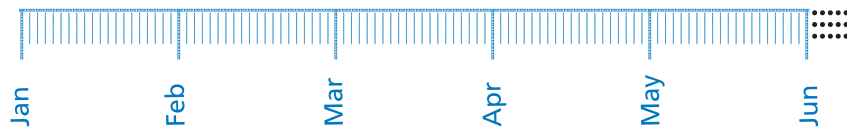




KUMBA IRON ORE

Kumba Iron Ore Limited

interim resl





HIGHLIGHTS

- Revenue up 35%
- Operating profit up 52%
- Headline earnings up 38%
- Interim dividend 350 cents per share



COMMENTARY

COMMENTARY

Reporting periods

Kumba Iron Ore Limited ("Kumba") commenced trading in November 2006, following the unbundling of Kumba from Exxaro Resources Limited, formerly Kumba Resources Limited ("Exxaro").

Where reference is made to the six month period from 1 January 2006 to 30 June 2006, or to the 12 month period from 1 January 2006 to 31 December 2006, readers are advised that this supplementary information has been prepared from financial information reported by Exxaro and is unaudited. The unaudited comparative figures are provided purely for comparison purposes.

Introduction

In the six months ended 30 June 2007, Kumba increased revenue by 35% on the back of higher sales volumes, increased benchmark prices and quality premia on certain products. Increased mining activity at the Sishen Mine resulted in total tonnes mined increasing 23% from 41,5 million tonnes ("Mt") to 51,2 Mt over the period. Operating expenses remained under pressure due to increases in labour, contractors, raw materials, fuel, energy and other input costs. Profit for the six months ended 30 June 2007 was R2,0 billion compared to R1,4 billion achieved for the comparative period ended 30 June 2006.

The Sishen Expansion Project ("SEP") continues to progress towards completion within its budget. The jig technology to be used by SEP allows Kumba to process

"B" grade material (with a Fe content of between 55% and 60%) and consequently 4,9 Mt of this material was stockpiled during the period, primarily as feedstock into the jig plant. This had a positive impact on unit costs at Sishen Mine.

Attributable and headline earnings for the six month period was 502 cents per share on which a dividend of 350 cents per share has been declared.

Of the profit of R2,0 billion, R406 million is attributable to minority interests in Sishen Iron Ore Company Proprietary (Limited) ("SIOC"). Exxaro holds a 20% interest in SIOC and the SIOC Community Development SPV and SIOC Employee Share Participation Scheme ("Envision") each hold an interest of 3% in SIOC. For purposes of the preparation of the condensed consolidated interim financial report SIOC Community Development SPV and Envision are considered special purpose entities and are consolidated for accounting purposes. Of total shareholders' equity of R2 220 million at 30 June 2007, R158 million is attributable to these entities through their interests in SIOC.

Safety performance

Safety performance at Thabazimbi Mine has improved with a lost time injury frequency rate ("LTIFR") of 0,25, down from 0,31 in December 2006. However, at Sishen Mine the LTIFR was adversely affected by a higher than usual incidence of injuries in February and March. Corrective steps have been taken and we are pleased that the LTIFR trend has

COMMENTARY *(continued)*

reversed. During this time and most regrettably, the group suffered one fatality at the Sishen Mine during February, when Mr Samuel Marutle, a truck driver employed by a contracting company, died in a heavy vehicle incident when his vehicle overturned.

Operating results

On the back of increases in world steel consumption, crude steel production continued to grow during the six months ended 30 June 2007. Asia continues to dominate global steel demand, being driven primarily by China. The growth in steel production is reflected in the increase in global demand for iron ore. Export sales for the first three months of 2007 were based on the 19,0% increase in the iron ore benchmark price for 2006/2007. An increase of 9,5% in the benchmark price for the 2007/2008 iron ore year was applicable from 1 April 2007, before accounting for quality premia.

Financial and operational performance for the six months ended 30 June 2007 was strong with revenue increasing 35% from R4,0 billion in 2006 to R5,4 billion. Operating profit increased R1,0 billion or 52% from R1,9 billion in 2006 to R2,9 billion, principally as a result of the following:

- The year-on-year weighted average iron ore prices from export sale volumes increased by 11% from US\$47,87 per tonne to US\$53,15 per tonne in 2007, which buoyed operating profit by R497 million;

- The weakening of the average exchange rate of the Rand to the US Dollar (average spot exchange rates – R7,15/US\$1,00 in 2007 compared with R6,26/US\$1,00 in 2006), which contributed R492 million to operating profit;
- Increased sales volumes added R407 million;
- Offset partially by a R382 million increase in operating expenses.

The operating margin increased from 48% for the six month period ended 30 June 2006 to 54% in 2007.

Export sales volumes for the six months ended 30 June 2007 increased by 5% to 11,8 Mt from 11,2 Mt in 2006. Volumes increased partially through the sale in the first quarter of 2007 of finished product inventory that had built up at the Saldanha port as a result of the breakdown of equipment at the port during September 2006. Domestic sales volumes were 18% higher at 4,5 Mt, due to increased demand from Mittal Steel. Sishen Mine's production was stable at 14,2 Mt for both periods ended 30 June. Production at Thabazimbi Mine increased to 1,4 Mt for the six months ended 30 June 2007 compared with 1,1 Mt during the comparable period of the previous year and contributed R9 million to operating profit.

Production costs increased due to inflationary pressures, increased maintenance related activities and external contractor mining costs. An increase in waste mined by contractors (10 Mt) and contracted prices resulted in external contractor mining costs

increasing twofold. During the first half of 2007 approximately 4,9 Mt of "B" grade material mined at Sishen Mine with a cost of R227 million was stockpiled. After taking into account this stockpiled material, Sishen Mines' unit cost was R78,39 per tonne notwithstanding increased mining activities and inflationary pressures.

The business continued to generate strong cash flows, with an increase of 77% in cash generated from operations from R1,7 billion to R3,0 billion. These cash inflows were utilised to fund the capital expenditure on growth projects of R1,2 billion, to pay taxation of R666 million, to reduce overdraft facilities by R477 million and to pay dividends. Cash generated from operations and cash on hand at 30 June 2007 will be utilised to fund the interim dividend.

Project pipeline

Sishen Expansion Project: The construction of SEP is progressing well with the mechanical aspects of the project substantially complete at 30 June 2007. Commencement of production is, however, behind schedule due to earlier engineering difficulties arising from skills shortages and capacity constraints amongst suppliers and a seven month delay in the delivery of the crushers. However, through mitigating actions the delay in commencement of production has been limited to one month. It is anticipated that production will commence in the third quarter of this year. Current planning and progress on the project indicates that production of approximately 1,5 Mt can be anticipated from SEP during

the second half of 2007. Full ramp-up to the design capacity of 13 million tonnes per annum ("Mtpa") is expected to be achieved during the first half of 2009. This project will apply jig technology to extract 13 Mtpa additional saleable ore from 21 Mtpa of feedstock, about 8 Mtpa material previously accounted for as waste and 13 Mtpa from new run-of-mine material (of which 4,9 Mt of material mined was capitalised during the six months to 30 June 2007). Despite the delays it is expected that the project will be completed within its budget of R5,1 billion, will increase annual production from the Sishen Mine to 42 Mtpa and contribute in bringing down overall unit costs at Sishen Mine.

SEPII: A pre-feasibility study to increase production at Sishen Mine, by between 5 to 10 Mtpa after SEP, is due to be completed during 2007. An evaluation of the product strategy of the mine is part of the pre-feasibility study to ensure that this strategy is aligned with future market developments as well as the mining resource and production facilities at the operation.

Sishen South Project: The feasibility study has been finalised. Delays are being experienced in finalising expansion and rail tariffs with Transnet. The decision on the implementation of the project is subject to the conclusion of an acceptable commercial agreement with Transnet for the expansion of the Saldanha rail and port capacity above the current 47 Mtpa.

Project Phoenix: The feasibility study to extend the life of the Thabazimbi Mine by

COMMENTARY *(continued)*

some 20 years through exploitation of the in situ low iron content banded ironstone has recently been completed. In December 2006 Mittal Steel terminated its involvement in the project. Management continues to evaluate alternative development scenarios for the commercial exploitation of this resource.

Falémé – Senegal: The Falémé iron ore deposit is located in South East Senegal. Kumba International BV (“KIBV”) carried out drilling operations at Falémé since 2004. Following notification from Miferso that it disputes KIBV’s rights to the development of the Falémé iron ore project, KIBV is currently initiating arbitration proceedings against Miferso and the Government of Senegal. The proceedings will be governed by the Rules of Arbitration of the International Chamber of Commerce and will be confidential.

Mineral resources and reserves

There have been no material changes to the resources and reserves as disclosed in the 2006 Kumba annual report.

Outlook

The profitability of Kumba is sensitive to the Rand / US Dollar exchange rate. The current strength of the Rand relative to the US Dollar, if sustained, will adversely affect profitability. However, Kumba remains positive on the prospects for iron ore given continued strong Chinese demand and upward pressure on the spot price, as supply and logistics constraints delay bringing on stream new production in response to increased demand. The successful commissioning of SEP will be key in unlocking further value and reduce Sishen Mine unit cost. It is encouraging that SEP remains within budget and only one month behind target given the constraints in the engineering and construction industries.



FINANCIAL
REVIEW

CONDENSED GROUP BALANCE SHEET

AS AT

	Reviewed 30 June 2007	Audited 31 December 2006
Rm		
Assets		
Non-current assets	5 064	4 021
Property, plant and equipment	4 901	3 864
Biological assets	6	7
Long-term financial assets	157	150
Current assets	3 337	2 848
Inventories	966	749
Trade and other receivables	1 007	1 005
Cash and cash equivalents	1 364	1 094
Total assets	8 401	6 869
Equity and liabilities		
Shareholders' equity	2 220	839
Share capital and premium	29	3
Non-distributable reserves	227	201
Distributable reserves	1 964	635
Minority interest	548	216
Total equity	2 768	1 055
Non-current liabilities	4 143	3 477
Long-term interest-bearing borrowings	2 840	2 840
Deferred tax liability	1 128	485
Long-term provisions	175	152
Current liabilities	1 490	2 337
Short-term interest-bearing borrowings	693	1 179
Trade and other payables	675	555
Current tax liability	122	603
Total equity and liabilities	8 401	6 869

CONDENSED GROUP INCOME STATEMENT

FOR THE PERIOD ENDED

	Reviewed 6 months to 30 June 2007	Unaudited* pro forma 6 months to 30 June 2006	Unaudited* pro forma 12 months to 31 December 2006
Rm			
Revenue	5 431	4 035	8 654
Operating expenses	(2 482)	(2 100)	(3 301)
Operating profit	2 949	1 935	5 353
Net finance costs	(150)	(25)	(64)
Profit before taxation	2 799	1 910	5 289
Taxation	(814)	(481)	(1 014)
Profit	1 985	1 429	4 275
Attributable to:			
Equity holders of Kumba	1 579	1 143	3 381
Minority interests	406	286	894
	1 985	1 429	4 275
Attributable earnings per share (cents)			
Basic	502	364	1 078
Diluted	470	358	1 060
Dividend per share (cents)			
Interim**	350		
Final			80

HEADLINE EARNINGS

FOR THE PERIOD ENDED

Rm	Reviewed 6 months to 30 June 2007	Unaudited* pro forma 6 months to 30 June 2006	Unaudited* pro forma 12 months to 31 December 2006
Reconciliation of headline earnings			
Profit	1 985	1 429	4 275
Net (profit)/loss on disposal or scrapping of property, plant and equipment	(4)	3	2
Net surplus on disposal of investment in non-iron ore assets	—	—	(1 571)
Taxation effect of adjustments	3	(1)	(1)
	1 984	1 431	2 705
Less: minority interests	(406)	(286)	(894)
Adjustments attributable to minority interests	—	—	314
Headline earnings	1 578	1 145	2 125
Headline earnings per share (cents)			
Basic	502	365	677
Diluted	470	359	666

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED

Rm	Reviewed 6 months to 30 June 2007	Audited 2 months to 31 December 2006
Total equity at the beginning of the period	1 055	—
Changes in share capital and premium		
Shares issued during the period	26	3
Changes in non-distributable reserves		
Foreign currency translation differences	(3)	24
Movement in the revaluation of financial instruments	2	(5)
Equity settled share-based payment	28	182
Changes in distributable reserves		
At acquisition reserves	—	371
Profit for period	1 579	264
Dividends paid	(251)	—
Changes in minority interest		
Acquisition of subsidiary	—	93
Profit for period	406	115
Dividends paid	(77)	—
Movement in minority interest in reserves	3	8
Total equity at the end of the period	2 768	1 055
Comprising		
Share capital and premium	29	3
Foreign currency translation reserve	20	24
Financial instruments revaluation reserve	(3)	(5)
Equity settled share-based payment reserve	210	182
At acquisition reserves	371	371
Retained income	1 593	264
Shareholders' equity	2 220	839
– attributable equity holders of Kumba	2 062	774
– attributable to the BEE ownership in SIOC***	158	65
Minority interest	548	216
Total equity	2 768	1 055

CONDENSED GROUP CASH FLOW STATEMENT

Rm	Reviewed 6 months to 30 June 2007	Unaudited* pro forma 6 months to 30 June 2006	Unaudited* pro forma 12 months to 31 December 2006
Cash flows from operating activities	1 953	429	1 490
Cash generated from operations	3 017	1 707	4 277
Net finance costs	(147)	(17)	(55)
Dividends paid	(251)	(551)	(1 534)
Taxation paid	(666)	(710)	(1 198)
Cash flows from investing activities	(1 155)	(429)	(48)
Capital expenditure	(1 166)	(489)	(1 718)
Proceeds from the disposal of investments	—	—	1 571
Other	11	60	99
Cash flows from financing activities	(528)	(259)	(939)
Shares issued	26	—	—
Dividends paid to minority shareholders	(77)	—	—
Short-term interest-bearing liabilities repaid	(477)	(259)	(939)
Increase in cash and cash equivalents	270	(259)	503
Cash and cash equivalents at beginning of the period	1 094	591	591
Cash and cash equivalents at end of the period	1 364	332	1 094

SALIENT FEATURES AND OPERATING STATISTICS

	Unaudited Reviewed 6 months to 30 June 2007	Unaudited* pro forma 6 months to 30 June 2006	Unaudited* pro forma 12 months to 31 December 2006
Share statistics (million)			
Total shares in issue	315	314	314
Weighted average number of shares	314	314	314
Diluted weighted average number of shares	336	319	319
Market information			
Closing share price (Rand)	185	n/a	111
Market capitalisation (Rand million)	58 220	n/a	34 887
Net asset value per share (cents)	705	n/a	267
Capital expenditure (Rand million)			
Incurred	1 166	489	1 718
Contracted	461	1 129	2 477
Authorised but not contracted	1 937	2 086	3 176
Capital expenditure relating to Thabazimbi Mine to be financed by Mittal Steel (Rand million)			
Contracted	2	1	1
Authorised but not contracted	12	3	3
Economic information			
Average Rand/US dollar exchange rate (Rand/US\$)	7,15	6,26	6,73
Closing Rand/US dollar exchange rate (Rand/US\$)	7,08	7,13	6,98
Average export iron ore price (US\$ per tonne)	53,15	47,87	49,03
Average export iron ore price (Rand per tonne)	380	300	330
Operating statistics (Mt)			
Production	15 595	15 329	31 110
Sales	16 283	15 017	29 802
– export	11 775	11 207	21 495
– domestic	4 508	3 810	8 307

* Prepared on a basis consistent with that used for the preparation of the pro-forma financial statements presented in the Kumba Iron Ore Limited Pre-listing Statement, dated 9 October 2006.

** The interim dividend was declared subsequently to 30 June 2007 and is presented for information purpose only.

*** Shareholders' equity attributable to BEE ownership of SIOC refers to the 3% that the SIOC Community Development SPV and the 3% that Envision hold in SIOC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

Basis of preparation and accounting policies

The condensed consolidated interim financial report for the six months ended 30 June 2007 has been prepared in compliance with the South African Companies Act, No 61 of 1973, as amended, the Listings Requirements of the JSE Limited and International Accounting Standard 34, Interim Financial Reporting.

Except as otherwise disclosed, the accounting policies applied in the preparation of the condensed consolidated interim financial report are consistent with those applied for the period ended 31 December 2006, which comply with International Financial Reporting Standards ("IFRS").

IFRS 7, Financial Instruments: Disclosures ("IFRS 7") and the related amendments to IAS 1, Presentation of Financial Statements were adopted by Kumba with effect from 1 January 2007. IFRS 7 requires that every business disclose information on the significance of financial instruments and the nature and extent of risks arising from these financial instruments. The disclosure requirements of IFRS 7 have been applied retrospectively. The amendment to IAS 1 requires disclosure of the objectives, policies and processes for managing capital. The adoption of this standard and the related amendment had no effect on the financial results and financial position of the group.

Further disclosure will be provided in the annual report for the year ending 31 December 2007.

The condensed consolidated interim financial report has been prepared in accordance with the historic cost convention except for certain financial instruments and biological assets which are stated at fair value.

The condensed consolidated interim financial report is presented in Rand, which is Kumba's functional and presentation currency.

Net debt

The group's net debt position at balance sheet dates is as follows:

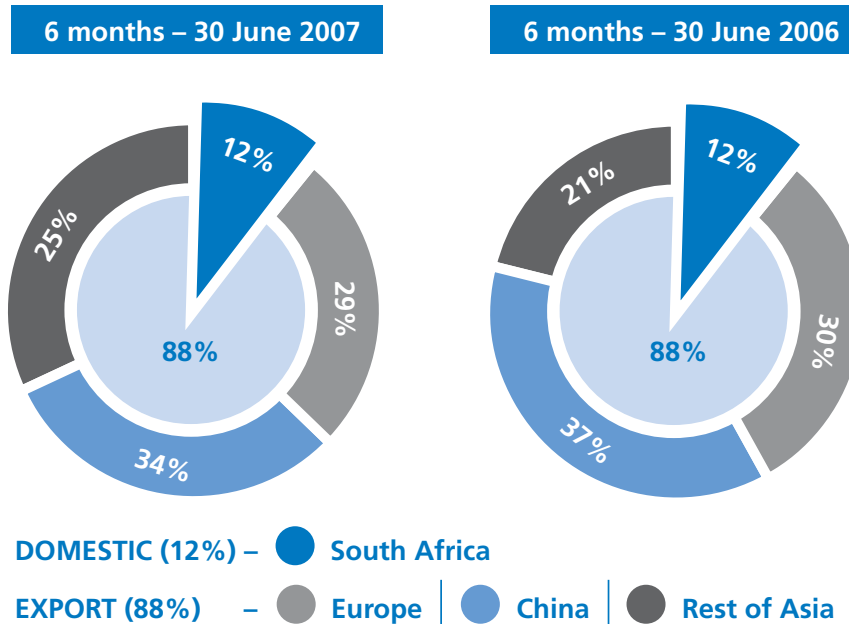
	Reviewed 30 June 2007	Audited 31 December 2006
Rm		
Long-term interest-bearing borrowings	2 840	2 840
Short-term interest-bearing borrowings ¹	693	1 179
Total	3 533	4 019
Cash and cash equivalents	(1 364)	(1 094)
Net debt	2 169	2 925
Total equity	2 768	1 055

¹Repayable – November 2007

Segmental reporting

The group's single business segment is the mining, extraction and production of iron ore. The financial disclosures of the business segment are presented in the condensed consolidated interim financial report.

The group generated its revenue through sales to customers in the following geographical regions:



Significant items included in operating profit

Operating profit has been derived after taking into account the following items:

Rm	Reviewed 6 months to 30 June 2007	Unaudited* pro forma 6 months to 30 June 2006	Unaudited* pro forma 12 months to 31 December 2006
Depreciation of property, plant and equipment	129	138	269
Share-based payment expenses	48	22	196
– SIOC Community Development Trust	—	—	153
– Envision	15	—	—
– Management share incentive plans	33	22	43

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT *(continued)*

Related party transactions

During the period the group, 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 offered by third parties.

Changes in contingent liabilities since 31 December 2006

There have been no significant changes in the contingent liabilities disclosed at 31 December 2006 that arise from the guarantees provided for environmental rehabilitation and decommissioning obligations of the Kumba Rehabilitation Trust Fund and the guarantees provided to the Lakutshona Housing Company in respect of low cost housing development.

Lithos has recently sought to increase its claim for damages brought against Kumba from US\$196 million to US\$421 million. Kumba continues to defend the merits of the claim and is of the view, and has been so advised, that the basis of the claim and quantification thereof is fundamentally flawed.

Post balance sheet date events

The directors are not aware of any matter or circumstance arising since the end of the period and up to the date of this report, not otherwise dealt with in this report.

Corporate information

The condensed consolidated interim financial report of Kumba and its subsidiaries for the six months ended 30 June 2007 was authorised for issue at a meeting of the Board of Directors on 26 July 2007.

Kumba is a limited liability company incorporated and domiciled in South Africa. The group has its primary listing on the JSE Limited.

Independent review opinion

The auditors, Deloitte & Touche have issued their review opinion on the condensed consolidated interim financial report for the six months ended 30 June 2007. A copy of their unmodified review opinion is available for inspection at the company's registered office.

On behalf of the board

PL Zim
Chairman

EJ Myburgh
Chief Executive Officer

26 July 2007, Pretoria

NOTICE OF INTERIM DIVIDEND

On Thursday, 26 July 2007 the directors declared an interim dividend of 350 cents per share on the ordinary shares for the six months ended 30 June 2007. The salient dates are as follows:

- Last day for trading to qualify and participate in the interim dividend (and change of address or dividend instructions) 31 August 2007
- Trading ex dividend commences 3 September 2007
- Record date 7 September 2007
- Dividend payment date 10 September 2007

Share certificates may not be dematerialised or rematerialised between 3 September 2007 and 7 September 2007, both days inclusive.

By order of the board

VF Malie

Company secretary

26 July 2007, Pretoria

Registered office: Lakefield Office Park, Corner West and Lenchen Roads, Centurion, Pretoria, 0046. Republic of South Africa Tel: +27 12 683 7000 Fax: +27 12 683 7009

Transfer secretaries: Computershare Investor Services 2004 (Pty) Limited, 70 Marshall Street, Republic of South Africa. PO Box 61051, Marshalltown, 2107

Directors: Non-executive – PL Zim (chairman), PM Baum, GS Gouws, PB Matlare, DD Mokgatle, AJ Morgan, N Moyo. Executive – EJ Myburgh (chief executive officer), VP Uren (chief financial officer)

Company secretary: VF Malie

Company registration number: 2005/015852/06. Incorporated in the Republic of South Africa

JSE code: KIO **ISIN:** ZAE000085346

A member of the Anglo American plc group