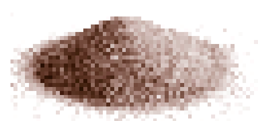
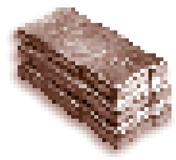
- REVENUE INCREASES BY 32%
- NET OPERATING PROFIT UP 65%, BEFORE IMPAIRMENT CHARGE OF R784 MILLION
- HEADLINE EARNINGS PER SHARE 61% HIGHER AT 508 CENTS PER SHARE
- INTERIM DIVIDEND OF 180 CENTS PER SHARE
- NET DEBT TO EQUITY RATIO OF 18%
- CREATION OF SOUTH AFRICA'S FLAGSHIP EMPOWERMENT COMPANY AND SEPARATELY LISTED IRON ORE COMPANY SCHEDULED FOR FOURTH QUARTER

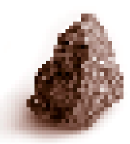
KUMBA RESOURCES


Iron ore


Coal


Mineral sands


Base metals


Industrial minerals

REVIEWED GROUP FINANCIAL RESULTS AND PHYSICAL INFORMATION

for the six months ended 30 June 2006

GROUP INCOME STATEMENT

	6-months ended 30 June 2006 Reviewed Rm	6-months ended 30 June 2005 Restated Reviewed Rm	12-months ended 31 Dec 2005 Restated Audited Rm
Revenue	**6 901**	5 247	11 881
Operating expenses	**(5 168)**	(3 719)	(6 961)
Net operating profit	**1 733**	1 528	4 920
Net financing costs	**(150)**	(171)	(282)
Share of income from equity accounted investments	**24**	2	7
Profit before taxation (note 2)	**1 607**	1 359	4 645
Taxation	**(530)**	(378)	(1 407)
Profit for the period	**1 077**	981	3 238
Attributable to:			
Equity holders of the parent	**1 067**	948	3 177
Minority interest	**10**	33	61
	1 077	981	3 238
Ordinary shares (million)			
– in issue	**309**	304	306
– weighted average number of shares	**307**	303	304
– diluted weighted average number of shares	**315**	309	311
Attributable earnings per share (cents)			
– basic as previously reported	**348**	315	1 049
– basic restated		313	1 045
– diluted as previously reported	**339**	309	1 026
– diluted restated		307	1 022
Dividend paid per share (cents) in respect of the previous financial year	**160**	90	90
Dividend paid per share (cents) in respect of the interim period			160
Dividend declared per share (cents) in respect of the interim period	**180**	160	
Final dividend paid per share (cents) in respect of the financial year			160
Special dividend paid per share in respect of the interim period (cents)			220
RECONCILIATION OF HEADLINE EARNINGS			
Profit for the period attributable to the equity holders of the parent	**1 067**	948	3 177
Adjusted for:			
– Impairment charges **(note 3)**	**784**	7	28
– Excess of minority interest over cost of acquisition	**(36)**		(95)
– Net (surplus)/deficit on disposal or scrapping of property, plant and equipment	**(19)**	2	2
– Net (surplus) on disposal of investment	**(21)**		(1 179)
– Closure cost		2	
– Minority interest on adjustments			(1)
– Taxation effect of adjustments	**(216)**	(2)	428
Headline earnings	**1 559**	957	2 360
Headline earnings per share (cents)			
– basic as previously reported	**508**	318	781
– basic restated		316	776
– diluted as previously reported	**495**	312	763
– diluted restated		310	759

GROUP BALANCE SHEET

	As at 30 June 2006 Reviewed Rm	As at 30 June 2005 Restated Reviewed Rm	As at 31 Dec 2005 Restated Audited Rm
ASSETS			
Non-current assets			
Property, plant and equipment	**8 164**	8 303	8 469
Biological assets	**29**	30	28
Intangible assets	**67**	91	61
Investments in unlisted associates **(note 4)**	**141**	95	95
Deferred taxation	**636**	412	339
Financial assets **(note 4)**	**478**	367	392
	9 515	9 298	9 384
Current assets			
Inventories	**1 774**	1 414	1 481
Trade and other receivables	**2 562**	1 667	2 066
Cash and cash equivalents	**1 335**	2 003	1 483
	5 671	5 084	5 030
Non-current assets classified as held for sale	**12**		11
Total assets	**15 198**	14 382	14 425
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary shareholders' equity	**8 329**	6 308	7 319
Minority interest	**18**	1 301	9
Total shareholders' equity	**8 347**	7 609	7 328
Non-current liabilities			
Interest-bearing borrowings	**1 654**	2 767	2 210
Non-current provisions	**773**	690	727
Deferred taxation	**1 114**	1 172	984
	3 541	4 629	3 921
Current liabilities			
Trade and other payables	**1 524**	1 129	1 468
Interest-bearing borrowings	**1 162**	741	911
Taxation	**603**	256	773
Current provisions	**21**	18	24
	3 310	2 144	3 176
Total equity and liabilities	**15 198**	14 382	14 425
Net debt	**1 481**	1 504	1 638
Net asset value per share (cents)	**2 695**	2 074	2 392
Capital expenditure			
– incurred	**861**	299	1 044
– contracted	**1 337**	1 359	1 635
– authorised but not contracted	**2 603**	2 558	2 182
Contingent liabilities	**100**	40	82
Operating lease commitments	**165**	167	163
Operating sublease rentals receivable	**1**		1

GROUP CASH FLOW

	6-months ended 30 June 2006 Reviewed Rm	6-months ended 30 June 2005 Restated Reviewed Rm	12-months ended 31 Dec 2005 Restated Audited Rm
Cash retained from operations	**2 282**	1 460	3 864
– net financing costs	**(121)**	(125)	(189)
– taxation paid	**(895)**	(279)	(821)
– dividends paid in respect of the previous financial year	**(492)**	(284)	(284)
– dividends paid in respect of the current financial period			(1 163)
Cash used in investing activities			
– capital expenditure	**(861)**	(299)	(1 044)
– proceeds from disposal of property, plant and equipment	**150**	8	23
– increase in investment in subsidiaries – buy out of Ticor Ltd minorities			(1 174)
– proceeds from disposal of investment	**23**		1 179
– other	**96**	244	68
Net cash inflow	**182**	725	459
Net cash flow from financing activities			
– cash flows from issue of shares	**105**	54	128
– borrowings (redeemed)	**(435)**	(73)	(401)
Net (decrease)/increase in cash and cash equivalents	**(148)**	706	186
Adjusted opening balance	**1 483**	1 297	1 297
Increase in cash and cash equivalents due to proportionate consolidation of joint ventures		39	39
Cash and cash equivalents beginning of period as previously disclosed		1 258	1 258
Cash and cash equivalents end of period	**1 335**	2 003	1 483

GROUP STATEMENT OF CHANGES IN EQUITY

				Non-distributable reserves								
	Share capital Rm	Share premium Rm	Shares held by Share Trust Rm	Attributable reserves of equity acc investments Rm	Foreign currency translations Rm	Financial instruments revaluation Rm	Equity settled reserve Rm	Insurance reserve Rm	Retained income Rm	Attributable to equity holders of the parent Rm	Minority interest Rm	Total equity Rm
Balance at 31 December 2004	3	2 809		20	(141)	48	34		2 516	5 289	1 197	6 486
Adjustments to opening balances												
– recognition of finance leases in terms of IFRIC 4									(45)	(45)		(45)
– transfer of attributable reserve of equity accounted investments				(20)					20			
– negative goodwill adjustment									53	53		53
– decommissioning asset restated									18	18	(11)	7
Restated opening balance	3	2 809			(141)	48	34		2 562	5 315	1 186	6 501
Net gains/(losses) not recognised in income statement					257	(30)	15		6	248	93	341
Currency translation differences					257	8			6	271	187	458
Minority share of reserve movements											(94)	(94)
Share-based payments movement							15			15		15
Financial instruments fair value movements recognised in equity												
– recognised in current year income						(29)				(29)		(29)
– recognised in equity						(9)				(9)		(9)
Net profit									948	948	33	981
Dividends paid									(273)	(273)	(11)	(284)
Issue of share capital[1]		54								54		54
Movement in shares issued to Management Share Trust							16			16		16
Balance at 30 June 2005	**3**	**2 863**			**116**	**18**	**65**		**3 243**	**6 308**	**1 301**	**7 609**
Net gains/(losses) not recognised in income statement					(145)	(23)	23		10	(135)	(130)	(265)
Currency translation differences					(104)	(5)			10	(99)	(127)	(226)
Minority share of reserve movements											(3)	(3)
Share-based payments movement							23			23		23
Financial instruments fair value movements recognised in equity												
– recognised in current year income						21				21		21
– recognised in equity						(86)				(86)		(86)
– fair value adjustment						2				2		2
Deferred taxation					(41)	45				4		4
Net profit									2 229	2 229	28	2 257
Dividends paid									(1 157)	(1 157)	(6)	(1 163)
Issue of share capital[1]		78								78	10	88
Movement in shares issued to Management Share Trust		(4)								(4)		(4)
Minority share-buy out											(1 194)	(1 194)
Balance at 31 December 2005	**3**	**2 937**			**(29)**	**(5)**	**88**		**4 325**	**7 319**	**9**	**7 328**
Net gains/(losses) not recognised in income statement					313	18	(2)			329		329
Currency translation differences					313					313		313
Share-based payments movement							(2)			(2)		(2)
Financial instruments fair value movements recognised in equity												
– recognised in current year income						8				8		8
– recognised in equity						9				9		9
– fair value adjustment						1				1		1
Net profit									1 067	1 067	10	1 077
Dividends paid									(491)	(491)	(1)	(492)
Issue of share capital[1]		105								105		105
Balance at 30 June 2006	**3**	**3 042**			**284**	**13**	**86**		**4 901**	**8 329**	**18**	**8 347**

(1) Issued to the Management Share Option Scheme due to options exercised.
(2) Dividends declared after this interim period comprise of an interim dividend of 180 cents per share. STC at 12,5% (R62 million) will be payable on the dividend.

NOTES TO THE REVIEWED FINANCIAL STATEMENTS

1. Basis of preparation

The interim financial results are prepared in accordance with International Accounting Standard 34 on Interim Financial Reporting and should be read in conjunction with the 2005 financial statements. 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 adopted are consistent with those applied in the annual financial statements for the year ended 31 December 2005, except for the changes noted in note 5. Where applicable prior years' figures have been adjusted.

	6-months ended 30 June 2006 Reviewed Rm	6-months ended 30 June 2005 Restated Reviewed Rm	12-months ended 31 Dec 2005 Restated Audited Rm
2. Profit before taxation is arrived at after			
Depreciation and amortisation of intangible assets	**(423)**	(369)	(826)
Financing costs	**(200)**	(304)	(432)
Interest received	**50**	133	150
Net realised foreign exchange gains/(losses) on:			
– currency exchange differences	**159**	169	225
– revaluation of derivative instruments	**(144)**	(60)	(64)
Net unrealised foreign exchange gains/(losses) on:			
– currency exchange differences	**(107)**	(26)	(76)
– revaluation of derivative instruments	**8**	66	83
Fair value adjustment on financial assets	**36**	54	43
Fair value adjustment on financial liabilities		(1)	5
Impairment charges **(note 3)**	**(784)**	(7)	(28)
Excess of minority interest over cost of acquisition	**36**		95
Net surplus on disposal of investments	**21**		1 179
Net surplus/(deficit) on disposal of property, plant and equipment	**19**	(2)	(2)
3. Impairment charges			
Impairment of property, plant and equipment	**(784)**	(1)	(3)
Reversal of impairment of other fixed assets			2
Impairment of intangible assets			(20)
Impairment of investments		(7)	(7)
	(784)	(7)	(28)
Taxation effect	**227**		
	(557)	(7)	(28)
4. Investments			
Unlisted investments in associates – directors' valuation	**169**	172	130
Listed investments included in financial assets – market value	**78**	48	60
Unlisted investments included in financial assets – directors' valuation	**35**	41	35
5. Accounting for arrangements that contain a lease			
In terms of IFRIC 4 (Determining whether an arrangement contains a lease) and IAS 17 (Leases), arrangements that convey the right to use an asset, are evaluated for recognition, classification as a finance – or operating lease, and measured, and accounted for accordingly. The result is the recognition of a number of finance leases where Kumba is either the lessee or the lessor.			
Income statement impact			
(Decrease) in revenue	**(50)**	(39)	(81)
Decrease in depreciation	**45**	35	72
Decrease in operating expenses	**26**	21	42
(Increase) in financing cost	**(28)**	(26)	(51)
Decrease in taxation	**2**	3	5
(Decrease) in profit for the period	**(5)**	(6)	(13)
Balance sheet impact			
(Decrease) in property, plant and equipment	**(351)**	(349)	(357)
(Decrease) in deferred tax asset	**(1)**		
(Decrease) in retained earnings	**(63)**	(51)	(58)
Increase in non-current interest-bearing borrowings – Finance lease liability	**250**	243	247
(Decrease) in other long-term payables: Mittal Steel (South Africa) captive mines	**(588)**	(596)	(604)
(Decrease) in deferred tax liabilities	**(24)**	(20)	(22)
Increase in trade and other payables	**75**	76	80

The impact of the change on the 31 December 2004 financial statements is a decrease in property, plant and equipment of R349 million, an increase in deferred tax assets of R18 million, a decrease in retained earnings of R45 million, an increase in finance lease liabilities of R212 million, a decrease in other long-term payables of R607 million and an increase in trade and other payables of R109 million.

6. 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.

7. JSE Limited requirements

The interim announcement has been prepared in accordance with the listings requirements of the JSE Limited.

8. Corporate governance

The group complies with the Code of Corporate Practice and Conduct published in the King II Report on Corporate Governance.

9. Auditors review

The interim results have been reviewed by the company's auditors, Deloitte & Touche. Their unmodified review opinion is available for inspection at the company's registered office.

UNAUDITED PHYSICAL INFORMATION ('000 TONNES)

	6-months ended 30 June 2006	6-months ended 30 June 2005	12-months ended 31 Dec 2005
Iron ore			
Production	**15 330**	15 511	30 987
Sales			
– Export	**11 207**	10 603	22 113
– Domestic	**3 835**	4 813	9 172
Total	**15 042**	15 416	31 285
Coal			
Production			
– Power station	**7 550**	7 331	14 573
– Coking	**1 109**	1 174	2 273
– Other	**1 476**	1 441	2 993
Total	**10 135**	9 946	19 839
Sales			
– Eskom	**7 457**	7 436	14 703
– Other domestic	**2 068**	2 010	4 174
– Export	**555**	609	1 109
Total	**10 080**	10 055	19 986
Mineral sands – Ticor SA			
Production			
– Ilmenite	**160**	153	356
– Zircon	**26**	24	47
– Rutile	**12**	12	23
– Pig iron	**41**	37	89
– Scrap pig iron	**5**	5	8
– Chloride slag	**72**	56	134
– Sulphate slag	**18**	12	30
Sales			
– Ilmenite	**30**	30	60
– Zircon	**23**	26	47
– Rutile	**9**	9	18
– Pig iron	**29**	29	79
– Scrap pig iron	**5**	6	11
– Chloride slag	**64**	65	150
– Sulphate slag	**10**	20	41
Mineral sands – Ticor Pty Limited [1]			
Production			
– Ilmenite	**116**	105	220
– Zircon	**18**	17	35
– Rutile	**9**	8	16
– Synthetic rutile	**54**	55	111
– Leucoxene	**7**	5	12
– Pigment	**27**	26	53
Sales			
– Ilmenite		10	13
– Zircon	**16**	17	36
– Rutile	**8**	8	18
– Synthetic rutile	**19**	27	59
– Leucoxene	**4**	4	14
Base metals			
Production			
– Zinc concentrate	**55**	64	126
– Zinc metal	**56**	60	117
– Zincor	**48**	53	102
– Chifeng [2]	**8**	7	15
– Lead concentrate	**13**	13	25
Zinc metal sales			
– Domestic	**45**	46	92
– Export	**15**	14	27
Total	**60**	60	119
Lead concentrate sales			
– Export	**12**	11	35

(1) The production and sales tonnes reflect Ticor's 50% interest in the Tiwest joint venture with Tronox Inc., Western Australia.
(2) The effective interest in the physical information for the Chifeng (Hongye) refinery has been disclosed.

COMMENTS

OPERATING RESULTS

Comments are for comparative purposes based on an analysis of the group's reviewed financial results and physical information for the six-month periods ended 30 June 2006 and 2005 respectively.

The results for the six-month period to 30 June 2006 reflect good operational performance despite disruptions due to heavy rainfall in the first quarter. A recovery in the zinc metal price and a further 19% iron ore price increase effective from 1 April 2006 following the 71,5% average increase in the comparative period last year contributed to the good operating results. An impairment of R784 million before tax of the mineral sands assets of Ticor SA located at Empangeni, KwaZulu-Natal, however, negatively affected net operating profit for the period.

Revenue increased by R1 654 million to R6 901 million and net operating profit, excluding the impairment, by R989 million to R2 517 million, resulting in an improved operating margin of 36% against 29% for the comparative period in 2005.

An average exchange rate of R6,32 to the US dollar was realised compared with R6,20 for the same period in 2005.

EARNINGS

Attributable earnings, after accounting for net financing charges of R150 million and a higher taxation charge of R530 million, increased by 13% to R1 067 million (348 cents per share) for the six months under review. Headline earnings, which exclude items of a capital nature, were R602 million higher at R1 559 million or 508 cents per share.

CASH FLOW

Total cash of R2 282 million retained from operations was used partly to settle lower finance charges of R121 million, higher cash taxes of R895 million, increased dividends of R492 million and capital expenditure of R861 million, of which R585 million was invested in new production capacity. Net cash inflow for the period was R182 million.

Net debt decreased from R1 638 million at 31 December 2005 to R1 481 million at 30 June 2006 at a debt to equity ratio of 18%.

SAFETY, HEALTH AND ENVIRONMENT

Regrettably, and despite a significant improvement in the lost-time injury frequency rate (LTIFR) per two hundred thousand man-hours worked from 0,52 to 0,34, five fatal injuries were suffered in the period under review. Three of the fatalities occurred in a single accident at the Glen Douglas mine.

The group remains committed to achieving a safe working environment without fatalities or serious injuries and continues to drive its ongoing safety awareness and preventative programmes. A target LTIFR of less than 0,25 has been set for 2006.

60% of all employees have participated in programmes for HIV/Aids counselling and voluntary testing that are in place at all South African operations of the group. A target of 75% of all employees has been set for 2006.

All business units have retained their international environment and safety certifications (ISO 14001 and OHSAS 18001).

SEGMENT RESULTS AND COMPARATIVE EARNINGS

	6-months ended 30 June 2006 Reviewed Rm	6-months ended 30 June* 2005 Reviewed Rm	12-months ended 31 Dec* 2005 Audited Rm
REVENUE			
Iron Ore	**3 846**	2 787	6 572
Coal	**1 177**	1 037	2 188
Mineral Sands	**875**	882	1 927
• Ticor SA	**378**	373	839
• Ticor Australia	**497**	509	1 088
Base Metals	**948**	484	1 070
Industrial Minerals	**51**	51	107
Other	**4**	6	17
Total	**6 901**	5 247	11 881
NET OPERATING PROFIT			
Iron Ore	**1 934**	1 075	2 767
Coal	**308**	270	554
Mineral Sands	**(666)**	165	259
• Ticor SA	****(798)**	2	(47)
• Ticor Australia	**132**	163	306
Base Metals	**215**	12	70
Industrial Minerals	**11**	13	26
Other	**(69)**	(7)	1 244
Total	**1 733**	1 528	4 920

** Restated as set out in note 5 to the group interim financial results to account for leases based on the right to use an asset.*
*** Includes a pre-tax impairment charge of R784 million.*

OPERATIONS

Iron Ore

Production of 15,3Mt was marginally lower as a result of inclement weather conditions in the first quarter of the year. The export channel capacity expansions together with good rail and port operational performance and a lower domestic iron ore offtake, resulted in increased export sales of 604kt.

Revenue increased by 38% to R3 846 million and net operating profit by 80% to R1 934 million with the operating margin improving to 50%. This was due to stronger iron ore prices, higher export sales volumes and a weaker local currency, despite higher labour charges, petroleum prices and scheduled maintenance costs. An average international iron ore price increase of 19% became effective from 1 April 2006 and will apply until 31 March 2007.

Coal

Production of power station (thermal) coal was 219kt higher due to increased final product yield at Grootegeluk mine and the commissioning of the jig plant at Leeuwpan, despite the heavy rainfall experienced in the first quarter of the year.

Strong demand from Eskom for coal continued. Other domestic sales were also marginally higher while export volumes were lower as a result of the reduced availability of trains.

Revenue increased by 14% to R1 177 million due to the higher domestic sales volumes at improved prices. Net operating profit increased by 14% to R308 million with an operating margin of 26%, after accounting for higher depreciation charges and the cost of petroleum products.

Mineral Sands

Ticor SA

As announced in the group's 2005 annual financial results, Furnace 1 was shut in June 2006 to effect similar modifications and improvements that were successfully made to Furnace 2.

Production of chloride slag and low manganese pig iron (LMPI) increased in line with the ongoing ramp-up of the furnaces. Revenue, however, remained at the level recorded for the corresponding period in 2005 as stronger zircon prices were offset by delayed sales of chloride slag and LMPI, and a softening in LMPI prices.

The combined impact of a stronger currency outlook over the life of the assets, a higher discount rate resulting from an increase in interest rates, and a projected surplus of high-grade titanium feedstock on world markets, has necessitated a review of the carrying value of the local mineral sands operations. As a result, a pre-tax reduction of R784 million in the carrying value of the assets has been accounted for at 30 June 2006, with a net operating loss of R798 million reported for the period.

Ticor Australia

Business improvement initiatives led to an increase in pigment and minerals production. Revenue, however, decreased marginally as a result of a modest decline in pigment prices and a delay in synthetic rutile shipments. Net operating profit, in turn, declined by 19% as the hedging programme at favourable exchange rates matured in 2005 while substantial increases had to be absorbed in the prices of primarily energy related consumables and labour.

Ticor successfully concluded an agreement with its joint venture partner, Tronox Inc, to transfer its mineral sands tenements at Dongara in Western Australia into the Tiwest joint venture.

Base Metals

Zinc concentrate production was 9kt lower as a result of accelerated exploration development whilst heavy rainfall in southern Namibia also negatively affected transport from Rosh Pinah mine. Lower quality zinc concentrates treated in the production of zinc metal resulted in plant instability at the Zincor refinery, reducing production volumes by 5kt.

Revenue, however, increased by 96% to R948 million and net operating profit by R203 million to R215 million with an operating margin of 23%. This was due to an increase of 114% in the average realised zinc price of US$2 767 per tonne for the period.

Kumba's equity accounted income from its investment in the Chifeng refinery in China increased by R17 million to R24 million in line with production and sales growth, and the stronger zinc metal price.

Industrial Minerals

Net operating profit declined by 15% on lower ferrosilicon demand from the ferrochrome industry. Sales of metallurgical dolomite were in line with the comparative period.

GROWTH OPPORTUNITIES

Iron Ore

Construction of the Sishen Expansion project (SEP) is progressing according to plan. Production is scheduled to commence in 2007 and will ramp-up to full production of 10Mtpa by the beginning of 2009, in line with the export channel capacity expansions agreed with Transnet.

The feasibility study to increase production from SEP by an additional 3Mtpa has been completed and will be presented to the Board for approval in August 2006. Production is planned to commence in 2009 in line with the 35 Mtpa iron ore rail allocation to be available to Kumba by 2009 in terms of the Sishen-Saldanha export channel expansion agreement concluded with Transnet.

The development of the Sishen South project adding additional production capacity of 9Mtpa to Kumba's Northern Cape iron ore operations is dependent on the further synchronised expansion of the export channel capacity.

The feasibility study for a 2,5 to 3Mtpa iron ore project at Thabazimbi, which could extend the life of the mine by some 20 years, is planned to be completed during the third quarter of 2006.

Following notification from the Senegalese government development company, Miferso, that it disputes Kumba's rights to the development of the Faleme iron ore deposit in the south-eastern corner of Senegal, with associated infrastructure, Kumba is endeavouring to resolve the dispute amicably. Should this not be successful, legal action available to Kumba will be pursued to preserve its contractual rights.

Coal

Full ramp-up of the Leeuwpan jig plant, at a capital cost of R97 million, was achieved in the second quarter of 2006. The plant increases the annual supply to Eskom by approximately 1Mt of power station coal with potential for a further increase of 400ktpa.

Commissioning of the R323 million new coal beneficiation module (GG6) at Grootegeluk mine is planned for the second half of 2006. The plant will treat and beneficiate coal previously sent untreated to the adjacent Matimba power station and will supply 530ktpa to the coking plants being refurbished by Mittal Steel at its Newcastle facility.

Construction of the 1Mtpa export-focused Inyanda mine near Witbank, which is a 50:50 joint venture between Kumba and Eyesizwe Coal to produce high quality thermal coal, will be aligned with the Richards Bay Coal Terminal (RBCT) Phase V expansion schedule and finalisation of the environmental impact assessment and lease agreement with the National Ports Authority.

The Phase V expansion in which Kumba is a 12,5% shareholder, will provide Kumba Coal with a 2,5Mtpa export allocation which will be filled by production from the new Inyanda coal mine as well as from expanded output at Kumba's Leeuwpan and Grootegeluk mines.

Kumba board approval has been obtained for producing char for the ferroalloy industry from the Grootegeluk mine. Construction is envisaged to commence in August 2006. Production from the char plant will start at 80ktpa and is expected to ramp up to 160ktpa by 2008. The revised capital estimate for the project is R234 million.

A feasibility study to investigate the viability of constructing a market coke plant is expected to be completed by the end of 2006. If viable, the plant will produce high quality market coke from semi soft coking coal produced at Grootegeluk mine.

A technical feasibility study to potentially supply 7,3Mtpa of power station coal to a new 2100MW power station, adjacent to the Matimba power station, was completed in June 2006. Commercial agreements are being negotiated and if approved by Kumba and Eskom, construction could commence in 2008 with production from 2010.

Kumba and Anglo Coal Australia concluded a joint venture agreement to undertake a feasibility study on the high-grade coking coal resource on the adjacent properties of Moranbah South and Grosvenor South in Queensland, Australia. Exploration of the potential resources is currently being conducted and a pre-feasibility study for an initial phase underground mine is expected to be completed by year-end.

Mineral Sands

The Kumba board has approved the construction of the Fairbreeze mine, south of Ticor SA's existing Hillendale mine in KwaZulu-Natal, subject to the obtaining of a new mining right for the Fairbreeze C Extension area and the applicable environmental authorisations. Production is planned to commence in 2008.

Drilling on the Ranobé and Monombo-Marombe exploration areas comprising the Toliara Sands project in south-western Madagascar is indicating resources capable of supplying long-term ilmenite feedstock to the Ticor SA furnaces. It is envisaged that the feasibility study will be completed in 2007 after which a development decision will be made.

Ticor Australia acquired the Dongara project in March 2003 as part of its takeover of Magnetic Minerals. Located 90 km south of Geraldton in Western Australia, the 20Mt reserve containing 10% heavy minerals will provide supplementary feedstock for Tiwest's mineral separation plant and synthetic rutile facility. A bankable feasibility study is being conducted and if viable, production is expected to start at the end of 2009.

Base Metals

Following the recent expansion of the Chifeng zinc refinery located in Chifeng, Inner Mongolia, People's Republic of China to a capacity of 50ktpa, smelter capacity will be further increased to 110ktpa. Kumba will participate in the expansion by swapping a portion of its existing shareholding into the new expansion. Kumba will retain a significant interest in the expanded operation.

AlloyStream™

An exclusive co-operation agreement has been concluded with Samancor Limited to establish AlloyStream™ in the ferromanganese sector. The parties are undertaking a feasibility study for the construction of a 200ktpa high carbon ferromanganese project with the first phase of the project, if viable, expected to come on stream in 2009.

TRANSFORMATION TRANSACTION

Considerable progress has been made on the implementation of the empowerment transaction announced on 13 October 2005. Most of the legal agreements and funding arrangements have been finalised and the company has commenced with the process of obtaining regulatory approvals.

It is expected that the transaction will be implemented in the fourth quarter of 2006.

OUTLOOK

Strong demand for the group's portfolio of commodities at favourable price levels, except for titanium feedstock, and a currency at weaker levels, are expected to benefit the results of the group for the next six months.

Iron ore will benefit from the recent price increase for the full ensuing six months while the continued strong demand for coal at higher prices, and the significant recovery in the zinc metal price, should have a positive impact on the operating results for these commodities. A surplus in the supply of high-grade titanium feedstock and the repairs and modifications to furnace 1 at Ticor SA will negatively affect the results of the mineral sands operations while sales of zircon, which remain in short supply, and stable offtake of pigment from Ticor Australia, will make a positive contribution.

INTERIM DIVIDEND

The directors have declared an interim dividend (number 8) of 180 cents per share in respect of the 2006 interim period. The dividend has been declared in South African currency and is payable to shareholders recorded in the books of the company at close of business on 8 September 2006.

In compliance with the electronic settlement system of JSE Limited, the following dates are applicable:

Last date to trade *cum* dividend	Friday, 1 September 2006
Shares trade *ex* dividend	Monday, 4 September 2006
Record date	Friday, 8 September 2006
Payment date	Monday, 11 September 2006

Share certificates may not be dematerialised or rematerialised between 4 September 2006 and 8 September 2006, both days inclusive.

On behalf of the Board

AJ Morgan
(Chairman)

Dr CJ Fauconnier
(Chief Executive)

DJ van Staden
(Executive Director, Finance)

1 August 2006

KUMBA RESOURCES LIMITED

REGISTRATION NUMBER	2000/011076/06
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