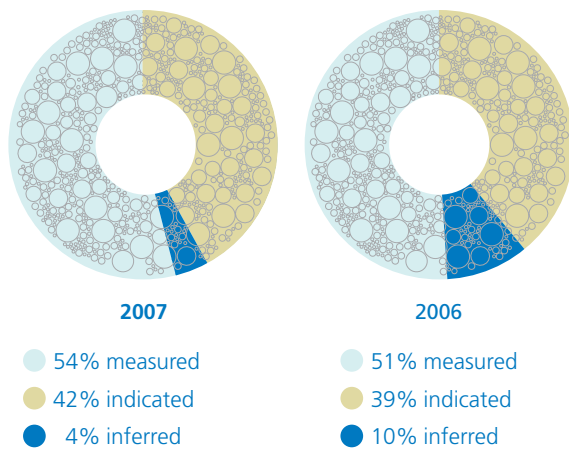


Mineral resources and ore reserves

Kumba has high-quality mineral resources and ore reserves at Sishen Mine and Thabazimbi Mine, with the former considered a world-class operation. By employing sound mineral resource management practices at its mining operations and exploration projects, Kumba can ensure optimal resource utilisation from preliminary exploration through to delivery of final product to its clients.

The application of the optimistic pit shell concept in 2007 has caused a significant reduction in mineral resources but, as a result, the remaining mineral resource portfolio is sounder if the proportion of measured and indicated to inferred mineral resources is considered.

Kumba mineral resource portfolio



Kumba's mineral resource portfolio incorporating the change from inclusive to exclusive reporting of ore reserves in 2007.

The total Kumba mineral resource occurring inside and outside pits showed a net decrease of 127.9Mt. The mineral resources occurring inside approved pit layouts decreased by 80.5Mt from 2006 to 2007. The decrease is mainly depletion due to mining in 2007 (-41.9Mt), the establishment of a 40% Fe cut-off grade (-42.3Mt), increase in stockpiles (4.9Mt), model refinements (+2.0) and the incorporation of new drilling information at Sishen Mine (+2.8Mt); minor changes to the variography and subsequent estimation parameters applied to Sishen South as a result of incorporating the new structural model for the region (-6.0Mt); and redesign of one of the pits and minor revisions in the variography and subsequent estimation parameters at Thabazimbi Mine.

Additional mineral resources occurring outside approved optimised pit layouts, but inside newly defined optimistic pit shells, decreased by 47.4Mt compared to 2006. This overall decrease is primarily due to the increase in mineral resources at Sishen Mine and decreases at Thabazimbi Mine and Sishen South project because of the application of optimistic pits as a bottom economic cut-off to differentiate mineral resources from mineral inventory (+532.4Mt) but the concomitant scrapping of potential underground mineral resources at Sishen Mine (-577.9Mt). An additional 18Mt decrease is attributed to changes in the geological solid models based on the new structural interpretations at Sishen South and adjustments made to Thabazimbi Mine wireframe models due to updated model validations.

Kumba's total ore reserves decreased by 11.3Mt against 2006 figures. The primary reasons are annual production at mining operations (33.7Mt at Sishen Mine and 3.2Mt at Thabazimbi Mine); lowering of the % Fe grade product specification and ungrouping of iron ore material classes to allow for the use of more iron ore during scheduling at Sishen Mine (9.9Mt); and in-fill drilling and subsequent ore body geometry refinement (5.9Mt at Sishen Mine and 2.9Mt at Thabazimbi Mine). A net decrease of 0.6Mt can be attributed to changes in economic assumptions because Lylyveld ore reserves have been excluded from Sishen Mine's current life-of-mine plan (-11.0Mt), while Sishen South project ore reserves have increased due to lowering of % Fe grade cut-off from 2006 to 2007 (10.3Mt). An increase in the stockpiles of 4.9Mt is also included in the overall change in ore reserves.