

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, and trading statement, for the six months ended 30 June 2024

Kumba's Chief Executive, Mpumi Zikalala, said: "Kumba's solid operational performance in the first half of 2024, stems from our relentless focus on safety and operational excellence as we unlock the value in our business and build resilience to ensure a sustainable future.

"Our commitment to the health and safety of our workforce contributed to our total recordable injury frequency rate (TRIFR) of 0.94 relative to 1.20 in the same period of 2023, notwithstanding an increase in the second quarter which was addressed by implementing an immediate Call to Action to drive further safety leadership across the business.

"In line with our business reconfiguration plan to align production to Transnet's logistics performance, volumes were reduced by 2%, matching a 2% decrease in ore railed to port. Sales decreased by 5% with the benefit of the pro-active mini-shut and port equipment repairs undertaken in April 2024, largely offsetting the impact of port equipment outages in the first quarter. As a result, we have maintained our production and sales guidance for the full year 2024 of 35-37Mt and 36-38Mt, respectively.

"Progress is being made on our cost optimisation programme and we are well on track to achieving our C1 unit cost guidance of US\$38/tonne. Guidance on capital expenditure is unchanged at R8.0 - 9.0 billion for the full year 2024.

"The iron ore market pulled back strongly in the first half and the reconfiguration of our business to a lower production and cost profile is helping to build greater resilience in the challenging market environment. Weak steel demand in China and Europe coupled with robust iron ore supply contributed to the Platts IODEX 62% Fe CFR benchmark iron ore price falling by 26% since the start of the year. An increase in steel exports provided some relief, while low levels of lump inventory supported the lump premium from which we benefit.

"Kumba achieved an average realised free-on-board (FOB) export price of US\$97 per wet metric tonne (wmt) relative to the 62% Fe FOB export price of US\$96/wmt as the timing effect of provisionally priced volumes in a lower price environment were largely offset by the lump and iron ore quality premium that our products attract."

Production and sales report for the six months ended 30 June 2024

Overview:

- A relentless focus on health and safety contributed to a TRIFR of 0.94 and fatality free production of more than eight years at Sishen.
- Total production for the six months ended 30 June 2024 ("the period") decreased by 2% to 18.5Mt (H1 2023: 18.7Mt).
- Sales decreased by 5% to 18.1Mt (H1 2023: 18.9Mt), due to equipment challenges at Saldanha Bay Port.
- Total finished stock increased to 8.2Mt (31 December 2023: 7.8Mt), with 0.6Mt at Saldanha Bay Port and 0.2Mt loaded on a vessel but not yet sold.
- Average realised FOB export iron ore price of US\$97/wmt (US\$99 per dry metric tonne (dmt)) achieved, relative to the average benchmark price of US\$96/wmt or US\$98/dmt.

000 tonnes	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q2 2024	Q2 2024	H1 2024	H1 2023	H1 2024
							vs	vs			vs
							Q2 2023	Q1 2024			H1 2023
							%	%			%
Iron ore waste	44,663	43,794	46,021	59,602	60,302	50,914	(26)	2	88,457	111,216	(20)
Iron ore production	9,184	9,275	7,234	9,736	9,320	9,425	(1)	(1)	18,459	18,745	(2)
Iron ore sales	9,556	8,533	9,343	8,873	9,456	9,487	1	12	18,089	18,943	(5)
Kumba waste	44,663	43,794	46,021	59,602	60,302	50,914	(26)	2	88,457	111,216	(20)
Sishen	39,265	35,502	37,391	45,842	45,504	35,064	(14)	11	74,767	80,568	(7)
Kolomela	5,398	8,292	8,630	13,760	14,798	15,850	(64)	(35)	13,690	30,648	(55)
Kumba production by mine	9,184	9,275	7,234	9,736	9,320	9,425	(1)	(1)	18,459	18,745	(2)
Sishen	6,644	6,563	5,958	6,680	6,442	6,341	3	1	13,207	12,783	3
Kolomela	2,540	2,712	1,276	3,056	2,878	3,084	(12)	(6)	5,252	5,962	(12)
Kumba sales	9,556	8,533	9,343	8,873	9,456	9,487	1	12	18,089	18,943	(5)
Lump	5,925	5,620	6,220	5,878	6,241	6,358	(5)	5	11,545	12,599	(8)
Fines	3,631	2,913	3,123	2,995	3,215	3,129	13	25	6,544	6,344	3

Safety and health

The improvement in the TRIFR to 0.94 from 1.20 in the first half of 2023 is attributable to enhanced risk awareness, increased leadership time at our mine sites, the heightened focus on reducing high-potential indicators and improved safety risk compliance. Proactive measures including the implementation of an immediate Call to Action to address an increase in hand and finger injuries in the second quarter, ensures continual focus on safety as we strive to sustain and build upon our progress.

Mining and Production

Kumba's operational performance reflects strong execution of the company's business reconfiguration initiatives to unlock value through operational excellence and cost optimisation. As planned, waste mining and production were reduced, while maintaining healthy feedstock and the flexibility to ramp-up production should Transnet's logistics performance improve. Alongside the decrease in waste mining, our focus on operational excellence resulted in the optimisation of heavy mining equipment and improvements in operational efficiency.

Total waste stripping decreased by 20% to 88.5Mt (H1 2023: 111.2Mt) driven by a 55% decrease at Kolomela to 13.7Mt (H1 2023: 30.6Mt) and 7% less waste mined at Sishen at 74.8Mt (H1 2023: 80.6Mt). This is in line with the waste guidance for 2024 of 155 - 170Mt.

Kumba's total production decreased by 2% to 18.5Mt (H1 2023: 18.7Mt), in line with Transnet's rail performance and is tracking well to end the year within guidance of 35 – 37Mt. This performance reflects a 12% decrease in Kolomela's production to 5.3Mt (H1 2023: 6.0Mt) and a 3% increase at Sishen to 13.2Mt (H1 2023: 12.8Mt).

Sishen and Kolomela's unit cost guidance for the full year 2024 have been maintained at R520–R550/t and R410–R440/t, respectively and the C1 unit cost guidance is unchanged at US\$38/t.

Logistics, sales, and marketing

Transnet's performance at Saldanha Bay Port was primarily impacted in the first quarter by stacker-reclaimer reliability challenges, as well as adverse weather conditions. Following a five-day planned mini-shut in April 2024, targeting port equipment maintenance, sales improved by 12% compared to the first quarter of the year. Consequently, the overall impact on sales for the first half of the year was limited to a decrease of 5% to 18.1Mt (H1 2023: 18.9Mt).

Rail performance was impacted by several derailments and locomotive breakdowns, resulting in ore railed to port decreasing by 2% to 18.1Mt (H1 2023: 18.4Mt). Total finished stock remained high at 8.2Mt (31 December 2023: 7.1Mt), with stock at the mines increasing to 7.4Mt (31 December 2023: 6.5Mt), while stock at Saldanha Bay Port was at 0.6Mt (31 December 2023: 0.6Mt), with 0.2Mt on a vessel loaded but not yet sold.

Kumba as a participant in the Ore User's Forum continues to seek solutions with Transnet to prevent further deterioration in the performance of the Iron Ore Export Channel. Planning and preparations are underway to ensure the annual maintenance shut in the fourth quarter of 2024 is executed successfully and disruption to the value chain is minimised.

In the first half, Kumba's iron (Fe) content averaged 64.1% (H1 2023: 63.3%) and the average lump to fine ratio was 64:36 (H1 2023: 67:33). An average realised FOB export price of US\$97/wmt (equivalent to US\$99/dmt) was achieved relative to the 62% Fe FOB export price of US\$96/wmt (equivalent to US\$98/dmt). The premium earned from Kumba's high-quality products has more than offset the negative timing effect of lower prices on provisionally priced volumes during the period.

Full year 2024 guidance

Subject to Transnet's logistics performance, Kumba's guidance is unchanged. The full year guidance is as follows:

Guidance	FY2024
Total sales (Mt)	36 - 38
Total production (Mt)	35 - 37
Sishen	~26
Kolomela	~10
Waste stripping (Mt)	155 - 170
Sishen	135 - 145
Kolomela	20 - 25
On-mine unit cost (R/tonne)	
Sishen	520 - 550
Kolomela	410 - 440
C1 unit costs (US\$/tonne)	~38
Capital expenditure (Rbn)	8.0 - 9.0

Trading statement for the six months ended 30 June 2024

Kumba is finalising its financial results for the six months ended 30 June 2024 (the period) and further information will be provided in the company's results for the period, which will be released on the Stock Exchange News Service of the JSE (SENS) on 23 July 2024.

In accordance with paragraph 3.4(b) of the JSE Limited Listings Requirements, shareholders are advised that headline earnings for the period are likely to be between **R6,848 million** and **R7,348 million**, a decrease of between **24%** and **29%** from the previous six months ended 30 June 2023 (comparative period). Headline earnings per share (HEPS) are likely to be between **R21.34** and **R22.89**, a decrease of between **24%** and **29%** from the comparative period. Reported headline earnings and HEPS for the comparative period (released on SENS on 25 July 2023) were **R9,643 million** and **R30.04**, respectively.

Basic earnings for the period are expected to be between **R6,847 million** and **R7,347 million**, a decrease of between **24%** and **29%** from the comparative period. Basic earnings per share (EPS) are expected to be between **R21.33** and **R22.89**, a decrease of between **24%** and **29%**. Reported basic earnings and EPS for the comparative period were **R9,642 million** and **R30.04**, respectively.

The decrease in earnings for the period is largely attributable to a lower average realised FOB export iron ore price and a decrease in sales volumes, relative to the comparative period.

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.

Volumes excluding waste stripping, and on-mine unit costs, are reported as wmt. Product is shipped with ~1.6% moisture and the foreign exchange rate of ~R19/US\$ was used to calculate the full year 2024 cost guidance.

Production and sales volumes referred to for the period ended 30 June 2024 are 100% of Sishen Iron Ore Company Proprietary Limited ("SIOC"), and attributable to shareholders of Kumba as well as to the non-controlling interests in SIOC.

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.

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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.

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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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