

Prospects

Kumba remains on track with its targeted 10% annual increase in production volumes, should market conditions permit. However, there is limited visibility in demand for seaborne iron ore for the remainder of 2009. Whilst no recovery in the European iron ore market is anticipated in 2009, the Japanese and Korean markets appear to be near the bottom of the cycle and a small improvement in demand is likely. Although the sustainability of China's increasing appetite for imported iron ore is uncertain, Kumba remains cautiously optimistic on its continued ability to redirect its export sales volumes into China. Domestic sales volumes remain dependent on the off-take requirements from ArcelorMittal SA which are likely to be lower than in 2008.

Industry annual iron ore price negotiations have commenced with certain settlements reflecting annual price reductions of some 33% for fine ore and 44.5% for lump ore. Kumba anticipates settlement with its customers within the next three months. As Kumba's operating profit remains highly sensitive to the Rand/US Dollar exchange rate, earnings for the second half of 2009 are likely to be adversely affected given a stronger Rand relative to the US Dollar and the year-on-year iron ore price reductions anticipated.*

*The forecast financial information has not been reviewed and reported on by Kumba's auditors.

Production report for the six months ended 30 June 2009

Production summary

Total iron ore production increased by 11% in the second quarter from a year earlier to 9,82Mt. This was due mainly to the additional production delivered by the jig plant and stable performance from the DMS plant.

Six month overview

'000 tonnes	Year-to-date		
	30 June 2009	30 June 2008	% change
Iron ore	19 147	17 063	12
– Lump	11 671	10 180	15
– Fines	7 476	6 883	9
Mine production	19 147	17 063	12
– Sishen Mine	18 032	15 788	14
DMS plant	13 617	13 998	(3)
Jig plant	4 415	1 292	242
Other	–	498	–
– Thabazimbi Mine	1 115	1 275	(13)

Quarterly overview

'000 tonnes	Quarter ended			Quarter ended		
	30 June 2009	30 June 2008	% change	31 March 2009	31 March 2008	% change
Iron ore	9 824	8 873	11	9 323	8 190	14
– Lump	6 076	5 292	15	5 595	4 888	14
– Fines	3 748	3 581	5	3 728	3 302	13
Mine production	9 824	8 873	11	9 323	8 190	14
– Sishen Mine	9 339	8 247	13	8 693	7 541	15
DMS plant	6 964	6 841	2	6 653	7 157	(7)
Jig plant	2 375	908	162	2 040	384	431
Other	–	498	–	–	–	–
– Thabazimbi Mine	485	626	(23)	630	649	(3)