



Reviewed interim results

for the six months ended 30 June 2023

Key features

Committed to safe and sustainable mining

Relentless focus on
zero harm
and elimination of fatalities

Zero
occupational diseases

Over eight years
without any level 3-5 environmental
incidents

R28.5 billion
of shared value created

Continued value delivery

Attributable free cash flow* of
R7.9 billion

ROCE of
77%

Interim cash dividend of
R22.60 per share

Solid financial performance

Average realised FOB export price of
US\$106/wmt,
4% above benchmark

Cost savings of
~R900 million

EBITDA* margin of
52%

Closing net cash* of
R13.8 billion

* EBITDA, attributable free cashflow and net cash constitutes pro-forma financial information in terms of the JSE Limited Listings Requirements and should be read in conjunction with the basis of preparation, refer to supplementary non-financial measures on page 52 and 53.



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performance please scan the QR code or visit us at:

www.angloamericankumba.com



Mpumi Zikalala
Chief Executive

“Sustainable,
purpose-led
and values-driven
business”

“Kumba recorded a solid operational and financial performance in the first half of 2023. Despite ongoing logistics constraints and weak global steel demand impacting iron ore markets, we delivered earnings before interest, tax, depreciation and amortisation (EBITDA) of R19.8 billion. This is a credit to our teams and demonstrates our continued focus on safety, production and value delivery.”

“At the core of our business is our unwavering commitment to safety and health. As previously reported, our colleague Nico Molwagae who was employed by our exploration drilling service partner, was fatally injured at our Kolomela mine in February. We are implementing our learnings across the business and continue our relentless drive to achieve zero harm and the elimination of fatalities. Sishen has maintained its fatality-free record for over seven years.

“Production increased by 6%, underpinned by Kolomela’s recovery following the operational challenges experienced in the prior year. Sishen’s performance continues to be stable and we have seen improved productivity at both mines. As a result of the increase in production volumes, improved productivity contributing to cost savings, and the benefit of a weaker exchange rate, our C1 unit cost improved to US\$39 per wet metric tonne (wmt). We also strengthened the

alignment between sales and operational planning as we continue to focus on mitigating Transnet’s logistics challenges. However, rail disruptions due to various factors, including derailments and cable theft, have led to already low levels of finished stock at Saldanha Bay Port declining further, resulting in sales decreasing by 4%.

“China’s reopening led to a strong first quarter, but the recovery slowed down in the second quarter as economic stimulus measures failed to sustain demand. Consequently, the Platts 62% Fe free-on-board (FOB) benchmark price decreased by 14% to US\$102/wmt and on the back of this, Kumba achieved an average realised FOB export price of US\$106/wmt, 4% above the benchmark price. Notwithstanding lower prices, we achieved an EBITDA margin of 52% and attributable free cash flow of R7.9 billion. These operational and financial

Commentary continued

results have given our board the confidence to declare an interim cash dividend of R22.60 per share, representing a payout ratio of 75% of headline earnings.

"Our Kapstevl South project at Kolomela is over 70% complete with the first ore on track for delivery in the first half of 2024. We have re-phased a portion of the waste mining as we optimise the mine plan and as a result Kolomela's waste mining guidance has been revised to 45 – 55 Mt from 60 – 70 Mt. We have significantly progressed detailed design work on our ultra-high dense media separation (UHDMS) technology to improve our premium product offering at Sishen. This project is currently under a review.

"During the first six months of the year, we advanced our decarbonisation plan to reduce scope 2 emissions from operations by more than 30% by 2030. The Environmental authorisation was granted to construct a 68MW solar plant at Sishen on a rehabilitated waste dump site. Geotechnical investigations are in progress and major earthworks commenced in July 2023. This forms part of the Anglo American renewable energy ecosystem, which is targeting renewable energy penetration of between 85% and 95% by 2030 through a combination of embedded solar photovoltaic (PV) projects together with the wheeling of renewable solar and wind energy.

"The Anglo American group's ambition is to halve scope 3 emissions by 2040. We are working with our steelmaking customers to pilot carbon reduction technologies, that allow us to meet the growing demand for "green steel". Currently, 30% of our iron ore customers by sales volumes are already participating in these programmes. Alongside this work, eight of the 10 Ubuntu liquefied natural gas (LNG) dual-fuelled new-build ships have entered into service on the

South Africa to Asia route. These LNG ships are expected to deliver a ~35% reduction in CO₂ emissions, compared to conventional marine fuelled vessels.

"This year, we published our inaugural Climate Change Report, which supplements our longstanding Sustainability Report. It provides details on our decarbonisation pathway and our strategic approach to scope 1 and 2 carbon emission reduction at our own operations and the scope 3 emissions generated by our steelmaking customers.

"After resetting our base last year, 2023 is a year of transition and building on the next phase of our value delivery through our Refreshed strategy. Fundamentally, we must remain competitive and our Refreshed strategy will continue to focus on delivering value over volume as we unlock the full potential of our core. Beyond this, we need to ensure that our business is well positioned to deliver a sustainable future and support the green steel transition that is driving demand for our premium ore.

"Creating a culture of accountability driven by a high performance, inclusive and diverse workforce will be critical to the successful delivery of our strategy. It is therefore pleasing to see that female representation has increased from 24% to 31% of our senior management team. We also extended our employee share option scheme to middle management to support empowerment more broadly and successfully concluded our three-year wage agreement with the majority of our unionised employees. This multi-year agreement underpins operational stability and business sustainability through ongoing market volatility, while ensuring our people are rewarded for their work and that we can continue to deliver enduring stakeholder value.

"As always, we are guided by our Purpose of re-imagining mining to improve people's lives. We have the right products, the right strategy and the right people to deliver value."

Our Refreshed strategy

Our Tswelopele strategy successfully created value over the last five years and provides a solid foundation for our Refreshed strategy which represents our next phase of value delivery. Our Refreshed strategy is focused on addressing the four interlinked mega trends having the most influence over our business.

The first trend relates to decarbonisation of the steel industry and the increasing regulatory pressure to reduce greenhouse gas (GHG) emissions, given the increasing impact of climate change around us. The second trend focuses on technology and the third trend is the future of work. Advances in technology such as artificial intelligence and big data analytics are changing the type of work we do, as well as when and where we work. The last trend is society's expectations of big business. Besides the pressure to decarbonise, society is increasingly looking at big business for local economic development, education and job support.

Most importantly, we are led by our Purpose of "reimagining mining to improve people's lives". Through our Refreshed strategy, we intend to deliver value through unlocking the full potential of our core, with the key elements being leadership and culture, operational excellence and cost competitiveness. Operational excellence includes achieving zero harm, operational efficiency, innovation and contracted rail tonnages. Concurrently, we will be working to ensure that we are appropriately positioned for a sustainable future. A crucial aspect of this future is the decarbonisation of our own operations and the green transition that is driving demand for our premium ore, as well as

extending our life of mine. We are committed to delivering stakeholder value and maintaining a robust balance sheet and disciplined capital allocation.

Creating a safe, healthy and inclusive workplace

Our people are key to the successful delivery of our strategy. Rewarding successful business outcomes is central in our drive for accountability and a high-performance culture. In doing so, together with Anglo American, we refined our Team+ short-term incentive environmental, social and governance (ESG) metrics for middle management and specialists. We also extended our employee share ownership plans to middle management and senior specialists, further aligning the economic progress of our employees with our shareholders. In addition, we recently signed a three-year wage agreement with the majority of our unions. Our unions represent the majority of our workforce and this underpins operational stability and business sustainability, while ensuring our people are rewarded for their work and that we can continue to deliver enduring stakeholder value.

In supporting our people to grow, learn and develop their skills to reach their full potential, we launched a bespoke supervisor development programme at our mines. Continual learning is key to enabling a future focused organisation. Our improved Employee Study Assistance Policy is more inclusive and supports a higher quality of development of our employees. During the first half of 2023, we actively supported the top 100 leaders in the organisation in their career development goals through structured programmes.

Kumba is committed to inclusion and diversity, and to living up to our values of safety, care and respect. Employee engagement levels are at 88%, in above the target of >85%. Our female

representation at senior management increased from 24% in 2022 to 31%.

Mining safely and sustainably Safety

Protecting the safety and health of our employees, contractors and local communities is a fundamental responsibility for Kumba and all mining companies. A safe and healthy workforce ensures that our people are engaged, motivated and productive, which supports operational stability.

Sadly, Nico Molwagae, a drilling assistant employed by our service partner was fatally injured on 13 February 2023. We are implementing our learnings across the business including greater supervisory oversight, improved equipment design, as well as further initiatives to strengthen our safety culture. Our drive to achieve zero harm continues to focus on the safe way of work and the prevention of fatalities.

Total recordable cases increased from 15 to 18, resulting in a total recordable injury frequency rate of 1.20 (H12022: 1:12). This was as a result of our lost-time injuries increasing from nine to 10, of which 90% were related to low energy incidents such as slip, trip and fall incidents as well as material handling incidents, with 90% of injuries sustained to hands and fingers. High potential incidents, which represent our leading indicators increased from six to 10. To address the increase in safety indicators, deep dives were held to identify areas of improvement. These include, more leadership time on site, increasing contractor safety engagements, and ensuring improved maintenance planning.

Our critical controls for identifying and responding to hazards has been strengthened and our awareness programmes have been simplified. In addition, we are strengthening our

focus on creating a psychologically safe environment that ensures our colleagues feel safe to “speak up” and raise concerns. The successful roll-out of our supervisory development programme LEAP is assisting in equipping our leaders with the softer skills set required to ensure their teams feel supported and empowered to apply our work safety practices.

Health

During the period under review, 78% of employees and 75% of core service partners completed their HIV counselling and testing, a significant increase in early participation from prior years. All HIV-positive colleagues are on Anti-Retroviral Treatment with an average viral suppression rate of 96%. 24% of Kumba employees have been issued with their Framingham Heart Health score against a target of 70%.

Kumba has recorded 12 cases of non-occupational Tuberculosis with an overall incidence rate of 57/100,000 against a target of 253/100,000 for the first half of 2023. No employees and service partners were exposed to respirable dust and silica above the legislated occupational exposure limit (HEG A for silica and respirable dust exposure) in the first half of the year. Additional engineering controls have been identified to ensure the sustainability of the dust reduction programme and these will be implemented in the second half of the year. No silicosis cases have been diagnosed in the last five years. One new case of occupational disease (musculoskeletal disorder) was confirmed for the year 2022.

This year, we launched the Mental Health for Leaders programme as an addition to our Employee Assistance Programme and Mental First Aiders initiatives. This focuses on empowering our leaders to be resilient, and

recognise and support employees undergoing mental health challenges.

Environment

Kumba's Sustainable Mining Plan demonstrates our commitment to operating in an environmentally responsible and safe manner. In April, we published our inaugural Climate Change report, aligned to the recommendations of the Taskforce on Climate-Related Financial Disclosure, the JSE's Climate Change Disclosure Guidance and the International Sustainability Standards Board's Exposure Draft of IFRS S2 Climate-related Disclosures. We also advanced our Responsible Mining Assurance certification. Both our mine sites have undergone independent third-party audits to verify our critical requirements corrective action plans, achieving a 92% rating against a 90% compliance target.

Progress has been made on the first phase of our decarbonisation pathway to reduce scope 1 and 2 carbon emissions by 30% by 2030. Environmental authorisation for the 68MW solar PV plant at Sishen has been granted. Geotechnical investigations are in progress and major earthworks commenced in July 2023 with the full construction launch expected by the end of the year. Given increasing haulage distances and the utilisation of Eskom power, we expect our scope 1 and 2 emissions to increase before reducing when our solar PV is commissioned. This project represents a significant step towards offsetting our carbon emissions, which increased to 0.51 MtCO₂e for the period (H1 2022: 0.47 MtCO₂e).

Reducing our scope 3 footprint is dependent on the decarbonisation of the steel industry. We can help achieve this with our high-quality products and tailoring our products to customer specifications to support decarbonisation. Currently 30% of our customers (based on sales volumes) are covered by partnership agreements

that help drive decarbonisation technology adoption in their operations. One of these is the Anglo American group's memorandum of understanding with H2 Green Steel, a Swedish hydrogen and steel producer, to study and trial the use of premium quality iron ore products, including from Kumba. Also, eight of 10 Ubuntu LNG dual-fuelled new-build ships being introduced to the group's chartered fleet, entered service on the South Africa to Asia route. These LNG ships are expected to deliver a ~35% reduction in CO₂, compared to conventional marine fuelled vessels.

Kumba operates net water-positive mines. Our strategy is to reduce freshwater consumption to 40% and empower our stakeholders and ensure the beneficial use of Kumba's water resources for all. In the first half, we supplied 6,763 megalitres (ML) to our third-party users while freshwater withdrawals totalled 3,219 ML. We invested in our on-mine bulk water infrastructure, which will increase the volume of surplus fresh water provided to the Bloem Water and Gamagara local municipality. By increasing our predictive capabilities we can become more adaptable to change and achieve stable, optimised water systems at the operations, enabling us to allocate more freshwater to our host and neighbouring communities.

Importantly, we have maintained our track record of no major (Level 3 to 5) environmental incidents for more than eight years. In terms of rehabilitating our mining environment, Sishen reshaped 26 hectares (ha) and seeded 17.5 ha of land, while Kolomela has reshaped 13.1 ha of land, with seeding scheduled for the second half of the year.

We continue to work towards the Global Industry Standard for Tailings Management disclosure by 5 August 2023. Our tailings facilities are continually monitored and no significant events

have been recorded to date since the inception of the tailings facilities.

Supporting our communities

In transitioning to a cleaner, greener, more sustainable future, we must be cognisant of existing societal challenges and ensure that communities who are dependent on carbon-intensive industries for their livelihoods are not left behind.

Our Sustainable Mining Plan targets the creation of five jobs off-site for every on-site job by 2030. In the first half, 890 jobs were supported and 81% of our workforce were employed from local communities. Total Black Economic Empowerment supplier spend was R7.9 billion (H1 2022: R5.0 billion), including R2.8 billion (H1 2022: R2.1 billion) procured from local host community businesses, while we invested R92.2 million (H1 2022: R73.7 million) in local social development projects, supporting initiatives such as healthcare facilities and capacity building programmes for healthcare professionals. We have onboarded 312 eligible host community suppliers and during loadshedding local municipalities were supported with generators to supply back-up power.

In education, we aim to have more than 80% of selected schools in host communities performing within either the top 20% or most improved state schools nationally by 2030. First phase achievements include the average mathematics pass rate improving from 74% in 2021, to 81% in 2022 and increased ICT (information, communication, and technology) post-matriculant programme participation. The second phase, launched in the first quarter of 2023, added 20 schools and 20 early childhood development centres. We are also investing in

library construction and supporting learners with various bursary schemes and development programmes.

Our collaborative regional development approach supports the creation of initiatives aimed at delivering socio-economic change on a regional scale, with a set of partners connected through a common purpose of improving lives, with a specific focus on empowering disadvantaged youth and women. The Northern Cape Community and School Wi-Fi Connectivity programme has initiated a pilot project to enable Wi-Fi connectivity at schools identified by Impact Catalyst partners and eight schools have already been connected.

Market overview

The Platts 62 IODEX cost and freight (CFR) China index averaged US\$118 per dry metric tonnes (dmt) in the first half of the year, a decline of 15% compared to the first half of 2022. This was driven by China's slow economic growth and persistent weakness in the property sector. China's property sector is undergoing deleveraging amid policy support as new housing starts fell 24% while completions rose 19% during the first six months of the year. Meanwhile, industrial activities were below expectations as the Manufacturing purchasing manager's index fell into the contraction territory from April. Soft end-user demand and uncertainty in the economic outlook resulted in lower steel prices curbing mill margins which were either negative or near breakeven levels for most of the first half of 2023. The market expects tangible fiscal support measures to be rolled out in the second half to lift property related consumption, albeit there is reduced room to manoeuvre given high levels of public sector debt.

The key iron ore markets outside of China witnessed a 5% year-on-year contraction in steel output, decreasing to 821 Mtpa with Europe and other regions (Japan, South Korea, and Taiwan) down 10% and 4%, respectively over the January to May period. The deterioration in many leading economic indicators and tighter monetary policy suggest that the Eurozone economy could weaken further in the coming months. Inflation, however, has started to trend lower in the region but upside risks remain.

On the supply side, global iron ore exports have been seasonally strong in the first half of the year on the back of a weak first half 2022, led by Brazil and an increase in price-sensitive supply from the non-traditional basins. Brazilian shipments rose 10% year-on-year to 342 Mtpa while the Australian exports increased only slightly by 1% to 923 Mtpa. Non-traditional supply into China is estimated to have risen by 40% year-on-year to 165 Mtpa led primarily by India, Peru, Sierra Leone, and others. The conflict in Ukraine has drastically lowered iron ore shipments in the seaborne market since 2022, and the volumes have yet to come back to pre-war levels. In the first six months of 2023, Ukraine's iron ore exports fell 53% to 16 Mtpa.

The Platts 65-62 differential averaged US\$14/dmt in the first half of the year, compared to US\$25/dmt in the first half of 2022. While lump premium averaged US\$0.1271/dmtu, down from US\$0.3033/dmtu in the first half of 2022. High-grade premiums and lump premiums declined in line with further steel mill losses and mills focusing on cost reduction rather than productivity.

Longer term, structural factors relating to decarbonisation and the adoption of scope 3 carbon reduction interventions by steel manufacturers will further support demand for Kumba's high quality iron ore products. Kumba's sales to regions outside of China accounted for 46% of total sales, relative to our medium-to-long-term target range of 45% to 55%.

Operational performance

Total waste stripping increased by 16% to 111.2 Mt (H1 2022: 95.5 Mt), driven by a strong recovery at Kolomela compared to the first half of 2022 which was hampered by operational challenges. Waste stripping at Kolomela increased by 54% to 30.7Mt (H1 2022: 19.9 Mt) and at Sishen by 6% to 80.5 Mt (H1 2022: 75.6 Mt).

Kolomela's mining performance demonstrates the effectiveness of the implementation of the rain readiness plan and a focus on rebuilding key mining buffers. Sishen's performance continues to be stable and we have seen improved productivity at both mines. Our heavy mining equipment (HME) (primary trucks) improvement plan focuses on addressing both reliability and utilisation of our fleet.

Mining summary (unreviewed)

Million tonnes	Six months ended		
	June 2023	June 2022	% change
Total tonnes mined	140.8	119.8	18
Sishen	104.7	94.6	11
Kolomela	36.1	25.2	43
Total waste stripping	111.2	95.5	16
Sishen	80.5	75.6	6
Kolomela	30.7	19.9	54

Total production volumes increased by 6% to 18.8 Mt (H1 2022: 17.8 Mt) driven by Kolomela's production increasing by 22% to 6.0 Mt (H1 2022: 4.9 Mt). Sishen's production was broadly flat at 12.8 Mt (H1 2022: 12.9 Mt) owing to a decrease in the second quarter due to a build-up of finished stock at the mine, resulting from Transnet's rail challenges.

Overall, the benefit of improved ore feedstock availability provides more flexibility and enhances production efficiency. We are confident of achieving incremental improvements as demonstrated by Kumba's higher overall average product Fe quality of 63.3% in the second quarter compared to the 63.1% Fe achieved in the first quarter.

Production summary (unreviewed)¹

Million tonnes	Six months ended		
	June 2023	June 2022	% change
Total	18.8	17.8	6
Lump	12.2	11.6	5
Fines	6.6	6.2	6
Mine production	18.8	17.8	6
Sishen	12.8	12.9	(1)
Kolomela	6.0	4.9	22

¹ Volumes, excluding waste stripping, are reported as wet metric tonnes. Product is shipped with approximately 1.6% moisture.

Sales and logistics

Ore railed to port decreased by 3% to 18.4 Mt (H1 2022: 19.0 Mt) with collaborative work between the Ore User's Forum (OUF) and Transnet on the maintenance of the Iron Ore Export Channel (IOEC) and the locust spraying programme, partially mitigating some of the challenges. This was more than offset by derailments resulting in the line being closed for seven days, which coincided with incidents of

cable theft in June 2023. Security has been put in place with drones monitoring the IOEC line in the short-term and we are working on a longer-term security solution with Transnet.

Due to the rail constraints, total finished stock levels remained high at 7.9 Mt (31 December 2022: 7.8 Mt) with the majority of the stock at the mines, while low levels of finished stock at Saldanha Bay Port resulted in sales decreasing by 4% to 18.9 Mt (H1 2022: 19.7 Mt). Pleasingly,

the impact of Eskom load curtailment at Saldanha Bay Port in the first quarter was mitigated by an agreement with Eskom and Transnet that the OUF will absorb the Saldanha Port load curtailment to ensure uninterrupted energy supply to the Port.

The National Logistics Crisis Committee (NLCC) which is jointly supported by government and business, has been formed to urgently pursue interventions to address the rail, port and road

crises currently undermining 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 in the presidency which is a clear recognition of the extent to which Transnet is hampering exports and that deep collaboration and private sector partnerships are required to solve these challenges.

Sales summary (unreviewed)¹

Million tonnes	Six months ended		
	June 2023	June 2022	% change
Total	18.9	19.7	(4)
Export sales	18.9	19.7	(4)

¹ Volumes, excluding waste stripping, are reported as wet metric tonnes. Product is shipped with approximately 1.6% moisture.

With markets outside of China, particularly in Europe, continuing to experience challenging economic conditions and low steel demand, Kumba's sales to these markets accounted for 46% of total sales, relative to our medium-to-long-term target of 45% to 55%. In comparison, China's share of export sales increased to 54% (H1 2022: 47%). Our average lump to fine ratio was 67:33 (H1 2022: 66:34), and our Fe quality was 63.3% (H1 2022: 64.0% Fe).

Sales to the traditional markets outside of China are predominantly on a FOB and contract of affreightment basis. In line with a lower proportion of sales to these traditional markets, sales on a CFR basis decreased to 59% (H1 2022: 62%), with contractual sales remaining at 87% of total export sales volumes.

Financial results

Kumba delivered a solid financial performance in the first half. Despite lower iron ore market prices and rail constraints impacting sales, we achieved an EBITDA of R19.8 billion and EBITDA margin of 52%. These results were also supported by a weaker exchange rate and improved operating expenditure.

The EBITDA margin was underpinned by an average realised FOB export price of US\$106/wmt (H1 2022: US\$136/wmt) compared to the average benchmark price of US\$102/wmt (H1 2022: US\$118/wmt) as our high-quality products attracted a total premium of US\$4/tonne. This demonstrates the benefit of our high-grade Fe content averaging 63.3% and our high lump ratio of 67.0%.

Sishen's unit cost of R543/dmt reflects higher mining and production costs, while Kolomela's unit cost of R447/dmt benefited from an increase in production volumes and cost optimisation which more than offset cost inflation. The C1 unit cost improved to US\$39/wmt and includes the benefit of an 18% weaker exchange rate of R18.21/US\$1. We continued to focus on cost savings initiatives to mitigate higher input costs and ongoing geological inflation. These initiatives included improved operational efficiency, optimising our mine plan and a reduction in our cost base, which resulted in cost savings of ~R900 million.

As a consequence of the rail constraints, Kolomela's production is expected to be restricted by full stock beds in the second half. Given this, Kolomela's unit cost guidance has been maintained at R510–R540/tonne. Sishen's unit cost guidance was also unchanged at R540 – R570/tonne. Our C1 unit cost guidance has been updated to US\$43/wmt to reflect the benefit of currency weakness.

Our work as part of our Refreshed strategy has identified further cost optimisation opportunities in terms of improving operational efficiencies and our sourcing model, as well as further optimisation of our mine plan focusing on value over volume. Further work is underway to determine the cost reduction opportunities and an update will be provided later in the year.

Disciplined capital management remains a priority. Cash generated from operations of R17.5 billion and capital expenditure of R4.4 billion has enabled us to maintain our flexible balance sheet and enhance our liquidity position. Attributable free cashflow of R7.9 billion with a net cash position of R13.8 billion (H1 2022: R17.6 billion) and return on capital employed of 77% supports the Board's decision to declare an interim cash dividend of R22.60 per share to our shareholders.

Revenue

Lower realised prices and sales volumes, partially offset by an 18% weaker Rand/US\$ exchange rate of R18.21/US\$1 (H1 2022: R15.40/US\$1), resulted in total revenue decreasing by 11% to R38.3 billion (H1 2022: R43.0 billion).

Kumba achieved an average realised FOB export price of US\$106/wmt (H1 2022: US\$136/wmt) compared to the average Platts 62 FOB export price of US\$102/wmt. The FOB price is net of freight costs of US\$14/tonne (H1 2022: US\$20/tonne). The US\$4/tonne premium (H1 2022: US\$18/tonne) benefit is comprised of a lump premium of US\$5/tonne, Fe premium of US\$3/tonne is partially offset by a US\$1/tonne marketing premium combined with the timing effects due to the impact of provisionally priced sales volumes as iron ore prices decreased in the second quarter of the year.

Total sales volumes decreased by 4% to 18.9 Mt (H1 2022: 19.7 Mt) on the back of logistical constraints. Shipping revenue decreased by R0.7 billion due to 2.1 Mt lower CFR volumes and lower freight rates, partly offset by a weaker local currency.

Operating expenses

Operating expenses, excluding mineral royalties, decreased by 3% to R19.9 billion (H1 2022: R20.5 billion). This is largely driven by the following:

- 7% increase in transportation and selling costs to R3.8 billion, as a result of higher Transnet tariffs offset by lower logistics volumes and demurrage costs.
- 30% lower capitalisation of deferred stripping costs, due to mining in lower strip ratio areas;
- 31% increase in repairs and maintenance to R2.2 billion to improve HME reliability as part of our focus on operational stability; and
- 25% increase in raw material and consumable costs to R1.5 billion, mainly due to a 37% year-on-year increase in tyre prices.

This was more than offset by favourable net inventory movements and a 20% decrease in freight costs due to lower shipping volumes and freight rates.

Sishen's unit cash costs increased by 13% to R543/dmt (FY 2022: R479/dmt) on the back of higher cost escalation, and mining and production costs, partly offset by positive work-in-progress (WIP) movement and improved operational efficiency.

Kolomela's unit cash costs decreased by 9% to R447/dmt (FY 2022: R490/dmt), driven by higher mining and production volumes underpinned by a strong operational recovery and improved efficiencies. These cost benefits were partially offset by an increase in cost inflation, and deferred stripping and work-in-progress movements.

In the second half of the year, Kolomela's production is planned to decrease due to full mine stock levels, and as a result the unit cost guidance has been maintained at R510 – R540/dmt. Sishen's unit cost guidance is also unchanged at R540 – R570/tonne. Our value over volume strategy will focus on mining in lower strip ratio areas and reducing the cost of mining.

EBITDA

EBITDA decreased by 14% to R19.8 billion (H1 2022: R23.1 billion). This was driven by lower market prices and price premia for our products, partially offset by an 18% weaker currency, lower operating expenses and mineral royalties.

Our margins remain strong with an EBITDA margin of 52% (H1 2022: 54%) and a mining operating margin of 46% (H1 2022: 48%), excluding a net freight loss realised on shipping operations.

Kumba's break-even price of US\$65/tonne improved relative to the US\$68/tonne price for the full year 2022, due to a decrease of US\$3/tonne in operating expenses, US\$3/tonne in SIB capex, US\$2/tonne from a weaker Rand and US\$4/tonne lower freight costs. This was partially offset by a lower price and lump premium of US\$5/tonne and US\$4/tonne, respectively.

Cash flow and statement of financial position

Kumba ended the period with a net cash position of R13.8 billion (H1 2022: R17.6 billion). Cash flow generated from operations of R17.5 billion (H1 2022: R23.5 billion) was driven by EBITDA of R19.8 billion (H1 2022: R23.1 billion), partially offset by an increase in working capital, mainly driven by the increase in inventories.

Capital expenditure of R4.4 billion comprised R2.0 billion of SIB spend, R0.8 billion in deferred stripping, and R1.6 billion on the expansion capital expenditure programme. The decrease in capital creditors of R0.6 billion (H1 2022: R1.9 billion) relates to capital expenditure incurred during the year but not yet paid at the reporting date, net of prior year expenditure paid. The H1 2023 cash capital expenditure net of capital creditors was R5.0 billion (H1 2022: R5.5 billion). Our Stay-in-business (SIB) expenditure was largely on heavy mining equipment, plant reliability and environmental infrastructure upgrades. The deferred stripping capital expenditure was mainly driven by higher strip ratios at the relevant sections at both mines relative to the life-of-mine strip ratios. Our expansion capital expenditure supports the progression of our Kapstevél South project which is 74% complete and the detailed design work on our UHMS technology project that is currently under review.

We paid total income tax of R2.6 billion (H1 2022: R5.1 billion) and mineral royalties of R0.7 billion (H1 2022: R1.8 billion) for the period and delivered shareholder value with cash dividends paid of R6.9 billion (H1 2022: R12.9 billion).

Our liquidity position at 30 June 2023 consisted of R13.8 billion of net cash resources and R16.0 billion of committed revolving credit facilities, that mature in 2024. The covenants are balance sheet-linked and recognise the cyclical nature of our business, offering improved access to the facilities through the cycle.

We are committed to maintaining capital discipline and ensuring that our balance sheet is efficient and flexible with adequate liquidity headroom.

Ore Reserves and Mineral Resources

There were no material changes to the ore reserves and mineral resources as disclosed in the 2022 Ore Reserve (and Saleable Product) and Mineral Resource Report available at <https://www.angloamericankumba.com/investors/annual-reporting/reports-archive/2022>.

Events after the reporting period

There were no other significant events that occurred from 30 June 2023 to the date of this report, not otherwise dealt with in this report. For further information, please refer to note 15 of the reviewed condensed consolidated financial statements.

Corporate governance

The group subscribes to the Code of Good Corporate Practices and Conduct and complies with the recommendations of the King IV™* Report. The Board charter is aligned with the provisions of all relevant statutory and regulatory requirements including among others, King IV™.

Full disclosure of the group's compliance is contained in the 2022 integrated report.

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Changes in board and management Board

- Mr Aman Jeawon was appointed as a member of the Strategy and Investment Committee with effect from 19 May 2023
- Mr Duncan Wanblad resigned as a non-executive director with effect from 30 May 2023 and ceased to be a member of the Social, Ethics and Transformation Committee and the Strategy and Investment Committee
- Mrs Sarah Kuijlaars was appointed as a non-executive director and as a member of the Social, Ethics and Transformation Committee and the Strategy and Investment Committee with effect from 31 May 2023
- Mrs Mary Bomela was appointed as Lead Independent Non-Executive Director with effect from 1 July 2023

Management

- Mr Gerrie Nortje was appointed Chief Transformation Officer and joined the Executive Committee with effect from 1 July 2023

Outlook and guidance

In the remaining six months of the year, we will continue to focus on delivering our full year 2023 guidance as we transition to our Refreshed strategy. On 20 July 2023, we announced in our production and sale report for the six months ended at 30 June 2023, that we have revised our full year guidance on waste, sales, C1 unit cost and capital guidance.

Market outlook

Market volatility is expected to continue. Iron ore prices have been underpinned by China's economic stimulus measures as well as inventory levels at mills being at a five year low as mills keep the cost of holding stock to a minimum.

The seasonal element of sintering cuts increasing in the fourth quarter should provide further support and as China shifts increasingly to blast furnace and DRI steel production to improve air quality, we anticipate higher lump and Fe premia in the medium to long term.

Our focus on premium products therefore continues to benefit us and the carbon emission reduction properties of our high-quality iron ore products promise to make Kumba's product an important component of green steel in a decarbonised future.

Operational outlook

We will continue to focus on HME reliability, plant stability, product quality and efficiency improvements at Sishen and Kolomela as part of improving operational stability.

Our production guidance for the full year 2023 has been maintained at between 35 Mt and 37 Mt. With rail performance deteriorating, resulting in sales decreasing by 4% for the first half and more recently 8% in the second quarter, we have revised our sales guidance to 36 – 38 Mt for the full year (previously 37 – 39 Mt).

The Kapstevel South project at Kolomela is 74% complete in terms of scope, with first ore scheduled for delivery in the first half of 2024. However, given the rail challenges experienced to date in 2023, we have revised the phasing of a portion of the waste stripping at Kapstevel South, resulting in Kolomela's waste guidance reducing from 60 – 70 Mt to 45 – 55 Mt and the total waste

guidance being revised down to 195 – 225 Mt (previously 210 – 240 Mt).

Our UHDMS project is currently under review and an update will be provided at the end of the year. We are confident that the UHDMS technology represents a significant value creation opportunity for Kumba and will play an essential role in the transition to a low carbon future. The value of the UHDMS technology includes the ability to lower the cut-off grade, increase product quality and extend the life-of-asset at Sishen.

Financial outlook

Our cost and capital optimisation focus will continue as part of the Refreshed strategy to ensure that we remain competitive. We are reviewing our cost base and the first phase of our refreshed cost optimisation programme aims to unlock further savings through our sourcing model, operational efficiencies and management of consumables such as fuel, explosives, tyres and spares. The second phase will identify opportunities to optimise our mine plan and deliver further efficiency improvements.

For 2023, in line with production, our unit costs for Sishen have been maintained at between R540/dmt and R570/dmt and for Kolomela at between R510/dmt and R540/dmt. The C1 unit cost guidance has been reduced to US\$43/wmt (based on a spot rate of R18/US\$1), reflecting the benefit of a weaker exchange rate (previously R17/US\$1).

We are committed to maintaining capital discipline and ensuring that our balance sheet is efficient and flexible with adequate liquidity headroom. Our capital expenditure guidance has been revised to between R9 billion and R10 billion for 2023 (previously R11 – 12 billion),

Commentary continued

reflecting lower SIB spend due to HME procurement and deferral of non-critical projects and the re-phasing of a portion of the waste mining at Kapstevel South. The revised guidance is as follows:

- SIB spend of between R4.8 billion and R5.3 billion, largely comprising mining equipment, plant and infrastructure replacement and upgrades to improve safety, environmental sustainability and operational stability.
- Expansion capex of between R3.2 billion and R3.6 billion, includes the revised phasing of the Kapstevel South pit at Kolomela and the UHDMS project being under review for the remainder of the year.
- Deferred stripping capex of between R1.0 billion and R1.1 billion, as we mine in areas with higher stripping ratios.

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

Full year guidance (unaudited)

	2023
Total sales (Mt)^{2,3}	36 – 38
Total production (Mt)^{2,3}	35 – 37
Sishen	~26
Kolomela	~10
Waste stripping (Mt)³	190 – 220
Sishen	150 – 170
Kolomela	45 – 55
On-mine unit costs (R/tonne)	
Sishen	540 – 570
Kolomela	510 – 540
C1 unit costs (US\$/tonne)^{1,2}	43
Capital expenditure (Rbn)	9.0 – 10.0
SIB spend	4.8 – 5.3
Expansion spend	3.2 – 3.6
Deferred stripping spend	1.0 – 1.1

¹ Based on foreign exchange rate of R18/US\$ for 2023 (previously R17/US\$)

² Production, sales volumes and C1 unit costs are reported as wet metric tonnes, with a moisture content of approximately 1.6%.

³ Volumes referred to for the period are 100% of Sishen Iron Ore Company Proprietary Limited (SIOC), and attributable to Kumba's shareholders and the non-controlling interests in SIOC.

Overall, it should be noted that iron ore export prices and the Rand/US\$ exchange rate are key factors influencing Kumba's financial performance. Shareholders are advised that these forecasts have not been reviewed or reported on by our external auditors.

Mpumi Zikalala concluded: "While we delivered a solid set of results, we have our work cut out for us. My top priority is making our operational environment safer and more inclusive as we strengthen our safety leadership and culture of accountability. Having the right culture is crucial to driving the change required to achieve Zero Harm which in turn underpins operational stability as we focus on unlocking the full potential of our core and becoming more cost competitive.

"Maximising our product premium and driving an increasingly decarbonised "green steel" value chain is fundamental to positioning Kumba for a sustainable future. Few industries touch

communities as much as mining and if we succeed, everyone wins. But to do this, we need to effectively address the logistics capacity constraint challenges and develop a sustainable solution that unlocks the Northern Cape mining industry for both established and emerging miners.

"In 2023, we will continue to progress our pathway to decarbonise our business and work on our solar PV plant and collaborate with our customers to develop decarbonisation technology solutions while focusing on improving our product quality. Our Refreshed strategy is a multi-year journey and I am excited about the progress we are making and the opportunities that lie ahead as we continue to take Kumba forward into the future."

The presentation of the Company's results for the six months ended 30 June 2023 will be available on the Company's website: www.angloamericankumba.com at 07:05 CAT and the webcast will be available from 11:00 CAT on 25 July 2023.

Salient features and operating statistics

for the period ended

	Unreviewed six months 30 June 2023	Unreviewed six months 30 June 2022	Unaudited 12 months 31 December 2022
Share statistics ('000)			
Total shares in issue	322,086	322,086	322,086
Weighted average number of shares	320,989	320,903	320,897
Diluted weighted average number of shares	321,596	321,697	321,644
Treasury shares	1,075	1,156	1,169
Market information			
Closing share price (Rand)	443	526	492
Market capitalisation (Rand million)	142,684	169,417	158,466
Market capitalisation (US\$ million)	7,569	10,343	9,355
Net asset value attributable to owners of Kumba (Rand per share)	143.93	144.60	127.44
Capital expenditure (Rand million)¹			
Capital expenditure paid	4,999	5,515	11,084
Contracted	3,751	4,275	4,188
Authorised but not contracted	3,621	7,961	4,771
Commitments from shipping services (Rand million)¹	3,125	3,108	3,229
Operating commitments (Rand million)¹	286	557	420
Economic information			
Average Rand/US Dollar exchange rate (ZAR/US\$)	18.21	15.40	16.37
Closing Rand/US Dollar exchange rate (ZAR/US\$)	18.85	16.38	16.94
Sishen mine free-on-rail (FOR) unit cost			
Unit cost (Rand/dmt)	678.77	616.40	595.50
Cash cost (Rand/dmt)	543.00	480.68	479.27
Unit cost (US\$/dmt)	37.27	40.02	36.39
Cash cost (US\$/dmt)	29.82	31.21	29.28
Kolomela mine FOR unit cost			
Unit cost (Rand/dmt)	627.33	637.22	643.18
Cash cost (Rand/dmt)	446.71	475.02	489.60
Unit cost (US\$/dmt)	34.45	41.37	39.30
Cash cost (US\$/dmt)	24.53	30.84	29.92

¹ Amounts have been extracted from reviewed information (the 31 December 2022 amounts have been extracted from audited information).

Condensed consolidated statement of financial position

as at

Rand million	Notes	Reviewed six months 30 June 2023	Reviewed six months 30 June 2022	Audited 12 months 31 December 2022
ASSETS				
Property, plant and equipment	5	45,210	44,387	43,029
Right-of-use assets		201	315	267
Biological assets		51	32	34
Investments held by environmental trust		838	753	796
Investment in associate and joint ventures		50	50	50
Long-term prepayments and other receivables		352	165	365
Inventories	6	7,887	5,510	7,245
Deferred tax assets		1	—	1
Non-current assets		54,590	51,212	51,787
Inventories	6	10,857	6,921	8,529
Trade and other receivables		6,579	7,409	5,190
Current tax asset		—	609	729
Cash and cash equivalents	7	14,726	17,916	16,424
Current assets		32,162	32,855	30,872
Total assets		86,752	84,067	82,659
EQUITY				
Shareholders' equity	9	46,358	46,574	41,046
Non-controlling interests		14,451	14,458	12,771
Total equity		60,809	61,032	53,817
LIABILITIES				
Lease liabilities		120	184	157
Provisions	4	2,821	2,730	2,700
Deferred tax liabilities		11,489	10,833	10,529
Non-current liabilities		14,430	13,747	13,386
Lease liabilities		121	156	147
Interest-bearing borrowings	8	725	—	6,791
Provisions	4	366	196	145
Trade and other payables		9,315	8,369	8,005
Contract liabilities		268	430	199
Current tax liabilities		718	137	169
Current liabilities		11,513	9,288	15,456
Total liabilities		25,943	23,035	28,842
Total equity and liabilities		86,752	84,067	82,659

Condensed consolidated statement of profit or loss

for the period ended

Rand million	Notes	Reviewed six months 30 June 2023	Reviewed six months 30 June 2022	Audited 12 months 31 December 2022
Revenue	10	38,279	42,977	74,032
Operating expenses	11	(20,721)	(22,292)	(41,668)
Impairment charge		—	—	(5,411)
Expected credit losses on financial assets		(27)	(104)	(73)
Operating profit		17,531	20,581	26,880
Finance income		292	162	377
Finance costs		(365)	(153)	(485)
Profit before taxation		17,458	20,590	26,772
Taxation	12	(4,790)	(5,437)	(7,117)
Profit for the period		12,668	15,153	19,655
Attributable to:				
Owners of Kumba		9,642	11,554	14,968
Non-controlling interests		3,026	3,599	4,687
		12,668	15,153	19,655
Earnings per share attributable to the ordinary equity holders of Kumba (Rand per share)				
Basic		30.04	36.00	46.64
Diluted		29.98	35.92	46.54

Condensed consolidated statement of other comprehensive income

for the period ended

	Reviewed six months 30 June 2023	Reviewed six months 30 June 2022	Audited 12 months 31 December 2022
Rand million			
Profit for the period	12,668	15,153	19,655
Other comprehensive income for the period	1,219	307	713
Exchange differences on translation of foreign operations ¹	1,219	307	713
Total comprehensive income for the period	13,887	15,460	20,368
Attributable to:			
Owners of Kumba	10,572	11,788	15,512
Non-controlling interests	3,315	3,672	4,856
	13,887	15,460	20,368

¹ There is no tax attributable to items included in other comprehensive income and all items will be subsequently reclassified to profit or loss.

Condensed consolidated statement of changes in equity

for the period ended

Rand million	Note	Reviewed six months 30 June 2023	Reviewed six months 30 June 2022	Audited 12 months 31 December 2022
Total equity at the beginning of the period		53,817	58,458	58,458
Changes in share capital and premium				
Treasury shares issued to employees under employee share incentive schemes		121	71	171
Purchase of treasury shares		(91)	(128)	(232)
Changes in reserves				
Equity-settled share-based payments		79	112	216
Vesting of shares under employee share incentive schemes		(122)	(64)	(171)
Total comprehensive income for the period		10,572	11,788	15,512
Dividends paid		(5,250)	(9,824)	(19,067)
Changes in non-controlling interests				
Total comprehensive income for the period		3,315	3,672	4,856
Dividends paid		(1,632)	(3,053)	(5,926)
Total equity at the end of the period		60,809	61,032	53,817
Comprising:				
Share capital and premium (net of treasury shares)	9	(221)	(247)	(251)
Share capital		3	3	3
Share premium		364	364	364
Treasury shares		(588)	(614)	(618)
Equity-settled share-based payment reserve		342	349	355
Foreign currency translation reserve		3,262	2,023	2,333
Retained earnings		42,975	44,449	38,609
Shareholders' equity		46,358	46,574	41,046
Non-controlling interests		14,451	14,458	12,771
Total equity at the end of the period		60,809	61,032	53,817
Dividend declared (Rand per share)				
Interim ¹		22.60	28.70	28.70
Final		n/a	n/a	16.30
Total		22.60	28.70	45.00

¹ The interim dividend was declared after 30 June 2023 and has not been recognised as a liability in this interim financial report. It will be recognised in shareholders' equity for the year ending 31 December 2023. Refer to note 19.

Condensed consolidated statement of cash flows

for the period ended

Rand million	Note	Reviewed six months 30 June 2023	Reviewed six months 30 June 2022	Audited 12 months 31 December 2022
Cash receipts from customers		36,890	42,935	76,650
Cash paid to suppliers and employees		(19,360)	(19,479)	(41,815)
Cash generated from operations		17,530	23,456	34,835
Finance income received		292	162	413
Finance costs paid		(419)	(111)	(325)
Taxation paid		(2,569)	(5,064)	(7,132)
Cash flows from operating activities		14,834	18,443	27,791
Additions to property, plant and equipment		(4,999)	(5,515)	(11,084)
Proceeds from disposal of property, plant and equipment		4	22	23
Cash flows utilised in investing activities		(4,995)	(5,493)	(11,061)
Purchase of treasury shares		(91)	(128)	(232)
Dividends paid to owners of Kumba		(5,250)	(9,824)	(19,067)
Dividends paid to non-controlling shareholders		(1,632)	(3,053)	(5,926)
Interest-bearing borrowings raised		725	—	6,716
Interest-bearing borrowings repaid		(6,716)	—	—
Lease payments		(76)	(87)	(158)
Cash flows utilised in financing activities		(13,040)	(13,092)	(18,667)
Net decrease in cash and cash equivalents		(3,201)	(142)	(1,937)
Cash and cash equivalents at the beginning of the period		16,424	17,925	17,925
Foreign currency exchange gains on cash and cash equivalents		1,503	133	436
Cash and cash equivalents at the end of the period	7	14,726	17,916	16,424

Headline earnings

for the period ended

	Reviewed six months 30 June 2023	Reviewed six months 30 June 2022	Audited 12 months 31 December 2022
Rand million			
Reconciliation of headline earnings			
Profit attributable to owners of Kumba	9,642	11,554	14,968
Impairment charge	—	—	5,411
Net loss on disposal and scrapping of property, plant and equipment	1	75	74
	9,643	11,629	20,453
Taxation effect of adjustments	—	(21)	(1,470)
Non-controlling interests in adjustments	—	(13)	(952)
Headline earnings	9,643	11,595	18,031
Headline earnings (Rand per share)			
Basic	30.04	36.13	56.19
Diluted	29.98	36.04	56.06
The calculation of basic and diluted earnings and headline earnings per share is based on the weighted average number of ordinary shares in issue as follows:			
Weighted average number of ordinary shares	320,988,862	320,903,041	320,896,643
Diluted weighted average number of ordinary shares	321,595,669	321,696,885	321,643,757

The dilution adjustment of 606,807 shares at 30 June 2023 (30 June 2022: 793,844 and 31 December 2022: 747,114) is as a result of the share options granted under the various employee share incentive schemes.

Notes to the reviewed condensed consolidated financial statements

for the six months ended 30 June 2023

1. Corporate information

Kumba Iron Ore Limited (Kumba) is a limited liability company incorporated and domiciled in South Africa. The main business of Kumba, its subsidiaries, joint ventures and associates (the group) is the exploration, extraction, beneficiation, marketing, sale and shipping of iron ore. The group is listed on the Johannesburg Stock Exchange (JSE) Limited.

The condensed consolidated interim financial statements of Kumba and its subsidiaries for the six months ended 30 June 2023 were authorised for issue in accordance with a resolution of the directors on 24 July 2023.

2. Basis of preparation

The condensed consolidated interim financial statements have been prepared under the supervision of BA Mazarura CA(SA), Chief Financial Officer, in accordance with the requirements of IAS 34 *Interim Financial Reporting*, the South African Companies Act No 71 of 2008 (as amended), the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by Financial Reporting Standards Council and in compliance with the Listings Requirements of the JSE for interim reports.

The condensed consolidated interim financial statements have been prepared in accordance with the historical cost convention except for certain financial instruments, share-based payments, and biological assets which are stated at fair value, and are presented in Rand, which is Kumba's functional and presentation currency. All financial information presented in Rand has been rounded off to the nearest million.

2.1. Going concern

The financial position of the group, its cash flows, liquidity position and borrowing facilities are set out in the group's condensed consolidated interim results for the six months ended 30 June 2023. The group's liquidity position of R29.8 billion at 30 June 2023, which represents its ability to settle its liabilities, remained strong. The liquidity position is calculated as the net cash available, being cash equivalents and committed facilities, less interest-bearing borrowings and lease liabilities. The group ended the period in a cash position of R14.7 billion (30 June 2022: R17.9 billion and 31 December 2022: R16.4 billion). Further analysis of the cash position and details of facilities are set out in note 7.

The Board has considered the group's cash flow forecasts for the period to the end of 31 December 2024 under base case and downside scenarios, with consideration given to the uncertainty of the impact of the Transnet rail constraints and the conflict in Ukraine on both the wider macroeconomic environment and the group's operations. In the scenarios modelled, the group maintains sufficient liquidity throughout the period of assessment without the introduction of further mitigating actions.

Notes to the reviewed condensed consolidated financial statements continued

for the six months ended 30 June 2023

2. Basis of preparation continued

2.1. Going concern continued

The Board is satisfied that the group's forecasts and projections, taking into account reasonable possible changes in trading performance, indicate that the group's liquidity position is sufficient to sustain its operations for the foreseeable future. Furthermore, the group's current debt facilities are available for use in the foreseeable future. For this reason, the group continues to adopt the going concern basis in the preparation of its financial statements, including these condensed consolidated interim financial statements.

2.2. Accounting judgements, estimates and assumptions

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty are consistent with those applied to the consolidated financial statements for the year ended 31 December 2022, except as disclosed in note 4.

2.3. The impact of the Transnet rail constraints and the conflict in Ukraine

The group has considered the impact of the Transnet rail constraints and the conflict in Ukraine on each of its significant accounting judgements and estimates. The group's principal source of estimation uncertainty continues to be in relation to assumptions used for the assessment of impairment of non-current assets where indicators of impairment are identified. No further significant estimates have been identified as a result of the rail constraints and the conflict in Ukraine, although these factors have increased the level of uncertainty inherent in all future cash flow forecasts.

The iron ore price and Rand/US\$ exchange rate assumptions used to forecast future cash flows for impairment assessment purposes have been updated to consider both the short-term observable impact of the rail constraints and the conflict in Ukraine and the forecast medium and longer-term impact on the world economy and commodity prices. These macroeconomic factors did not result in an impairment indicator or reversal of impairment.

3. Accounting policies

The accounting policies and methods of computation applied in the preparation of these condensed consolidated interim financial statements are in terms of International Financial Reporting Standards (IFRS) and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

3.1 New standards effective for annual periods beginning on or after 1 January 2023

No new standards, amendments to published standards and interpretations which became effective for the year commencing on 1 January 2023 had an impact on the group's accounting policies.

3.2 New standards, amendments to existing standards and interpretations not yet effective

The group did not early adopt any new, revised or amended accounting standards or interpretations. These accounting standards, amendments to issued accounting standards and interpretations are not expected to have a material impact on the group's financial results.

4. Significant accounting estimates and assumptions

4.1 Change in estimate of environmental rehabilitation and decommissioning provisions

The measurement of the environmental rehabilitation and decommissioning provisions is a key area where management's judgement is required. Closure provisions are measured at the present value of the expected future cash flows required to perform the rehabilitation and decommissioning. This calculation requires the use of certain estimates and assumptions when determining the amount and timing of the future cash flows and the discount rate. Closure provisions are updated at each reporting period date for changes in the estimates of the amount or timing of future cash flows, inflationary changes in the expected cash flows, utilisation of prior year provisions and changes in discount rate.

The life-of-asset plan on which accounting estimates are based only include Proved and Probable Ore Reserves as disclosed in Kumba's 2022 Annual Ore Reserves and Mineral Resources Statement. The most significant changes in the provision arose from inflationary increases on costs.

Regular reviews of discount rates are conducted to ensure an appropriate measurement of the discounted amount for financial provisioning at each reporting date. At 30 June 2023, the discount rate for Sishen mine remained unchanged at 5% (30 June 2022: 4.3% and 31 December 2022: 5%) and the discount rate for Kolomela mine increased by 0.5% to 5% (30 June 2022: 3.7% and 31 December 2022: 4.5%), in real terms.

Notes to the reviewed condensed consolidated financial statements continued

for the six months ended 30 June 2023

4. Significant accounting estimates and assumptions continued

4.1 Change in estimate of environmental rehabilitation and decommissioning provisions continued

The effect of the change in estimate of the rehabilitation and decommissioning provisions is detailed below.

	Reviewed six months 30 June 2023	Reviewed six months 30 June 2022	Audited 12 months 31 December 2022
Rand million			
Increase/(decrease) in environmental rehabilitation provision	194	126	(37)
Increase/(decrease) in decommissioning provision	9	20	(13)
(Decrease)/increase in profit after tax attributable to the owners of Kumba	(101)	69	5
Rand per share			
Effect on earnings per share attributable to the owners of Kumba	(0.31)	0.22	0.02

The change in estimate of the decommissioning provision has been capitalised to the related property, plant and equipment and, as a result, had an insignificant effect on profit or earnings per share.

4.2 Fair value assessment

The assessment of fair value is principally used in accounting for impairment testing and the valuation of certain financial assets and liabilities.

The determination of assumptions used in assessing the fair value of identifiable assets and liabilities is subjective and the use of different valuation assumptions could have a significant impact on financial results. In particular, expected future cash flows, which are used in discounted cash models, are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including Ore Reserves and Mineral Resources, together with economic factors such as commodity prices, exchange rates, discount rates and estimates of production costs and future capital expenditure.

4. Significant accounting estimates and assumptions *continued*

4.2 Fair value assessment *continued*

The fair value of identifiable financial assets and liabilities that are not traded in an active market is determined by using observable market data (in the case of listed entities, market share price at period end of the respective entity) or discounted cash flow (DCF) models (and other valuation techniques) using assumptions considered to be reasonable and consistent with those that would be applied by a market participant. Where DCFs are used, the resulting fair value measurements depend, to a significant extent, on unobservable valuation inputs.

The group uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the statement of financial position date.

5. Property, plant and equipment

	Reviewed six months 30 June 2023	Reviewed six months 30 June 2022	Audited 12 months 31 December 2022
Rand million			
Capital expenditure	4,358	3,644	10,150
Comprising:			
Expansion	1,587	1,233	3,181
Stay-in-business (SIB)	1,936	1,212	4,457
Deferred stripping	835	1,199	2,512
Decrease in capital creditors ¹	641	1,871	934
Additions to property, plant and equipment per statement of cash flows	4,999	5,515	11,084
Transfers from assets under construction to property, plant and equipment	637	416	603

¹ This amount relates to capital expenditure incurred during the period which had not been paid as at the reporting date, net of any prior year capital expenditure paid during the period.

Expansion capital expenditure comprised mainly of the expenditure incurred on the Kapstevl South project, the Ultra-high Density Media Separation (UHDMS) project and on the P101 efficiency programme. SIB capital expenditure represents spend on capital spares, mining fleet replacement, plant and infrastructure upgrades to sustain our business.

Notes to the reviewed condensed consolidated financial statements continued

for the six months ended 30 June 2023

5. Property, plant and equipment continued

Impairment of assets

Kumba produces iron ore at Sishen and Kolomela mines in the Northern Cape province, each of which is a separate cash generating unit (CGU) as they are capable of generating independent cash inflows. At 31 December 2022, revisions to the forecast production volume profile and cost increases in the latest life-of-asset plan for the Kolomela CGU were identified as an indicator of potential impairment and an impairment charge of R5.4 billion (pre-tax) was recorded.

In the six months ended 30 June 2023, no triggers for potential impairment or impairment reversal have been identified and, as a result, no additional impairment loss or reversal of previous impairment was recognised for the period ended 30 June 2023. Further information, including sensitivity information, is disclosed in the annual financial statements for the year ended 31 December 2022.

6. Inventory

	Reviewed six months 30 June 2023	Reviewed six months 30 June 2022	Audited 12 months 31 December 2022
Rand million			
Finished product	3,967	2,293	3,943
Work in progress (WIP)	12,007	8,502	9,917
Plant spares and stores	2,770	1,636	1,914
Total inventories	18,744	12,431	15,774
Non-current portion of WIP inventories	7,887	5,510	7,245
Total current inventories	10,857	6,921	8,529
Total inventories	18,744	12,431	15,774

During the period, the provision for slow-moving plant spares and stores decreased to R283 million (30 June 2022: R344 million and 31 December 2022: R302 million). The net decrease in the provision of R19 million (30 June 2022: R227 million (write-down) and 31 December 2022: R185 million (write-down)) has been recognised in the statement of profit or loss (refer to note 11). The provision for potentially non-recoverable WIP inventory remained unchanged at R979 million (30 June 2022: R979 million and 31 December 2022: R979 million).

No inventories were encumbered during the period.

WIP inventory which will not be processed within the next 12 months is presented as non-current.

7. Cash and cash equivalents

	Reviewed six months 30 June 2023	Reviewed six months 30 June 2022	Audited 12 months 31 December 2022
Rand million			
Cash and cash equivalents	14,726	17,916	16,424

Included in cash and cash equivalents is an amount of R2,457 million (30 June 2022: R3,725 million and 31 December 2022: R1,737 million) held to cover initial margins under derivative contracts. On termination of the derivative contracts, the underlying positions will be closed, with an insignificant impact on the initial margin value as the variation margin is settled daily.

Short-term deposits of R11,359 million (30 June 2022: R13,353 million and 31 December 2022: R13,786 million) were placed with subsidiaries of the ultimate holding company during the period under review. The group also held deposits amounting to R398 million (30 June 2022: R373 million and 31 December 2022: R396 million) which are subject to statutory restrictions and are therefore not available for general use by the group.

8. Interest-bearing borrowings

	Reviewed six months 30 June 2023	Reviewed six months 30 June 2022	Audited 12 months 31 December 2022
Rand million			
Current interest-bearing borrowings	725	—	6,791
Balance at the end of the period	725	—	6,791
Reconciliation			
Balance at the beginning of the period	6,791	—	—
Borrowing raised during the period	725	—	6,716
Borrowing repaid during the period	(6,791)	—	—
Interest accrued	—	—	75
Balance at the end of the period	725	—	6,791

Notes to the reviewed condensed consolidated financial statements continued

for the six months ended 30 June 2023

8. Interest-bearing borrowings continued

Rand million	Maturity date	Interest rate	Facility	Outstanding balance		
				Reviewed six months	Reviewed six months	Audited 12 months
				30 June 2023	30 June 2022	31 December 2022
Unsecured loans						
Revolving syndicated facility at a variable interest rate of JIBAR plus a margin which varies based on the period of the borrowing (committed) ^{1, 2}	December 2024	JIBAR +185bps	8,000	—	—	750
Revolving syndicated facility at a variable interest rate of JIBAR plus a margin which varies based on the period of the borrowing (committed) ^{2, 5}	December 2024	JIBAR +185bps	8,000	—	—	750
Call loan facility at floating call rates (uncommitted) ^{2, 6}	Open	JIBAR +185bps	8,200	725	—	5,216
Short-term working capital financing facilities ³	June 2023	LIBOR +margin ⁴	24,505	—	—	—
Total interest-bearing borrowings			48,705	725	—	6,716

¹ This facility was repaid in May 2023 and was undrawn as at 30 June 2023 (30 June 2022: Rnil and 31 December 2022: R750 million drawn). The facility is held with a related party (refer to note 14).

² The Financial Stability Board has initiated a fundamental review and reform of the major interest rate benchmarks used globally by financial market participants. This review seeks to replace existing interbank offered rates (IBORs) with alternative risk-free rates (ARRs) to improve market efficiency and mitigate systemic risk across financial markets. The South African Reserve Bank ("SARB") has indicated their intention to move away from JIBAR and to create an alternative reference rate for South Africa. The SARB has indicated their initial preference for the adoption of the South African Rand Overnight Index Average (ZARONIA) as the preferred unsecured candidate to replace JIBAR in cash and derivative instruments. ZARONIA has been published for the purposes of observing the rate and how it behaves. Accordingly, there is still uncertainty surrounding the timing and manner in which the transition would occur and how this would affect various financial instruments held by the group.

³ These facilities consist of US\$700 million (R13.2 billion) committed facilities and US\$600 million (R11.3 billion) uncommitted facilities held with a related party as disclosed in note 14. These facilities which matured on 30 June 2023 were undrawn as at the end of the period. During the period, the group concluded new facilities which became effective on 1 July 2023.

⁴ The margin varies from 45bps to 155bps depending on facility value.

⁵ This facility was repaid in May 2023 and was undrawn as at 30 June 2023 (30 June 2022: Rnil and 31 December 2022: R750 million drawn).

⁶ The outstanding balance as at 31 December 2022, was repaid in full in May 2023. At 30 June 2023, R725 million was drawn down.

8. Interest-bearing borrowings [continued](#)

The group's debt facilities consist of committed R16 billion (30 June 2022: R8 billion and 31 December 2022: R16 billion) revolving credit facility which matures in 2024. The committed facilities were undrawn at 30 June 2023 (30 June 2022: Rnil and 31 December 2022: R1.5 billion drawn). The group's debt facilities also include an uncommitted facility of R8.2 billion (30 June 2022: R8.2 billion and 31 December 2022: R8.2 billion). At 30 June 2023, R725 million of the uncommitted facilities had been drawn down (30 June 2022: Rnil and 31 December 2022: R5.2 billion drawn).

The committed revolving credit facilities of US\$700 million (R13.2 billion) and uncommitted facilities of US\$600 million (R11.3 billion) for SIOC's subsidiaries (Kumba Singapore Pte Limited and Kumba International Trading Limited), to fund their working capital requirements, matured on 30 June 2023. New committed and uncommitted revolving credit facilities of US\$1.3 billion (R24.5 billion) were concluded, effective 1 July 2023. These facilities will mature on 30 June 2024.

These credit facilities, which were placed with a subsidiary of the ultimate holding company, are reviewed on an annual basis. SIOC, the parent company, will provide guarantees in favour of the lender for amounts drawn under these facilities, up to a maximum of US\$820 million (R15.5 billion). The committed and uncommitted facilities were undrawn at 30 June 2023.

9. Share capital and share premium

Reconciliation of share capital and share premium (net of treasury shares):

	Reviewed six months 30 June 2023	Reviewed six months 30 June 2022	Audited 12 months 31 December 2022
Rand million			
Balance at the beginning of the period	(251)	(190)	(190)
Net movement in treasury shares under employee share incentive schemes	30	(57)	(61)
Purchase of treasury shares	(91)	(128)	(232)
Treasury shares issued to employees	121	71	171
Balance at the end of the period	(221)	(247)	(251)

Notes to the reviewed condensed consolidated financial statements continued

for the six months ended 30 June 2023

9. Share capital and share premium

Reconciliation of number of shares in issue:

	Reviewed six months 30 June 2023	Reviewed six months 30 June 2022	Audited 12 months 31 December 2022
Balance at the beginning and the end of the period	322,085,974	322,085,974	322,085,974
Reconciliation of treasury shares held:			
Balance at the beginning of the period	1,168,612	1,202,700	1,202,700
Shares purchased	186,771	208,873	441,924
Shares issued to employees under the Bonus Share Plan (BSP), Bonus and Retention Share Plan (BRP), Long-Term Incentive Plan (LTIP), Performance Share Plan (PSP) and the SIOC Employee Benefit Scheme ('Karolo')	(280,252)	(255,380)	(476,012)
Balance at the end of the period	1,075,131	1,156,193	1,168,612

All treasury shares are held in respect of employee share schemes and are available for utilisation for the purposes of these schemes. At 30 June 2023, all treasury shares were held as conditional share awards under the BSP, BRP, LTIP, PSP, as well as Karolo.

Total treasury shares purchased during the period (186,771 shares) were acquired by SIOC, a subsidiary of Kumba. No treasury shares reverted to 'authorised but unissued' during the period.

10. Revenue

	Reviewed six months 30 June 2023	Reviewed six months 30 June 2022	Audited 12 months 31 December 2022
Rand million			
Sale of iron ore	35,542	39,813	68,447
Services rendered – shipping	2,944	3,643	7,208
Total revenue from contracts with customers	38,486	43,456	75,655
Revenue from other sources ¹	(207)	(479)	(1,623)
Total revenue	38,279	42,977	74,032
Geographical analysis of revenue from contracts with customers:			
Domestic – South Africa	—	—	1
Export	38,486	43,456	75,654
China	21,029	18,538	31,024
Rest of Asia	6,390	10,272	20,920
Europe	10,958	14,276	23,165
Rest of Africa	109	370	545
Total revenue from contracts with customers	38,486	43,456	75,655

¹ Revenue from other sources comprises net losses on financial instruments of R254 million (30 June 2022: net loss of R597 million and 31 December 2022: net loss of R1,397 million) and subsequent movements in provisionally priced sales of R47 million (net gain) (30 June 2022: net gain of R118 million and 31 December 2022: net loss of R226 million).

Revenue from contracts with customers comprises sale of iron ore and shipping services rendered.

Notes to the reviewed condensed consolidated financial statements continued

for the six months ended 30 June 2023

10. Revenue continued

Disaggregation of revenue from contracts with customers:

Rand million	Products		Services	Total
	Sishen mine	Kolomela mine	Shipping operations	
30 June 2023				
Total segment revenue (refer to note 13)	26,565	8,770	2,944	38,279
Add: Revenue from other sources	148	59	—	207
Revenue from contracts with customers	26,713	8,829	2,944	38,486
30 June 2022				
Total segment revenue (refer to note 13)	28,068	11,266	3,643	42,977
Add: Revenue from other sources	338	141	—	479
Revenue from contracts with customers	28,406	11,407	3,643	43,456
31 December 2022				
Total segment revenue (refer to note 13)	48,913	17,911	7,208	74,032
Add: Revenue from other sources	1,156	467	—	1,623
Revenue from contracts with customers	50,069	18,378	7,208	75,655

11. Operating expenses

Operating expenses are made up as follows:

	Reviewed six months 30 June 2023	Reviewed six months 30 June 2022	Audited 12 months 31 December 2022
Rand million			
Costs by nature:			
Raw materials and consumables	1,495	1,197	2,472
Net movement in finished product and WIP inventories	(2,115)	(1,568)	(4,633)
Inventory write-down to net realisable value	(19)	227	185
Contractors' expenses	2,537	2,443	5,133
Deferred waste stripping costs ¹	(835)	(1,199)	(2,512)
Staff costs	3,139	3,050	6,529
Employee expenses	3,075	2,916	6,279
Termination benefits	1	16	18
Share-based payment expenses	63	118	232
Mineral royalty	823	1,884	1,482
Transportation and selling costs	3,822	3,585	6,668
Shipping services rendered	2,762	3,437	7,035
Sub-lease rent received	(34)	(24)	(53)
Depreciation of property, plant and equipment ²	2,289	2,496	5,020
Repairs and maintenance	2,155	1,650	3,644
Legal fees	9	13	20
Professional fees	176	147	315
Audit fees	5	5	15
Insurance costs	122	85	208
Technical services and project studies	56	91	295
Lease expenses	641	606	1,379
Other expenses ³	1,545	1,604	2,936
Petroleum products	1,859	1,776	3,923
Energy costs	317	266	587
Own work capitalised	(47)	(9)	(89)
Corporate costs	672	554	1,244
Net loss on disposal and scrapping of property, plant and equipment	1	75	74
Net finance gains	(654)	(99)	(209)
Net foreign currency gains	(624)	(142)	(210)
Net fair value (gains)/losses on financial assets held by the environmental trust and a R13 million fair value loss (30 June 2022: R2 million loss and 31 December 2022: R2 million loss) on a long-term loan receivable.	(30)	43	1
Total operating expenses	20,721	22,292	41,668

¹ This relates to stripping costs capitalised during the period. Refer to note 5.

² This includes R79 million in respect of depreciation on right-of-use assets (30 June 2022: R83 million and 31 December 2022: R167 million).

³ Other expenses include administrative expenses, hire of equipment, shuttle services and general labour.

⁴ This includes a R42 million fair value gain (30 June 2022: R41 million loss and 31 December 2022: R1 million gain) on investments held by the environmental trust and a R13 million fair value loss (30 June 2022: R2 million loss and 31 December 2022: R2 million loss) on a long-term loan receivable.

Notes to the reviewed condensed consolidated financial statements continued

for the six months ended 30 June 2023

12. Taxation

The group's effective tax rate was 27% for the period (30 June 2022: 26% and 31 December 2022: 27%).

13. Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Kumba Executive Committee.

The Kumba Executive Committee considers the business principally according to the nature of the products and services provided, with the identified segments each representing a strategic business unit. 'Other segments' comprise corporate, administration and other expenditure not allocated to the reported segments.

The total reported segment revenue comprises revenue from external customers and is measured in a manner consistent with that disclosed in the statement of profit or loss. The performance of the operating segments is assessed based on adjusted earnings before interest, tax, depreciation and amortisation (EBITDA), before taking into account any impairment charges or reversals, which is considered to be a more appropriate measure of profitability for the group's business. Finance income and finance costs are not allocated to segments as the treasury activity is managed on a central group basis.

Total segment assets comprise finished goods and WIP inventory only, which are allocated based on the operations of the segment and the physical location of the asset.

Certain costs included in the determination of adjusted EBITDA are considered to be significant and have, therefore, been reported per segment for the group as a whole. These costs include staff costs, net movement in raw materials and consumables, net movement in finished product and WIP inventories, contractors' expenses, transportation and selling costs, shipping services rendered, petroleum products, repairs and maintenance and mineral royalty. The disclosure for 30 June 2022 has been updated to include the above-mentioned items of expenses.

13. Segmental reporting *continued*

Rand million	Products ¹		Services		Other	Total
	Sishen mine	Kolomela mine	Logistics ²	Shipping operations		
Reviewed period ended 30 June 2023						
Statement of profit or loss						
Total external revenue	26,565	8,770	—	2,944	—	38,279
Adjusted EBITDA	18,228	5,586	(3,904)	182	(272)	19,820
Significant items included in statement of profit or loss:						
Depreciation	1,478	672	—	—	139	2,289
Staff costs	1,949	666	27	—	497	3,139
Raw materials and consumables	1,165	330	—	—	—	1,495
Net movement in finished product and WIP inventories	(1,737)	(378)	—	—	—	(2,115)
Contractors' expenses	1,344	839	55	—	299	2,537
Transportation and selling costs	—	—	3,822	—	—	3,822
Shipping services rendered	—	—	—	2,762	—	2,762
Petroleum products	1,558	300	—	—	1	1,859
Repairs and maintenance	1,682	468	—	—	5	2,155
Mineral royalty	576	247	—	—	—	823
Statement of financial position						
Total segment assets	10,424	5,156	394	—	—	15,974
Statement of cash flows						
Additions to property, plant and equipment:						
Expansion	1,171	450	—	—	—	1,621
SIB	1,933	610	—	—	—	2,543
Deferred stripping	456	379	—	—	—	835

¹ Derived from extraction, production and selling of iron ore.

² No revenue is reported for this segment as its performance is reviewed with reference to volumes railed and rail tariffs achieved by the mines.

Notes to the reviewed condensed consolidated financial statements continued

for the six months ended 30 June 2023

13. Segmental reporting continued

Rand million	Products ¹		Services		Other	Total
	Sishen mine	Kolomela mine	Logistics ²	Shipping operations		
Reviewed period ended 30 June 2022						
Statement of profit or loss						
Total external revenue	28,068	11,266	—	3,643	—	42,977
Adjusted EBITDA	19,572	7,915	(3,582)	206	(1,034)	23,077
Significant items included in statement of profit or loss:						
Depreciation	1,632	748	—	—	116	2,496
Staff costs	1,766	682	24	—	578	3,050
Raw materials and consumables ³	963	234	—	—	—	1,197
Net movement in finished product and WIP inventories ³	(1,280)	(288)	—	—	—	(1,568)
Contractors' expenses ³	1,286	777	62	—	318	2,443
Transportation and selling costs ³	—	—	3,585	—	—	3,585
Shipping services rendered ³	—	—	—	3,437	—	3,437
Petroleum products ³	1,466	310	—	—	—	1,776
Repairs and maintenance ³	1,238	391	—	—	21	1,650
Mineral royalty ³	1,230	654	—	—	—	1,884
Statement of financial position						
Total segment assets	6,128	4,369	298	—	—	10,795
Statement of cash flows						
Additions to property, plant and equipment:						
Expansion	1,764	350	—	—	—	2,114
SIB	1,259	943	—	—	—	2,202
Deferred stripping	738	461	—	—	—	1,199

¹ Derived from extraction, production and selling of iron ore.

² No revenue is reported for this segment as its performance is reviewed with reference to volumes railed and rail tariffs achieved by the mines.

³ The disclosure in the comparative segment report has been updated to include all other material items of expenses to provide a better understanding of material expenses that impact on the profit measure.

13. Segmental reporting *continued*

Rand million	Products ¹		Services		Other	Total
	Sishen mine	Kolomela mine	Logistics ²	Shipping operations		
Audited year ended 31 December 2022						
Statement of profit or loss						
Total external revenue	48,913	17,911	—	7,208	—	74,032
Adjusted EBITDA ³	34,456	11,952	(6,711)	173	(2,559)	37,311
Significant items included in statement of profit or loss:						
Depreciation	3,181	1,592	—	—	247	5,020
Impairment charge	—	5,411	—	—	—	5,411
Staff costs	3,577	1,314	42	—	1,596	6,529
Raw materials and consumables	1,813	659	—	—	—	2,472
Net movement in finished product and WIP inventories	(3,963)	(670)	—	—	—	(4,633)
Contractors' expenses	2,633	1,639	—	—	861	5,133
Transportation and selling costs	—	—	6,668	—	—	6,668
Shipping services rendered	—	—	—	7,035	—	7,035
Petroleum products	3,235	680	—	—	8	3,923
Repairs and maintenance	2,845	794	—	—	5	3,644
Mineral royalty	935	541	—	—	6	1,482
Statement of financial position						
Total segment assets	8,624	4,751	485	—	—	13,860
Statement of cash flows						
Additions to property, plant and equipment:						
Expansion	2,903	1,074	—	—	—	3,977
SIB	2,526	2,069	—	—	—	4,595
Deferred stripping	1,585	927	—	—	—	2,512

¹ Derived from extraction, production and selling of iron ore.

² No revenue is reported for this segment as its performance is reviewed with reference to volumes railed and rail tariffs achieved by the mines.

³ This constitutes pro forma financial information in terms of the Listings Requirements of JSE Limited and should be read in conjunction with the basis of preparation.

Notes to the reviewed condensed consolidated financial statements continued

for the six months ended 30 June 2023

13. Segmental reporting continued

Reconciliation of reportable segments' assets to inventories

Rand million	Note	Reviewed six months 30 June 2023	Reviewed six months 30 June 2022	Audited 12 months 31 December 2022
Inventories				
Finished product		3,967	2,293	3,943
WIP		12,007	8,502	9,917
Segment assets		15,974	10,795	13,860
Plant spares and stores		2,770	1,636	1,914
Balance per statement of financial position	6	18,744	12,431	15,774

All non-current assets, excluding investments in associates and joint ventures, are located in South Africa.

Geographical analysis of total external revenue

Rand million	Note	Reviewed six months 30 June 2023	Reviewed six months 30 June 2022	Audited 12 months 31 December 2022
Domestic – South Africa		—	—	1
Export		38,279	42,977	74,031
China		20,910	18,128	37,109
Rest of Asia		6,435	10,272	13,504
Europe		10,815	14,207	22,796
Rest of Africa		119	370	622
Total external revenue	10	38,279	42,977	74,032

Customer analysis

Included in the total external revenue amount, is revenue earned from each of the following customers which accounted for more than 10% of total external revenue:

Percentage	Reviewed six months 30 June 2023	Reviewed six months 30 June 2022	Audited 12 months 31 December 2022
Customer A	17	14	14
Customer B	14	10	—

13. Segmental reporting *continued*

Each of all other customers accounted for less than 10% of external revenue. The group's products are sold primarily to industrial customers.

Reconciliation of operating profit to EBITDA and adjusted EBITDA

	Reviewed six months 30 June 2023	Reviewed six months 30 June 2022	Audited 12 months 31 December 2022
Rand million			
Operating profit per statement of profit or loss	17,531	20,581	26,880
Add back: Depreciation	2,289	2,496	5,020
EBITDA	19,820	23,077	31,900
Add back: Impairment charge	—	—	5,411
Adjusted EBITDA	19,820	23,077	37,311

14. Related party transactions

During the period, the Company and its subsidiaries, in the ordinary course of business, entered into various sales and purchases of goods and services transactions with the group's associates, joint ventures, fellow subsidiaries, its holding company and Exxaro Resources Limited.

	Reviewed six months 30 June 2023	Reviewed six months 30 June 2022	Audited 12 months 31 December 2022
Rand million			
Anglo American SA Finance Limited			
Short-term deposits held with Anglo American SA Finance Limited			
– Deposit	—	6,658	—
– Weighted average interest rate (%)	8.16	4.49	5.30
Interest earned during the period	15	132	182
Interest receivable	12	46	—
Uncommitted facilities with Anglo American SA Finance Limited ⁴	8,200	8,200	8,200
Utilised portion of the uncommitted facility	725	—	5,216
Interest incurred during the period	90	—	107
Interest payable	—	—	27

Notes to the reviewed condensed consolidated financial statements continued

for the six months ended 30 June 2023

14. Related party transactions continued

Rand million	Reviewed six months 30 June 2023	Reviewed six months 30 June 2022	Audited 12 months 31 December 2022
Anglo American Capital plc¹			
Short-term deposit held with Anglo American Capital plc			
– Deposit	11,359	6,695	13,786
Interest on short-term deposits earned during the period	219	9	141
Committed debt facilities held with Anglo American Capital plc	13,195	11,466	11,858
Uncommitted debt facilities held with Anglo American Capital plc ⁴	11,310	9,828	10,164
Anglo Corporate Services (South Africa and United Kingdom)¹			
Purchase of goods and services: Corporate operations (including shared services)	479	301	774
Insurance receivable owed by Anglo Corporate Services	—	46	100
Trade and other payables owed to Anglo Corporate Services	1,212	769	1,095
Long-term receivable owed by Anglo Corporate Services	118	130	130
Anglo American Marketing Limited¹			
Cash and cash equivalents held with Anglo American Marketing Limited	2,457	3,725	1,737
Trade and other receivables owed by Anglo American Marketing Limited	1	324	195
Trade and other payables owed to Anglo American Marketing Limited	365	—	—
Revenue derived from Anglo American Marketing Limited	257	792	1,108
Purchases of goods and services from Anglo American Marketing Limited	252	171	272
Anglo American Shipping Private Limited¹			
Shipping services provided by Anglo American Shipping Private Limited	2,762	3,437	7,035
Trade and other payables owed to Anglo American Shipping Private Limited	229	126	269

14. Related party transactions *continued*

Rand million	Reviewed six months 30 June 2023	Reviewed six months 30 June 2022	Audited 12 months 31 December 2022
Anglo American Rand Capital			
Committed debt facilities held with Anglo American Rand Capital	8,000	—	8,000
Utilised portion of the committed facility	—	—	750
Interest incurred during the period	29	—	24
Interest payable	—	—	24
Anglo South Africa Proprietary Limited²			
Dividends paid to Anglo South Africa Proprietary Limited	3,660	6,848	13,293
Exxaro Resources Limited³			
Dividends paid to Exxaro Resources Limited	1,419	2,655	5,153
Purchase of goods and services	98	5	76

¹ Subsidiaries of the ultimate holding company, Anglo American plc.

² Holding company.

³ Exxaro Resources Limited is SIOC's 20.37% (30 June 2022: 20.62% and 31 December 2022: 20.37%) Black Economic Empowerment shareholder, representing Exxaro's legal shareholding in SIOC.

⁴ In the prior period (30 June 2022), uncommitted facilities of R9,828 million were incorrectly disclosed as uncommitted facilities provided by Anglo American SA Finance Limited instead of Anglo American Capital plc. The comparative period (30 June 2022) disclosure has been updated to correctly disclose the prior period uncommitted facilities for each respective related party. The correction only impacted this note and no updates were required to the remainder of the financial statements.

Notes to the reviewed condensed consolidated financial statements continued

for the six months ended 30 June 2023

15. Fair value estimation

The carrying value of financial instruments not carried at fair value approximates their fair value because of the short period to maturity or as a result of market-related variable interest rates.

The table below presents the group's financial assets and liabilities that are measured at fair value:

Rand million	Level 1 ¹	Level 2 ²	Level 3 ³
Reviewed six months – 30 June 2023			
Investments held by the environmental trust	—	838	—
Long-term other receivable	—	—	39
Equity investments at fair value through profit or loss	—	—	10
Trade receivables ⁴	—	3,504	—
	—	4,342	49
Reviewed six months – 30 June 2022			
Investments held by the environmental trust	—	753	—
Long-term other receivable	—	—	52
Equity investments at fair value through profit or loss	—	—	10
Trade receivables ⁴	—	4,284	—
	—	5,037	62
Audited 12 months – 31 December 2022			
Investments held by the environmental trust	—	796	—
Long-term other receivable	—	—	52
Equity investments at fair value through profit or loss	—	—	10
Trade receivables ⁴	—	2,486	—
	—	3,282	62

¹ Level 1 fair value measurements are derived from unadjusted quoted prices in active markets for identical assets or liabilities.

² Level 2 fair value measurements are derived from inputs other than quoted prices included within level 1 that are observable either directly or indirectly (i.e. derived from prices).

³ Level 3 fair value measurements are derived from valuation techniques where at least one input (which could have a significant effect on the instrument's valuation) is not based on observable market data. Where inputs can be observed from market data without undue cost or effort, the observed input is used. Otherwise, management determines a reasonable estimate for the input.

⁴ This includes provisionally priced receivables carried at fair value through profit and loss.

15. Fair value estimation *continued*

Trade receivables are measured at fair value using market related inputs. The measurement is therefore classified within level 2 of the fair value hierarchy. The inputs used in the model are the forward iron ore price on the inception date as well as the iron ore price on the date the fair value calculation is performed.

There were no transfers during the period ended 30 June 2023, 30 June 2022 and 31 December 2022.

The long-term other receivable relates to exploration projects. The fair value was determined using the market approach which applies available market information of sales transactions for similar recent projects. The significant unobservable inputs used in the valuation model related to the size and grade of the ore deposit determined by geological exploration results.

All the resulting fair value estimates are included in level 2 except for the long-term other receivable and the equity investment at fair value through profit or loss which are level 3 financial assets. The movements in the fair values of the level 3 financial assets are shown as follows:

	Reviewed six months 30 June 2023	Reviewed six months 30 June 2022	Audited 12 months 31 December 2022
Rand million			
Balance at the beginning of the period	62	64	64
Fair value loss for the period	(13)	(2)	(2)
Balance at the end of the period	49	62	62

There were no changes made to any of the valuation techniques applied from 31 December 2022.

Notes to the reviewed condensed consolidated financial statements continued

for the six months ended 30 June 2023

16. Contingent liabilities

As previously reported, during 2018, the South African Revenue Service (SARS) issued the group with additional income tax assessments, covering the 2012 to 2014 years of assessment, relating to a tax audit on the deductibility of certain expenditure incurred. The group objected to these assessments after consultation with external tax and legal advisers. SARS disallowed the objection.

On 21 February 2019, the group submitted an appeal against this outcome, which was referred to alternative dispute resolution (ADR) proceedings in an attempt to resolve the matter. The ADR proceedings were terminated on 20 February 2020, after which the group submitted a notice to SARS wherein the group confirmed that it wished to proceed with the appeal to the Tax Court. On 18 August 2020, SARS filed its statement of grounds of appeal on 21 October 2020. The trial commenced during May 2022 and was completed in June 2022. Judgment on this matter was handed down on 31 March 2023. The Tax Court dismissed SIOC's appeal against the disallowance of certain expenses but upheld the appeal against the disallowance of other expenses, understatement penalties and interest.

SIOC was granted leave to appeal the Tax Court judgment directly to the Supreme Court of Appeal (SCA). The notice of appeal to the SCA was filed on 19 June 2023. SARS filed its notice of cross-appeal to the SCA on 14 July 2023 against the Tax Court's judgment on the allowance of other expenses, understatement penalties and interest.

On 14 September 2020, SARS informed the group that it intends to audit the 2015 to 2018 years of assessment. As the 2015 and 2018 years of assessment have prescribed, both years will be excluded from the audit. Furthermore, during May 2023, SARS informed SIOC that the audit of the 2019 and 2020 tax years has been put on hold pending the outcome of the litigation. The appeal and the audits concern the same subject matter. The result of the appeal is likely to be determinative of a substantial number, if not all, of the issues to be traversed in the audit. SARS has therefore agreed to hold the audits in abeyance pending the outcome of the appeal to the SCA.

Based on the external legal and tax advice obtained, the group believes that these matters have been appropriately disclosed as contingent liabilities in the results for the period ended 30 June 2023.

17. Guarantees

Total guarantees provided in favour of the Department of Mineral Resources and Energy (DMRE) in respect of the group's undiscounted environmental closure liabilities at 30 June 2023 were R5.1 billion (30 June 2022: R4.8 billion and 31 December 2022: R4.8 billion). The undiscounted closure costs increased by R411 million during the period. The increase of R411 million and the shortfall of R275 million at 31 December 2022, partially offset by the R42 million increase in the investment held by the environmental trust during the period and the additional guarantee of R307 million provided in favour of the DMRE during the period, resulted in a shortfall of R337 million. The shortfall will be addressed after the finalisation of the SIOC 2023 annual financial statements.

18. Regulatory update

National Environmental Management Act (NEMA)

The Minister of Environment, Fisheries and Forestry has determined that requirements for making financial provision to manage, rehabilitate and remediate environmental impacts from mining operations will be regulated under NEMA and no longer under the current Mineral and Petroleum Resource Development Act. This agreement has been formalised by amending the relevant environmental, water and mining legislation. The financial provisioning regulations were published on 20 November 2015, and further proposed material amendments were gazetted on 10 November 2017, 17 May 2019 and 30 August 2021. The effective date for NEMA regulations has been extended to 19 February 2024. These amendments are expected to result in provision of additional funding for the undiscounted closure costs.

19. Events after the reporting period

19.1 Declaration of interim cash dividend

An interim cash dividend of R22.60 per share was declared by the Board on 24 July 2023 from profits accrued during the period ended 30 June 2023. The estimated total cash flow of the final Kumba dividend payable on 21 August 2023 is R7.3 billion.

19.2 Other

The directors are not aware of any other matters or circumstances subsequent to 30 June 2023, not otherwise dealt with in this report.

Notes to the reviewed condensed consolidated financial statements continued

for the six months ended 30 June 2023

20. Independent auditors' review report

The auditor, PricewaterhouseCoopers Inc., has issued their unmodified review report on the condensed consolidated interim financial statements for the six months ended 30 June 2023. The review was conducted in accordance with ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

The auditor's report on the condensed consolidated interim financial statements is included on pages 49 to 50, and a copy of the auditor's report on the condensed consolidated interim financial statements is available for inspection at the Company's registered office. The condensed consolidated interim financial statements for the six months ended 30 June 2023 are available on the Company's website: www.angloamericankumba.com

The auditor's report does not necessarily report on all the information contained in the financial results. Shareholders are therefore advised that in order to obtain a full understanding of the review engagement, they should read the auditor's report, together with the accompanying financial information as included in this report.

EBITDA and adjusted EBITDA, attributable free cash flow, and net cash are non-IFRS measures reported on pages 52 and 53 and constitutes pro forma financial information, as defined by Listings Requirements of the JSE Limited. This information is provided for illustrative purposes only and due to its nature may not fairly present the group's financial position, changes in equity, results of operations or cash flows. The underlying information used in the preparation of the pro forma financial information has been prepared using the group's accounting policies which comply with IFRS.

The non-IFRS (pro forma) information included in the interim results is the responsibility of the Company's directors. Future financial performance and supplementary non-IFRS information has not been reviewed or reported on by the group's auditors.

On behalf of the Board



TP Goodlace
Chairperson

24 July 2023

Johannesburg



ND Zikalala
Chief Executive

Independent auditor's review report on interim financial statements

To the Shareholders of Kumba Iron Ore Limited

We have reviewed the condensed consolidated interim financial statements of Kumba Iron Ore Limited in the accompanying interim report, which comprise the condensed consolidated statement of financial position as at 30 June 2023 and the related condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the six-months then ended, and selected explanatory notes.

Directors' Responsibility for the Interim Financial Statements

The directors are responsible for the preparation and presentation of these interim financial statements in accordance with the International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on these interim financial statements. We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these interim financial statements.

Independent auditor's review report on interim financial statements continued

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of Kumba Iron Ore Limited for the six months ended 30 June 2023 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.



PricewaterhouseCoopers Inc.

Director: CS Masondo

Registered Auditor

Johannesburg, South Africa

24 July 2023

The examination of controls over the maintenance and integrity of the Group's website is beyond the scope of the review of the interim financial statements. Accordingly, we accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.

Notice of interim cash dividend

At the Board meeting on 24 July 2023, the directors approved a gross interim cash dividend of 2,260 cents per share on the ordinary shares from profits accrued during the period ended 30 June 2023. The dividend has been declared from income reserves.

The dividend will be subject to a dividend withholding tax of 20% for all shareholders who are not exempt from or do not qualify for a reduced rate of withholding tax. The net dividend payable to shareholders after withholding tax at a rate of 20% amounts to 1,808 cents per share.

The issued share capital at the declaration date is 322,085,974 ordinary shares.

The salient dates are as follows:

Publication of declaration data	Tuesday, 25 July 2023
Last day for trading to qualify and participate in the interim dividend	Tuesday, 15 August 2023
Trading ex-dividend commences	Wednesday, 16 August 2023
Record date	Friday, 18 August 2023
Dividend payment date	Monday, 21 August 2023

Share certificates may not be dematerialised or rematerialised between Wednesday, 16 August 2023 and Friday, 18 August 2023, both days inclusive.

By order of the Board



F Patel

Company Secretary

25 July 2023

Supplementary non-IFRS financial measures

The interim results contain certain non-IFRS financial measures in respect of the group's financial performance, the statement of financial position and cash flows presented in order to provide users with relevant information and measures used by the group to assess performance.

Non-IFRS financial measures are financial measures other than those defined or specified under all relevant IFRS. To the extent that these measures are not extracted from IFRS disclosure included in the condensed consolidated financial statements for the period ended 30 June 2023, these measures constitute pro forma financial information in terms of the Listings Requirements of the JSE Limited and are the responsibility of the Board of directors. They are presented for illustrative purposes and to provide users with relevant information and measures used by the Company to assess its operating and cash flow performance. In addition, these measures may not be comparable to similarly titled measures used by other companies. The underlying information used in the preparation of the pro forma financial information has been prepared using the group's accounting policies which comply with IFRS. This pro forma information has not been reported on by the external auditors.

The following sets out the non-IFRS financial measures disclosed throughout the financial results and where they are reconciled.

EBITDA and Adjusted EBITDA

EBITDA is a measure of operating performance and is used to identify trends of controllable expenses in the business. Adjusted EBITDA is a measure of the group's core earnings adjusted for non-recurring items such as impairment charges or reversal of prior year impairment charges.

	Six months 30 June 2023	Six months 30 June 2022	12 months 31 December 2022
Rand million			
Operating profit per statement of profit or loss	17,531	20,581	26,880
Add back:			
Depreciation	2,289	2,496	5,020
EBITDA	19,820	23,077	31,900
Add back:			
Impairment charge	—	—	5,411
Adjusted EBITDA	19,820	23,077	37,311

Attributable free cash flow

Attributable free cash flow measures the group's ability to generate cash for the period under review. The table below illustrates attributable free cash flows for the period ended:

	Six months 30 June 2023	Six months 30 June 2022	12 months 31 December 2022
Rand million			
Cash generated from operations:	17,530	23,456	34,835
Less: Additions to property, plant and equipment	(4,999)	(5,515)	(11,084)
Less: Finance expense paid	(419)	(111)	(325)
Less: Taxation paid	(2,569)	(5,064)	(7,132)
Less: Dividends paid to non-controlling shareholders	(1,632)	(3,053)	(5,926)
Attributable free cash flow	7,911	9,713	10,368

Net cash

Net cash illustrates the group's cash position after deducting borrowings and lease liabilities:

	Six months 30 June 2023	Six months 30 June 2022	12 months 31 December 2022
Rand million			
Cash and cash equivalents	14,726	17,916	16,424
Less: Interest-bearing borrowings	(725)	—	(6,791)
Less: Lease liabilities	(241)	(340)	(304)
Net cash	13,760	17,576	9,329

Glossary of terms and acronyms

Adjusted EBITDA	Operating profit before deducting depreciation, amortisation and impairment charges and before adding impairment reversals
ADR	Alternative dispute resolution
ARR	Alternative risk-free rate
Attributable free cash flow	The cash flow generated from operations less total capital expenditure, cash tax paid, net interest, dividends paid to minority interests and dividends received from associates and joint ventures. The metric also excludes the receipt of disposal proceeds and dividends paid to Kumba shareholders
BEE	Black economic empowerment
BRP	Bonus and Retention Share Plan
BSP	Bonus Share Plan
C1 unit cost	All direct cash costs incurred in the mining and production of iron ore
Cash unit cost	All costs incurred by the operations in the mining and production of iron ore, including overheads, but excluding non-cash costs like depreciation, accounting provisions and share-based payment costs
CFR	Cost and freight
CGU	Cash-generating unit
CODM	Chief operating decision-maker
DMRE	Department of Mineral Resources and Energy
dmt	Dry metric tonne
DRI	Direct reduced iron
EBITDA	Earnings before interest, tax, depreciation and amortisation. It represents operating profit after adding back depreciation and amortisation
ESG	Environmental, social and governance
FOB	Free-on-board
FOR	Free-on-rail
FVTPL	Fair value through profit or loss
GHG	Greenhouse gas
ha	Hectare
HIV	Human immunodeficiency virus
HME	Heavy mobile equipment
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IODEX	Platts Iron ore index
IOEC	Iron Ore Export Channel
JIBAR	Johannesburg interbank overnight rate
JSE	Johannesburg Stock Exchange
King IV™	King IV Report on Corporate Governance for South Africa, 2016

Level 3 – 5 environmental incidents	Those environmental incidents that we consider to have prolonged impacts on the local environments
LIBOR	London interbank offered rate
LNG	Liquefied natural gas
LTIP	Long-term incentive plan
ML	Megalitres
Mt	Million tonnes
Mtpa	Million tonnes per annum
MW	Megawatt
NEMA	National Environmental Management Act
Net cash	Total cash and cash equivalents less total borrowings, including lease liabilities
Net working capital	Total inventory (including non-current) plus trade and other receivables less trade and other payables (including contract liabilities), these balances principally relate to assets and liabilities to support our operations
NLCC	National Logistics Crisis Committee
OUF	Ore User's Forum
P101	Asset productivity programme to shift our key operational processes to benchmark and then beyond, exceeding industry best practice productivity at our operations and deliver our full potential
PSP	Performance Share plan
PV	Photovoltaic
Return on capital employed (ROCE)	The return on adjusted capital employed and calculated as annualised earnings before interest and taxation, divided by adjusted average capital employed
SAICA	South African Institute of Chartered Accountants
SARB	South African Reserve Bank
SARS	South African Revenue Service
SHSD	Safety, Health and Sustainable Development
SIB	Stay in business
SIOC	Sishen Iron Ore Company Proprietary Limited
UHDMS	Ultra-high density media separation
Unit cost	All costs incurred by the operations in the mining and production of iron ore, including overheads and non-cash costs like depreciation, accounting provisions and share-based payment costs
WIP	Work in progress
wmt	Wet metric tonnes
ZARONIA	South African rand overnight index average

Administration

Registered office

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Transfer secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers,
15 Biermann Avenue
Rosebank, 2196, South Africa
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Sponsor to Kumba

RAND MERCHANT BANK
(A division of FirstRand Bank Limited)

Company Secretary

F Patel

Company registration number

2005/015852/06
Incorporated in the Republic of South Africa

Income tax number

9586/481/15/3

JSE code: KIO

ISIN: ZAE000085346
(Kumba or the Company or the group)
25 July 2023

Directors

Non-executive: TP Goodlace (British/South African) (Chairperson), MS Bomela, A Jeawon, MA Jenkins, SM Kuijlaars (British), NB Langa-Royds, TM Mkhwanazi, SS Ntsaluba, BP Sonjica, MJ Tsele

Executive: ND Zikalala (Chief Executive), BA Mazarura (Zimbabwean) (Chief Financial Officer)

Forward looking statements

Certain statements made in this report constitute forward looking statements. Forward looking statements are typically identified by the use of forward looking terminology such as “believes”, “expects”, “may”, “will”, “could”, “should”, “intends”, “estimates”, “plans”, “assumes” or “anticipates” or the negative thereof, or other variations thereon, or comparable terminology, or by discussions of, for example, future plans, present or future events, or strategy that involves risks and uncertainties. Such forward looking statements are subject to a number of risks and uncertainties, many of which are beyond the Company’s control and all of which are based on the Company’s current beliefs and expectations about future events. Such statements are based on current expectations and, by their nature, are subject to a number of risks and uncertainties that could cause actual results and performance to differ materially from any expected future results or performance, expressed or implied, by the forward looking statement. No assurance can be given that future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Company and its subsidiaries. The forward looking statements contained in this report speak only as of the date of this report and the Company undertakes no duty to update any of them and will not necessarily do so, in light of new information or future events, except to the extent required by applicable law or regulation.

Kumba Iron Ore

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