

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 delivers value through cost and capital discipline**

Kumba is providing an update on the Company's full year 2023 guidance and the outlook on production and C1 cash unit costs for 2024 to 2026.

Mpumi Zikalala, Chief Executive of Kumba said: "Kumba has continued to deliver improved operational stability at both Sishen and Kolomela, while continuing to prioritise the elimination of fatalities and serious injuries across both operations.

"Beyond the mine gate, however, there is no escaping the fact that ongoing logistics constraints have continued to place significant pressure on our value chain, resulting in stock levels at the mines increasing to unsustainable levels. We have therefore slowed down production and expect to end the year with production of between 35 - 36 million tonnes (previously 35 – 37 million tonnes) and sales at 36 – 37 million tonnes (previously 36 – 38 million tonnes). Sishen's production has reduced to ~25 million tonnes (previously ~26 million tonnes) and Kolomela's production guidance is unchanged at ~10 million tonnes.

"As a consequence of the reduced production volumes, Sishen's unit cost is anticipated to increase to between R570 – 590 per tonne (previously R540 - 570 per tonne). Kolomela's unit cost is expected to improve to between R480 – 500 per tonne (previously R510 - 540 per tonne), due to lower waste mining, higher production volumes as well as cost savings. Notwithstanding lower production at Sishen, our continued focus on cost improvements together with the benefit of a weaker currency, has contributed towards our improved C1 unit cost guidance of US\$42 per tonne (previously US\$43 per tonne).

"In light of persistent logistics challenges, we conducted a strategic business review in the second half of this year, with the aim of reconfiguring our business and aligning production more closely to the prevailing logistics capacity in order to ensure that our business is sustainable. Given this imperative, we have lowered our production outlook for the next three years to 35 – 37 million tonnes per annum (previously 37 – 39 million tonnes in 2024 and 39 – 41 million tonnes in 2025). I am pleased to add that, despite flat production and ongoing cost inflation, our C1 unit cost is forecast to improve to between US\$38 - 40 per tonne over the next three years, benefiting from our programme to optimise our cost base in line with the revised production profile.

"The cost optimisation programme will be a multi-year journey. To date, we have identified between R2.5-3.0 billion of sustainable cost saving initiatives for 2024. As we progress, we will be doing more work to identify and embed further cost savings and efficiency opportunities into our plans. The initiatives identified are centred around optimising our mine plan and use of contractors, improving our efficiencies, extracting further supply chain savings, and streamlining overhead costs.

"From a capital project perspective, as previously communicated, we have rephased our Kapstevél South project at Kolomela, reducing the waste mined, and we are on track to deliver first ore in H1 2024 as planned. At Sishen, where the ultra-high-dense-media-separation (UHDMS) project is under review, we have prioritised the reconfiguration of the business due to ongoing logistics challenges. The changes resulting from the optimisation of our mine plan will be incorporated into the project technical review and we expect to submit the project to the board for approval mid-2024. We remain confident that the UHDMS technology will play an essential role in positioning our business for a sustainable future. We continue to see significant value uplift, due to the benefit from lowering the cut-off grade which reduces our strip ratio, increasing product quality, and extending the life of mine.

"At half year, we revised our capital expenditure guidance for the full year 2023 by approximately R2 billion lower, to between R9 billion and R10 billion. This was largely driven by lower expansion capex due to the rephasing of Kapstevél South and the UHDMS project being under review, as well as a reduction in stay-in-business capex due to the re-prioritisation of heavy machinery and equipment spend as part of the mine plan optimisation. Our capital expenditure guidance for the full year 2023 is unchanged. In the medium-term, sustaining capital expenditure is expected to remain at current levels of around R5 billion.

"The state of South Africa's rail and port network is resulting in significant losses of revenue for many sectors of the economy and is depriving the country's fiscus of much-needed taxes. Kumba, together with the Ore User's Forum, is continuing to work with Transnet, the government, and other stakeholders to remove barriers and to improve the performance of the iron ore and manganese logistics network. We look forward to working with the new leadership at Transnet and are encouraged by the constructive efforts of the National Logistics Crisis Committee in promoting public sector partnership through the Freight and Logistics Roadmap.

“Despite ongoing logistics constraints, resulting in ore railed having decreased by ~15% since 2019, Kumba has continued to support local host communities. Over the past four years, our local procurement spend of R18.4 billion has helped to support local livelihoods and we have invested R1.4 billion in community healthcare, education, skills development and infrastructure. However, as we continue to face logistics challenges, we must ensure that our business is cost competitive so that we can continue to create enduring value for all our stakeholders.

“This year, Sishen celebrates its 70<sup>th</sup> year of operations in the Northern Cape where we have played a critical role in the local economy. With the actions we are taking to ensure that our business is resilient and sustainable, we will be well placed to continue supporting our local communities for years to come. We are focusing on the areas that we can control and building the flexibility required to operate in volatile macro scenarios with a more effective organisation to deliver our strategy in a sustainable and affordable manner.

“Over the long term we remain positive about iron ore fundamentals. The adoption of Scope 3 carbon reduction interventions by steel manufacturers will continue to support demand for Kumba’s high quality iron ore products. We are working with over 30 percent of our customers (by sales volumes) to help develop steelmaking technology with a lower carbon footprint and the decarbonization of our own operations will also ensure that we are well placed to participate in the green steel market.”

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, are subject to logistics constraints 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 2023 will be released on the Stock Exchange News Service (“SENS”) on 8 February 2024.

| Full year guidance                        | 2023                                       | 2024                                 | 2025                                   | 2026    |
|---|--|--------------------------------------|--|---------|
| <b>Export sales (Mt)</b>                  | 36 - 37<br><i>(Previously 36 – 38)</i>     |                                      |  |         |
| <b>Total production (Mt)</b>              | 35 - 36<br><i>(Previously 35 – 37)</i>     | 35-37<br><i>(Previously 37 – 39)</i> | 35 - 37<br><i>(Previously 39 – 41)</i> | 35 - 37 |
| Sishen                                    | c.25<br><i>(Previously c. 26)</i>          |                                      |  |         |
| Kolomela                                  | c.10<br><i>(Unchanged)</i>                 |                                      |  |         |
| <b>Waste stripping (Mt)</b>               | 205 - 215<br><i>(Previously 195 – 225)</i> |                                      |  |         |
| Sishen                                    | 160-165<br><i>(Previously 150 – 170)</i>   |                                      |  |         |
| Kolomela                                  | 45 - 50<br><i>(Previously 45 – 55)</i>     |                                      |  |         |
| <b>On mine unit cost (R/t)</b>            |  |                                      |  |         |
| Sishen                                    | 570 - 590<br><i>(Previously 540 – 570)</i> |                                      |  |         |
| Kolomela                                  | 480 - 500<br><i>(Previously 510 – 540)</i> |                                      |  |         |
| <b>C1 unit costs (US\$/t)<sup>1</sup></b> | 42<br><i>(Previously 43)</i>               | 38                                   | 39                                     | 40      |
| <b>Capital expenditure (Rm)</b>           | 9 000 – 10 000<br><i>(Unchanged)</i>       |                                      |  |         |

1. Based on foreign exchange rate of R18.00/US\$ for 2023. The guidance for 2024 to 2026 is based on R19.00/US\$.

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.

#### **Kumba investor call**

Mpumi Zikalala, CEO; Bothwell Mazarura, CFO and Timo Smit, Executive Head of Marketing, will host an analyst and investor call at 13:00 (CAT). The conference call pre-registration details are provided below:

Conference call pre-registration:

<https://services.choruscall.za.com/DiamondPassRegistration/register?confirmationNumber=2619129&linkSecurityString=6d514e9a4>

#### **Anglo American plc investor update**

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

Johannesburg  
8 December 2023

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

For further information, please contact:

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

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

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

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

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

#### 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.

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.