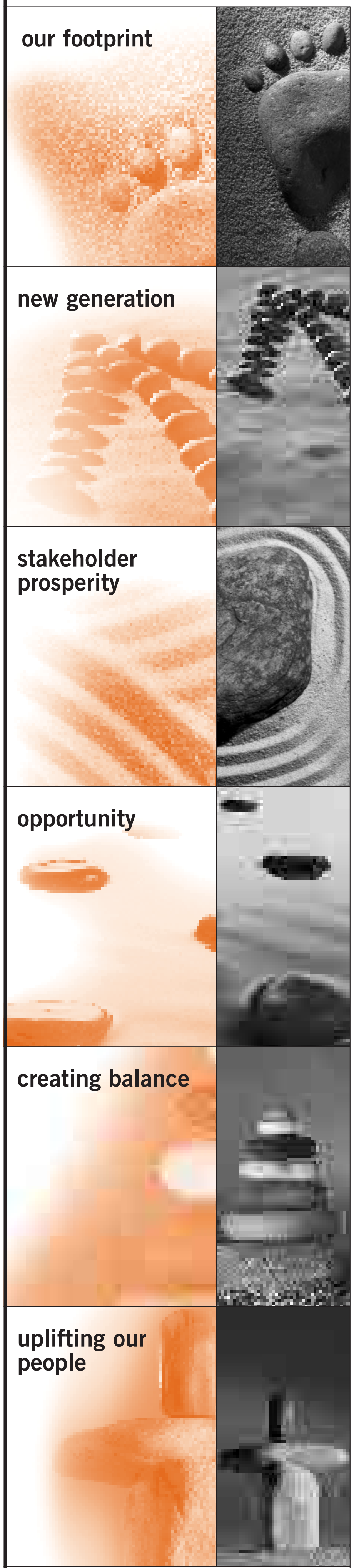
KUMBA RESOURCES

AUDITED GROUP FINANCIAL RESULTS AND UNAUDITED PHYSICAL INFORMATION FOR THE 18-MONTHS ENDED 31 DECEMBER 2004

- Record production and strong sales volumes
- Solid financial performance
- Final dividend of 90 cents per share (145 cents for the 18-months to 31 December 2004)



GROUP INCOME STATEMENT

	18-months ended 31 Dec 2004 Audited Rm	12-months ended 30 June 2003 Audited Rm
Revenue	12 599	7 469
Operating expenses	(10 744)	(6 280)
Net operating profit	1 855	1 189
Net financing costs	(401)	(244)
Share of pre-taxation (losses)/income from equity accounted investments	(13)	2
Profit before taxation (note 3)	1 441	947
Taxation	(434)	(229)
Profit from ordinary activities	1 007	718
Minority interest	(65)	
Net profit attributable to ordinary shareholders	942	718
Ordinary shares (million)		
– in issue	302	294
– weighted average number of shares	300	294
– diluted weighted average number of shares	302	296
Attributable earnings per share (cents)		
– basic (2003 as previously reported)	314	242
– basic restated for June 2003		244
– diluted (2003 as previously reported)	312	240
– diluted restated for June 2003		242
Dividend paid per share (cents) in respect of the previous financial year	60	85
Dividend paid per share (cents) in respect of the first interim period	20	
Dividend paid per share (cents) in respect of the second interim period	35	
Final dividend declared per share (cents) in respect of this 18-month period	90	
Reconciliation of headline earnings		
Net profit attributable to ordinary shareholders	942	718
– Impairment charges	35	2
– Share of associates' goodwill amortisation	27	38
– Goodwill amortisation	(6)	21
– Share of associates exceptional items	20	7
– Net deficit/(surplus) on disposal or scrapping of property, plant and equipment	48	(3)
– Net surplus on disposal of investment in joint ventures and associates	(72)	
– Closure cost	35	
– Taxation effect of adjustments	(12)	1
Headline earnings	1 017	784
Headline earnings per share (cents)		
– basic (2003 as previously reported)	339	264
– basic restated for June 2003		267
– diluted (2003 as previously reported)	337	262
– diluted restated for June 2003		265

GROUP BALANCE SHEET

	At 31 Dec 2004 Audited Rm	At 30 June 2003 Audited Rm
ASSETS		
Non-current assets		
Property, plant and equipment	8 473	8 205
Biological assets	31	29
Intangible asset	71	98
Goodwill	(53)	(80)
Investments in associates and joint ventures (note 8)		
– listed	6	100
– unlisted	90	18
Deferred taxation (note 10)	63	154
Other financial assets (note 8)	285	272
	8 966	8 796
Current assets		
Inventories	1 348	1 346
Trade and other receivables	1 397	1 333
Cash and cash equivalents	1 258	964
	4 003	3 643
Total assets	12 969	12 439
EQUITY AND LIABILITIES		
Capital and reserves		
Ordinary shareholders' funds	5 353	4 895
Minority interest	1 110	1 191
Total shareholders' funds	6 463	6 086
Non-current liabilities		
Interest-bearing borrowings	2 331	2 801
Other long-term payables	609	388
Non-current provisions	425	355
Deferred taxation (note 10)	1 042	1 055
	4 407	4 599
Current liabilities		
Trade and other payables	1 061	1 095
Interest-bearing borrowings	836	537
Taxation	182	94
Current provisions	20	28
	2 099	1 754
Total equity and liabilities	12 969	12 439
Net debt (note 11)	1 909	2 374
Net asset value per share (cents)	1 773	1 665
Capital expenditure		
– incurred	1 396	1 386
– contracted	219	345
– authorised but not contracted	668	624
Contingent liabilities	36	50
Operating lease commitments	167	237
Operating sublease rentals receivable	28	38

GROUP CASH FLOW

	18-months ended 31 Dec 2004 Audited Rm	12-months ended 30 June 2003 Audited Rm
Cash flow from operating activities	2 632	1 613
Net financing costs	(355)	(240)
Taxation paid	(311)	(310)
Dividends paid (note 12)	(361)	(283)
Cash used in investing activities		
– capital expenditure	(1 396)	(1 386)
– proceeds from disposal of property, plant and equipment	138	44
– increase in cash resources on acquisition of a controlling interest in subsidiaries		366
– acquisition of joint ventures and associates		(34)
Proceeds from disposal of associate	100	
Other	(159)	(8)
Net cash inflow/(outflow)	288	(238)
Cash flows from issue of shares	132	
Borrowings (repaid)/raised	(126)	523
Net increase in cash and cash equivalents	294	285
Cash and cash equivalents beginning of period	964	679
	1 258	964
Calculation of movement in net debt:		
Net cash inflow/(outflow)	288	(238)
– shares issued	132	
– cash flows included above relating to non-interest-bearing debt		2
– loans from minority shareholders	(1)	95
– increase in debt on acquisition of a controlling interest in subsidiaries		(891)
– non-cash flow movements in net debt applicable to special purpose entities	(22)	(18)
– non-cash flow movements in net debt applicable to currency translation differences of transactions denominated in foreign currency	101	(11)
– non-cash flow movements in net debt of the group arising from currency translation differences	(33)	(170)
Decrease/(increase) in net debt	465	(1 231)

KUMBA RESOURCES LIMITED

REGISTRATION NUMBER 2000/011076/06
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ADR CODE KBREY
ISIN CODE ZAE 000034310
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GROUP STATEMENT OF CHANGES IN EQUITY

	18-months ended 31 Dec 2004 Audited Rm	12-months ended 30 June 2003 Audited Rm
Shareholders' funds at beginning of period as previously reported	4 921	4 816
Prior period adjustment (note 6 and 7)	(26)	(31)
Shareholders' funds at beginning of period	4 895	4 785
Changes in share capital and premium		
– issue of shares		
– share premium(1)	132	
– movement in shares held by Management Share Trust	33	2
Changes in non-distributable reserves		
– currency translation differences	(301)	(432)
– financial instruments movements	10	71
– realised in associate and joint venture	(11)	(76)
– transfer of equity accounted earnings	31	(38)
– transfer of insurance reserve	(5)	3
– transfer to retained income	(9)	
Changes in retained income		
– net profit for the year	942	718
– dividends paid (note 6 and note 12)	(344)	(252)
– reduction in dividends paid to Management Share Trust (note 6)	2	3
– realised in associate and joint venture		76
– transfer of equity accounted earnings	(31)	38
– transfer of insurance reserve		(3)
– transfer from translation reserve	9	
Shareholders' funds at end of period	5 353	4 895

(1) Issued to the Management Share Option Scheme due to options exercised.
(2) Dividends declared after this 18-month period amount to 90 cents per share. STC at 12,5% (R34 million) will be payable on the dividend.

NOTES TO THE GROUP FINANCIAL RESULTS

1. BASIS OF PREPARATION
The group financial results have been prepared on the historical cost basis excluding financial instruments and biological assets which are fair valued and conform to South African Statements of Generally Accepted Accounting Practice and International Financial Reporting Standards. The accounting policies are consistent with those applied in the annual financial statements for the year ended 30 June 2003 except for the consolidation of the Management Share Trust (note 6) and biological assets (note 7).

2. CHANGE OF YEAR END
The group changed its year end from 30 June to 31 December to be in line with the year end of its majority shareholder, Anglo American plc. Consequently the comparative amounts for the income statement, changes in equity, cash flows and related notes are not comparable.

	18-months ended 31 Dec 2004 Audited Rm	12-months ended 30 June 2003 Audited Rm
3. PROFIT BEFORE TAXATION IS ARRIVED AT AFTER		
Depreciation and amortisation of intangible assets	(977)	(532)
Financing costs	(448)	(321)
Interest received	47	77
Dividends received	18	49
Net realised foreign exchange gains/(losses) on:		
– currency exchange differences	(210)	(193)
– revaluation of derivative instruments	173	144
Net unrealised foreign exchange gains/(losses) on:		
– currency exchange differences	121	(92)
– revaluation of derivative instruments	(124)	19
Fair value adjustment on financial assets	28	
Fair value adjustment on financial liabilities	(5)	
Impairment charges (note 4)	(35)	(2)
Goodwill amortisation	6	(21)
Net surplus on disposal of investments in joint ventures and associates	72	
Net (deficit)/surplus on disposal of fixed assets	(48)	3
4. IMPAIRMENT CHARGES		
Impairment of cyanide chemicals plant	(89)	
Impairment of fixed assets	(15)	
Reversal of impairment of shipping assets	90	
Reversal of impairment of other fixed assets	1	
Impairment of intangible assets	(11)	
Impairment of investments	(11)	(2)
	(35)	(2)
Taxation effect		
	(35)	(2)

5. CLOSURE OF TICOR CHEMICALS PLANT
On 21 April 2004 Ticor Limited announced its intention to discontinue its chemicals business, included in the heavy minerals segment. The revenue, operating results, assets, liabilities and cash flow of the chemicals business for the current and previous periods are:

Revenue	217	254
Expenses	192	258
Provision for closure	35	
Provision for impairment	89	
Pre-tax loss	(102)	(4)
Income tax expense	28	5
Total assets	76	240
Total external liabilities	6	100
Cash inflows from operating activities	50	37

In June 2004, a contract was signed for AU$5 million for the sale of the plant, equipment and portion of the land owned by Ticor Chemicals. All proceeds from the sale have been received including AU$0,5 million which was initially held in escrow until particular environmental releases had been obtained. Negotiations continue for the sale of the remaining land held by Ticor Chemicals. It is anticipated that an agreement will be reached for the sale early in the new calendar year.

6. CONSOLIDATION OF KUMBA MANAGEMENT SHARE TRUST
Kumba operates the Kumba Management Share Trust for senior employees and executive directors of Kumba. The Trust has been consolidated for the 18-months under review. Prior periods' figures have been restated. The amount of the adjustment for the current and comparable period is as follows:

Income statement impact		
– Reduction of dividends paid to external parties	2	3
Balance sheet impact		
– Share capital and premium (increase)/decrease	(33)	33
– Retained income increase	5	3
– Current liabilities increase	13	8
– Trade and other receivables decrease	17	22

The amount of the adjustment relating to the 2002 financial statements is a decrease of R35 million in shareholders' reserves, a decrease of R3 million in financial assets, a decrease of R24 million in trade and other receivables and an increase of R14 million in trade and other payables.

7. BIOLOGICAL ASSETS
With effect from 1 July 2003 the group has changed its accounting policy to comply with IAS 41 Agriculture. This resulted in the reclassification of certain inventories as biological assets and the fair value of plantations.

Statement of changes in equity impact		
– fair value adjustment plantations	1	
Balance sheet impact		
– Retained income increase	5	4
– Biological assets increase	31	29
– Inventories decrease	24	23
– Deferred taxation liabilities increase	2	2

The amount of the adjustment relating to the 2002 financial statements is an increase of R4 million in retained income, an increase of R25 million in biological assets, a decrease of R19 million in inventories and an increase of R2 million in deferred taxation liabilities.

8. INVESTMENTS

Listed investments in joint ventures and associates		
– market value	24	130
Unlisted investments in joint ventures and associates		
– directors' valuation	153	18
Listed investments included in financial assets		
– market value	20	8
Unlisted investments included in financial assets		
– directors' valuation	33	90

9. CHIFENG INVESTMENT
The investment in Chifeng Kumba Hongye Zinc Corporation Limited was reclassified as a joint venture during the period resulting in an increase in investments in joint ventures of R14 million at the beginning of the period.

10. RECLASSIFICATION OF LEAVE PAY PROVISION AND DEFERRED TAXATION
During the 18-months under review the provision for leave pay benefits has been reclassified as an accrual and is presented as part of trade and other payables. The comparative figures have been adjusted to reflect this. At 31 December 2004 the leave pay benefit accrual was R212 million (30 June 2003 R146 million). The basis of calculating the leave pay benefit has been amended to total cost of employment.

The deferred taxation assets and liabilities have been reclassified to ensure better presentation.

11. NET DEBT
Net debt is calculated as being interest-bearing borrowings less cash and cash equivalents.

	18-months ended 31 Dec 2004 Audited Rm	12-months ended 30 June 2003 Audited Rm
12. DIVIDENDS PAID		
– Kumba	344	252
– Less paid to Kumba Management Share Trust	(2)	(3)
– Ticor Limited to minorities	19	34
	361	283

13. RELATED PARTY TRANSACTIONS
During the period the company and its subsidiaries, in the ordinary course of business, entered into various sale and purchase transactions with associates and joint ventures. These transactions were subject to terms that are no less favourable than those arranged with third parties.

14. JSE SECURITIES EXCHANGE REQUIREMENTS
The announcement has been prepared in accordance with the listing requirements of the JSE Securities Exchange South Africa.

15. CORPORATE GOVERNANCE
The group complies with the Code of Corporate Practice and Conduct published in the King II Report on corporate governance.

16. AUDIT OPINION
The auditors, Deloitte & Touche, have issued their opinion on the group's financial statements for the 18-month period ended 31 December 2004. The audit was conducted in accordance with South African Auditing Standards. They have issued an unqualified audit opinion. A copy of their audit report is available for inspection at the company's registered office. These summarised financial statements have been derived from the group financial statements and are consistent in all material respects, with the group financial statements.

UNAUDITED PHYSICAL INFORMATION ('000 TONNES)

	18-months ended 31 Dec 2004	12-months ended 31 Dec 2004	12-months ended 31 Dec 2003	12-months ended 30 June 2003	6-months ended 31 Dec 2004	6-months ended 31 Dec 2003
Iron ore						
Production	44 952	30 112	29 594	28 557	14 900	14 840
Sales						
– Exports	30 762	20 923	20 446	20 946	10 382	9 839
– Domestic	14 107	9 371	9 235	8 770	4 629	4 736
Total	44 869	30 294	29 681	29 716	15 011	14 575
Coal						
Production						
– Power station	21 218	14 017	13 869	13 036	7 343	7 201
– Coking	3 486	2 409	2 162	2 207	1 243	1 077
– Other	4 491	3 018	2 933	2 769	1 549	1 473
Total	29 195	19 444	18 964	18 012	10 135	9 751
Sales						
– Eskom	21 769	14 356	14 097	13 051	7 399	7 413
– Other domestic	6 058	4 112	3 879	3 821	2 069	1 946
– Export	1 688	1 090	1 122	1 128	593	598
Total	29 515	19 558	19 098	18 000	10 061	9 957
Heavy minerals – Ticor SA project						
Production						
– Ilmenite	390	262	176	91	132	128
– Zircon	74	49	50	53	25	25
– Rutile	29	20	17	20	10	9
– Pig iron	85	63	25	3	21	22
– Scrap pig iron	11	5	6		2	6
– Chloride slag	123	96	27		48	27
– Sulphate slag	60	40	20		20	20
Sales						
– Ilmenite	67	27	59	50	27	40
– Zircon	71	48	51	59	20	23
– Rutile	29	17	30	20	7	12
– Pig iron	68	58	10		29	10
– Scrap pig iron	11	8	3		4	3
– Chloride slag	96	84	12		42	12
– Sulphate slag	24	24			14	
Heavy minerals – Ticor Limited(1)						
Production						
– Ilmenite	347	236	217	214	119	111
– Zircon	59	38	40	40	20	21
– Rutile	26	18	17	18	8	8
– Synthetic rutile	168	112	97	90	58	56
– Leucoxene	20	11	16	13	6	9
– Pigment	78	53	48	47	27	25
Sales						
– Ilmenite	52	30	55	63	10	22
– Zircon	58	38	39	42	21	20
– Rutile	32	21	16	14	7	11
– Synthetic rutile	79	50	49	41	29	29
– Leucoxene	25	17	11	10	8	8
Base metals						
Production						
– Zinc concentrate	178	124	108	91	57	54
– Zinc metal	174	116	114	115	58	58
– Zincor	159	104	111	115	52	55
– Chifeng(2)	15	12	3		6	3
– Lead concentrate	45	27	31	22	14	18
Zinc metal sales						
– Domestic	135	91	85	92	46	44
– Export	28	16	26	20	6	12
– Chifeng(2)	15	12	3		6	3
Total	178	119	114	112	58	59
Lead concentrate sales						
– Export	29	12	35	30		17

(1) Ticor Limited was consolidated from 1 April 2003. The production and sales tonnes reflect Ticor's 50% interest in its Tiwest joint venture. Physical information for the full 12-month periods to 30 June 2003 and 31 December 2003 is provided for comparative purposes only.
(2) The effective interest in the physical information for the Chifeng (Hongye) refinery has been disclosed.

COMMENTS

CHANGE IN FINANCIAL YEAR
Following the acquisition of a majority shareholding by Anglo American plc, the group changed its year-end from 30 June to 31 December and is presenting its audited financial results for the 18 months ended 31 December 2004 compared with the 12 months ended 30 June 2003.

Comments are for comparative purposes based on an analysis of the group's unaudited financial results and physical information for the 12-month periods ended 31 December 2004 and 31 December 2003 respectively.

OPERATING RESULTS
The 12-month period to December 2004 was characterised by excellent operational performance, higher US dollar commodity prices and a stronger rand.

Revenue and net operating profit increased by 15% and 41% respectively compared with the 12-month period ended 31 December 2003 despite the substantial strengthening of the rand. This was due to higher production and sales volumes, buoyant iron ore and coal prices, the consolidation of Ticor Limited for the full 12-month period and ongoing business improvement initiatives. An average exchange rate of R6,51 to the US dollar was realised compared with R7,64 for the comparative 12-month period. Average rand/US dollar rates of R6,67 and R9,01 were realised for the 18 and 12-month financial years ended 31 December 2004 and 30 June 2003 respectively.

EARNINGS
The marked improvement in net operating profit and the reduction in the equity-accounted loss reported for the comparative 12-month period, offset to some extent by a significantly higher tax charge, resulted in profit attributable to ordinary shareholders increasing by 21% to R677 million. Headline earnings were 34% higher at R774 million or 258 cents per share. Attributable and headline earnings per share were respectively 314 cents and 339 cents for the 18-month financial period ended 31 December 2004.

CASH FLOW
Net cash inflow for the 12-months to December 2004 was R509 million after total capital expenditure of R886 million, with R487 million invested in new production capacity.

Net debt decreased by R669 million to R1 909 million with a debt equity ratio of 30% at 31 December 2004. This compares with a net debt of R2 578 million and a debt equity ratio of 41% at 31 December 2003.

SAFETY, HEALTH AND ENVIRONMENT
After achieving a significant reduction in the lost day injury frequency rate (LDIFR) from 3,55 to 2,30 per million man-hours worked for the 12 months to June 2004, the group revised its target of 2,50 downwards to 1,75. A LDIFR of 2,54 was achieved for the 12-month period to 31 December 2004, against 2,10 for the comparative period.

Regrettably, two fatalities were suffered during the past 12-month period and a further two occurred shortly before this announcement. The group remains committed to zero fatalities at all its businesses with ongoing safety awareness and preventative programmes.

The group's HIV/Aids voluntary prevalence-testing and counselling programme is in place or at an advanced planning stage at all its business units. The implementation of pilot antiretroviral programmes at the Zincor refinery, Grootegeluk mine and the corporate office proved successful. The programme is being extended to more business units.

By 31 December 2004, the group had obtained international environmental and safety management certifications (ISO 14001 and OHSAS 18001) in 8 of its 10 business units.

SEGMENT RESULTS AND COMPARATIVE EARNINGS

	18 months ended	12 months ended			6 months ended	
	31 Dec 2004 Audited	**31 Dec 2004 Unaudited**	31 Dec 2003 Unaudited	30 June 2003 Audited	**31 Dec 2004 Unaudited**	31 Dec 2003 Reviewed
REVENUE (Rm)						
Iron ore	**6 064**	**4 250**	3 789	4 234	**2 130**	1 814
Coal	**2 733**	**1 878**	1 678	1 638	**986**	855
Heavy minerals	**2 438**	**1 662**	1 211	587	**847**	776
– Ticor SA	**668**	**514**	314	312	**266**	154
– Ticor Limited*	**1 770**	**1 148**	897	275	**581**	622
Base metals**	**1 212**	**811**	808	892	**354**	401
Industrial minerals	**138**	**95**	82	78	**51**	43
Other	**14**	**12**	23	40	**6**	2
Total	**12 599**	**8 708**	7 591	7 469	**4 374**	3 891
NET OPERATING PROFIT (Rm)						
Iron ore	**1 119**	**820**	664	882	**446**	299
Coal	**548**	**430**	272	279	**238**	118
Heavy minerals	**206**	**254**	(6)	62	**156**	(48)
– Ticor SA	**(19)**	**(10)**	(6)	24	**6**	(9)
– Ticor Limited*	**225**	**264**	***	38	**150**	(39)
Base metals**	**(151)**	******(116)**	(80)	(9)	**(94)**	(35)
Industrial minerals	**30**	**20**	21	21	**10**	10
Other	**103**	**(28)**	105	(46)	**10**	131
Total	**1 855**	**1 380**	976	1 189	**766**	475
EARNINGS (Rm)						
Net operating profit	**1 855**	**1 380**	976	1 189	**766**	475
Net financing charges	**(401)**	**(271)**	(252)	(244)	**(134)**	(130)
Income from equity account investments	**(13)**	**(1)**	(41)	2	**9**	(12)
Profit before tax	**1 441**	**1 108**	683	947	**641**	333
Taxation	**(434)**	**(341)**	(148)	(229)	**(181)**	(93)
Minority interest	**(65)**	**(90)**	24		**(46)**	25
Net profit attributable to ordinary shareholders	**942**	**677**	559	718	**414**	265
Adjustments	**75**	**97**	18	66	**22**	(22)
Headline earnings	**1 017**	**774**	577	784	**436**	243

* *Equity accounted until 31 March 2003.*
** *Revenue and net operating profit exclude Kumba's interest in the Chifeng (Hongye) refinery which is equity accounted.*
*** *Includes an impairment charge of R89 million in respect of the Ticor Chemicals cyanide plant.*
**** *Includes impairment charges of R26 million and R9 million in respect of the investment in ZnERGY (Pty) Limited and a preference share investment in Rosh Pinah Mine Holdings (Pty) Limited.*

OPERATIONS

Iron ore

Record production and sales volumes were recorded. Sishen mine increased production by 499 000 tonnes to 27,6Mt over the comparative period. Export sales were 477 000 tonnes (2%) higher at 20,9Mt.

Revenue increased by 12% to R4,25 billion and net operating profit by 23% to R820 million over the comparative period as higher prices and sales volumes together with an ongoing cost focus offset the effect of the stronger rand.

Following the conclusion of a heads of agreement, good progress is being made on the finalisation of a new transport agreement between Kumba and Transnet on a rand-based rail tariff for the transport and handling of iron ore from the Northern Cape through the Sishen-Saldanha export channel and to provide for Kumba's growth in iron ore exports.

Coal

The strong growth in local demand resulted in record production and sales volumes for the period. Total coal production increased by 2,5% to 19,4Mt with sales of power station coal 2% higher at 14,4Mt and other domestic sales increasing by 6% to 4Mt.

Revenue increased by 12% over the comparative period as a result of higher sales prices and volumes. The higher revenue together with cost-containment initiatives resulted in net operating profit improving by 58% to R430 million.

Heavy minerals

Ticor SA

The ongoing ramp-up of the furnaces during the past 12 months resulted in higher production of both titanium slag and pig iron despite the shut-down of furnace 2 to implement improvements and to effect repairs to the bottom of the furnace shell. Re-commissioning of this furnace commenced on 31 December 2004 and is ahead of schedule.

Revenue increased by 64% over the comparative period due to an increase in sales of titanium slag and pig iron together with stronger zircon, pig iron and rutile prices. The stronger currency and shut-down of furnace 2 led to an operating loss of R10 million for the period.

Ticor Limited

Ticor Limited, through its 50% joint venture interest in Tiwest, had a strong operational performance for the period with an 8% increase in total production volumes. Production records were achieved for pigment, synthetic rutile, rutile and ilmenite and are attributed to the ongoing success of the Tiwest continuous improvement programme.

Revenue increased by 28% over the comparative period as a result of higher sales and stronger mineral prices. Net operating profit improved substantially due to the higher revenue, cost savings and the non-recurring impairment charge of R89 million of Ticor Chemicals raised in 2003. The chemicals business was finally closed in May 2004.

Base metals

Rosh Pinah mine reached a record production volume of 124 000 tonnes zinc concentrate.

Production of zinc metal, including Kumba's effective interest in the Chifeng (Hongye) refinery in China, was marginally higher than the comparative period as the ramp-up of the Chifeng refinery reached production at 95% of its design capacity. Production at the Zincor refinery was 7 000 tonnes lower than for the comparative period as a result of lower concentrate grades adversely affecting stable production.

Revenue increased by 1% over the comparative period due to a 7,8% increase in the rand average prices of zinc, despite being affected by a lead sales order of Rosh Pinah only realising after the period.

Lower treatment charges, an increase in the environmental rehabilitation provision and the non-recurring impairment charges reported on in the group's second interim results, led to an operating loss of R116 million for the past 12-month period.

Kumba's equity accounted investment in the Chifeng refinery contributed R9,8 million to the group's profit before tax for the period.

BUSINESS IMPROVEMENT PROGRAMME

The business improvement programme announced previously is on track. The group expects to realise the initial benefits of the programme which consists of both revenue enhancement and cost-saving initiatives in 2005. The programme has a target of delivering a sustainable contribution of R800 million to net operating profit from the start of the 2006 financial year.

GROWTH OPPORTUNITIES

Iron ore

A feasibility study into the expansion of Sishen production by 10Mtpa (the SEP project) was completed by the end of 2004 and will be submitted to the Kumba board for its consideration early in 2005. The project, with an estimated capital cost of some R3 billion is scheduled for commissioning in July 2007, with full production by mid-2008. Its development will proceed in co-ordination with the recently-announced capacity expansion of the Sishen-Saldanha export channel.

Work continues on evaluating alternative development scenarios for the greenfields Sishen South project 70km south of Sishen mine. This 203Mt reserve has the potential to support up to 9Mtpa of export grade iron ore production, but its viability has been adversely affected by the appreciation of the rand.

Following the unfavourable arbitration ruling as to whether Kumba's partner in the Hope Downs Project, Hope Downs Iron Ore Pty Limited (HDIO) had acted unreasonably in withholding its approval of the change in control of Kumba, a notice of appeal has been lodged with the Supreme Court of Western Australia in order to preserve Kumba's rights in the project. Without prejudice to Kumba's rights of appeal, the process for determining an agreed fair value at which HDIO can elect to acquire Kumba's project interest, has commenced. If an agreement cannot be reached between Kumba and HDIO, an independent expert is to be appointed for determination of such fair value. Until Kumba's participation in the project is finally resolved, it continues to perform its contractual obligations in respect of the project.

Following the conclusion of an agreement with the government of Senegal and its agency Miferso in July 2004 for Kumba to obtain an option over a controlling interest in the Faleme iron ore deposit in the extreme south-east of the country, exploration on the property commenced late in the year. This programme is continuing and it is hoped that a decision to proceed with a bankable feasibility study can be taken later in the year. Concurrently, Kumba is working with Miferso to develop an investment case for the considerable infrastructure development that would be required to support a mine at Faleme.

Coal

The development of the 1Mtpa Inyanda joint venture (with Eyesizwe Coal) near Middelburg remains dependent on a decision from Spoornet regarding approval of the Phase V expansion of the Richards Bay Coal Terminal and its impact on the export coal line to Richards Bay. All other approvals have long been in place.

The Kumba board approved the development of a new coal benefication module at Grootegeluk mine, intended to provide 0,7Mtpa of semi-soft coking coal, a product suited to the manufacture of market coke. The project, known as the GG6 plant, will cost some R320 million and is currently under construction; it will be commissioned in July 2006, ramp up to full production during the year and deliver product to the Ispat Iscor's Newcastle coke plant, currently under refurbishment. A 10-year supply agreement, at market-related prices, has been concluded with Ispat Iscor.

Kumba's board also approved the construction of a jig plant at the Leeuwpan mine near Delmas, at a capital cost of R91 million. This plant will be commissioned by June 2005 and will deliver an additional 1Mtpa of power station coal for consumption by Eskom's Majuba power station.

An agreement has been concluded with Anglo Coal Australia to form a joint venture that will investigate the potential to develop a new coking coal operation on adjacent properties, Moranbah South and Grosvenor South, in the Bowen Basin coalfield of Queensland, Australia. The study, to be funded by Anglo Coal Australia, has commenced and is due for completion by early 2007.

Heavy minerals

At Toliara in south-western Madagascar, a pre-feasibility investigation of the potential to develop a large mineral sands deposit is close to completion. Kumba's subsidiary, Ticor Limited has announced that the Ranobe deposit at Toliara contains an estimated reserve of 465Mt grading 6,2% heavy minerals. The boards of the two companies will be approached for approval to proceed with a bankable feasibility study during the first half of 2005.

AlloyStream™

During the year, the technology was demonstrated in an application that produced market grade ferromanganese from fine manganese ore and fine coal, using a purpose-built subcommercial scale furnace. The work proved highly successful, both technically and commercially. Options for the commercial development of the proprietary technology in this and other applications are under extensive consideration.

MINING LEGISLATION

The group is progressing a co-ordinated empowerment initiative to achieve a sustainable position as a pre-eminent South African-based diversified mining company, thereby also meeting the ownership requirements of the Mineral and Petroleum Resources Development Act and its associated charter.

OUTLOOK

Strong commodity markets marked by forecasts of substantial increases in the US dollar prices of iron ore, together with higher prices for coal, heavy mineral and zinc and the implementation of Kumba's business improvement programme, are expected to have a positive impact on the group's results.

The strong rand will, however, continue to affect earnings.

DECLARATION OF DIVIDEND NUMBER 5

The directors have declared a final dividend, number 5, of 90 cents per share in South African currency in respect of the 18-month period ended 31 December 2004. This will result in a total dividend for the period of 145 cents per share. The dividend is payable to shareholders recorded in the books of the company at close of business on 11 March 2005.

In compliance with requirements of the electronic settlement system of the JSE Securities Exchange South Africa, the following dates are applicable:

Last day to trade cum dividend	4 March 2005
Shares trade ex dividend	7 March 2005
Record date	11 March 2005
Payment date	14 March 2005

Share certificates may not be dematerialised or rematerialised between 7 March 2005 and 11 March 2005, both days inclusive.

On behalf of the board.

MLD Marole *(Chairman)*
Dr CJ Fauconnier *(Chief Executive)*
DJ van Staden *(Executive Director, Finance)*

17 February 2005

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