



## Kumba plans Sishen UHDMS iron ore project kick off

Posted by Daniel Gleeson on 23rd February 2021

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Kumba Iron Ore, energised by a record annual EBITDA of R45.8 billion (\$3.12 billion) for its 2020 financial year, has made plans to extend the life of its Sishen iron ore mine in South Africa out to 2039.

The R3.6 billion ultra-high dense media separation (UHDMS) project was approved by the Kumba board late last week. It is expected to enhance the operation's product quality and extend the life-of-mine by four years to 2039.

Kumba's total iron ore production for 2020 came in at 37 Mt, down from 42.4 Mt in 2019 as both COVID-19-related events and weather-related headwinds impacted output. The company said reduced equipment reliability and availability also played a part to a lesser extent.

In line with this, total tonnes mined decreased by 14% to 256.3 Mt (2019: 297.9 Mt) and total waste stripping by 16% to 204.8 Mt (2019: 244.3 Mt) in 2020.

Owner fleet efficiency (OEE) reduced to 63% of benchmark for the year, compared with 68% for 2019.

"A number of interventions have been implemented to mitigate these impacts," the company said. "We have enhanced our high rainfall readiness and associated recovery plans to manage through such weather impacts going forward.

"Our focus on improving equipment uptime through the implementation of defect elimination and work management programs, as well as artisan and supervisor skills development programs, is also delivering results and we are seeing improvements in equipment reliability across the fleet."

The company is continuing to focus on improving operational efficiency through its P101 productivity improvements and various efficiency programs at both Sishen and Kolomela through the implementation of technology such as guided spotting, adaptive controls, truck speed digital twin and real-time condition-based monitoring.

Kumba's total shovel fleet OEEs came in at 55% during 2020, but the company has a plan to hit the 80% mark in 2022. At Sishen, Kumba has six rope shovels consisting of Komatsu P&H 4100XPCs and Komatsu P&H 2800XPCs, while, at Kolomela, it has two Liebherr R996 hydraulic shovels.

Its total truck fleet OEEs came in at 82% in 2020, with a 100% target for 2022. At Sishen, Kumba has 100 Komatsu 860E and 960E trucks, while Kolomela has 36 Komatsu 730E trucks.

Meanwhile, at the UHDMS project, Kumba expects to break ground in the second half of 2021. This is ahead of commissioning in the second half of 2023.

Kumba, majority-owned by Anglo American, says the project will lower the strip ratio at the operation, extend the life-of-mine, as well as reduce its carbon footprint due to the reduction of waste material at the end of the operation's life.

The total capital cost of the project of R3.6 billion is expected to be paid back with an after-tax internal rate of return of circa-30% and an EBITDA margin of around 40%.

Kumba already has a dense media separation plant that processes low-grade, non-DSO ore and separates it to higher grade iron ore at Kolomela (pictured).

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