

operations

Kumba recorded another year of good operational results, with numerous production records achieved and a gratifying improvement in safety performance in the second half of the year.

Iron ore and coal continued to enjoy buoyant market conditions due to soaring demand for steel-making raw materials largely as a result of strong growth in the Chinese steel industry. Iron ore demand in Japan and Europe remained steady at high levels. Iron ore prices are expected to remain at the current high levels until at least 2007.

Heavy minerals experienced very strong demand for zircon, with China's ceramic and chemical sectors booming. Increases in world zircon production are not expected in the short term and the supply shortfall should support current strong prices. Pigment and titanium dioxide slag achieved modest price increases in 2005.

The zinc business enjoyed a recovery in metal prices due to strong global demand driven mainly by China and the zinc inventory on the London Metal Exchange (LME) which reduced by 235kt this year. Treatment charges remain depressed due to the global shortage of concentrate from the mines.

SAFETY

Regrettably, during the year, we experienced four fatalities, one of which was a public road vehicle accident. Another two fatalities were recorded in January 2006. Any loss of a colleague is very distressing and we remain committed to achieving a working environment where no serious injuries occur. There have been commendable safety achievements at several of our mines, most notably Tshikondeni receiving the national award of the Department of Minerals and Energy for South Africa's most improved coal mine. We congratulate those divisions that are making progress towards our safety goal, but overall we are dissatisfied and improving our safety performance is a priority. The *I Care Rules* programme, an initiative to enhance hazard awareness by focusing on key risk areas (p75), is yielding positive results in the early stages of roll-out.



OPERATIONAL PERFORMANCE

The continued focus on improving performance, supported by programmes on leadership style, people development and performance management remains the cornerstone of our operational successes.

Achievements: There have been several notable achievements during the year:

- All our business units now have international certification on environmental (ISO 14001) and safety (OHSAS 18001) standards
- Tshikondeni received the Millionaire Shield Award and the national safety achievement flag for coal mines from the Department of Minerals and Energy
- The iron ore businesses have reduced the number of lost time-injuries by 42%
- Record performances from our iron ore operations included:
 - Sishen mine production of 28,5Mt
 - Iron ore exports of 22,1Mt
 - Railed tonnage to Saldanha of 24Mt
- Coal operations continued to excel:
 - Record production from Grootegeluk and Leeuwpan, which achieved 17,5Mt and 2,0Mt respectively
 - The R95-million jig project was successfully commissioned at Leeuwpan in August 2005
- Our heavy minerals division continued to increase output:
 - Furnaces in South Africa continued to ramp up successfully. The chloride slag ratio improved to 82%
 - Tiwest operations in Australia maintained strong levels of output while successfully relocating the North mine concentrator.

Challenging targets play a key role in our business successes

Some exciting challenges have been identified for the year ahead:

- A key focus area will be fully capturing the benefits of our business improvement programme initiated in 2004 and building on the successes achieved to date
- Subject to shareholder approval, the integration of the envisaged Newco business operations and harvesting the potential synergies of its constituent assets and people will be a key objective.



KUMBA RESOURCES' footprint

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1. The Titor SA smelter in Empangeni, KwaZulu-Natal, where furnaces continued to ramp up successfully.
2. Tshikondeni received the Millionaire Shield Award and the national safety achievement flag for coal mines from the Department of Minerals and Energy.
3. A Sishen drum reclaimer at dusk.
4. A record production of 17,5Mt was achieved at Grootegeluk in 2005.

We are creating a sustainable future by ensuring the development of our people and the communities in which we operate

We are measured on our triple bottom-line performance



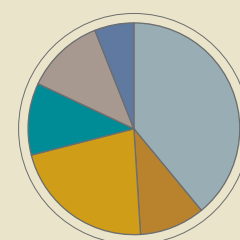
BUSINESS OPERATIONS REVIEW

IRON ORE

Physical information	2005 000t*	2004 000t*	Y-O-Y %
Total production	30 987	30 112	3
Total sales	31 285	30 294	3
– Domestic	9 172	9 371	(2)
– Exports	22 113	20 923	6
Capital expenditure (Rm)	404	172	135

* = metric tonnes

Y-O-Y = year-on-year



EXPORT REVENUE CONTRIBUTION

China	39%	Germany	10%
Japan	22%	Austria	11%
UK	12%	Other	6%

OVERVIEW

Kumba's iron ore division is a leading high-grade lump ore producer and the fourth-largest supplier of iron ore in the global seaborne industry. Iron ore assets comprise the mines at Sishen and Thabazimbi, in South Africa's Northern Cape and Limpopo provinces respectively. These mines produce 31Mtpa of iron ore – 81% of the country's total production and 4% of global seaborne trade – and their combined resources exceed two billion tonnes of high-quality iron ore.

Sishen is contracted to supply 6,25Mtpa and Thabazimbi all its iron ore production to Mittal Steel South Africa (Mittal) at cost plus a 3% management fee.

The division recorded an exceptionally strong operating performance in 2005, largely due to capacity expansions and improved efficiencies following the business improvement programme. Supported by a favourable 60/40 lump:fine ore ratio and record international iron ore price settlements effective 1 April 2005, export volumes rose and the revenue was further enhanced. Thabazimbi maintained its excellent safety record and Sishen improved on its 2004 safety levels.

During the year, Sishen set new records, increasing final product output by 3% to 28,5Mt. The 10% increase in production volumes over the past four years is indeed a commendable achievement with several strategic initiatives, including selective mining practices, coming to fruition over the period.

Export sales were up 6%, driven by buoyant global demand for iron ore and boosted by strong operational performances and capacity expansions on the export channel. Domestic sales volumes declined by 2% on the back of decreased Mittal demand, and surplus domestic production was redeployed to export markets. Tonnage

railed from Sishen mine to the port of Saldanha rose by 9% in line with new contractual tonnages. Tonnage shipped to customers and the offshore stockpile at Qingdao rose by 7%. Structural defects on ship-loaders during July 2005 necessitated rescheduling vessels.

Following an unfavourable outcome to arbitration proceedings stemming from a dispute between Kumba and its partner, Hancock Prospecting, in the Hope Downs iron ore project in Western Australia, the latter was granted an option and purchased Kumba's interest on 1 July 2005, resulting in A\$231,4 million being paid to Kumba in full settlement of the issue.

The iron ore business is pursuing four strategic thrusts:

- Reducing or containing operating expenses to increase the operating margin and return on capital employed
- Establishing and sustaining a preferred-supplier status in high-margin markets
- Growing domestic and international capacity by developing new business ventures
- Being a responsible corporate citizen.

PROSPECTS

The tight supply/demand situation in the iron ore industry in recent years is being

maintained by capacity restrictions and ever-increasing demand from China, prompting expansion plans by major iron ore producers that continue to produce at record levels. The iron ore division aims to sustain 2005's record production levels, while expansions at Sishen will begin delivering product by mid-2007 ramping up to full capacity of 10Mt by the beginning of 2009.

Led by China, Asia will continue to be the growth market for iron ore while the traditional major markets of Europe and east Asia (excluding China) are expected to remain stable. Global crude steel production increased by 7% in 2005 (China 24,6%), with further growth expected until 2010. This is supported by ambitions in India and Brazil to significantly expand their steel industries with blast furnace upgrades, new furnaces and greenfield projects.

The unprecedented price increase in benchmark contract prices of 71,5% in 2005 has encouraged steelmakers and iron-ore producers to enter into long-term contracts to ensure supply and reduce reliance on the spot market. Significant differentials between spot and benchmark contract prices, albeit at lower levels than the previous year (average of US\$70/tonne delivered price into China for Indian ore



Part of the Sishen mine in the Northern Cape.

against US\$55/tonne contract price into China for Australian ore), are still prevalent which indicates a buoyant market in 2006. Additional shipping capacity from 2006 should improve the freight market.

The division's current pipeline includes 13 projects, ranging from implementation to potential study phase, representing 83Mt of production capacity that can be brought on line should market demand warrant those investments. In addition, exploration

activities and technology developments will continue to identify new opportunities.

Capital expenditure

R million	Actual 2005	Estimate 2006
Sustaining	113	257
Environmental	17	66
Expansion	274	1 665
Total	404	1 988



Our vision, values and governing principles ensure that stakeholder value is enhanced

We will continue to create wealth for stakeholders by doing what we do better than anyone else and better than before



1. A haul truck tips its load at the primary crusher at Sishen. Water sprays are automatically activated to ensure efficient dust control.
2. The Komatsu WA1200 in use at Sishen is reported to be the largest mechanical drive front-end loader in South Africa.
3. A rope shovel in action at Thabazimbi.
4. With the recently commissioned flocculant preparation plant at Thabazimbi are Lucas Daffue, production foreman, and right, Emil de Villiers, process engineer.

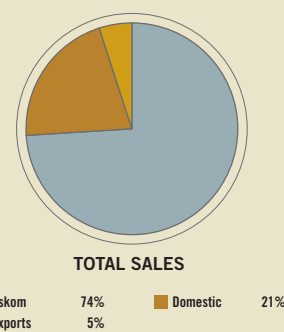


BUSINESS OPERATIONS REVIEW

COAL

Physical information	2005 000t*	2004 000t*	Y-O-Y %
Total production	19 839	19 444	2
Total sales	19 986	19 558	2
– Eskom	14 703	14 356	2
– Other domestic	4 174	4 112	2
– Exports	1 109	1 090	2
Capital expenditure (Rm)	347	171	103

* = metric tonnes
Y-O-Y = year-on-year



OVERVIEW

Kumba's coal division is currently South Africa's fifth-largest producer, operating three collieries: the open-pit Grootegeluk (Limpopo) and Leeuwpan (Mpumalanga) mines; and underground Tshikondeni mine (Limpopo) that supplies all its production to Mittal at cost plus a management fee of 3%. This division offers significant growth opportunities for the group.

The division has consistently improved operational performance with record throughput at Grootegeluk and Leeuwpan, with the latter benefiting from the commissioning of the jig plant during the year. Driven mainly by demand from the metals and power-generation sectors, the three collieries produced 19,8Mt of thermal, coking coal and semi-soft coking coal, a 2% increase on the previous year and posting new production and sales records at Grootegeluk and Leeuwpan. More product was placed in the valuable metals market, improving revenues to record levels. Production levels for 2006 are expected to increase by 11% as expansion projects at Grootegeluk and Leeuwpan come on stream and demand from Eskom increases.

Overall production was marginally higher at Grootegeluk due to better throughput after de-bottlenecking projects.

Higher diesel prices, incentive provisions following better operating results and increased overburden stripping to alleviate the backlog of the previous year at Grootegeluk contributed to higher production unit costs for 2005.

Leeuwpan and Tshikondeni received ISO 14001 and OHSAS 18001 accreditation during the year, with Tshikondeni receiving

the Blue Flag award from the Department of Minerals and Energy for most improved safety performance from a coal mine in South Africa over a three-year period. Tshikondeni and Grootegeluk unfortunately recorded a fatality each in December 2005 and January 2006 respectively.

While overall demand during the year was good, warmer winter conditions resulted in lower-than-expected demand from Eskom. Dispatches from Grootegeluk were below the record levels achieved in 2004 due to lower sales volumes, but the efficiency of rail flows was maintained with another commendable performance from Spoornet.

Capital expenditure for the year more than doubled to R346 million, primarily for the Grootegeluk and Leeuwpan expansion projects. This will rise again in 2006 due to increased replacements in line with the life cycle of physical assets and approved expansion projects.

Sales into the export market remained at 1,1Mt and are only set to increase materially when the RBCT Phase V project is commissioned. Prices obtained were some 67% higher than the previous year.

Good commodity prices countered a slightly stronger exchange rate in the review period. This division is less sensitive to exchange-rate fluctuations, given that 74% of its total sales are to Eskom.

PROSPECTS

With clearly-defined goals for growth – based on operational efficiency, market positioning, organic and inorganic growth – the coal division's target is to effectively double production to 40Mtpa by 2010 (excluding Eyesizwe Coal tonnage). Medium- and longer-term strategic objectives have also been set and a high-quality pipeline of growth projects developed to realise these objectives.

Much focus has been placed on demonstrating to all stakeholders the potential of the Waterberg coal fields and the role this region could play in alleviating the imminent power-generation capacity shortfall expected in South Africa by 2009. Kumba's coal division is well positioned to play a vital role in supplying additional coal for more power-generation capacity in this region.



Stockpiles and the load-out area at Leeuwpan.

The announcement of the expansion project at RBCT presents significant financial benefit in the medium term for the coal division and will also enable the establishment of the Inyanda coal mine.

The board's approval of the Sintel Char project (p45) signals the division's initial move downstream into the reductant market to expand its portfolio of value-added products.

Although global coal prices peaked during 2004 and 2005, Kumba's coal division is well placed to increase the proportion of

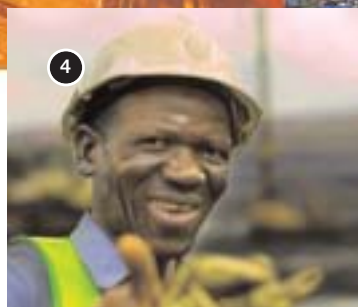
higher-value coal products in its portfolio. This should enable the division to increase margins during 2006.

Capital expenditure

R million	Actual 2005	Estimate 2006
Sustaining	26	93
Environmental	10	34
Expansion	311	377
Total	347	504

A STEPPING STONE OF
opportunity
 FOR SOUTH AFRICA

Kumba is firmly anchored in South African soil and our commitment to the country allows us to act as a stepping stone to a brighter future through the development of our country's people



1. The beneficiation complex at Grootegeluk.
2. The Grootegeluk stacking and reclaiming operations set against a backdrop of Eskom's Matimba power station.
3. Flotation cells at Tshikondeni's beneficiation plant.
4. Stoffel Pitse, hauling operator at Grootegeluk.



HEAVY MINERALS

Physical information	Ticor SA			Ticor Limited** Australia		
	2005 000t	2004 000t	Y-O-Y %	2005 000t**	2004 000t	Y-O-Y %
Total production						
Ilmenite*	377	459	(18)	220	236	(7)
Zircon	47	49	(4)	35	38	(9)
Rutile	23	20	15	16	18	(14)
Low manganese pig iron (LMPI)	89	63	41			
Synthetic rutile				111	112	(1)
Pigment				53	53	-
Chloride slag	134	96	40			
Sulphate slag	30	40	(25)			
Total sales						
Ilmenite	60	27	122	13	30	(57)
Zircon	47	48	(2)	36	38	(5)
Rutile	18	17	6	18	21	(14)
Synthetic rutile				59	50	18
Low manganese pig iron	79	58	36			
Chloride slag	150	84	79			
Sulphate slag	41	24	71			

* = Ilmenite at Ticor SA refers to crude ilmenite.

** = Tonnes reflect 50% of the production and sales volumes of the Tiwest Joint Venture

Y-O-Y = year-on-year

OVERVIEW

Heavy minerals is a highly-specialised industry whose primary outputs are used for quality-of-life products with many, often invisible, applications. Ilmenite, for example, is used to produce titanium slag and synthetic rutile as feedstock for pigment plants. Titanium dioxide pigment is used in the paper, paint and plastics industries, while zircon is used to produce a wide range of industrial and domestic products from ceramics, tiles and sanitaryware to refractories, and TV and computer screens. Kumba's heavy minerals smelter complex is under commission at Empangeni, KwaZulu-Natal, and it has a joint venture (Tiwest) in Australia producing titanium dioxide products and heavy minerals concentrate including ilmenite and zircon.

The heavy minerals division aims to become a global leader in the titanium dioxide industry and the following major steps were taken in 2005 to realise this objective:

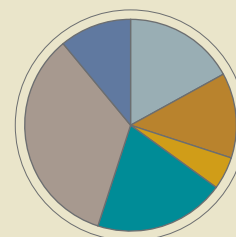
- The A\$226 million acquisition of the minorities in Australian-listed Ticor Limited at A\$1.875 per share effective 15 November 2005.
- In December 2005, Kumba acquired Ticor's 40% shareholding in Ticor SA and the Madagascar project.
- Significant progress in ramping up the smelter at Ticor SA to 85% of design

capacity, leading to chloride slag and low manganese pig iron production increasing by 40% and 41% respectively in 2005. The proportion of chloride slag increased from 71% in 2004 to 82% in 2005.

Good progress was made in operating the furnace 1 pre-heater, with commissioning of the furnace 2 pre-heater scheduled to commence early in 2006.

Furnace 2 was successfully recommissioned in January 2005 after a shutdown for repairs and design improvements during the last four months of 2004. This furnace is now operating at close to name-plate capacity and set production records in March, May and August of 2005. Furnace 1 is planned to be shut temporarily in 2006 to effect modifications and improvements that were successfully made to furnace 2.

Reduced in-situ ore grades at both South African and Australian operations have marginally reduced the production of ilmenite and zircon, although rutile at Ticor SA increased following operating performance gains from the focus on continuous improvement. Production of minerals at Australian operations was also impacted by a scheduled five-day shutdown of the dry mill which occurs every three years. At Ticor SA, the



TOTAL SALES (Ticor SA)

Ilmenite	17%	Zircon	13%
Rutile	5%	Sulphate slag	11%
Chloride slag	34%	Low manganese pig iron	20%

stockpile of crude ilmenite is expected to rapidly decrease as the furnaces reach full capacity. To maintain long-term supplies of ilmenite for the smelter, the Fairbreeze mine is planned to be commissioned during the second half of 2008, subject to board approval.

In Australia, the Tiwest operation successfully completed the relocation of its North mine concentrator within budget and ahead of schedule. Pigment production was in line with the prior year's record, despite an unscheduled shutdown due to unplanned and extended maintenance at the contractor's oxygen plant. This shutdown was to some extent offset by record pigment production in December.

Zircon and low manganese pig iron price escalation continued as a result of strong demand. Prices are expected to remain firm in 2006. Modest price increases were achieved for pigment in 2005.

Sales of chloride slag and low manganese pig iron increased as a result of the ramp-up of the furnaces, while zircon sales were lower due to reduced ore grades.

Operating results for the heavy minerals division were again impacted by the relative strength of the Australian dollar and rand against the US dollar, as well as raw material cost increases, particularly for energy-related consumables and labour. Price increases were negotiated for synthetic rutile and chloride slag but, with a number of potential new projects coming on line in the near future, an over-supply position is anticipated in the medium term.

The business improvement programmes at Ticor SA and Tiwest are an integral part of becoming a global leader in the heavy minerals business. Tiwest's business improvement programme continued to deliver results through improved operating performance, lower costs and increased efficiencies.

The business improvement programme at Ticor SA delivered significant cost savings during 2005, with further benefits expected to be realised by the end of 2006.

Following the implementation of a focused safety programme, Ticor SA has substantially improved its safety performance and, by January 2006, had achieved one year without a disabling injury at the Hillendale mine.

PROSPECTS

The business improvement programme at Ticor SA is generating the expected results, with the full benefits to be realised by the end of 2006.

Tiwest is planning to further increase synthetic rutile and pigment production with minimal capital outlays and by using projects that are part of the firmly-entrenched improvement culture.

After the successful completion of the pre-feasibility study on the Toliara Sands project in Madagascar during early 2005, a bankable feasibility study has started. Current estimates show that the reserve will be capable of feeding the Ticor SA smelter for more than 30 years, providing the long-term feedstock requirement for this business.

Capital expenditure

R million	Actual 2005	Estimate 2006
Sustaining	123	166
Environmental	1	-
Expansion	-	86
Fairbreeze	66	58
Total	190	310

1. Operations at the Ticor SA smelter.
2. Hydraulic mining techniques in use at Ticor SA's Hillendale mine.
3. Ticor Limited's North mine concentrator was successfully relocated within budget and ahead of schedule.



As a leading diversified South African-based resources company, Kumba has taken its place at the forefront of innovation and technology



To entrench this position, we will continue to develop solutions that generate shared rewards

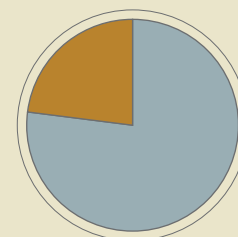


BUSINESS OPERATIONS REVIEW

BASE METALS

	2005 000t*	2004 000t*	Y-O-Y %
Physical information			
Total production			
Zinc concentrate	126	124	2
Zinc metal	117	116	1
Lead concentrate	25	27	(7)
Total sales			
Zinc metal	119	119	-
Domestic	92	91	1
Exports and other	27	28	(4)
Lead concentrate sales	35	12	192

* = metric tonnes
Y-O-Y = year-on-year



TOTAL SALES – ZINC METAL
Domestic 77% Exports and other 23%

Zincor will continue to focus on regaining its global low-cost producer status and on generating more revenue by increasing premiums and by-product recoveries, as well as ensuring that Zincor is the preferred supplier in our markets. Accordingly, various initiatives are under way to further improve the high-performance culture at Zincor.

At Rosh Pinah, a major focus will be the intensive exploration and exploration development strategy to find additional resources to increase the current mine life of approximately six years to eight years and beyond.

PROSPECTS

The outlook for prices in 2006 remains good, although some corrective price action is expected from the high levels prevailing at the beginning of 2006, particularly with a view to the impact of investment funds on prices. The market actions of the funds remain a source of great uncertainty.

The International Lead and Zinc Study Group, at its annual session in London, forecast that zinc consumption would increase by 5,7% in 2006, to 11,12Mt. It expects global zinc mine supply to increase by only 4,2% during the same period, with refined output expected to rise by an even smaller 3,5%. If this should happen, the outlook for treatment charges could start improving. Treatment charges for 2006, however, will probably be even lower than in 2005.

Capital expenditure

R million	Actual 2005	Estimate 2006
Sustaining	66	81
Environmental	3	19
Expansion	2	
Total	71	100

OVERVIEW

Kumba's base metals division comprises the operations of Rosh Pinah (southern Namibia) and Zincor (Gauteng) and its interest in Chifeng (China).

In line with the rest of the base metals suite, zinc prices have increased substantially and traded between an intra-year low of US\$1 165 and a 15-year record of US\$1 915 per tonne in December 2005.

The global refined zinc market recorded a deficit for 2005, with the LME inventory decreasing steadily to 394kt, some 37% lower than in 2004. This is expected to continue in 2006.

Rosh Pinah is an underground zinc/lead mine that produced 126kt of zinc-containing concentrates for the review period, accounting for 55% of Zincor's annual requirements. Approximately 23kt of lead-containing concentrates were exported through Walvis Bay during the year.

The Zincor refinery produced 102kt of zinc metal during the review period. Zincor is the only zinc supplier to the South African market and the leading supplier of zinc in east Africa, with well-established markets in Kenya and Tanzania. Zinc production remained under pressure due to the lower quality of concentrates from the refinery's main suppliers.

The Chifeng refinery in Inner Mongolia, China, built on its successful commissioning in the previous year with Kumba's attributable production for the 12 months to December increasing to 15kt of zinc metal. As the division exercises joint control over the refinery, our interest is equity accounted. All metal

sales are to domestic Chinese markets. Demand was strong but favourable zinc prices were largely countered by the extreme shortage of zinc concentrate which had an adverse effect on profits.

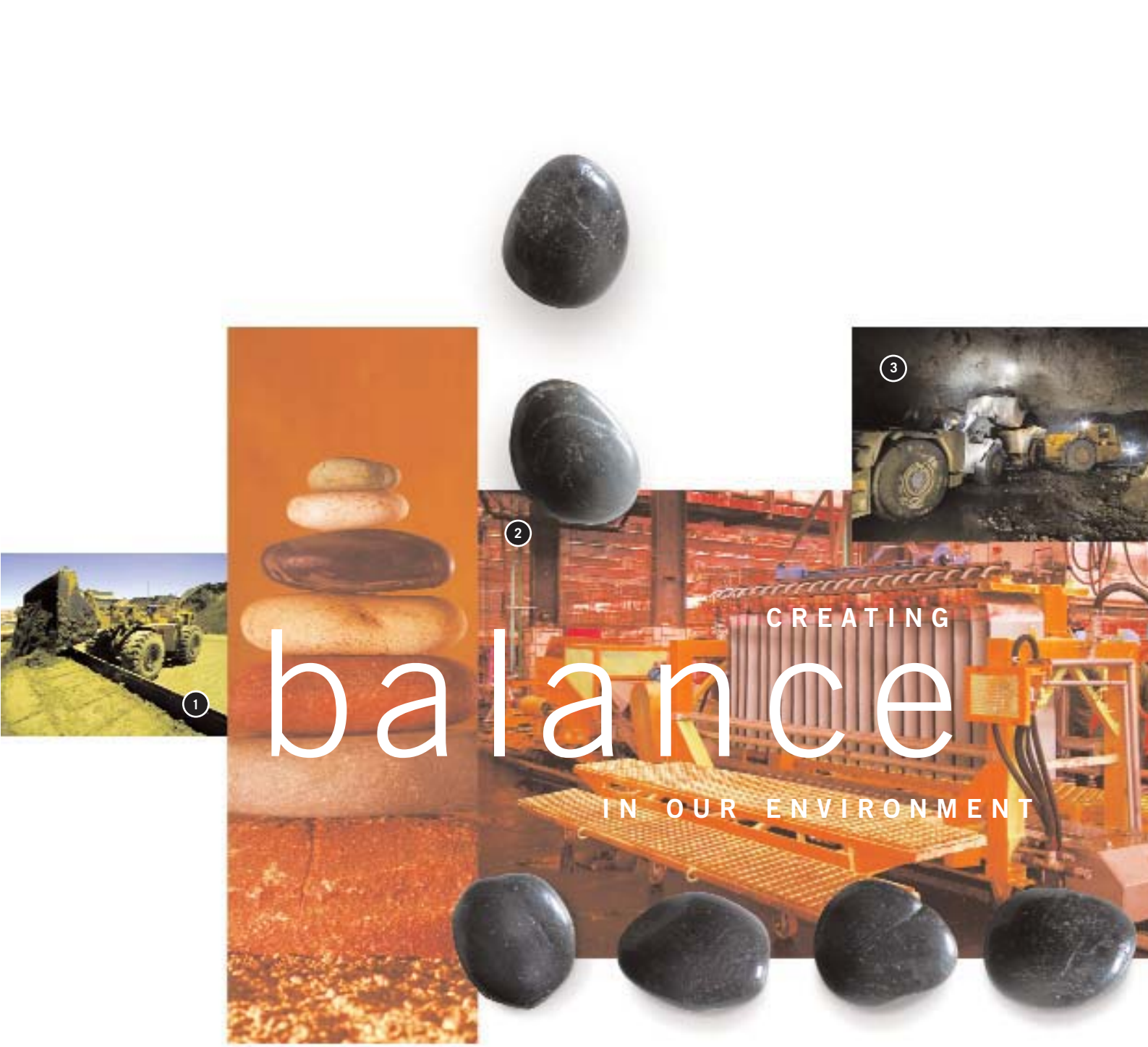
South African demand was robust during the year and sales at Zincor were higher despite lower production levels. Zinc concentrate production at Rosh Pinah remained firm. Sales for lead concentrates were higher than 2004 and prices remained high.

Zinc market fundamentals are sound and future growth looks healthy. The division has therefore revised its strategy from optimising current operations to a more focused growth strategy in zinc and possibly other base metals commodities.

The biggest challenge for the base metals business, and where much attention will be in future, is to secure local zinc concentrates both for the Zincor and Chifeng smelters.

A major objective in this regard is to progress the finalisation of the agreement on the Kipushi zinc mine in the Democratic Republic of the Congo (DRC).

In the Inner Mongolia region of China, we are participating in the Chifeng Phase 3 expansion and are considering zinc-mining opportunities. The Chifeng smelter capacity will be increased from the current 50ktpa to 110ktpa. Kumba will participate in the expansion by swapping some of its shareholding in the Phase 2 Company into the new Phase 3 Company. The enlarged smelter will benefit from better economies of scale and by producing value-added products.



As we extract value from our diverse operations, we replenish **natural resources** by rehabilitating our land

We develop our **communities** today, so that together we can create a sustainable planet for tomorrow

1. Zinc-containing concentrate is loaded at Rosh Pinah, prior to being transported to the Zincor operation.
2. One of the new autostacker machines at Zincor's electro-winning area. The machine provides enhanced safety and efficiency.
3. Underground ore loading at Rosh Pinah.



BUSINESS OPERATIONS REVIEW

INDUSTRIAL MINERALS

Physical information	2005 000t*	2004 000t*	Y-O-Y %
Production			
Glen Douglas	1 381	1 431	(3)
Bridgetown	172	180	(4)
Kumba FerroAlloys (t)	6 065	5 653	7
Sales			
Glen Douglas – Domestic	1 381	1 441	(4)
Bridgetown – Domestic	172	180	(4)
Kumba FerroAlloys – Domestic (t)	6 110	5 408	13

* = metric tonnes
Y-O-Y = year-on-year

OVERVIEW

Kumba's industrial minerals interests comprise the Glen Douglas open-cast mine in Gauteng, (metallurgical dolomite, aggregate and small quantities of agricultural lime), the Kumba FerroAlloys plant in Gauteng (superior gas-atomised ferrosilicon powder), and 50% of the Bridgetown (Western Cape) dolomite mine joint venture.

Lower sales volume from Glen Douglas reflect reduced demand from the civil and construction industry due to a decline in projects in southern Gauteng and a significant fall in lime sales to the agricultural sector. Mittal continued to underpin volume sales growth in metallurgical dolomite, an important raw material for the steel industry. The profitability of Glen Douglas benefited from the focus on product recoveries from the waste dump which reduced stripping and mining costs and improved product market prices.

The ferrosilicon operations at Kumba FerroAlloys are strategically and profitably positioned to meet the beneficiation needs of iron ore mines, with some 70% of output sold to Kumba's Sishen and Thabazimbi mines. Increased market penetration during the period reflects favourable unit production cost, higher production and strong demand due to growth in iron ore production. Additional benefits from an external sales strategy

included increased sales to the diamond and chrome markets. Bridgetown volume sales were down due to a decrease in hot metal production at Saldanha Steel.

PROSPECTS

The current low interest rate environment in South Africa and increased government spending on physical infrastructure should underpin strong growth in the civil and construction industry and thus support the aggregate industry. Kumba FerroAlloys' ferrosilicon sales are expected to benefit from high iron-ore production activity and an expanding external market.

Capital expenditure

R million	Actual 2005	Estimate 2006
Sustaining	5	9
Environmental	–	–
Expansion	2	3
Total	7	12



Dolomite loading operations at Glen Douglas.



1. Reclaimer operations at Glen Douglas. One of the mine's products is metallurgical dolomite, an important raw material used in the steel industry.
2. Lancing the furnace at the Kumba FerroAlloys plant is George Pasha. Raw product is melted to atomise ferrosilicon to produce the final powdered product.
3. Learners at the Daleside School – the school was built by Glen Douglas on its property and donated to the community. The mine continues its involvement and support of school projects.



DETERMINED TO
uplift
OUR PEOPLE

We will create a sustainable future by ensuring the development of our people and the communities around our operations

