

Kumba Iron Ore Limited

A member of the Anglo American plc group

(Incorporated in the Republic of South Africa)

(Registration number 2005/015852/06)

Share code: KIO

ISIN: ZAE000085346

("Kumba" or "the Company")

Kumba production and sales report for the third quarter ended 30 September 2022

Kumba's Chief Executive, Mpumi Zikalala, said: "Kumba's Q3 2022 operational performance reflects our ongoing focus on safe and responsible production. Our safety commitments have kept our business fatality-free since 2016.

Despite lower waste mined and production compared to Q3 2021, we have seen improved mining and processing stability. As a result, waste mining has increased by 10% and production by 5% since Q2 2022. Sishen continued to deliver a solid performance and Kolomela saw a 40% increase in waste mining and a 22% increase in production post its safety reset reported in Q2 2022.

Consequently, we have maintained our full year 2022 production guidance, although at the lower end of 38-40 Mt, despite the impact of industrial action at Transnet in October and the subsequent delay in Transnet's annual maintenance shut. However, the combined impact of low levels of finished stock at Saldanha Port due to rail constraints year-to-date and industrial action at Transnet in October, has necessitated a revision to our full year 2022 export sales guidance from 38-40 Mt to 36-37 Mt.

More broadly, economic slowdown, energy shortages in Europe and rolling Covid lockdowns in China continue to weigh on steel demand and iron ore prices. More positively, sintering cuts in China to improve air quality have resulted in higher lump premia. Our premium product strategy continues to benefit us through increasing demand for high quality iron ore products that have carbon emission reduction properties. This contributed to Kumba achieving a year-to-date average realised price of US\$115 per wet metric tonne (wmt) for Q3 2022, 8.4% above the benchmark price."

Overview

- Commitment to sustaining a fatality-free workplace and further improving health and broader safety performance.
- Total production decreased by 8% to 10 Mt. Relative to Q2 2022, production increased by 5% driven by a 22% improvement at Kolomela.
- Export sales of 10 Mt were flat year-on-year and 2% lower relative to Q2 2022 as rail constraints kept finished stock levels low at Saldanha Port.
- Finished stock of 4.6 Mt (30 June 2022: 4.5 Mt), with high levels of on-mine stock.
- Average year-to-date (YTD) realised FOB export iron ore price of US\$115 per wmt (US\$117 per dry metric tonne (dmt)), 8.4% above the average benchmark price of US\$106 per wmt (US\$108 per dmt).

Sales summary					
Million tonnes	Quarter ended		% change vs Q3 2021	Quarter ended Q2 2022	% change vs Q2 2022
	Q3 2022	Q3 2021			
Total	10.0	10.1	—	10.2	(2)
- Export sales	10.0	10.1	—	10.2	(2)

Production summary					
Million tonnes	Quarter ended		% change vs Q3 2021	Quarter ended Q2 2022	% change vs Q2 2022
	Q3 2022	Q3 2021			
Total	10.0	10.8	(8)	9.5	5
- Sishen Mine	7.1	7.5	(6)	7.1	—
- Kolomela Mine	2.9	3.3	(11)	2.4	22

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

Safety

Safety is our first value and our priority is ensuring that our colleagues return home safely each day. By the end of Q3 2022 (the "period"), Kumba had achieved over six years of being fatality-free, in line with our Elimination of Fatalities safety strategy.

Pleasingly, we have safely cleared the blasting misfire area at Kolomela and continue to embed our safety reset initiatives. We are focusing on driving an operationally safe way of work across our operations, through our "Stand Up For Safety" programme, recently launched at our Global Safety day. The programme encourages our workforce to know, do and always challenge actions that do not support responsible production. Our aim is to create continual safety awareness and a positive safety mindset, as well as to be deliberate about safety and share our learning.

Mining and production

Total waste stripping decreased by 5% to 53.8 Mt relative to Q3 2021 (the "comparative period"), driven by a 23% decrease to 12.4 Mt at Kolomela. Kolomela's mining performance was impacted by a slower than expected ramp-up in mining activity post the safety reset in Q2 2022. This was partly offset by Sishen's waste stripping increasing by 2% to 41.4 Mt due to improved mining stability and shovel availability.

Relative to the comparative period, total production was 8% lower at 10 Mt. Feedstock constraints largely due to the slower ramp-up in mining, resulted in Kolomela's production decreasing by 11% to 2.9 Mt. At Sishen, the combined impact of Eskom loadshedding and plant reliability challenges resulted in production reducing by 6% to 7.1 Mt.

Since H1 2022, as operating conditions improved during the drier winter months, we have seen a marked progress in operational performance overall. In Q3 2022, waste stripping improved by 10% compared to Q2 2022, with Sishen increasing by 4% and Kolomela by 40%. Q3 2022 production relative to Q2 2022, also improved increasing by 5%. Sishen maintained a consistent rate of production and Kolomela improved by 22% as operations began to normalise following the headwinds experienced earlier in the year.

Logistics, sales, and the market environment

Ore railed to port decreased by 2% to 10.1 Mt compared to Q3 2021 (YTD decrease of 3.1% to 29.1 Mt). This resulted in finished stock levels remaining high at the mines and at sub-optimal levels at Saldanha Port, impacting shipping throughput. Due to continued rail constraints, export sales remained flat at 10 Mt compared to Q3 2021 and decreased by 2% relative to Q2 2022. Finished stock levels were at 4.6 Mt, similar to that of 4.5 Mt in Q2 2022.

More broadly, economic slowdown, energy shortages in Europe and rolling Covid lockdowns in China have weighed negatively on steel demand and iron ore prices. More positively, sintering cuts in China to improve air quality have resulted in higher lump premia. Our premium product strategy continues to benefit us through increasing demand for high-quality iron ore products with carbon emission reduction properties.

Year-to-date, Kumba has achieved an average lump:fine ratio of 66:34 (YTD Q3 2021: 69:31) and iron ("Fe") content of 63.9% (YTD Q3 2021: 64.1%). In the context of the lower carbon emitting value-in-use of our products, this translated into an average year-to-date realised FOB export iron ore price of US\$115 per wmt (YTD US\$117 per dmt), 8.4% above the average benchmark price of US\$106 per wmt (YTD US\$108 per dmt).

Full year 2022 guidance

Kumba's full year 2022 production guidance has been maintained, although at the lower end of 38-40 Mt, despite the impact of industrial action at Transnet in October and the subsequent delay in Transnet's annual maintenance shut. However, the combined impact of low levels of finished stock at Saldanha Port due to rail constraints year-to-date and industrial action at Transnet in October, has necessitated a revision to our full year 2022 export sales guidance from 38-40 Mt to 36-37 Mt.

Production guidance at the mine level has been updated, with Kolomela's production guidance decreasing to ~10.5 Mt (from ~12.5 Mt) as a consequence of the industrial action and a slower recovery in Q3 2022. Sishen's production was not impacted and guidance has been increased to ~27.5 Mt (from ~26.5 Mt). In addition, our waste mining guidance has been revised to 180-210 Mt (from 190-220 Mt).

Given these impacts and the ongoing challenge of cost inflation, driven by high diesel prices and supply chain disruptions, particularly following the Transnet strike, Kolomela's unit cost guidance has been revised to R505 – R525/t (from R420 – R440/t). Sishen's unit cost and the total C1 unit cost guidance has been maintained at R500 – R530/t and US\$44/t, respectively.

Kumba's revised full year 2022 guidance subject to potential logistics, weather and loadshedding disruptions, is as follows:

Guidance	FY2022 (wmt)	FY2022 revised (wmt)
Total sales (Mt)	38-40	36-37
Total production (Mt)	38-40	Unchanged
Sishen	~26.5	~27.5
Kolomela	~12.5	~10.5
Waste stripping (Mt)	190-220	180-210
Sishen	140-160	Unchanged
Kolomela	50-60	40-50
On-mine unit cost (R/t)		
Sishen	500-530	Unchanged
Kolomela	420-440	505-525
C1 unit cost (\$/t)	44/t	Unchanged

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

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

This announcement contains forward-looking statements which are based on the Company's current beliefs and expectations about future events. The operational and financial information provided in this announcement are estimates and forecasts and have not been reviewed and reported on by the Company's external auditors.

Centurion
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Sponsor
RAND MERCHANT BANK (A division of FirstRand Bank Limited)

For further information, please contact:

Company Secretary

Fazila Patel
fazila.patel@angloamerican.com
Tel: +27 12 683 7060
Mobile: +27 83 297 2293

Investors

Penny Himlok
penny.himlok@angloamerican.com
Tel: +27 12 622 8324
Mobile: +27 82 781 1888

Media

Sinah Phochana
sinah.phochana@angloamerican.com
Tel: +27 12 683 7019
Mobile: +27 76 066 0655

Notes to editors:

Kumba Iron Ore Limited, a member of the Anglo American plc group, is a leading value-adding supplier of high quality iron ore to the global steel industry. Kumba produces iron ore in South Africa at Sishen and Kolomela mines in the Northern Cape Province. Kumba exports iron ore to customers around the globe including in China, Japan, South Korea and a number of countries in Europe and the Middle East.

www.angloamericankumba.com

Anglo American is a leading global mining company and our products are the essential ingredients in almost every aspect of modern life. Our portfolio of world-class competitive operations, with a broad range of future development options, provides many of the future-enabling metals and minerals for a cleaner, greener, more sustainable world and that meet the fast growing every day demands of billions of consumers. With our

people at the heart of our business, we use innovative practices and the latest technologies to discover new resources and to mine, process, move and market our products to our customers – safely and sustainably.

As a responsible producer of diamonds (through De Beers), copper, platinum group metals, premium quality iron ore and steelmaking coal, and nickel – with crop nutrients in development – we are committed to being carbon neutral across our operations by 2040. More broadly, our Sustainable Mining Plan commits us to a series of stretching goals to ensure we work towards a healthy environment, creating thriving communities and building trust as a corporate leader. We work together with our business partners and diverse stakeholders to unlock enduring value from precious natural resources for the benefit of the communities and countries in which we operate, for society as a whole, and for our shareholders. Anglo American is re-imagining mining to improve people's lives.

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Forward-looking statements

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

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

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

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