

Kumba Iron Ore Limited  
 A member of the Anglo American plc group  
 (Incorporated in the Republic of South Africa)  
 (Registration number 2005/015852/06)  
 Share code: KIO  
 ISIN: ZAE000085346  
 ("Kumba" or "the Company")

## Kumba production and sales report for the fourth quarter, and trading statement, for the year ended 31 December 2022

### Production and sales report for the fourth quarter and year ended 31 December 2022

Kumba CEO, Mpumi Zikalala, said "Kumba is producing safely and responsibly as we mark more than six-years of fatality-free production. Sishen delivered a solid performance demonstrating ongoing operational stability, while Kolomela's performance is improving, ensuring that both of our operations are well set up for 2023.

"However, Transnet's logistics remain a concern with poor performance continuing subsequent to the two-week wage strike in October 2022 and the annual maintenance shutdown in November 2022. This limited production to 10.0 Mt, representing an increase of 3% in Q4 2022, while sales decreased by 35% to 6.9 Mt, largely due to Transnet's performance.

"For the full 2022 year, production of 37.7 Mt and sales of 36.6 Mt were in line with revised guidance (c.37 Mt and 36-37 Mt, respectively). Currency weakness contributed positively to C1 costs of US\$40 per tonne ending the year better than guidance (c.US\$44 per tonne).

"Kumba's premium product quality and geographically diverse customer base contributed to an average realised price of US\$113 per wet metric tonne (wmt) for the year, 13% above the benchmark price of US\$100/wmt. Kumba's value-based strategy positions us positively in current volatile markets and ensures that we have a firm foundation to build on for a sustainable future."

### Overview of 2022

- We achieved more than six years of fatality-free production and continued to focus on improving safety performance.
- Production increased by 3% to 10.0 Mt in Q4 2022 (Q4 2021: 9.7 Mt). However, for the full 2022 year, production decreased by 8% to 37.7 Mt (2021: 40.9 Mt) due to operational headwinds at Kolomela as well as rail constraints, including industrial action at Transnet, resulting in high levels of finished product stock at the mines, where stockpile levels have reached capacity.
- Sales decreased by 35% to 6.9 Mt in Q4 2022 (Q4 2021: 10.7Mt) and by 9% to 36.6 Mt for 2022 (2021: 40.3 Mt), due to the sub-optimal logistics performance which has resulted in low levels of finished stock at Saldanha Port.
- Finished stock as at 31 December 2022 increased to 7.8 Mt from 6.1 Mt, with the majority of the stock situated at the mines.
- Delivered an average realised free-on-board (FOB) export iron ore price of US\$113/wmt (US\$115/dry metric tonne (dmt)), 13% above the benchmark price of US\$100/wmt (US\$102/dmt).

	Q4	Q3	Q2	Q1	Q4	% change	% change	YTD	YTD	% change
Million tonnes	2022	2022	2022	2022	2021	vs	vs	2022	2021	vs
						Q4 2021	Q3 2022			2021
Total waste mining	55.0	53.8	48.8	46.7	54.1	2	2	204.3	209.4	(2)
Total production	10.0	10.0	9.5	8.3	9.7	3	—	37.7	40.9	(8)
Total sales	6.9	10.0	10.2	9.5	10.7	(35)	(31)	36.6	40.3	(9)
Total waste mining	55.0	53.8	48.8	46.7	54.1	2	2	204.3	209.4	(2)
Sishen	39.8	41.4	40.0	35.7	37.8	5	(4)	156.8	146.1	7
Kolomela	15.3	12.4	8.8	11.1	16.4	(7)	23	47.5	63.3	(25)
Total production	10.0	10.0	9.5	8.3	9.7	3	—	37.7	40.9	(8)
Lump	6.5	6.5	6.2	5.4	6.4	2	—	24.7	27.6	(10)
Fines	3.5	3.5	3.2	2.9	3.3	7	—	13.0	13.3	(2)
Total production by mine	10.0	10.0	9.5	8.3	9.7	3	—	37.7	40.9	(8)
Sishen	7.0	7.1	7.1	5.8	6.5	7	(1)	27.0	28.0	(4)
Kolomela	3.0	2.9	2.4	2.5	3.2	(7)	2	10.7	12.8	(17)

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

### Safety and health

The health, safety and wellbeing of our employees and contractors are our top priority and a core value for Kumba. Our fatality-free record of more than six years is underpinned by our culture of "Zero Harm" focused on eliminating fatal incidents, minimising risk and promoting responsible safety behaviour. During the year, we implemented a safety reset initiative across all our sites to improve safety leadership and ensure that our work is well planned, designed and executed to create a safer and more productive working environment.

### Mining and production

Our focus on the stability and capability of operational processes continued to drive improvements in performance. Waste stripping increased by 2% to 55 Mt in Q4 2022 (Q4 2021: 54.1 Mt), due to a 5% increase at Sishen to 39.8 Mt (Q4 2021: 37.8 Mt), partly offset by a 7% decrease at Kolomela to 15.3 Mt (Q4 2021: 16.4 Mt). Compared to the previous two quarters of the year, Kolomela has progressively improved with waste mining increasing by 41% in Q3 2022 (Q2 2022: 8.8 Mt) and by 23% in Q4 2022, (Q3 2022: 12.4Mt).

Total production increased by 3% to 10.0 Mt in Q4 2022 (Q4 2021: 9.7). Sishen's production increased by 7% to 7.0 Mt (Q4 2021: 6.5 Mt) underpinned by improved feedstock stability, while Kolomela's production decreased by 7% to 3.0 Mt (Q4 2021: 3.2 Mt). This was largely as a result of industrial action at Transnet combined with poor rail performance following the annual maintenance shutdown, which led to further build-up of stock at the mines, necessitating a curtailment in production.

For the mining sector, including Kumba, the industry's ability to continue contributing significantly to the fiscus, sustained employment, and delivering far-reaching socio-economic benefits are inextricably linked to Transnet improving its operational performance. Recognising the integrated nature of the mining industry as part of the logistics system, the Transnet Board and Minerals Council Office Bearers announced on 19 December 2022 that they have agreed to establish joint collaborative structures and work together to ensure that all possible actions are taken to stabilise, recover and improve the throughput of South Africa's rail and ports systems to enable inclusive growth and maximise the movement of commodities in the national interest. Kumba is actively involved in this collaboration with our focus on the improvement of the performance of the Iron Ore Export Channel.

In addition, load curtailment by Eskom has increased and while we have minimised the impact on production by rescheduling our work according to load curtailment requirements, managing our operations around the availability of power supply represents an increasing risk for our operations.

Unit costs and the C1 cost for 2022 were better than guidance. Sishen and Kolomela's unit costs were R480 per tonne and R490 per tonne respectively (guidance: Sishen R500-R530 per tonne; Kolomela R505-R525 per tonne) and C1 unit costs were US\$40 per tonne (guidance: US\$44 per tonne). The improvement in C1 costs was underpinned by rand weakness.

### Logistics, sales and the market environment

Ore railed in Q4 2022 decreased by 27% to 6.8 Mt (Q4 2021: 9.4 Mt), further reducing already low levels of finished stock at Saldanha Port. Combined with the impact of the Transnet industrial action at the port, shipping throughput was significantly reduced. As a result, sales for the Q4 2022 period decreased by 35% to 6.9 Mt (Q4 2021: 10.7 Mt).

Closing finished iron ore stock for the 2022 year ended at 7.8 Mt (Q4 2021: 6.1 Mt), with the majority of the stock situated at the mines given the rail to port performance challenges.

For the full year 2022, Kumba achieved an average lump:fine ratio of 67:33 (2021: 69:31) and product quality of 63.8% Fe (2021: 64.1%), translating into an average realised FOB export iron ore price of US\$113/wmt (equivalent to US\$115/dmt), which is 13% above the average Platts 62 index FOB price of US\$100/wmt (equivalent to US\$102/dmt).

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

### Trading statement for the year ended 31 December 2022

Kumba is currently finalising its financial results for the year ended 31 December 2022. Further information will be provided in the Company's financial results for the 2022 year, which will be released on the Johannesburg Stock Exchange News Service (SENS) on 21 February 2023.

In accordance with paragraph 3.4(b) of the JSE Limited Listings Requirements, shareholders are advised that headline earnings for the year ended 31 December 2022 (the period) are likely to be between R18,706 million and R20,696 million. Headline earnings per share (HEPS) for the period are likely to be between R58.29 and R64.49, a decrease of between 38% and 44% from the previous year ended 31 December 2021 (comparative period). Reported headline earnings and HEPS for the comparative period (released on SENS on 23 February 2022) were R33,260 million and R103.65, respectively.

The decrease in earnings for the period is largely attributable to the lower average realised FOB export ore price and lower sales volumes, partly offset by a weaker Rand/US\$ exchange rate, relative to the comparative period. In addition, basic earnings for the period reflect an impairment on the asset value of Kolomela mine as a result of revisions to the forecast production and cost profile in the latest life of asset plan. Basic earnings for the period are expected to be between R14,702 million and R16,266 million. Basic earnings per share (EPS) for the period are expected to be between R45.82 and R50.69, a decrease of

between 51% and 56% from the comparative period. Reported basic earnings and EPS for the comparative period (released on SENS on 23 February 2022) were R33,266 million and R103.67 respectively.

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

Centurion  
2 February 2023

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

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#### **Notes to editors:**

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

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

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

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

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#### **Forward-looking statements**

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

Such forward-looking statements are based on numerous assumptions regarding Kumba's present and future business strategies and the environment in which Kumba will operate in the future. Important factors that could cause Kumba's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, levels of actual production during any period, levels of global demand and commodity market prices, mineral resource exploration and development capabilities, recovery rates and other operational capabilities, the effects of global pandemics and outbreaks of infectious diseases, the availability of mining and processing equipment, the ability to produce and transport products profitably, the availability of transport infrastructure, the impact of foreign currency exchange rates on market prices and operating costs, the availability of sufficient credit, the effects of inflation, political uncertainty and economic conditions, the actions of competitors, activities by governmental authorities such as permitting and changes in

taxation or safety, health, environmental or other types of regulation, conflicts over land and resource ownership rights and such other risk factors identified in Kumba's most recent Integrated Report. Forward-looking statements should, therefore, be construed in light of such risk factors and undue reliance should not be placed on forward-looking statements.

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

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