

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 updates full year 2022 guidance and outlook for 2023 to 2025

Kumba is providing an update to the investment community on the Company's full year 2022 guidance, the outlook on production for 2023 to 2025 and C1 unit costs for 2023.

Mpumi Zikalala, Chief Executive of Kumba said: "Kumba has sustained its six year fatality free record and continues to prioritise the safety and health of our people, our contractors, and the communities in which we operate.

"Following a tough first half operationally, production and sales were disrupted in October 2022 by the two-week wage strike at Transnet with the subsequent delay and extended shutdown for the annual logistics maintenance programme adding further constraints. While the iron ore export channel has reopened, ongoing operational challenges have resulted in lower throughput than expected.

"Rail constraints throughout the year have led to a significant build-up of iron ore stockpiles at our mines and this has necessitated a decrease in production given the lack of available storage space. As a result, we have updated our production guidance for the full year 2022 to c.37 million tonnes (Mt), while our sales guidance has been maintained at 36-37Mt.

"Despite the decrease in production, our on-mine and C1 unit costs guidance have been maintained for the full year 2022. The unit cost guidance for Sishen is R500 - 530 per tonne and for Kolomela it is R505 - 525 per tonne. The C1 unit cost remains unchanged at US\$44 per tonne.

"Looking ahead, we have revised our production guidance in line with expected rail performance over the next three years. For 2023, we expect production of 35-37Mt (from 39-41Mt) with the C1 unit cost remaining flat at US\$44 per tonne, reflecting the benefit of anticipated lower diesel prices and currency depreciation. Our focus in 2023 is to reduce the high levels of iron ore stocks and rebalance the value chain to ensure stable and resilient operational performance as well as improved finished stock levels at Saldanha Port to facilitate our sales guidance of 37-39Mt.

"Rail capacity is expected to step up following the full execution of this year's major annual maintenance programme and the benefit of an extra set of trains, as well as the removal of speed restrictions and the implementation of weather-related mitigations. This, combined with ongoing improvements in rail performance supports our production outlook of 37-39Mt (from 41-43Mt) in 2024 and 39-41Mt in 2025.

Full year guidance	2022	2022 Revised	2023	2024	2025
Export sales (Mt)	36-37	No change	37-39		
Total production (Mt)	38-40	c.37	35-37	37-39	39-41
Sishen	c.27.5	c.27	c.26	c.27	c.28
Kolomela	c.10.5	c.10	c.10	c.11	c.12
Waste stripping (Mt)	180-210	No change			
Sishen	140-160	No change			
Kolomela	40-50	No change			
On mine unit cost (R/t)					
Sishen	500-530	No change			
Kolomela	505-525	No change			
C1 unit costs (US\$/t)¹	44	No change	44		
Capital expenditure (Rm)	10 000 – 11 000	No change			

1. Based on foreign exchange rate of R15.83/US\$ for 2022 and R17/US\$ for 2023
2. Production, sales volumes and C1 unit costs are reported as wet metric tonnes, with a moisture content of approximately 1.6%.
3. Volumes referred to for the period are 100% of Sishen Iron Ore Company Proprietary Limited ("SIOC"), and attributable to Kumba's shareholders and the non-controlling interests in SIOC.

Update on projects

"In terms of our projects, we are making good progress at our Kapstevl South pit following the safety reset earlier in the year at Kolomela. First ore is expected to be delivered in Q1 2024 (previously H2 2023).

"At Sishen, the ultra-high-dense-media-separation (UHDMS) project involves the conversion of the existing Sishen dense media separation plant to a UHDMS plant. As we have progressed the level of detailed design work, we have identified additional complexities associated with working in an operating plant. We are undertaking a full review of the project plan and anticipate that the tie-in and commissioning of the project will not take place in 2023. The review includes work to obtain clarity on the full extent of the impact on the overall project schedule. Once the review has been completed, an update will be provided.

"Overall, we are confident that the UHDMS technology represents a significant value creation opportunity for Kumba and will play an essential role in the transition to a low carbon future. The value drivers for the technology continue to be the lowering of the cut-off grade, increasing product quality and extending the life of mine".

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

Kumba's production and sales report for the fourth quarter and year ended 31 December 2022, will be released on the Stock Exchange News Service ("SENS") on 2 February 2023.

Kumba investor call

Mpumi Zikalala, CEO; Bothwell Mazarura, CFO and Timo Smit, Executive Head of Marketing, will host an analyst and investor call at 12:30 (CAT). The conference call pre-registration details are provided below:

Conference call pre-registration:

<https://services.choruscall.za.com/DiamondPassRegistration/register?confirmationNumber=3175496&linkSecurityString=6eb9b8880>

Anglo American plc investor update

The Anglo American plc investor update presentation is available on the Anglo American website at: <https://www.angloamerican.com/investors/investor-presentations>

Rosebank
9 December 2022

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Notes to editors:

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

www.angloamericankumba.com

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

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

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**Forward-looking statements**

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

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

These forward-looking statements speak only as of the date of this announcement. Kumba expressly disclaims any obligation or undertaking (except as required by applicable law, the Takeover Regulation Panel, the Listings Requirements of the securities exchange of the JSE Limited in South Africa, the Financial Sector Conduct Authority and any other applicable regulations) to release publicly any updates or revisions to any forward-looking statement



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contained herein to reflect any change in Kumba's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Nothing in this announcement should be interpreted to mean that future earnings per share of Kumba will necessarily match or exceed its historical published earnings per share.

Certain statistical and other information about Kumba included in this announcement is sourced from publicly available third-party sources. As such, it has not been independently verified and presents the views of those third parties, though these may not necessarily correspond to the views held by Kumba and Kumba expressly disclaims any responsibility for, or liability in respect of, such third-party information.