints, sales improved by 2% to 9.0 Mt (Q3 2023: 8.9 Mt). This follows consistent efforts by the Ore User's Forum (OUF) to work closely with Transnet to reduce the impact of equipment breakdown at the Saldanha Bay port terminal. However, in comparison to Q2 2024, Q3 2024 sales decreased by 6% due to 11 days of adverse weather conditions in July impacting ship loading.



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Given this, sales volumes are expected to end the year closer to the lower end of the full year 2024 sales guidance of 36 – 38 Mt, subject to logistics performance and further potential downside risk following the reopening of Saldanha Bay port. Kumba and its OUF peers continued to collaborate with Transnet, including providing support in the planning and implementation of the 10-day annual logistics maintenance shutdown which commenced on 8 October. Following successful completion of the annual maintenance, the Sishen-Saldanha Bay port line reopened as scheduled on 18 October 2024 with a significant number of speed restrictions lifted. On 23 October 2024, Saldanha Bay port also reopened as planned and the ramp-up in port activities is being closely monitored.

Economic recovery in China has been uneven with growth in manufacturing and export-focused industries partly offset by a shrinking construction sector. This combined with robust iron ore supply from major producers and elevated inventories at ports in China resulted in the benchmark iron ore price falling by 38% to US\$89.35 per dry metric tonnes on the 23rd of September 2024 before rallying 21% up to the end of September, following economic stimulus measures announced by the Chinese government to support consumers and the property sector. The implementation of these stimulus measures coupled with seasonal factors are expected to be constructive for the iron ore market in the months ahead.

On average YTD, Kumba's Lump:Fine ratio was 65:35 (YTD 2023: 66:34) and iron content at 64.1% (YTD 2023: 63.5%). An average YTD realised FOB export iron ore price was achieved of US\$94/wmt (YTD 2023: US\$110/wmt), US\$4/wmt above the average YTD benchmark price of US\$90/wmt (YTD 2023: US\$100/wmt).

Full year 2024 guidance

Kumba's full year 2024 sales guidance is unchanged, subject to Transnet's logistics constraints (including the ramp-up of the rail and port activities following the annual maintenance shutdown) and is as follows:

Guidance	FY2024
Total sales (Mt) (wmt)	36 - 38
Total production (Mt) (wmt)	35 - 37
Sishen	~26
Kolomela	~10
Waste stripping (Mt) (dmt)	155 - 170
Sishen	135 - 145
Kolomela	20 - 25
On-mine unit cost (R/t) (dmt)	
Sishen	520 - 550
Kolomela	410 - 440
C1 unit cost (\$/t) (wmt)	~38

Volumes excluding waste stripping, and on-mine unit costs, are reported as wmt. Product is shipped with ~1.6% moisture and the 2024 C1 unit cost guidance is calculated at a foreign exchange rate of ~R19/US\$. 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 contained in this announcement have not been reviewed and reported on by the Company's external auditors and is the responsibility of the board of directors of Kumba.

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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

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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.

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