Reviewed interim results for the six months ended 30 June 2021

AngloAmerican

KUMBA IRON ORE LIMITED

Key Features

Continuing to deliver shareholder value:

- Attributable free cash flow of R31.5 billion
- ROCE of 225%
- Interim cash dividend of R72.70 per share

Safety and sustainability is integral to our business:

- Over five years of fatal-free production
- Zero occupational diseases
- Over six years without any level 3-5 environmental incidents
- R51 billion of shared value created in H1 2021
- R12 million in *WeCare* Covid-19 community support

Maximising returns and positioning for the future:

- Average realised FOB export price of US$216/wmt, 32% above benchmark
- Cost savings R370 million
- Robust EBITDA margin of 70%
- Closing net cash of R40.7 billion

Our website provides more information on our Company and its performance:

www.angloamericankumba.com

Creating enduring value for all our stakeholders

Themba Mkhwanazi, Chief Executive of Kumba said, "In the first half, we have marked five years of fatality-free production, while providing comprehensive WeCare Covid-19 support. In these challenging times, we continue to prioritise the safety, health and livelihoods of our colleagues and communities. Kumba is also working together with the rest of Anglo American's South African businesses, to address both the immediate and medium-term impact of the recent social unrest in the Gauteng and KwaZulu-Natal provinces and surrounding areas. We are partnering with government, organised business and civil society to ensure the most efficient and impactful contribution. Building on our WeCare programme, this contribution will be directed to groups across civil society to aid their immediate relief efforts; to provide direct support to all our staff and work with NGOs to support mine-communities; and we have made a long-term commitment to help rebuild and reset South Africa and its economy.

"With global demand for many metals and minerals driving prices and industry profits higher, mining is contributing significantly to the government fiscus, and ensuring that more resources are available to help our fellow South Africans get back on their feet. Kumba is playing its part in South Africa's economic recovery at a national level by contributing R9.2 billion in income tax and mineral royalties in the first half of the year. At a regional level, we are helping our host communities economically and socially by employing 85% of our workforce and procuring R1.7 billion of goods and services locally.

"Amidst these challenges, Kumba has achieved five years without a fatal incident, a significant accomplishment for the Company and the South African mining industry, demonstrating our unwavering commitment to safe, responsible production through strict onsite safety protocols and through our robust and comprehensive WeCare programme, while investing R100 million to support our colleagues and communities through the second year of the pandemic. Working with the National Department of Health and Anglo American, Kumba has started to roll-out its government licensed vaccination programme at our Sishen and Kolomela mine clinics, protecting first our workforce and ultimately their families and communities when we are able to do so.

"We are pleased with our strong operational and financial performance. Despite weather related and logistical challenges, Kumba's operational resilience and capability resulted in production volumes increasing by 12% to 20.4 Mt, surpassing production in the first half of the past two years, while increasing sales by 3% to 19.5 Mt.

"From a financial perspective, Kumba delivered an EBITDA of R44.4 billion, underpinned by higher realised iron ore prices and a focus on cost containment. Our ability to maximise returns from our strategy of producing and marketing high-quality products continues to ensure that we achieve a premium well above the benchmark. Attributable free cash flow improved to R31.5 billion and supports the Board's decision to declare an interim dividend of R72.70 per share, representing a payout ratio of 100% of headline earnings.

"Strategies to extend the life-of-mine and deliver quality products continue to bear fruit. The last remaining residents of Dingleton were safely relocated to Siyathemba, allowing for unconstrained mining of the Sishen mine pit. The Ultra-high-dense-media-separation (UHDMS) project, approved in February 2021, will further extend Sishen's life-of-mine to 2039 and enhance product quality. At Kolomela, the new Kapstevel South open pit operation is mining ahead of plan and activities to advance our exploration programme in the Northern Cape continue. As the global drive towards decarbonisation gathers pace, our high quality products which enable cleaner, greener steelmaking, will provide a sustained competitive edge.

"Kumba's first half performance reflects operational resilience, while delivering on our strategy of maximising the value of our products and positioning our business for the future, to the benefit of all our stakeholders."

Results overview

Prioritising what matters most

The social unrest in South Africa at a time when the country finds itself in the midst of the third wave of the Covid-19 pandemic will likely result in an increase in Covid infections. While the unrest did not affect our mines directly, it will cause significant socio-economic harm to the affected provinces that will ripple through the country impacting extended family networks and the economy alike. To address both the immediate and medium-term impact of the unrest, we will build on our *WeCare* programme – established to alleviate the impacts of the Covid-19 pandemic on our employees, operations and communities.

Since the start of the pandemic, we have continued our proactive management of Covid-19 and maintained strict health and safety protocols supported by our comprehensive *WeCare* programme, which provided a total of R100 million of support in the first half. However, our workforce who live amongst the local community, have less protection once outside of our mine gates and sadly 21 of our colleagues have succumbed to the virus. We wish to convey our heartfelt condolences to their families and loved ones for their loss.

This brings home more than ever the importance of vaccines in the fight against Covid-19. Kumba is fully supportive of the Covid-19 vaccine programme led by the South African government, which our employees and wider communities will benefit from. In support of this collaborative effort, we are working together with Anglo American in South Africa in contributing towards the vaccine procurement and the associated logistics through the Solidarity Fund, the training of community health workers, and vaccinating our staff and contractors through our employee vaccination programme.

We are focused on the positive impact we can have across our society. We employ approximately 80% of our workforce from local communities and supported local host community businesses with R1.7 billion of procurement spend and R85 million of social development projects, of which R12 million relates to our comprehensive *WeCare* Covid-19 support for communities.

In these very difficult times, everyone has been affected or knows someone in need they would like to help. In recognition of this, Kumba has committed an additional R250 million to our *WeCare* programme, consisting of R150 million towards expanding our ongoing Covid-19 support, and in the longer-term, R100 million towards the resetting and rebuilding of the broader economy in the aftermath of Covid-19 and the social unrest. These funds are directed towards education, skills training, infrastructure projects, SMMEs and local economic upliftment, in further support of our efforts to safeguard the livelihoods of our local host communities.

Maximising returns and positioning our business for the future

At a time when markets are stronger than ever, we are maximising the value of our products and future-proofing our business. Our earnings before interest, tax, depreciation and amortisation (EBITDA*) margin increased to 70% from 55% compared to the first half of 2020

** EBITDA is a non-IFRS measure used by Kumba and has been consistently applied through reporting periods.*

(comparative period), reflecting the benefit of a supportive iron ore market and our value-over-volume strategy, targeting more than US$2/tonne of marketing premium over and above premia for lump and iron content, P101 benchmark operational efficiency on our truck fleet, and cost savings of R1.0 billion for 2021.

Strong demand for our high-quality iron ore together with our marketing capability, resulted in an average realised FOB price of US$216 per wet metric tonne (wmt) (US$220 per dry metric tonne (dmt)), with an enhanced marketing premium of US$2.8/dmt over and above premia for lump and iron content. High rainfall events affected operational efficiency in the first half of the year, impacting targeted cost savings. However, with mining activity improving as water saturation levels reduce, we expect to see an improvement in the second half.

Good progress has been made across our life-of-mine projects. The UHDMS project approved in February 2021, is on track and this technology will extend Sishen's life-of-mine to 2039 and further strengthen product quality. The last households at Dingleton have been relocated and unrestricted access has been granted. At Kolomela, our Kapstevel South pit has steadily contributed to the mine's higher waste and production volumes, and we continue to advance our exploration programme in the adjacent properties.

Technology plays an increasing role across our operations with our FutureSmart™ Mine technology programme focusing on improving safety, efficiency and sustainability. For example, we recently developed a berm monitoring solution that ensures that all our waste dump tipping berms can be monitored for compliance in real time. In addition we completed the proof of concept on remote electrical isolation that ensures our employees will not be exposed during the isolation process. This will now be rolled out to our operations.

The renewable solar energy study at our operations has also progressed with the identification of optimal sites to set up the equipment. The amendment to renewable energy regulation enables mines to self-generate up to 100 megawatts of energy and should accelerate implementation across the industry.

Performance highlights

Despite weather-related challenges and rail capacity constraints in the first quarter of the year, production increased by 12% to 20.4 Mt (H1 2020: 18.2 Mt), and we achieved sales volumes of 19.5 Mt (H1 2020: 18.9 Mt) at an average lump to fine ratio of 69:31 and Fe quality of 64.1%.

Kumba's EBITDA of R44.4 billion (H1 2020: R17.4 billion) was driven by an average realised FOB price well above the benchmark Platts 62 index FOB price of US$163/wmt (equivalent to the FOB price of US$166/dmt), partly offset by a stronger Rand/US$ exchange rate and higher C1 unit costs, while the break-even price improved to US$26/tonne (H1 2020: US$42/tonne).

Kumba delivered attributable and headline earnings per share of R72.82 and R72.78 per share (H1 2020: R26.21 and R26.19 per share), respectively. This supported the Board's decision to declare an interim cash dividend of R72.70 per share, which includes:

- R54.58 per share representing 75% of headline earnings in accordance with our dividend policy, and
- R18.12 per share being a top-up cash dividend.

The total interim cash dividend declared reflects an increase of 271% to R72.70 per share (H1 2020: R19.60 per share) and represents 100% of headline earnings.

Safety, health and environmental performance

Safety, health and sustainability are integral to our strategy. Kumba is committed to keeping our workforce safe and healthy, maintaining safe and responsible operations, and supporting our communities through a healthy environment.

In May this year, we attained five years of fatality-free production, a landmark milestone for the Company and the industry. We achieved this through the continuous efforts of our safety leaders in embedding a culture of safety and ensuring that a fatality-free mindset is inculcated within our workforce. This demonstrates our commitment to safety and the effectiveness of our Elimination of Fatalities (EOF) strategy, implemented since 2016. During the period, we achieved 99% compliance with our critical control monitoring plan, which is key to our EOF strategy. Safety is an ongoing imperative and we are building on our track record with the launch of our Risk Identification programme, which focuses on risk reduction and accountability in our operational systems and processes.

The programme assesses the effectiveness of our current risk management systems and routines – identifying areas of improvement and potential standardisation and simplification. A further outcome of the Risk Reduction programme will be the individual coaching of leaders and supervisors on the principles of coaching, mentoring and management of teams. This programme was initiated at Sishen in June and at Kolomela in July.

Our high potential incidents (HPIs), a leading safety indicator, increased to six from two in the comparative period. As part of addressing the increase in HPIs, we implemented bi-weekly "Leadership in Action" engagements. All sites are assessing, verifying and reviewing the effectiveness of the critical controls, system compliance and behavioural operational competencies. These engagements ensure that our workforce increase their safety awareness and are alert to opportunities to address potential risks, as well as maintain best practice compliance.

Total recordable cases (TRC) improved to 12 from 25, lowering the total recordable case frequency rate (TRCFR) to 0.33. Lost-time injuries (LTIs) decreased to four in the period from 11 in the comparative period.

On the health front, in line with the comparative period, Kumba had no new cases of occupational diseases. To date, 74% of our employees completed their HIV Counselling and Testing (H1 2020: 69%) with an average viral suppression rate of 85%. As was the case in 2020, there have been no new cases of musculoskeletal disorders as well as no respirable and silica dust exposures within the workforce. Our investments in engineering out administrative controls is paying off.

Ensuring that we contribute to a healthier environment is key to our sustainability strategy, and in line with this, we have maintained our objective of zero major (Level 3 to 5) environmental incidents for more than six years.

Climate change is becoming increasingly evident as we have seen with extreme weather patterns and above-average rainfall resulting in extended flooding at our mining operations. Our environmental strategy is centred around reducing carbon emissions and operating less water-intensive mines. We are targeting a 30% reduction in greenhouse gas (GHG) emissions against our 2016 baseline by 2030.

At a fundamental level, the properties in our high-quality lump product, allow customers to reduce their carbon emissions in the process of steel production. Relative to the comparative period, when our operations closed due to the lockdown and subsequently reopened at 50% capacity, greenhouse gas (GHG) emissions increased by 9.3% in the first half this year to 0.47 $MtCO_2e$ (H1 2020: 0.43 $MtCO_2e$).

Water is a valuable shared resource that is critical to both the management of our operations and the health of our communities. Our water strategy targets a 50% reduction in freshwater usage by 2030, and this reduced by 13.5% in the first half. In addition, we have been able to support our communities with over 7,000 megalitres of water supplied to the local municipality at Sedibeng.

Market overview

Following a 38% increase through the second half of last year, the Platts 62% IODEX CFR China index increased by a further 46% to an average of US$183/dmt for the first six months of the year. Growth in steel output was driven by China's 2020 monetary and fiscal stimulus and rose by 13% to a new record high of 1,130 Mt (annualised) in the first half of 2021. China's real estate investment rose by 18% to ¥5431 billion and property sales went up by 36% for the first five months of the year. Traditional markets outside China also staged an impressive recovery with steel production reaching pre-pandemic levels. Europe increased by 15% and Japan and South Korea by 8% in the first half of 2021.

Global supply disruption from inclement weather conditions in Australia, Brazil and South Africa, combined with Covid-19 related restrictions, which also impacted supply from Canada, Chile and Peru, provided further price support. It is estimated that shipments from Australia fell by 1.7% or ~8 Mt in the period due to wet weather early in 2021 and extended port maintenance. Brazilian shipments, however, ended the first half 11% higher, reflecting production recovery from Vale and Samarco's operations restarting. China's iron ore port stocks have stabilised at 125 Mt by early July on the back of strong offtake from steel mills. Year to date, the response from non-traditional suppliers (excluding Australia, Brazil, South Africa) has been muted with the shipment run rate increasing 5%, driven primarily by Ukraine and India.

The Platts 65-62 differential increased to US$27/dmt (H1 2020: US$15/dmt), while the lump premium averaged US$0.52/dmtu, more than double the US$0.23/dmtu over the comparative period. On the spot market, quality differentials touched new highs reflecting a productivity push from Chinese mills and tight supply of pellets and lumps in the seaborne market. Steel markets are likely to remain tight until the year end as China plans to roll-out nationwide steel production cuts to achieve its goal of flat production in 2021. We have already noted strict production cuts applied in Tangshan, Anhui, Gansu, and Hunan provinces. Tighter steel supply will entail improved mill margins underpinning a robust outlook for high grade and direct charge ores.

Over the long term, the structural factors relating to decarbonisation and the adoption of Scope 3 carbon reduction interventions by steel manufacturers, will continue to support demand for Kumba's high-quality iron ore products and we will continue to focus on maximising value. Steel production recovery post Covid-19 lockdowns saw the share of traditional (Europe, Japan, and South Korea) markets of total sales reaching a record 55% in the first half of the year compared to 38% at the end of last year.

From a price perspective, we achieved a lump premium of US$23/dmt and a Fe premium of US$6/dmt. Combined with a US$2.8/dmt marketing premium and US$22/tonne increase due to timing effects, we delivered a total price uplift of US$54/tonne to US$220/dmt FOB Saldanha, an increase of 136% against the US$93/dmt achieved for the comparative period.

Operational performance

Mining and production

Mining performance in the first half reflects operational challenges stemming from above-average seasonal rainfall in the Northern Cape region, where our mines are located. Rainfall in the area more than doubled, from an 80-year average of 324mm to 793mm recorded for the period from November to April this year. As a result, total tonnes mined decreased by 3% to 114.1 Mt (H1 2020: 117.6 Mt) and total waste stripping by 4% to 91.1 Mt (H1 2020: 94.6 Mt). However, including a 7.4 Mt contribution from Kapstevel South (KSS), total tonnes mined increased by 3% to 121.5 Mt (H1 2020: 117.6 Mt) and total waste stripping by 4% to 98.5 Mt (H1 2020: 94.6 Mt).

While working conditions improved following a dewatering campaign in the first quarter, the residual effects of flooding continued well into the second quarter. Sishen's pre-strip area was affected the most as high clay content and water saturation levels hampered the movement of the large 4100 shovel fleet, resulting in tempos falling by ~30% and the operational efficiency (OEE) of the primary fleet at Sishen decreasing from 65% to 57.8%. When normalising for the impact of rain, OEEs were 63% for the period. The impact of the drop in OEEs was offset through redeployment of the shovel fleet to dryer areas and the utilisation of short haulage routes. This tactical strategy successfully increased OEEs on our truck fleet from 67% in the first quarter, to 75% in the second quarter, and 80% when normalising for rain.

Our P101 efficiency drive remains a priority with the main focus on improving equipment reliability. During the period under review, we completed major overhauls on the 4100 shovel fleet and our mean time between failure increased from 13 to 18 hours. On the truck fleet the focus was on improving our payload performance and both the Sishen 860 and Kolomela 730 fleets are operating at 101% of the rated payload.

On the project front, the Sishen UHDMS project, remains on track with progress made on detailed design and early procurement of long lead items. Site establishment is scheduled to commence in the fourth quarter of 2021. Pre-stripping at the KSS pit is ahead of plan, with a total of 7.4 Mt of waste stripped to date and construction has commenced on the workshops and infrastructure. At the same time, our exploration work continues on our Northern Cape targets.

Total waste stripping was driven by an 18% increase to 30.8 Mt (H1 2020: 26.2 Mt) at Kolomela (including KSS), which was less affected by high saturation levels. At Sishen, dewatering improved haulage access to mining areas, and recovery strategies including fleet optimisation and redeployment of equipment, are gaining traction. Waste stripping at Sishen decreased marginally to 67.7 Mt (H1 2020: 68.4 Mt).

Mining summary (unreviewed)

'000 tonnes	Six months ended June 2021	June 2020	% change
Total tonnes mined	**121,499**	117,606	3
Sishen	**83,448**	85,074	(2)
Kolomela	**38,051**	32,532	17
Total waste stripping	**98,519**	94,592	4
Sishen	**67,661**	68,436	(1)
Kolomela	**30,858**	26,156	18
Total owner fleet efficiency (%)	**57.2**	63.2	
Sishen	**57.8**	65.0	
Kolomela	**55.5**	58.9	
Trucks	**71.0**	82.5	
Shovels	**46.8**	58.9	

Production had a solid start to the year, underpinned by improved plant availability. Our processing plants at both Sishen and Kolomela have performed well, demonstrating the benefit of the maintenance programme and the digital technology implemented. Advance process control and real-time condition monitoring is helping with early maintenance intervention and driving some of the plant efficiencies.

Production summary (unreviewed)[1]

'000 tonnes	Six months ended June 2021	June 2020	% change
Total	**20,367**	18,219	12
Lump	**13,876**	12,297	13
Fines	**6,491**	5,922	10
Mine production	**20,367**	18,219	12
Sishen	**13,944**	12,565	11
Kolomela	**6,423**	5,654	14

[1] Volumes, excluding waste stripping, are reported as wet metric tonnes. Product is shipped with approximately 1.6% moisture. The comparatives have been restated as Kumba previously reported on a dry basis.

Sales and logistics

Rail performance made a pleasing recovery in May and June following a number of interventions that have increased capacity and turnaround times. The recovery has contributed to a more balanced value chain and increased the amount of finished stock at Saldanha Port to 1.7 Mt of the total amount of finished stock of 6.1 Mt (31 December 2020: 4.8 Mt).

Despite the impact of rail constraints and disruptions to shipments following some equipment breakdown and inclement weather at Saldanha Port, export sales increased by 5% to 19.4 Mt (H1 2020: 18.6 Mt). Together with domestic sales of 0.1 Mt (H1 2020: 0.3 Mt), total sales ended the period 3% higher at 19.5 Mt (H1 2020: 18.9 Mt).

We are focused on ramping up shipments and increasing throughput. However, taking into consideration the potential for further weather and logistical challenges, as well as the annual maintenance shut in the second half, our sales guidance for the full year 2021 has been revised down by 1 Mt to 39.5 – 40.5 Mt (wmt).

Sales summary (unreviewed)

	Six months ended		
’000 tonnes	**June 2021**	June 2020	% change
Total	**19,515**	18,918	3
Export sales	**19,408**	18,560	5
Domestic sales	**107**	358	(70)

Kumba’s traditional markets outside of China recovered rapidly as vaccination programmes gained traction and major infrastructural spend programmes were rolled out. This is in sharp contrast to the first half of 2020 when traditional market share of total sales fell to 34%. In the first half of 2021 our market share increased to 55%, at the top end of our medium-to-long-term expectation of 45% to 55% for this customer segment. During the period under review China’s share of export sales decreased to 45% (H1 2020: 66%). Our average lump to fine ratio was 69:31 (H1 2020: 65:35) and our Fe quality at 64.1% (H1 2020: 64.4% Fe).

Sales to the traditional markets outside of China are predominantly on an FOB and COA basis. In line with sales to traditional markets increasing significantly, sales on a cost and freight (CFR) basis reduced to 58% (H1 2020: 75%), with contractual sales increasing to 90% (H1 2020: 79%) of total export sales volumes.

Financial results

Kumba delivered an excellent set of results demonstrated by EBITDA growth of 155% to R44.4 billion and attributable free cash flow of R31.5 billion. While strong iron ore prices provided a tailwind, these results were also driven by operational resilience, encompassing a combination of capturing product premium above market levels and the continued focus around efficiency and costs. We also maintained disciplined balance sheet management and our focus on sustainable shareholder returns.

Since implementing our value-over-volume strategy in 2018, our EBITDA margin has improved to 70% from 45% for the first half of 2018. In the first half of 2021, we achieved an average realised price of US$216/wmt (US$220/dmt), exceeding the benchmark price of US$163/wmt (US$166/dmt) by US$53/wmt. This includes a premia for lump and iron content of US$28/dmt and a marketing premium of US$2.8/dmt over and above our target of US$2/dmt.

From a cost perspective, operational efficiency is a key element of our cost savings drive. As operational efficiency decreased in the first half, it proved more challenging to meet some of our cost savings targets. To date, we have achieved R370 million of savings against a target of R1.0 billion for the full year, bringing the total cost savings to R3.6 billion since we started the programme in 2018. The lower rate of savings, coupled with higher maintenance costs, a drawdown of mining stock, as well as reduced capitalisation of stripping costs at Sishen, resulted in the unit cost of production at Sishen and Kolomela increasing to R448/dmt and R315/dmt, respectively.

In the second half, we expect unit costs to benefit as waste mining and operational efficiency improve. Cost savings should also increase as our contractor management and other initiatives gather momentum. However, we will not be able to close the gap in the remainder of the year, and accordingly, Sishen's unit cost guidance has been revised to R410-420/dmt (previously R395-405/dmt) and Kolomela's to R305-315/dmt (previously R300-310/dmt).

Kumba maintained a robust balance sheet and liquidity position, supported by strong cash generation from operations of R45.7 billion, while sustaining capital expenditure increased to R1.5 billion, from R1.2 billion in the comparative period. Due to the rephasing of projects and sustaining capital expenditure, along with the Rand strengthening, we have revised our capital expenditure guidance down by ~R3.0 billion to between R7.7 billion and R8.2 billion (previously R10.8 billion to R11.3 billion).

The underlying components are as follows:

- Lower stay-in-business (SIB) spend of between R3.2 billion and R3.4 billion (previously R3.8 billion and R4.0 billion). SIB is largely comprised of plant and infrastructure spend to improve safety, environmental sustainability and equipment reliability, as well as capital spares.
- Expansion capex of between R2.7 billion and R2.8 billion (previously R4.8 billion and R4.9 billion), relates mostly to the cost of developing the Kapstevel South pit at Kolomela, and to a lesser extent the UHDMS project and P101 efficiency programme.
- Deferred stripping capex will reduce to between R1.8 billion and R2.0 billion (previously R2.2 billion and R2.4 billion), following the lower stripping ratio at certain pushbacks at both of the mines.

Attributable free cash flow of R31.5 billion enhanced our net cash position to R40.7 billion (H1 2020: R15.7 billion). Our return on capital employed has increased to 225% up from 84% in the comparative 2020 period and this provides the Board confidence to declare an interim cash dividend of R72.70 per share to our shareholders.

Revenue

Total revenue increased by 101% to R63.6 billion (H1 2020: R31.6 billion), mainly as a result of higher prices and sales volumes, partially offset by a stronger Rand/US$ exchange rate.

Kumba's average realised FOB export price increased by 137% to US$216/wmt (H1 2020: US$91/wmt). Total sales volumes increased by 3% to 19.5 Mt (H1 2020: 18.9 Mt) with higher exports of 0.8 Mt, partially offset by lower domestic sales of 0.1 Mt . The average Rand/US$ exchange rate strengthened by 13% to R14.54/US$1 (H1 2020: R16.67/US$1). Shipping revenue decreased by R143 million due to lower CFR volumes and a stronger local currency, offset by higher freight rates.

The US$125/wmt higher average achieved FOB price was due to a US$90/tonne increase in the Platts 62 index price, partially offset by a US$7/tonne increase in the Platts freight rates resulting in a US$83/tonne higher FOB Saldanha Platts price. This was further enhanced by lump and Fe premium of US$28/tonne, a higher marketing premia of US$3/tonne and US$22/tonne due to timing effects. This benefit results from the strong increase in iron ore prices over the past six months, combined with pricing effectively taking place a month after arrival.

Operating expenses

Operating expenses, excluding mineral royalties, increased to R18.6 billion (H1 2020: R15.1 billion), primarily due to R3.5 billion higher operational costs from increased mining activities over the Covid-19 impacted H1 2020, offset by a R36 million decrease in logistics costs.

Selling and distribution costs were higher at R3.4 billion driven by Transnet tariff increases, higher logistics volumes and increased demurrage. Freight costs of R2.5 billion were R345 million lower on the prior period due to 1.9 Mt lower CFR shipping volumes and currency movements, partially offset by stronger freight rates.

Sishen's unit cash costs increased by 24% to R448/dmt (FY 2020: R362/dmt) owing to 7% mining related inflationary pressure, increased maintenance activities and higher mining volumes including work-in-progress (WIP) stock and deferred stripping movements, partially offset by higher production volumes and cost savings.

Kolomela's unit cash costs increased to R315/dmt (FY 2020: R304/dmt), representing a 4% increase driven by cost escalation, higher mining volumes and maintenance costs, offset by production gains and cost savings.

EBITDA

EBITDA of R44.4 billion reflects an increase of 155% compared with R17.4 billion in H1 2020. Stronger market prices and higher price premia for our products, together with higher sales volumes, were partially offset by a 13% stronger currency and higher operating expenses as mining activities increased from the Covid-19 impacted comparative base.

In line with this, Kumba's EBITDA margin increased to 70% (H1 2020: 55%), with the mining operating margin rising to 69% (H1 2020: 53%), excluding a net freight loss incurred on shipping operations.

Kumba's break-even price decreased to US$26/tonne, US$19/tonne down from US$45/tonne in 2020, attributable to higher price premiums and lower SIB capital expenditure. This was partially offset by currency losses as the Rand strengthened against the US dollar, cost escalation driven by mining related inflation, higher mining volume linked operating expenses, and stronger freight and royalty rates.

Cash flow and statement of financial position

Kumba ended the period with a net cash position of R40.7 billion (H1 2020: R15.7 billion). Cash flow generated from operations was R45.7 billion (H1 2020: R15.0 billion), underpinned by EBITDA of R44.4 billion, while working capital increased due to finished stock increasing to 6.1 Mt (FY 2020: 4.8 Mt).

Capital expenditure of R3.0 billion comprised R1.5 billion of SIB spend, R0.9 billion in deferred stripping, and R0.6 billion on the expansion capital expenditure programme. Our SIB expenditure was largely on capital spares, infrastructure upgrades and our mining fleet management programme. The deferred stripping capital expenditure was mainly driven by higher strip ratios at the relevant sections at both mines. Our expansion capital expenditure supports the work on our UHDMS technology project, the development of Kapstevel South and the P101 efficiency programme.

We paid total income tax of R6.8 billion (H1 2020: R3.3 billion) and mineral royalties of R2.4 billion (H1 2020: R1.0 billion) for the period and delivered shareholder value with the interim cash dividend of R23.4 billion (H1 2020: R6.3 billion).

Our liquidity position at 30 June 2021 consisted of R48.7 billion of cash resources and debt facilities, which includes our R8 billion revolving credit facility that matures 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.

Ore Reserves and Mineral Resources

There were no further material changes to the ore reserves and mineral resources as disclosed in the 2020 Ore Reserve (and Saleable Product) and Mineral Resource Report available at **https://www.angloamericankumba.com/investors/annual-reporting/reports-archive/2020.**

Events after the reporting period

There were no significant events that occurred from 30 June 2021 to the date of this report, not otherwise dealt with in this report.

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 2020 Integrated Report.

Changes in directorate

Ms Josephine Tsele was appointed as a non-executive director with effect from 30 April 2021.

Dr Mandla Gantsho retired as an independent non-executive director and Chairman of the Board on 14 May 2021.

Mr Terence Goodlace was appointed as Chairman of the Board with effect from 23 June 2021. He has served as the Lead Independent Director since March 2017. He also serves as Chairman of the Strategy and Investment Committee and as a member of the Social, Ethics and Transformation Committee, Human Resources and Remuneration Committee and the Nominations and Governance Committee.

The Board announced the following changes to the composition of its Board committees with effect from 23 July 2021:

- Mr Terence Goodlace was appointed as Chairman of the Nominations and Governance Committee
- Ms Mary Bomela was appointed as a member of the Social, Ethics and Transformation Committee and the Strategy and Investment Committee
- Ms Michelle Jenkins was appointed as a member of the Human Resources and Remuneration Committee
- Ms Josephine Tsele was appointed as a member of the Social, Ethics and Transformation Committee and the Strategy and Investment Committee.

Changes in management

Mr Philip Fourie retired as Executive Head of Safety, Health and Environment and a Member of the Executive Committee with effect from 31 March 2021. The directors wished him all the best in this new chapter of his life.

Mr Butch Dudgeon was appointed as acting Head of Safety, Health and Environment from 1 April 2021 to 30 April 2021. The directors thanked Mr Dudgeon for acting in this role.

Ms Nandi Sibanyoni was appointed as Executive Head of Safety, Health and Environment, with effect from 1 May 2021.

Ms Virginia Tyobeka has resigned as Executive Head of Human Resources effective 31 July 2021 and was thanked for her commitment, hard work, and visionary leadership over the past decade. The search for a successor is under way and an announcement will be made in due course.

Outlook and guidance

Looking ahead to the second half, Kumba will continue its relentless focus on safety and safeguarding the health of our workforce through our comprehensive *WeCare* Covid-19 programme and the vaccination programme at our sites. We are investing in safety through the Risk Reduction programme and our bi-weekly leadership safety engagements to ensure that our workforce remain vigilant and proactively manage potential high risk events.

Alongside safety and health, a trademark of Kumba's culture is our ability to combine operational resilience with the strength of our world-class assets to generate sustainable shareholder returns. In the first half, despite the operational challenges, we built on the momentum from 2020 and delivered an excellent set of financial results, which provides a solid base for the rest of the year.

We are confident that the positive underlying fundamentals for iron ore will remain constructive for some time relative to historical levels, although it is unlikely to continue to grow at the pace seen in the first half. While uncertainties around the pandemic remain, demand for high-quality iron ore will be sustained as global economies continue to recover.

With the world moving towards cleaner energy, the construction of renewable sources of energy will require more steel and as sintering plant closures increase across China the preference for direct charge material, including lump iron ore products will continue to grow.

At the start of the year, Kumba set a 2030 target to reduce Scope 1 and 2 carbon emissions by 30% through the use of hydrogen trucks and solar renewable energy, leveraging the high solar intensity at our mines in the Northern Cape. Together with the Anglo American group the studies have progressed and sites have been identified for the renewable energy plant in the first half. A further update will be provided at the end of the year.

We will continue to drive our life extension strategies. Full access to the Dingleton area will enable unconstrained mining of the Sishen mine pit, with site and bench establishment commencing in the third quarter, and we will continue to progress our Kapstevel South and UHDMS projects.

Kumba's outlook for the full year 2021 as provided in our annual results presentation on the 23 February has been revised. The change in guidance relates to sales, waste, unit costs and capital expenditure as shown in the table below. All volumes are reported on a wet metric tonne basis with the exception of waste, which is reported on a dry metric tonne basis. The revised full year guidance is as follows:

Guidance

	FY2021 (dmt)	FY2021 Revised (dmt)	FY2021 Revised (wmt)
Total sales (Mt)	40 – 41	39 – 40	39.5 – 40.5
Total production (Mt)	40 – 41	40 – 41	40.5 – 41.5
Sishen	~28	~28	~28.5
Kolomela	~13	~13	~13
Waste stripping (Mt)			
Sishen	150 – 170	150 – 160	
Kolomela	55 – 65	55 – 65	
On-mine unit costs (R/dmt)			
Sishen	R395 – R405	R410 – R420	
Kolomela	R300 – R310	R305 – R315	
Capital expenditure (Rbn)	R10.8 – R11.3	R7.7 – R8.2	
Expansion capex	R4.8 – R4.9	R2.7 – R2.8	
Sustaining capex	R3.8 – R4.0	R3.2 – R3.4	
Deferred stripping	R2.2 – R2.4	R1.8 – R2.0	

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.

Themba Mkhwanazi concluded: "We remain committed to the safety, health and wellbeing of our workforce and local communities. In the midst of the third Covid-19 wave in South Africa, Kumba is redoubling safety and health initiatives.

"We have delivered strong results despite the weather and logistics challenges, demonstrating our operational resilience and financial strength driven by our world-class assets, ability to maximise returns and robust balance sheet. We understand the importance of the mining sector's contribution to South Africa's economic recovery and when Kumba prospers our stakeholders share in these benefits. During the first half logistics constraints impacted export sales and much need dollar revenues. While our interventions helped offset the full impact, improved logistical performance and capacity will allow us to deliver greater shared value.

"Kumba is well positioned for a sustainable future. With the flight to quality and decarbonisation drive to carbon neutrality, our high lump and Fe quality products will continue to be in demand. As a Company we are committed to transitioning responsibly towards a lower carbon footprint and supporting our customers with higher quality iron ore as we extend the sustainability of our operations by implementing future-enabling technologies."

The presentation of the Company's results for the six months ended 30 June 2021 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 27 July 2021.

Salient features and operating statistics

for the period ended

	Unreviewed six months 30 June 2021	Unreviewed six months 30 June 2020	Unaudited 12 months 31 December 2020
Share statistics ('000)			
Total shares in issue	**322,086**	322,086	322,086
Weighted average number of shares	**320,679**	320,755	320,691
Diluted weighted average number of shares	**321,643**	321,535	321,761
Treasury shares	**1,361**	1,271	1,486
Market information			
Closing share price (Rand)	**641**	463	623
Market capitalisation (Rand million)	**206,325**	149,158	200,598
Market capitalisation (US$ million)	**14,414**	8,594	13,659
Net asset value attributable to owners of Kumba (Rand per share)	**178.45**	123.64	147.31
Capital expenditure (Rand million)[1]			
Incurred	**3,049**	2,827	5,746
Contracted	**3,063**	1,010	1,361
Authorised but not contracted	**10,669**	3,147	7,736
Commitments from shipping services (Rand million)[1]	**3,013**	3,705	3,835
Operating commitments (Rand million)[1]	**765**	1,070	1,031
Economic information			
Average Rand/US Dollar exchange rate (ZAR/US$)	**14.54**	16.67	16.47
Closing Rand/US Dollar exchange rate (ZAR/US$)	**14.31**	17.36	14.69
Sishen mine FOR unit cost			
Unit cost (Rand per tonne)	**582.58**	469.27	531.60
Cash cost (Rand per tonne)	**447.95**	325.40	361.79
Unit cost (US$ per tonne)	**40.06**	28.16	32.28
Cash cost (US$ per tonne)	**30.80**	19.53	21.97
Kolomela mine FOR unit cost			
Unit cost (Rand per tonne)	**444.68**	427.45	447.80
Cash cost (Rand per tonne)	**315.35**	306.40	304.31
Unit cost (US$ per tonne)	**30.58**	25.65	27.20
Cash cost (US$ per tonne)	**21.68**	18.39	18.48

[1] Amounts have been reviewed by the group's auditors (the 31 December 2020 amount was audited).

Condensed consolidated statement of financial position

as at

Rand million	Notes	Reviewed 30 June 2021	Reviewed 30 June 2020	Audited 31 December 2020
ASSETS				
Property, plant and equipment	3	**40,198**	39,100	40,165
Right-of-use assets		**399**	471	465
Biological assets		**23**	17	24
Investments held by environmental trust		**717**	613	656
Long-term prepayments and other receivables		**198**	163	144
Inventories	4	**3,994**	3,895	3,741
Deferred tax assets		**–**	1	1
Non-current assets		**45,529**	44,260	45,196
Inventories	4	**6,083**	6,710	5,858
Trade and other receivables		**7,811**	3,619	8,756
Cash and cash equivalents	5	**41,104**	16,271	22,707
Current assets		**54,998**	26,600	37,321
Total assets		**100,527**	70,860	82,517
EQUITY				
Shareholders' equity		**57,477**	39,824	47,446
Non-controlling interests		**17,788**	12,386	14,744
Total equity		**75,265**	52,210	62,190
LIABILITIES				
Lease liabilities		**305**	421	335
Provisions		**2,779**	2,537	2,607
Deferred tax liabilities		**9,842**	9,475	9,586
Non-current liabilities		**12,926**	12,433	12,528
Lease liabilities		**122**	117	179
Provisions		**423**	94	117
Trade and other payables		**6,508**	5,537	6,693
Contract liabilities		**181**	112	194
Current tax liabilities		**5,102**	357	616
Current liabilities		**12,336**	6,217	7,799
Total liabilities		**25,262**	18,650	20,327
Total equity and liabilities		**100,527**	70,860	82,517

Condensed consolidated statement of profit or loss

for the period ended

Rand million	Notes	Reviewed six months 30 June 2021	Reviewed six months 30 June 2020	Audited 12 months 31 December 2020
Revenue	7	**63,616**	31,579	80,104
Operating expenses	8	**(21,631)**	(16,412)	(39,105)
Expected credit losses on financial assets		**(61)**	(128)	(161)
Operating profit		**41,924**	15,039	40,838
Finance income		**405**	265	624
Finance costs		**(141)**	(130)	(258)
Profit before taxation		**42,188**	15,174	41,204
Taxation		**(11,567)**	(4,150)	(11,363)
Profit for the period		**30,621**	11,024	29,841
Attributable to:				
Owners of Kumba		**23,353**	8,408	22,779
Non-controlling interests		**7,268**	2,616	7,062
		30,621	11,024	29,841
Earnings per share attributable to the ordinary equity holders of Kumba (Rand per share)				
Basic		**72.82**	26.21	71.03
Diluted		**72.60**	26.15	70.79

Condensed consolidated statement of other comprehensive income

for the period ended

Rand million	Reviewed six months 30 June 2021	Reviewed six months 30 June 2020	Audited 12 months 31 December 2020
Profit for the period	**30,621**	11,024	29,841
Other comprehensive (loss)/profit for the period	**(46)**	424	(111)
Exchange differences on translation of foreign operations[1]	**(46)**	424	(111)
Total comprehensive income for the period	**30,575**	11,448	29,730
Attributable to:			
Owners of Kumba	**23,318**	8,731	22,694
Non-controlling interests	**7,257**	2,717	7,036
	30,575	11,448	29,730

[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	Reviewed six months 30 June 2021	Reviewed six months 30 June 2020	Audited 12 months 31 December 2020
Total equity at the beginning of the period	**62,190**	47,524	47,524
Changes in share capital and premium			
Treasury shares issued to employees under employee share incentive schemes	**49**	85	88
Purchase of treasury shares	**(84)**	(80)	(201)
Changes in reserves			
Equity-settled share-based payments	**98**	89	186
Vesting of shares under employee share incentive schemes	**(49)**	(82)	(88)
Total comprehensive income for the period	**23,318**	8,731	22,694
Dividends paid	**(13,302)**	(5,150)	(11,463)
Changes in non-controlling interests			
Total comprehensive income for the period	**7,257**	2,717	7,036
Dividends paid	**(4,212)**	(1,624)	(3,586)
Total equity at the end of the period	**75,265**	52,210	62,190
Comprising:			
Share capital and premium (net of treasury shares)	**(153)**	—	(118)
Share capital	**3**	3	3
Share premium	**364**	364	364
Treasury shares	**(520)**	(367)	(485)
Equity-settled share-based payment reserve	**304**	194	285
Foreign currency translation reserve	**1,123**	1,565	1,158
Retained earnings	**56,203**	38,065	46,121
Shareholders' equity	**57,477**	39,824	47,446
Non-controlling interests	**17,788**	12,386	14,744
Total equity at the end of the period	**75,265**	52,210	62,190
Dividend (Rand per share)			
Interim[1]	**72.70**	19.60	19.60
Final	**n/a**	n/a	41.30

[1] The interim dividend was declared after 30 June 2021 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 2021. Refer to note 15.

Condensed consolidated statement of cash flows

for the period ended

Rand million	Reviewed six months 30 June 2021	Reviewed six months 30 June 2020	Audited 12 months 31 December 2020
Cash receipts from customers	**64,560**	31,698	74,774
Cash paid to suppliers and employees	**(18,822)**	(16,722)	(34,435)
Cash generated from operations	**45,738**	14,976	40,339
Finance income received	**405**	265	630
Finance expenses paid	**(118)**	(71)	(162)
Taxation paid	**(6,826)**	(3,310)	(10,146)
Cash flows from operating activities	**39,199**	11,861	30,661
Additions to property, plant and equipment	**(3,049)**	(2,827)	(5,746)
Proceeds from disposal of property, plant and equipment	**2**	2	4
Acquisition of interest in an associate	**(50)**	–	–
Acquisition of financial asset at fair value through profit and loss	**(10)**	–	–
Cash flows utilised in investing activities	**(3,107)**	(2,825)	(5,742)
Purchase of treasury shares	**(84)**	(80)	(201)
Dividends paid to owners of Kumba	**(13,302)**	(5,150)	(11,463)
Dividends paid to non-controlling shareholders	**(4,212)**	(1,624)	(3,586)
Payment of lease liabilities	**(63)**	(52)	(149)
Cash flows utilised in financing activities	**(17,661)**	(6,906)	(15,399)
Net increase in cash and cash equivalents	**18,431**	2,129	9,520
Cash and cash equivalents at beginning of the period	**22,707**	12,865	12,865
Foreign currency exchange (losses)/gains on cash and cash equivalents	**(34)**	1,277	322
Cash and cash equivalents at end of the period	**41,104**	16,271	22,707

Condensed consolidated statement of headline earnings

for the period ended

Rand million	Reviewed six months 30 June 2021	Reviewed six months 30 June 2020	Audited 12 months 31 December 2020
Reconciliation of headline earnings			
Profit attributable to owners of Kumba	**23,353**	8,408	22,779
Net (gain)/loss on disposal and scrapping of property, plant and equipment	**(24)**	(12)	19
	23,329	8,396	22,798
Taxation effect of adjustments	**7**	3	(5)
Non-controlling interests in adjustments	**4**	2	(3)
Headline earnings	**23,340**	8,401	22,790
Headline earnings (Rand per share)			
Basic	**72.78**	26.19	71.07
Diluted	**72.56**	26.13	70.83
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	**320,678,955**	320,755,003	320,690,801
Diluted weighted average number of ordinary shares	**321,643,280**	321,534,832	321,760,686

The dilution adjustment of 964,325 shares at 30 June 2021 (30 June 2020: 779,829 and 31 December 2020: 1,069,885) is 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 2021

1. Corporate information

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

The condensed consolidated interim financial statements of Kumba and its subsidiaries for the six months ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 26 July 2021.

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, the 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 Listing 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 2021. The group ended the period in a cash position of R41.1 billion (30 June 2020: R16.3 billion and 31 December 2020: R22.7 billion). Further analysis of the cash position and details of facilities are set out in note 5.

The Board has considered the group's cash flow forecasts for the period to the end of 31 December 2022 under base case and downside scenarios, with consideration given to the uncertainty of the impact of the Covid-19 pandemic 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.

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. Basis of preparation continued

2.2. Impact of the Covid-19 pandemic on the financial results

The group has considered the impact of the Covid-19 pandemic 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 Covid-19 pandemic, although the pandemic has 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 Covid-19 pandemic and the forecast medium and longer-term impact on the world economy and commodity prices. No impairment indicators have been identified for the group's non-current assets.

2.3. 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 2020, except as disclosed below.

2.4. 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 and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

2.4.1. New standards effective for annual periods beginning on or after 1 January 2021

No new standards, amendments to published standards and interpretations which became effective for the year commencing on 1 January 2021 had an impact on the group's accounting policies.

2.4.2. 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.

2. Basis of preparation continued

2.5. Significant accounting estimates and assumptions

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 these estimates.

The life-of-mine plan (LoMP) on which accounting estimates are based only includes proved and probable ore reserves as disclosed in Kumba's 2020 annual ore reserves and mineral resources statement. The most significant changes in the provision for the period arose from inflationary changes in the expected cash flows for both mines and the unwinding of the discount.

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 2021, the discount rate reduced marginally by 0.2% to 4.1% (30 June 2020: 4.0% and 31 December 2020: 4.3%), in real terms.

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

Rand million	Reviewed 30 June 2021	Reviewed 30 June 2020	Audited 31 December 2020
Increase in environmental rehabilitation provision	**116**	38	103
Increase/(decrease) in decommissioning provision	**27**	8	(17)
Decrease in profit after tax attributable to the owners of Kumba	**54**	21	57
Rand per share			
Decrease in earnings per share attributable to the owners of Kumba	**0.17**	0.07	0.18

The change in estimate from 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.

3. Property, plant and equipment

Rand million	Reviewed 30 June 2021	Reviewed 30 June 2020	Audited 31 December 2020
Capital expenditure	2,366	2,435	6,086
Comprising:			
Expansion	585	202	632
SIB	839	996	2,952
Deferred stripping	942	1,237	2,502
Decrease/(increase) in capital creditors[1]	683	392	(340)
Additions to property, plant and equipment per statement of cash flows	**3,049**	2,827	5,746
Transfers from assets under construction to property, plant and equipment	307	433	2,916

[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 on the UHDMS, Kapstevel South projects, and for the P101 efficiency programme. SIB capital expenditure represents spend on capital spares, mining fleet replacement, plant and infrastructure upgrades to sustain our business.

4. Inventory

Rand million	Reviewed 30 June 2021	Reviewed 30 June 2020	Audited 31 December 2020
Finished product	2,483	2,662	1,755
WIP	5,767	6,272	6,045
Plant spares and stores	1,827	1,671	1,799
Total inventories	**10,077**	10,605	9,599
Non-current portion of WIP inventories	3,994	3,895	3,741
Total current inventories	6,083	6,710	5,858
Total inventories	**10,077**	10,605	9,599

The total inventory write-down of R83 million (30 June 2020: R31 million and 31 December 2020: R902 million) has been recognised in the statement of profit or loss (refer to note 8).

No inventories were encumbered during the year.

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

5. Cash and cash equivalents and debt facilities

Kumba's cash position at the statement of financial position was as follows:

Rand million	Reviewed 30 June 2021	Reviewed 30 June 2020	Audited 31 December 2020
Cash and cash equivalents	**41,104**	16,271	22,707

Included in cash and cash equivalents is an amount of R2,943 million (30 June 2020: R628 million and 31 December 2020: R893 million) which is restricted as it is required to be held at trading exchanges to cover initial margins under derivative contracts. A variation margin is posted to the exchange on a daily basis, and values can fluctuate depending on the exchange pricing. As a result, variation margins are classified as trade and other receivables or trade and other payables in line with the nature of these instruments. The group also held deposits amounting to R306 million (30 June 2020: R265 million and 31 December 2020: R277 million) which are subject to statutory restrictions and are therefore not available for general use by the group.

Short-term cash deposits of R39,353 million (30 June 2020: R14,443 million and 31 December 2020: R21,868 million), included in cash and cash equivalents, were placed with subsidiaries of the ultimate holding company during the period under review.

The group's debt facilities consist of a committed R8 billion (30 June 2020: R8 billion and 31 December 2020: R8 billion) revolving credit facility which matures in 2024. The group's debt facilities also include uncommitted facilities of R8.2 billion (30 June 2020: R8.2 billion and 31 December 2020: R8.2 billion) which are placed with a subsidiary of the ultimate holding company. The committed and uncommitted facilities were undrawn at 30 June 2021, 30 June 2020 and 31 December 2020.

6. Share capital and share premium

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

Rand million	Reviewed 30 June 2021	Reviewed 30 June 2020	Audited 31 December 2020
Balance at beginning of period	**(118)**	(5)	(5)
Net movement in treasury shares under employee share incentive schemes	**(35)**	5	(113)
Purchase of treasury shares	**(84)**	(80)	(201)
Shares issued to employees	**49**	85	88
Balance at end of period	**(153)**	–	(118)

6. Share capital and share premium continued

Reconciliation of number of shares in issue:

Rand million	Reviewed 30 June 2021	Reviewed 30 June 2020	Audited 31 December 2020
Balance at beginning and end of period	**322,085,974**	322,085,974	322,085,974
Reconciliation of treasury shares held:			
Balance at beginning of period	**1,486,238**	1,411,944	1,411,944
Shares purchased	**129,992**	239,283	464,292
Issued to employees under the Bonus Share Plan, Bonus and Retention Share Plan, Long-term Incentive Plan, Performance Share Plan and the SIOC Employee Benefit Scheme	**(255,580)**	(379,905)	(389,998)
Balance at end of period	**1,360,650**	1,271,322	1,486,238

All treasury shares are held as conditional awards under the Bonus Share Plan, Bonus and Retention Share Plan, Performance Share Plan, Long-term Incentive Plan and the SIOC Employee Benefit Scheme.

7. Revenue

Rand million	Reviewed six months 30 June 2021	Reviewed six months 30 June 2020	Audited 12 months 31 December 2020
Sale of iron ore	**52,013**	27,726	71,411
Services rendered – shipping	**2,573**	2,716	5,580
Total revenue from contracts with customers	**54,586**	30,442	76,991
Revenue from other sources[1]	**9,030**	1,137	3,113
Total revenue	**63,616**	31,579	80,104

[1] Revenue from other sources comprises net gains on financial instruments of R7,232 million (30 June 2020: R448 million and 31 December 2020: R4,212 million) and subsequent movements in provisionally-priced sales of R1,798 million (net gain) (30 June 2020: R689 million (net gain) and 31 December 2020: R1,099 million (net loss)).

7. Revenue continued

Geographical analysis of revenue from contracts with customers:

Rand million	Reviewed six months 30 June 2021	Reviewed six months 30 June 2020	Audited 12 months 31 December 2020
Domestic – South Africa	235	464	409
Export	54,351	29,978	76,582
China	27,762	20,641	49,411
Rest of Asia	9,093	5,171	14,096
Europe	17,269	3,882	12,507
Rest of Africa	129	284	385
Americas	98	—	183
Total external revenue	**54,586**	30,442	76,991

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

Disaggregation of revenue from contracts with customers:

	Products		Services	
Rand million	Sishen mine	Kolomela mine	Shipping operations	Total
30 June 2021				
Total segment revenue (Refer to note 10)	43,349	17,694	2,573	63,616
Revenue from other sources	(6,305)	(2,725)	–	(9,030)
Revenue from contracts with customers	37,044	14,969	2,573	54,586
30 June 2020				
Total segment revenue (Refer to note 10)	20,204	8,659	2,716	31,579
Revenue from other sources	(796)	(341)	–	(1,137)
Revenue from contracts with customers	19,408	8,318	2,716	30,442
31 December 2020				
Total segment revenue (Refer to note 10)	51,971	22,553	5,580	80,104
Revenue from other sources	(2,121)	(992)	–	(3,113)
Revenue from contracts with customers	49,850	21,561	5,580	76,991

8. Operating expenses

Operating expenses are made up as follows:

Rand million	Reviewed six months 30 June 2021	Reviewed six months 30 June 2020	Audited 12 months 31 December 2020
Costs by nature:			
Raw materials and consumables	**1,126**	508	1,449
Movement in inventories	**736**	203	1,040
Finished products	**459**	848	2,361
WIP	**277**	(645)	(1,321)
Inventory write-down to net realisable value	**83**	31	902
Contractors' expenses	**1,939**	1,643	3,817
Deferred waste stripping costs[1]	**(942)**	(1,237)	(2,502)
Staff costs	**2,826**	2,428	5,006
Employee expenses	**2,506**	2,393	4,863
Termination benefits	**228**	–	–
Share-based payment expenses	**92**	35	143
Mineral royalty	**3,113**	1,458	3,493
Transportation and selling costs	**3,409**	3,100	6,580
Shipping services rendered	**2,487**	2,832	5,598
Sub-lease rent received	**(21)**	(20)	(44)
Depreciation of property, plant and equipment[2]	**2,442**	2,362	4,970
Repairs and maintenance	**1,486**	1,115	2,479
Legal fees	**10**	12	24
Professional fees	**89**	90	171
Audit fees	**6**	2	12
Insurance costs	**83**	62	154
Technical services and project studies	**71**	60	128
Lease expenses	**576**	282	905
General expenses[3]	**241**	950	1,622
Petroleum products	**1,110**	930	1,985
Energy costs	**239**	200	439
Own work capitalised	**(24)**	(16)	(114)
Corporate costs	**485**	261	788
Net (gain)/loss on disposal and scrapping of property, plant and equipment	**(24)**	(12)	19
Net finance losses/(gains)	**85**	(832)	184
Unrealised losses on derivative financial instruments[4]	**–**	140	–
Net foreign currency losses/(gains)	**146**	(1,010)	176
Net fair value (gains)/losses on financial assets measured at fair value through profit or loss[5]	**(61)**	38	8
Total operating expenses	**21,631**	16,412	39,105

[1] This relates to stripping costs capitalised during the period. Refer to note 3.
[2] This includes R70 million in respect of right-of-use assets (30 June 2020: R60 million and 31 December 2020: R134 million).
[3] This comprises mostly expenses for advertising, sponsorships, donations and IT expenses.
[4] Unrealised gains/losses on derivative financial instruments have been reclassified to revenue to align to the nature of the underlying contracts.
[5] This includes a R1 million fair value loss (30 June 2020: R1 million gain and 31 December 2020: R13 million loss) on a loan receivable and R61 million gain (30 June 2020: R39 million loss and 31 December 2020: R4 million gain) on investments held by the environmental trust.

9. Taxation

The group's effective tax rate was 27% for the period (30 June 2020: 27% and 31 December 2020: 28%).

10. 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 comprise 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 EBITDA, which is considered a more appropriate measure of profitability for the group's business. Finance income and finance costs are not allocated to segments, as treasury activity is managed on a central group basis.

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

Depreciation, staff costs, and additions to property, plant and equipment are not reported to the CODM per segment, but are significant items which are included in EBITDA and/or reported on for the group as a whole.

10. Segmental reporting continued

Rand million	Products[1] Sishen mine	Kolomela mine	Logistics[2]	Services Shipping operations	Other	Total
Reviewed period ended 30 June 2021						
Statement of profit or loss						
Total external revenue	**43,349**	**17,694**	**–**	**2,573**	**–**	**63,616**
EBITDA	**33,882**	**14,141**	**(3,405)**	**86**	**(338)**	**44,366**
Significant items included in statement of profit or loss:						
Depreciation	**1,598**	**746**	**4**	**–**	**94**	**2,442**
Staff costs	**1,653**	**596**	**22**	**–**	**555**	**2,826**
Statement of financial position						
Total segment assets	**3,676**	**3,712**	**862**	**–**	**–**	**8,250**
Statement of cash flows						
Additions to property, plant and equipment						
Expansion	**463**	**159**	**–**	**–**	**–**	**622**
SIB	**1,035**	**450**	**–**	**–**	**–**	**1,485**
Deferred stripping	**437**	**505**	**–**	**–**	**–**	**942**
Reviewed period ended 30 June 2020						
Statement of profit or loss						
Total external revenue	20,204	8,659	–	2,716	–	31,579
EBITDA	14,917	6,343	(3,096)	(116)	(647)	17,401
Significant items included in statement of profit or loss:						
Depreciation	1,649	640	4	–	69	2,362
Staff costs	1,568	568	17	–	274	2,427
Statement of financial position						
Total segment assets	4,498	3,187	1,188	–	61	8,934
Statement of cash flows						
Additions to property, plant and equipment						
Expansion	186	17	–	–	145	348
SIB	824	318	2	–	98	1,242
Deferred stripping	854	383	–	–	–	1,237

[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.

10. Segmental reporting continued

Rand million	Products[1] Sishen mine	Kolomela mine	Logistics[2]	Services Shipping operations	Other	Total
Audited year ended 31 December 2020						
Statement of profit or loss						
Total external revenue	51,971	22,553	–	5,580	–	80,104
EBITDA	37,652	16,549	(6,571)	(17)	(1,805)	45,808
Significant items included in statement of profit or loss:						
Depreciation	3,416	1,376	9	–	169	4,970
Staff costs	3,083	1,147	32	–	744	5,006
Statement of financial position						
Total segment assets	3,840	3,447	513	–	–	7,800
Statement of cash flows						
Additions to property, plant and equipment						
Expansion	415	175	–	–	–	590
SIB	1,793	857	–	–	4	2,654
Deferred stripping	1,523	979	–	–	–	2,502

[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.

Reconciliation of reportable segments' assets to inventories

Rand million	Note	Reviewed 30 June 2021	Reviewed 30 June 2020	Audited 31 December 2020
Inventories				
Finished product		**2,483**	2,662	1,755
WIP		**5,767**	6,272	6,045
Segment assets		**8,250**	8,934	7,800
Plant spares and stores		**1,827**	1,671	1,799
Balance per statement of financial position	4	**10,077**	10,605	9,599

10. **Segmental reporting** continued

Geographical analysis of total external revenue

Rand million	Reviewed 30 June 2021	Reviewed 30 June 2020	Audited 31 December 2020
Domestic – South Africa	235	464	409
Export	63,381	31,115	79,695
China	32,434	20,641	50,221
Rest of Asia	10,337	6,208	14,485
Europe	20,383	3,982	14,421
Rest of Africa	129	284	385
Americas	98	–	183
Total external revenue	**63,616**	31,579	80,104

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

Reconciliation of operating profit to EBITDA

Rand million	Reviewed 30 June 2021	Reviewed 30 June 2020	Audited 31 December 2020
Operating profit per statement of profit or loss	41,924	15,039	40,838
Add back:			
Depreciation	2,442	2,362	4,970
EBITDA	**44,366**	17,401	45,808

11. 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[3].

Rand million	Reviewed 30 June 2021	Reviewed 30 June 2020	Audited 31 December 2020
Anglo American SA Finance Limited[1]			
Short-term deposits held with Anglo American SA Finance Limited			
– Deposit	**29,929**	9,761	13,721
– Weighted average interest rate (%)	**3.67**	5.60	4.48
Interest on short-term deposits earned during the period	**389**	210	466
Interest receivable	**96**	40	64
Uncommitted facilities with Anglo American SA Finance Limited	**8,200**	8,200	8,200
Anglo American Capital plc[1]			
Short-term deposit held with Anglo American Capital plc			
– Deposit	**6,477**	4,057	7,258
Interest on short-term deposits earned during the period	*****	19	20
Anglo Corporate Services South Africa Proprietary Limited[1]			
Purchase of goods and services: Corporate operations (including shared services)	**389**	150	564
Purchase of goods and services: Research	**—**	52	135
Insurance receivable	**—**	—	64
Trade payables	**381**	361	445
Long-term receivables	**80**	28	38

11. **Related-party transactions** continued

Rand million	Reviewed 30 June 2021	Reviewed 30 June 2020	Audited 31 December 2020
Anglo American Marketing Limited[1]			
Cash and cash equivalents held with Anglo American Marketing Limited	**2,947**	625	889
Trade payable owed to Anglo American Marketing Limited	**78**	118	102
Trade receivable owed by Anglo American Marketing Limited	**491**	4	427
Sale of goods to Anglo American Marketing Limited	**587**	565	1,206
Shipping services provided by Anglo American Marketing Limited	**488**	686	1,253
Anglo American Shipping Pte. Limited[1]			
Shipping services provided by Anglo American Shipping Pte. Limited	**1,999**	2,146	4,390
Trade payable owing to Anglo American Shipping Pte. Limited	**105**	230	227
Anglo South Africa Proprietary Limited[2]			
Dividends paid to Anglo South Africa Proprietary Limited	**9,273**	3,590	7,991
Exxaro Resources Limited[3]			
Dividends paid to Exxaro Resources Limited	**3,663**	1,412	3,119
Purchase of goods and services	**7**	*	11

* Amount is less than R1 million.
[1] Subsidiaries of the ultimate holding company, Anglo American plc.
[2] Holding company.
[3] Exxaro Resources Limited is SIOC's 20.62% (30 June 2020 and 31 December 2020: 20.62%) Black Economic Empowerment shareholder.

12. Fair value estimation

The carrying value of financial instruments not carried at fair value approximates 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 6 months – 30 June 2021			
Investments held by the environmental trust	–	717	–
Long-term other receivables	–	–	35
Equity investments at fair value through profit or loss	–	–	9
Trade receivables[4]	–	5,872	–
	–	6,589	44
Reviewed 6 months – 30 June 2020			
Investments held by the environmental trust	–	613	–
Long-term other receivables	–	–	49
Trade receivables[4]	–	2,340	–
Derivative financial instruments classified as cash and cash equivalents	–	628	–
	–	3,581	49
Audited 12 months – 31 December 2020			
Investments held by the environmental trust	–	656	–
Long-term other receivables	–	–	35
Trade receivables[4]	–	6,621	–
	–	7,277	35

[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 the provisionally-priced receivables carried at fair value through profit and loss.

12. Fair value estimation continued

The iron ore derivatives and 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.

During 2020, the investments held by the environmental trust were reclassified from level 1 to level 2. Management reassessed its view of the investments held by the environmental trust and concluded that level 2 better reflects the fair value hierarchy for this financial asset. There were no transfers during the period ended 30 June 2021.

The long-term other receivables relate 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.

The equity investment relates to a shareholding in an unlisted company, designated at fair value through profit or loss as per IFRS 9 *Financial Instruments*. The investment's fair value is based on unobservable market data, and estimated with reference to recent third-party transactions in the instruments of the Company.

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

Rand million	Reviewed 30 June 2021	Reviewed 30 June 2020	Audited 31 December 2020
Balance at beginning of period	**35**	48	48
Increase in financial assets during the year	**10**	—	—
Fair value (loss)/gain for the period	**(1)**	1	(13)
Balance at end of period	**44**	49	35

There were no changes made to any of the valuation techniques applied at 31 December 2020.

13. Contingent liabilities

As previously reported, during 2018, the South African Revenue Services (SARS) issued the group with additional income tax assessments, covering the 2012 to 2014 years of assessments, 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 wishes to proceed with the appeal to the Tax Court. On 18 August 2020, SARS filed its statement of grounds of assessment and opposing appeal, after which the group filed its statement of grounds of appeal on 21 October 2020. The pleadings in this matter are now closed and the trial date has been set for H1 2022.

On 14 September 2020, SARS informed the group it intends to audit the 2015 to 2018 years of assessments (audit). As the 2015 year of assessment has prescribed, it will be excluded from the audit. The appeal and the audit 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 audit in abeyance until the outcome of the appeal is known.

Based on the external legal and tax advice obtained, the group believes that these matters have been appropriately treated in the results for the six months ended 30 June 2021.

14. Guarantees

Total guarantees issued in favour of the Department of Mineral Resources and Energy (DMRE) in respect of the group's environmental closure liabilities at 30 June 2021 were R4 billion (30 June 2020: R3.4 billion and 31 December 2020: R3.4 billion). Guarantees in respect of the 2020 shortfall were issued to the DMRE during the period. The undiscounted closure costs increased by R166 million during the period. This, offset by the increase of R61 million in the trust fund investment, resulted in a shortfall of R138 million (30 June 2020: R127 million and 31 December 2020: R691 million). Shortfalls arising during the year will be addressed after finalisation of the group's 2021 annual financial statements, as required by the DMRE.

15. Events after the reporting period

Declaration of interim cash dividend

An interim cash dividend of R72.70 per share was declared by the Board on 26 July 2021 from profits accrued during the period ended 30 June 2021. The estimated total cash flow of the final Kumba dividend, payable on 23 August 2021 is R23.4 billion.

There have been no material events subsequent to 30 June 2021, not otherwise dealt with in this report.

16. 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 2021. 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 40 to 41, 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 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 booklet.

Any reference to future financial performance and non-IFRS information included in this announcement is the responsibility of the Company's directors and has not been reviewed or reported on by the Company's auditors.

On behalf of the Board

TP Goodlace
Chairman

TM Mkhwanazi
Chief Executive

26 July 2021
Pretoria

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 2021 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.

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 2021 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

PricewaterhouseCoopers Inc.
Director: CS Masondo
Registered Auditor
Johannesburg

26 July 2021

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

Notice of interim cash dividend

At its Board meeting on 26 July 2021, the directors approved a gross interim cash dividend of 7,270 cents per share on the ordinary shares from profits accrued during the period ended 30 June 2021. 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 5,816 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, 27 July 2021
Last day for trading to qualify and participate in the interim dividend	Tuesday, 17 August 2021
Trading ex-dividend commences	Wednesday, 18 August 2021
Record date	Friday, 20 August 2021
Dividend payment date	Monday, 23 August 2021

Share certificates may not be dematerialised or rematerialised between Wednesday, 18 August 2021 and Friday, 20 August 2021, both days inclusive.

By order of the Board

F Patel
Company Secretary

27 July 2021

Administration

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

Directors
Non-executive: TP Goodlace (British/South African) (Chairman), MS Bomela, SG French (Irish), MA Jenkins, NB Langa-Royds, SS Ntsaluba, BP Sonjica, MJ Tsele, DG Wanblad

Executive: TM Mkhwanazi (Chief Executive), BA Mazarura (Zimbabwean) (Chief Financial Officer)

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)

27 July 2021

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