

# Production declines at two Kumba mines

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KUMBA Iron Ore, which is 65% owned by Anglo American, yesterday reported a drop in production last quarter at its Sishen mine and a continuing decline in output at its Thabazimbi mine, which supplies ArcelorMittal and which is nearing the end of its life.

Comparing the March quarter to the previous one, the Sishen mine produced 14% less iron ore as the mine moves deeper and the amount of waste rock that must be removed increases.

"However, during the first two months of 2012, the availability of material supplied to the mine's dense media separation plant and jig plant was impacted by wet pit conditions resulting from heavy rainfall, and poor operator attendance," Kumba said yesterday.

Mining showed signs of improving last month as waste stripping increased, it said.

Compared to a year earlier, production was up 15%, with the inclusion of 1,5-million tons from the newly commissioned Kolomela mine near Postmasburg in the Northern Cape, about 80km from Sishen.

At Thabazimbi, production fell 44% year on year to 138 000 tons, and 28% quarter on quarter. Sales fell 47% year on year to 299 000 tons as ArcelorMittal bought less from the mine.

"Production at Thabazimbi mine ... is in line with the planned decrease in production as the mine nears the end of its life, scheduled for 2016, coupled with mining feedstock and quality constraints experienced during the quarter," Kumba said.

SBG Securities analyst Heidi Sternberg said: "As mines reach the end of their production schedule, problems are often encountered regarding stripping ratios and grade."

On the positive side, sales rose 10% compared to a year earlier and 6% from last quarter. Kumba sold 11,44-million tons in the first three months of the year. Of those sales, 10,12-million tons were sold abroad, an 18% increase from a year earlier.

The improvement stemmed from additional ore from Kolomela as well as sales from stockpiles at Saldanha and Qingdao in China. The stockpiles fell by 1-million tons since the end of last year to 4,2-million tons.