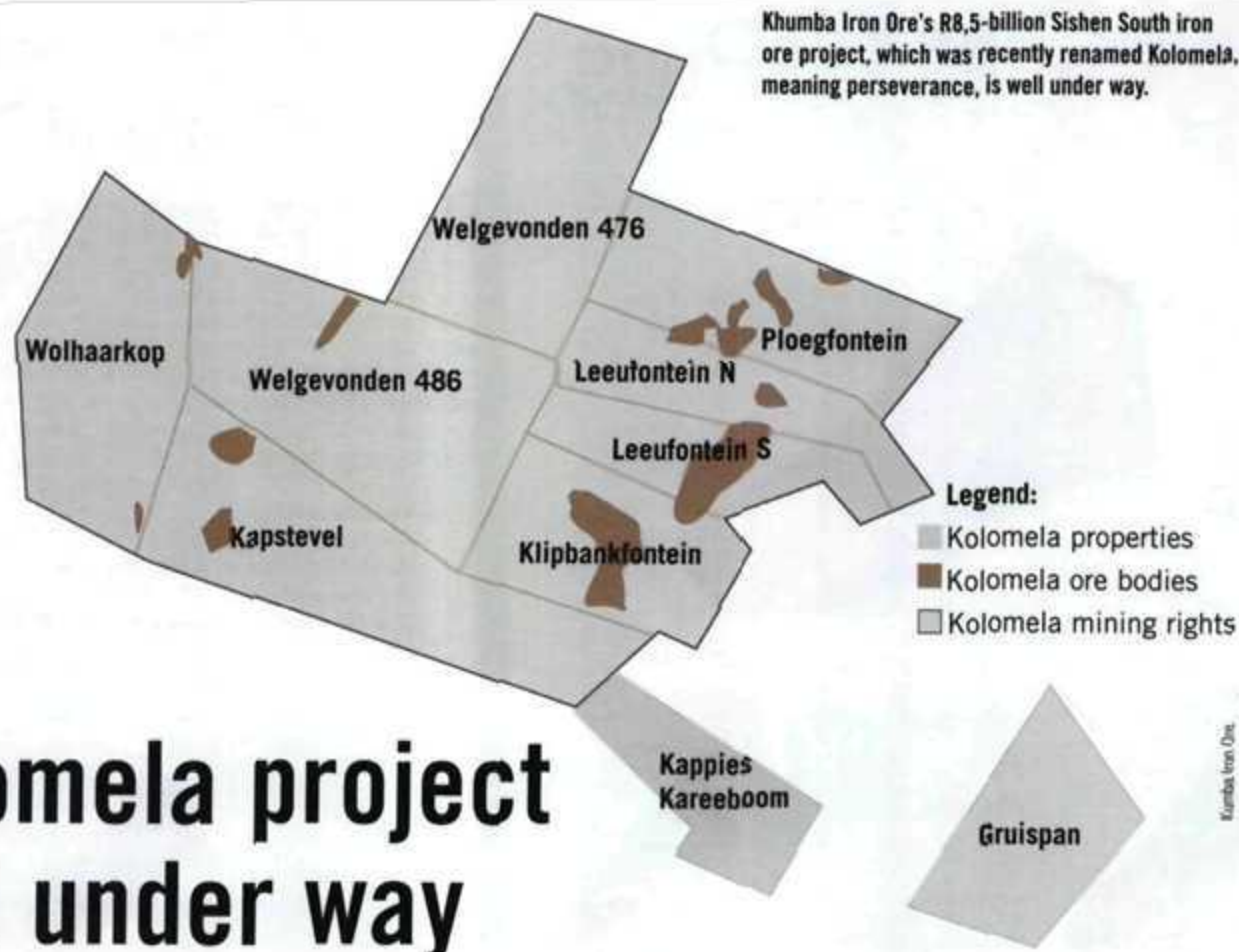


Khumba Iron Ore's R8,5-billion Sishen South iron ore project, which was recently renamed Kolomela, meaning perseverance, is well under way.



# Kolomela project well under way

## Kolomela contractors

### Main contractors:

- Plant and rail: Hatch
- Infrastructure: BVI
- Roads: Jeffares and Green
- Export pipeline: Ninham Shand
- Equipment (all diesel powered):**
- Shovels:
- Four Komatsu PC 3000 face shovels
- One Liebherr 984C excavator
- Four Caterpillar 992 VELs
- Trucks:
- Nine Komatsu 730Es
- 11 Caterpillar 777Fs
- Support:
- Three Komatsu 375 track dozers
- Two Caterpillar 834H rubber-wheel dozers
- Two Caterpillar 16M road graders
- Drilling and blasting:
- Four Atlas Copco DML 1450s
- Two Atlas Copco ROC L8s
- Crushing and screening equipment supplied by Metso and Takraf
- Construction:**
- Earthworks and roads: Concor
- Civils: Grinaker LTA
- Buildings: Group 5
- SMPP: TTC

### Mineralisation: Iron ore

**Location:** Postmasburg, Northern Cape, South Africa

**Owner:** Sishen Iron Ore Company, a subsidiary of Kumba Iron Ore

**History:** In 1976 the South African government invested in infrastructure to enable the export of iron ore from the Sishen mine via the Sishen-Saldanha rail link and port facility. This opened up a new era of growth for the iron ore business.

**Geology and mineralisation:** Kolomela is situated on three main ore bodies, namely the Kapsteviel/Welgevonden, Leeufontein and Klipbankfontein iron ore bodies. Mining will take place in three separate pits, but the majority of the ore will come from Leeufontein. There is a total mineral resource of 373-million t of iron ore at 60% Fe cut-off grade and 408-million t at 55% Fe cut-off. Scheduled reserves are estimated at 179-million t.

**Outlook:** Production is to begin by the first half of 2012. A full production of 9-million tpa of direct shipping ore is to be achieved by the end of 2013. Plant construction and the direct rail link are due for completion in August 2011, with cold commissioning and railway completion due in November 2011. Hot commissioning is planned for February 2012, with the first train for Spoornet to run in April 2012. The life-of-mine is up to 20 years with a possible +3-million tpa of beneficiated product. The proposed Phase 2 still requires a feasibility study.

Khumba Iron Ore's R8,5-billion Sishen South iron ore project, which was recently renamed Kolomela, meaning perseverance, is well under way. Darren Parker of *Mining Mirror* visited the site and can confirm that all major earthworks have been concluded, with civil work about 50% complete and structural steel in progress with site establishment. Long-lead equipment has been

manufactured and is ready for delivery, while mining activity on site has commenced with waste stripping at a rate of 20-million t of waste pre-stripping in 2009/2010, building up to 30-million t of waste and 9-million t of ore in 2012/2013. Sishen Iron Ore Company's (SIOC's) growth project prioritisation and the expected ramp-up of the iron ore export channel expansion capacity led to the

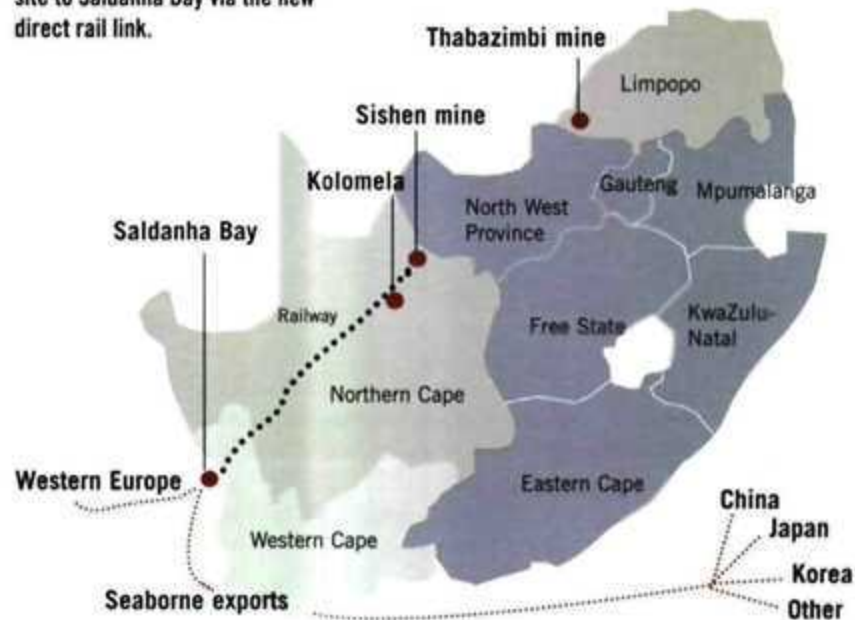
concept of a 9-million tpa project aimed at the export market. The salient highlight of the project and the opportunity it represents is the high-quality on-site resource, which allows for a direct-shipping ore operation.

The product split will be 5,3-million tpa of lumpy ore grading 64,4% Fe and 3,7-million tpa of fines ore grading 63,8% Fe. The drivers for this project are the ability to enable SIOC to increase its iron ore production capacity, thereby capitalising on the current significant demand for iron ore, and to fill the Sishen-Saldanha railway line capacity gap that will arise during 2012.

Kolomela will be mined by conventional open-pit mining. The plant will be a full dry crush and screen operation only. The product will be railed from site to Saldanha Bay via the new direct rail link, which is a Transnet-operated rail line of 861 km with a 22 h one-way trip. An average trip would consist of a 4,1 km-long train containing 342 train wagons. Each wagon would carry 100 t of ore. Transnet's 1C expansion will increase the current rail capacity of 47-million tpa to 60-million tpa. Kumba has secured 44-million tpa of the 60-million tpa rail capacity, which includes the 9-million tpa for Kolomela.

Current mining activity will not focus

The product will be railed from site to Saldanha Bay via the new direct rail link.



on the full area of the deposit. The mine will use 90 t and 150 t haul trucks, and the total manpower that is allowed for is 789 employees. The main offices and general infrastructure will be established at the mine site. Access to the mine will be created through the construction of a new surface road running south from Beeshoek mine up to the

site offices area. The mine will be supplied by a 132 kV supply from the Eskom Postmasburg substation through overhead lines.

SIOC will fund the development of a new township expansion. A temporary construction camp, where all construction workers will be housed, was established near the plant area. ●