

NEWS RELEASE

For immediate release

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EXXARO'S REVIEWED GROUP INTERIM FINANCIAL RESULTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2009

HIGHLIGHTS

- Revenue increased by 23% to R7,1 billion
- Net operating profit up 18% to R953 million
- Headline earnings per share up 8% to 406 cents per share
- Interim dividend of 100 cents per share

Diversified South African-based resources group Exxaro Resources Limited (Exxaro) today reported revenue of R7,1 billion for the six months ended 30 June 2009, an increase of 23% when compared with the same period in 2008.

Comments are based on a comparison of the group's reviewed financial results and unaudited physical information for the six-month periods ended 30 June 2009 and 2008 respectively. The earnings reported for the six-month period to 30 June 2009 includes results from Namakwa Sands and the 26% interest in Black Mountain Mining (Pty) Ltd (Black Mountain) which were acquired on 1 October 2008 and 1 November 2008 respectively.

"Net operating profit increased by R147 million to R953 million, notwithstanding lower profits in the base metals business and a further, albeit lower, consolidated loss in the mineral sands business. Although the consolidated operating results show an improvement when compared with the previous year, the group was adversely affected by the vagaries of the current global economic downturn," said Siphso Nkosi, Exxaro's chief executive officer.

The coal business reported a 10% increase in net operating profit to R1,0 billion due to higher sales volumes to Eskom and the export market, offset by lower international steam coal prices, lower local non-Eskom sales volumes, and higher production costs.

The base metals business delivered significantly lower operating results in line with zinc prices 42% lower than the corresponding period in 2008.

The mineral sands business reported a consolidated net operating loss as the loss at KZN Sands, from primarily lower demand, more than offset the profitable contributions from Namakwa Sands and Australia Sands.

A weaker average exchange rate of R9,40 to the US dollar was realised on revenue compared to R7,54 for the corresponding period in 2008, however, the timing of the volatility of the local currency to the US dollar on repatriation of foreign currency proceeds, led to lower realised currency gains than anticipated.

Unrealised foreign currency losses on the revaluation of monetary item balances in foreign currency resulted from the relative strength of the local currency on 30 June 2009. The weaker Australian dollar to the US dollar, from an average of US 93 cents in the six-month period to 30 June 2008 to US 71 cents in the period under review, together with favourable hedging of US dollar receivables, impacted positively on the financial results of the mineral sands operation in Australia.

EARNINGS

Attributable earnings, inclusive of Exxaro's 20% interest in the post-tax profits of Sishen Iron Ore Company (Pty) Ltd (SIOC) amounting to R868 million, increased by 12% from R1,2 billion to R1,4 billion or 403 cents per share.

Headline earnings were R1,4 billion or 406 cents per share. This represents an 8% increase on the comparative 2008 earnings of R1,2 billion on 377 cents per share.

CASH FLOW

Cash retained from operations was R832 million. Taxation payments of R488 million, the final dividend payment for the 2008 financial year of R700 million and capital expenditure of R686 million were made. A total of R347 million of the capital expenditure was invested in new capacity and R339 million applied to sustaining and environmental capital.

A net cash outflow of R279 million was recorded after accounting for R1,1 billion dividend receipts from associate companies.

Net debt of R2,38 billion at 31 December 2008 increased to R2,5 billion at 30 June 2009 at a debt to equity ratio of 18%, and includes the R2,7 billion and R221 million paid for Namakwa Sands and a 26% interest in Black Mountain in the latter half of 2008 respectively.

Subsequent to the interim date, Exxaro paid R1,0 billion for its investment in the Mafube joint venture with Anglo Coal.

The significant reduction in cash retention and net cash outflow position compared with the corresponding period in 2008, can partly be ascribed to higher inventory holding as demand decreased while customers were destocking during the global recessionary environment.

SAFETY, HEALTH AND ENVIRONMENT

The safety and health of employees continues to be an overriding priority for Exxaro. Regrettably a non-reportable fatality occurred in a public road accident in June 2009. The average lost time injury frequency rate (LTIFR) per 200 000 man-hours worked improved significantly to 0,30 from the previous year's 0,45 in the first half of 2008 and the 0,39 for the full year of 2008.

Further safety improvements were identified during Exxaro's CEO Safety Summit held in March 2009 and are being focused on for feedback on progress at the next summit planned for October 2009.

The reviewed HIV/Aids strategy which focuses on improved employee understanding of preventative behaviour as well as voluntary counselling and testing (VCT) participation, has increased VCT participation since inception of the HIV/AIDS programme.

Ten business units are now ISO 14001 and OHSAS 18001 certified. The remaining five business units have programmes in place to be certified by the end of 2009.

CONVERSION OF MINING RIGHTS

Engagement with the Department of Minerals and Energy (DME) continued in order to process the registration of new order mining rights granted as well as the converted old order mining rights of the former Kumba Resources Limited. Approval of the conversion of the old order mining rights of the former Eyesizwe Coal (Pty) Ltd submitted to the DME in 2008, is also still in process.

CHANGES TO THE BOARD

As previously announced, Wim de Klerk replaced Dirk van Staden as financial director on 1 March 2009.

Chris Griffiths was appointed on 16 July 2009 in place of Philip Baum who had resigned on 15 July 2009. The Board expresses its appreciation for Mr Baum's significant contribution to the group.

OUTLOOK

"Demand for power station coal should remain similar to that experienced in the current reporting period," said Mr Nkosi.

"The group expects similar levels of steam coal exports in the second half of 2009 albeit at lower international prices. However, such performance remains dependant on the availability of logistical infrastructure," he added.

A significant decline in domestic steam and coking coal prices are anticipated in the second half of 2009 due to contractual pricing arrangements.

Demand for the mineral sands products will continue to be affected by the depressed economic environment combined with the additional downside of a possible strong Australian dollar to the US dollar in the Australian operations.

Zinc markets are expected to remain depressed with downwards pressure on prices due to the expected oversupply of metal.

"The equity accounted contribution from SIOC will be impacted by the lower benchmark iron ore prices with effect from 1 April 2009," said Mr Nkosi.

Due to the continued lower economic activity and its impact on demand and prices, it is inevitable that earnings for the second half of 2009 will be adversely impacted. The relative strength of the local currency, and its volatility, will also impact on the results for the second half of 2009.

The financial information on which the outlook statement is based has not been reviewed nor reported on by the company's auditors.

INTERIM DIVIDEND

The Board of Directors has declared an interim cash dividend number 13 of 100 cents per share in respect of the 2009 interim period. The dividend has been declared in South African currency and is payable to shareholders recorded in the register of the company at close of business on Friday, 25 September 2009.

Ends

- **View or download the full results announcement on www.exxaro.com**
- **See Addendum 1 for Operational highlights; Addendum 2 for Capital expenditure and project pipeline**

Editor's Note:

Exxaro is one of the largest South African-based diversified resources groups, with interests in the coal, mineral sands, base metals, industrial minerals and iron ore commodities. **www.exxaro.com**

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ADDENDUM 1:

OPERATIONAL HIGHLIGHTS

Coal

Total production of power station coal was 465kt higher than the corresponding period last year. Higher demand from Eskom resulted in increased production from the Grootegeluk and Leeuwpan operations while NBC started mining new reserves which yielded increased product volumes of 392kt.

The Eskom-tied collieries recorded lower net production volumes mainly due to 802kt lower production volumes from Matla resulting from water ingress from surface cracks after seasonal rains as well as other production challenges. Higher production from Arnot of 544kt was achieved due to the benefits realised from the production optimisation project implemented during March 2008, which is now fully operational.

Lower coking coal production for the six months ended 30 June 2009 of 448kt was due mainly to a management decision to cut back on coking coal production at Grootegeluk due to lower demand. Lower coking coal production at Tshikondeni mine was caused by continued difficult geological conditions in the area being mined.

Production of steam coal was 26% higher than the similar period in 2008 with the Inyanda mine now fully operational. The joint venture agreement with Anglo Coal for the Mafube mine was signed with an effective date of 1 June 2009 and resulted in additional steam coal production of 106kt. Higher production results from NBC from the mining of additional reserves were offset by lower production from Leeuwpan and

Grootegeluk due to lower market demand in current market conditions, as well as lower coal production from NCC with lower yields achieved on different sources of run-of-mine tonnages treated through the beneficiation plant.

Sales to Eskom increased, based on higher demand. However, lower non-Eskom sales to domestic customers resulted from lower demand in the current market conditions albeit at higher negotiated prices.

Export sales volumes increased substantially from a fully ramped-up Inyanda mine and additional export coal from Mafube, however, was recorded at lower international steam coal prices and a weaker local currency..

As a result revenue increased by 33% to R4,8 billion.

Net operating income for the six months ended 30 June 2009 increased by 10% at an operating margin of 22%. The operating margin decreased from the 26% in the previous period due to increased labour and contractor costs after the implementation of a seven-day work week at Grootegeluk mine, increased mining cost at Leeuwan mine from the high stripping ratios due to the geological area mined during the period, higher coal buy-in prices for NCC and for Mafube export coal, and higher railage tariffs for coal destined for export.

Mineral Sands

KZN Sands

KZN Sands reported increased production for the six months to 30 June 2009. Both furnaces were fully operational for the entire period under review, as opposed to the same period in 2008, when furnace 2 was down after damage by a water ingress incident at the end of February 2008. More than 100kt of slag was tapped in the six months, the best production from the furnaces since inception. Low manganese pig iron (LMPI) production was also higher resulting from the increased slag throughput, while zircon and rutile production were both higher than the comparative period due to higher grade recoveries.

Stability in the furnaces is impacting positively on production from the KZN Sands business.

Revenue was, however, R187 million lower and a net operating loss of R110 million compared to a loss of R27 million in 2008 was reported attributable to lower demand as a result of the global economic slow down, lower LMPI prices and unrealised foreign currency revaluation losses in this reporting period.

Namakwa Sands

Slag and iron production was adversely affected by the furnace 1 water ingress incident towards the end of March 2009 and the subsequent decision to delay the reline to March 2010 as a result of market conditions.

The global economic crisis had a major impact on the markets for Namakwa Sands' products in the first half of 2009. Demand dropped sharply across all sectors as customers and end-users focused on reducing inventories and cutting back on new purchases.

Namakwa Sands' revenue for the reporting period was R644 million with a net operating profit of R24 million. The net operating profit was severely affected by the sudden decline in sales volumes towards the latter part of the first quarter. This downward trend was softened by significantly better sales tonnage of zircon, chloride slag and pig iron in the second quarter.

The positive impact of a weaker local currency to the US dollar on revenue recorded was reduced by foreign currency losses on repatriation of foreign currency proceeds due to the timing of the volatility on the relative exchange rate.

Subsequent to the acquisition of Namakwa Sands in October 2008, management has embarked on an exercise to re-define the mine plan by December 2009.

Australia Sands

Higher grades at the dredge mine led to higher concentrate and therefore higher mineral production. Successful improvement initiatives continue to favourably impact mineral production.

Production of synthetic rutile (SR) was slightly lower in the period under review as a result of maintenance-related problems occurring during the second quarter. These problems have been resolved and performance should improve in the second half of 2009.

Pigment production improved substantially from the corresponding half year in 2008 following the successful implementation of various initiatives and a successful shut in May 2008.

Although increased maintenance cost was incurred at the SR plant, the significant increases in 2008 in the cost of process chemicals and energy consumables was not experienced in the period under review.

Net operating profit improved from a loss of R139 million in the corresponding period in 2008 to a profit of R19 million for the current period, attributed to an improved production performance, a weaker average Australian dollar against the US dollar and higher sales prices on average, albeit partially offset by lower sales volumes as a result of the economic slowdown. Hedging of US dollar receivables had a positive impact on operating results. Currency hedging of US\$22 million at an average rate of US 63 cents to the Australian dollar is in place for the remainder of 2009.

Base Metals

Production of zinc metal at the Zincor refinery of 44kt was 6% lower. The shortfall can be attributed to downtime on the acid plant and throughput limitations on the purification circuit. Downtime on the acid plant negatively affected the rest of the operation. The challenges with the acid plant have since been resolved.

Zinc metal sales were 17% lower than the equivalent period in 2008 mainly due to lower demand.

Production at Rosh Pinah was in line with 2008 but yielded higher metal content. The flotation cell replacement project is only marginally behind schedule and is expected to come into operation late in 2009. The cells are necessary to sustain historical recoveries.

A total of 60% of Rosh Pinah's projected zinc and lead concentrate sales were hedged during the previous financial year for the period July 2008 to December 2011 at forward prices ranging from US\$2 431 to US\$1 887 for zinc and US\$2 940 to US\$900 for lead per tonne as part of the partial divestment to facilitate a Namibian empowerment transaction. In the first half of 2009, a portion of the hedging programme was ineffective and resulted in losses of R42 million being accounted for in profit and loss.

Revenue for the six months to 30 June 2009 decreased by 37% mainly as a result of lower zinc prices. The average zinc price for the six months of US\$1 329 is 42% lower than the equivalent period in 2008 and was only partially offset by the weaker local currency.

Net operating profits declined substantially as lower revenues, coupled with higher operating costs, resulted from higher than inflation increases in electricity and maintenance expenses as well as higher distribution costs.

Production at the Chifeng refinery was 23% lower due to low prices and market demand. Prices and demand recovered at the end of the second quarter, with a positive outlook for annual performance. Exxaro's proportionate share of the post-tax earnings of Chifeng decreased by 89% to R2 million compared to the equivalent period in 2008, mainly due to the lower production and high raw material prices eroding margins.

Exxaro exercised its option to acquire 26% in Black Mountain during the last quarter of 2008. In the current period Exxaro equity accounted R15 million as its share of Black Mountain's post-tax earnings.

Industrial Minerals

Production volumes of ferrosilicon at the FerroAlloys plant showed a modest increase, however, sales volumes were lower as a result of lower market demand.

The group plans to finalise the proposed divestment of its interest in the Glen Douglas dolomite mine during the second half of 2009.

ADDENDUM 2:

CAPITAL EXPENDITURE AND PROJECT PIPELINE

Exxaro has completed the review and prioritisation of its capital expenditure and project pipeline following the global economic downturn. The group will focus on the successful implementation of committed expansions and projects which meet its investment hurdle rate within a Board-approved mandate.

COAL

The expansion of the Grootegeluk mine to supply Eskom's Medupi power station with 14,6Mtpa of power station coal for 40 years, is progressing in line with the planned schedule to supply the first coal during the last quarter of 2011. Full production from 2014 onwards is envisaged. The project, at an estimated capital cost of R9 billion, is in the detailed engineering design phase and orders will be placed during the next six months for long lead capital items.

The pre-feasibility study and geological exploration work on a potential greenfields mine adjacent to the Grootegeluk mine (Thabametsi mine) with the capability of supplying the market with power station and metallurgical coal, is being progressed with planned completion by the end of 2009. The development is aligned with

Eskom's request for proposals for Independent Power Producers for base-load power stations.

An integrated infrastructure plan is being implemented for the Waterberg coal fields, together with relevant stakeholders, focusing on the supply of housing, water, rail and road infrastructure.

Exxaro entered into a prospecting joint venture agreement with Sasol Mining (Pty) Limited (Sasol) for the development of a new coal mine in the Waterberg to supply Sasol's new potential inland coal-to-liquids project (Project Mafutha). The development is in the pre-feasibility stage with the mining of a bulk sample being planned before the end of 2009 for large-scale testing at the Sasol Synfuels Secunda plant.

Exxaro concluded an option agreement with Coal of Africa Limited which affords Exxaro a minority participation right in the Makhado coking coal project in the Limpopo province. The exercise of the option is subject to a detailed technical and economic due diligence on the project.

Two of the four retorts of the Sintel Char plant at Grootegeluk mine for the production of reductants for the ferroalloy industry that had been delayed after the failure of the refractory lining, have been commissioned with the first char produced during June 2009. The other two retorts will be commissioned by the end of October 2009 with full production of 140ktpa of char estimated to be reached during 2010. The quality of the product is in line with market expectations and the entire production off-take has been secured.

The potential bord-and-pillar mining operation pre-feasibility study of the hard coking coal resource on the Moranbah South properties in Queensland, Australia, has commenced with exploration drilling being prioritised to finalise this study during the first half of 2010. Exploration work on the potential long-wall mining project is also progressing according to plan to confirm that Moranbah South can produce premium quality hard coking coal in conjunction with our joint venture partner Anglo Coal Australia.

Mineral Sands

The approval of the mining right for the Fairbreeze C Extension portion of the Fairbreeze project, which in the past prevented this project from proceeding, was granted. However, in light of prevailing market conditions, the project is currently under review.

The feasibility study of the Port Durnford project, located to the south-west of Hillendale mine, was completed during the first half of 2009. This mine could supply the KZN furnaces for longer than 20 years, however, current economic conditions are impacting negatively on the financial viability of the project. This project is therefore currently also under review.

The development of a mine in Madagascar (Toliara Sands project) will not be economically viable due to the deposit size, grades, location and infrastructure development required. Exxaro does not plan any further exploration in this area and is in the process of exiting from the option agreement.

The 100% funded Exxaro pigment plant expansion at Kwinana, at an expected cost of AU\$100 million, remains on track and on budget for commencement in the first half of 2010.

As a result of the increased life expectancy of Tiwest's current dry mine operation at Cooljarloo, Australia, existing dry mining operations will now only cease in 2011. A pre-feasibility study of the Dongara mine was completed in 2008. However, in the current economic circumstances, the project payback period is insufficient to warrant investment. As an alternative, a pre-feasibility study to replace the dry mining capacity with an expansion of the Cooljarloo dredge operation is underway and will be completed in the fourth quarter of 2009.

An exploration programme to identify an inferred or indicated resource on the Tiwest Cooljarloo West tenements will involve the drilling of 25 000 metres in the second half of 2009 to confirm initial exploration results.

Base Metals and Ferrous Metals

The commercialisation of the AlloyStream™ technology for the beneficiation of manganese ore was progressed to pre-feasibility level for a site at Coega. Further work on forming strategic alliances is continuing to optimise the business case for the development of the manganese project. A successful campaign on the beneficiation of nickel ore was also completed. Optimisation studies to fast track the development of both the manganese and nickel projects are in progress.

Ends