

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 to invest in margin-enhancing UHDMS processing technology at Sishen mine**

- Reduces the mine cut-off grade and the mine strip ratio as C-grade waste material will be processed as ore
- Trebles proportion of premium quality production volume at Sishen mine to 55%, up from the current 18%
- Maximises the product premium by an additional US\$2-3/t, above lump and Fe premiums
- Delivers an estimated internal rate of return (IRR)<sup>1</sup> of  $\geq 30\%$  and earnings before interest, tax, depreciation and amortisation (EBITDA)<sup>1</sup> margin of  $\geq 50\%$
- Has the potential to extend the life of Sishen mine to 2044

Kumba has now completed a full technical review of its ultra-high-dense-media-separation (UHDMS) processing technology project at its Sishen mine in the Northern Cape of South Africa. Following this review Kumba is pleased to announce board approval for a further R7.6 billion investment in the UHDMS project, in addition to the R3.6 billion previously approved in February 2021, bringing the total capital investment to R11.2 billion. To date, R1.8 billion has been spent on the detailed engineering design, earthworks and the technical review. The remaining R9.4 billion will be invested between the second half of 2024 and the end of 2028, in line with the phasing of the project, with full capacity expected to be achieved by the end of 2028.

Mpumi Zikalala, CEO of Kumba, said: "This investment demonstrates our focus on value over volume. Through utilising UHDMS processing technology, we can treble the proportion of premium iron ore product from our world-class Sishen mine. Premium iron ore is increasingly highly valued by our customers because it reduces carbon emissions from the steelmaking process and so plays a key role in green steel production. This supports higher margins and a compelling return on investment as well as creating a new pathway to extend Sishen's life to 2044.

"The UHDMS processing technology will provide Kumba with an enhanced ability to respond to future customer requirements and improve flexibility across the value chain. The implementation will be phased over four years to ensure safety and operating stability across the site during construction whilst maintaining disciplined capital allocation.

"This major investment is also a clear demonstration of our long-term commitment to South African mining and to our host communities in the Northern Cape.

Notwithstanding this, our work continues with Transnet, the Ore User's Forum and government through the National Logistics Crisis Committee (NLCC) to improve the logistics performance. We are encouraged by the policy reforms and the value that this will bring to the turnaround of the performance of the logistics network to the benefit of all our stakeholders."

The UHDMS project will convert the current dense-media-separation (DMS) processing plant at Sishen to UHDMS technology. This technology uses specialised ferrosilicon in the plant processing of raw iron ore and allows greater flexibility to process a wider range of Fe grades and densities. The implementation of the technology will improve the proportion of premium iron ore and lower the waste stripping ratio, while maintaining the lump:fine ratio.

Sishen produces iron ore at an average Fe content quality of ~64% and an average lump:fine ratio of 70:30. UHDMS technology is expected to increase the volume of premium iron ore to ~55% of Sishen's production, up from the current ~18%. This is expected to increase the product premium by US\$2-3/t on average above lump and Fe premiums. Furthermore, by reducing the mining cut-off grade to 40% Fe from the current 48% Fe, the waste stripping ratio improves to ~3.3 from ~3.9, resulting in 15Mtpa less waste mining required and a significant reduction in the cost of mining. This project also creates the potential to extend Sishen's life of mine up to 2044.

Overall, the R11.2 billion total investment in the UHDMS technology is expected to result in an EBITDA margin<sup>1</sup> of more than 50% and an IRR<sup>1</sup> of over 30%. The additional capital of R7.6 billion largely relates to an increase in engineering design maturity and the execution period as a result of phasing the upgrade and conversion of the modules to improve safety and operational stability.

The implementation will follow a modular approach with six UHDMS coarse modules out of eight and five fines modules out of seven being converted. The project will commence in November 2024, with the main tie-in of the project in 2026, and the plant reaching full capacity by the end of 2028. During the implementation phase, the modules not under construction, as well as the JIG plant will continue to run, and production will be supplemented by finished product stock.

Summary of projected value delivery	
<b>Financial:</b>	
Internal rate of return (%) <sup>1</sup>	≥30%
EBITDA margin (%) <sup>1</sup>	≥50%
Payback period from first production (years) <sup>1, 2</sup>	~3
Total project capital expenditure (Rbn)	11.2
<b>Operational</b>	
Proportion of total Sishen saleable production (%)	55% (up from 18%)
Strip ratio	3.3 (improves from 3.9)
Less waste mining	15Mtpa
Secures Sishen's life of mine (years)	2038
Optionality for life of mine extension of Sishen (years)	Up to 2044

Volumes are reported as wmt. Product is shipped with ~1.6% moisture.

1. IRR, EBITDA margin and payback period based on R9.4 billion
2. Payback by H2 2029, ~5 years from board approval of additional R7.6 billion.

This announcement contains forward-looking statements which are based on the Company's current beliefs and expectations about future events. The financial information contained in this announcement has not been reviewed and reported on by the Company's external auditors and is the responsibility of the board of directors of Kumba.

This announcement will be available on the Company's website:

<https://www.angloamericankumba.com/investors/sens> from 8:05 CAT and the presentation will be available from 11:30 CAT on <https://www.angloamericankumba.com/investors/investor-presentations/2024>

Sponsor

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### Notes to editors:

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

[www.angloamericankumba.com](http://www.angloamericankumba.com)

Anglo American is a leading global mining company, and our products are the essential ingredients in almost every aspect of modern life. Our portfolio of world-class competitive operations, with a broad range of future development options, provides many of the future-enabling metals and minerals for a cleaner, greener, more sustainable world and that meet the fast growing every day demands of billions of consumers. With our people at the heart of our business, we use innovative practices and the latest technologies to discover new resources and to mine, process, move and market our products to our customers – safely and sustainably.

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

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### Forward-looking statements

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

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

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

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