

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 quarter ended 30 September 2020

“In the third quarter of 2020, we continued to see good operational performance, demonstrating business resilience and a capacity to successfully adapt to working under Covid-19 conditions”, said Themba Mkhwanazi, Kumba’s Chief Executive. “Our first priority is always the health, safety and well-being of our workforce and local communities while ensuring that we maintain planned throughput throughout the value chain. The business continues to perform well in a favourable iron ore price environment and we are on track to deliver full year guidance.”

Overview:

- Safety performance and our WeCare Covid-19 programme continues to be a priority.
- Total production of 9.5Mt (Q3 2019: 10.5Mt), in line with plan.
- Total sales of 10.9Mt (Q3 2019:10.2Mt) was driven by a full recovery in Transnet’s logistical capacity.
- Finished stock levels of 5.3Mt reflect a drawdown from 6.2Mt at 30 June 2020.
- Average realised FOB export iron ore price of US\$117/dmt (2020 Year to date: US\$103/dmt).

Sales summary					
000 tonnes	Quarter ended		% change	Quarter ended	% change
	Q3 2020	Q3 2019	vs Q3 2019	Q2 2020	vs Q2 2020
Total	10,908	10,154	7	8,070	35
- Export sales	10,908	9,670	13	8,070	35
- Domestic sales	0	484	(100)	0	0

Production summary					
000 tonnes	Quarter ended		% change	Quarter ended	% change
	Q3 2020	Q3 2019	vs Q3 2019	Q2 2020	vs Q2 2020
Total	9,532	10,521	(9)	8,475	12
- Sishen Mine	6,511	7,153	(9)	5,782	13
- Kolomela Mine	3,021	3,368	(10)	2,693	12

Safety and health

Kumba continues to prioritise the health, safety and well-being of our workforce and our communities. In these challenging times, our fatality free record of over four years is testament to our safety culture. This is underpinned by critical control risk monitoring, risk reduction initiatives and our elimination of fatalities programme.

Our WeCare Covid-19 response programme and protocols are embedded across the operations and have become part of our day-to-day procedures. We continue to provide essential services, including water, food parcels and emergency medical support while contributing to the livelihoods and health of our host communities.

Mining and production

We continue to focus on balancing our value chain thereby ensuring that iron ore deliveries meet market demand. Kumba delivered a solid mining performance for the period. While total waste stripping of 58.8Mt is 16% below the 69.6Mt achieved in Q3 2019 (“the comparative period”), it is ahead of both the first and the Covid-19 impacted second quarter of this year of 50.1Mt and 44.5Mt, respectively. Overall, steady progress continues to be made with our scheduled maintenance programme, and equipment performance has improved as a result.

Waste stripping for the period at Sishen increased by 37% to 42.9Mt (Q2 2020: 31.3Mt), driven by primary equipment availability and a steady increase in direct operating hours. At Kolomela, waste stripping increased by 20% to 15.9 Mt (Q2 2020: 13.2Mt) following the optimisation of hauling routes, resulting in improved truck utilisation.

Production is managed carefully in conjunction with finished stock levels to optimise our value chain. Taking into account the higher levels of finished stock in Q2 2020 due to Covid-19 related logistical constraints, and the annual rail and port maintenance taking place in Q4 2020, we drew down on stock levels during the period. Total finished stock reduced by 0.9Mt to 5.3Mt from 6.2Mt at 30 June 2020. Total production decreased by 1Mt or 9% to 9.5Mt (Q3 2019: 10.5Mt) and increased by 12% relative to Q2 2020.

Logistics, sales and the market environment

The successful outcome of Covid-19 measures and initiatives to increase workforce capacity at Transnet resulted in the iron ore export channel haulage rates returning to pre-Covid levels. Consequently, there was a significant improvement in throughput at Saldanha Port.

Export sales increased by 13% to 10.9Mt (Q3 2019: 9.7Mt) and by 35% relative to Q2 2020. In line with expectations, there was no off-take from ArcelorMittal South Africa during the period.

China’s strong economic rebound continued to support a favourable iron ore market, with the Platts 62 index CFR price averaging US\$119/dmt for the period. This compares, against US\$101/dmt for the year-to-date (“YTD”). Kumba achieved an average realised FOB export iron ore price of US\$117/dmt for the period (2020 YTD: US\$103/dmt), benefiting from the recovery in markets outside of China and a lump:fine ratio of 71:29 (2020 YTD: 67:33). The product quality averaged 64.2% Fe for the period (2020 YTD: 64.3%).

Full year 2020 guidance

Kumba is on track to meet its full year 2020 guidance announced at our interim results presentation on 28 July 2020. Our guidance takes into account Transnet’s annual maintenance during October and is as follows:

- Total sales of 38 - 40 Mt
- Total production of 37 - 39 Mt
 - Sishen: ~27 Mt
 - Kolomela: ~11 Mt
- Waste:
 - Sishen: 145 - 160 Mt
 - Kolomela: 45 - 55 Mt

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 forecasts provided in this announcement are estimates and have not been reviewed and reported on by the Company’s external auditors.

Centurion
22 October 2020

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

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Notes to editors:

Kumba Iron Ore Limited, a member of the Anglo American plc group, is a leading value-adding supplier of high quality iron ore to the global steel industry. Kumba produces iron ore in South Africa at Sishen and Kolomela mines in the Northern Cape Province. Kumba exports iron ore to customers in a range of geographical locations around the globe including China, Japan, 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, development projects and undeveloped resources, provides many of the metals and minerals that enable a cleaner, greener, more sustainable world and that meet the fast growing consumer-driven demands of developed and maturing economies. With our people at the heart of our business, we use innovative practices and the latest technologies to mine, process, move and market our products to our customers – and to discover new resources – safely and sustainably.

As a responsible producer of diamonds (through De Beers), copper, platinum group metals, the steelmaking ingredients of iron ore and metallurgical coal, and nickel – with crop nutrients in development and thermal coal operations planned for divestment – we are committed to being carbon neutral across our operations by 2040. We



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work together with our business partners and diverse stakeholders to unlock sustainable 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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