

Directors' remuneration

This report on remuneration and related matters covers issues which concern the board as a whole, in addition to those which were dealt with by the remuneration committee.

Remuneration policy

The human resources and remuneration committee has a clearly defined mandate from the board aimed at:

- ensuring that the company's chairman, directors and senior executives are fairly rewarded for their individual contributions to the company's overall performance;
- ensuring that the company's remuneration strategies and packages, including the incentive schemes, are related to performance, are suitably competitive and give due regard to the interests of the shareholders and the financial and commercial health of the company.

Directors' service contracts

The service contract of the current chief executive officer Dr CJ Fauconnier terminates on 31 August 2007. Mr SA Nkosi, currently chief executive officer designate, will assume the office of chief executive officer on 1 September 2007. The service contracts of messrs. MJ Kilbride and DJ van Staden terminate on 31 August 2008, however, both will use their best endeavours to ensure that their retirement from Exxaro does not coincide within a period of six months from such date of termination.

Non-executive directors are not bound by service contracts.

There are no restraints of trade associated with the contracts.

Summary of remuneration

for the year ended 31 December 2006

Name	Basic salary R	Fees for services R	Performance bonuses ¹ R	Benefits and allowances ² R
Executive directors				
Dr CJ Fauconnier	3 207 532		8 309 065	537 422
MJ Kilbride	1 833 508		4 451 315	933 911
CF Meintjes ⁶	1 534 643		3 998 642	370 283
DJ van Staden	1 890 538		4 476 453	297 958
SA Nkosi ³	236 122			4 790
	8 702 343		21 235 475	2 144 364
Less: gains on share scheme				
Add: share-based payment expense				
Total remuneration paid by Exxaro				
Non-executive directors				
PM Baum ⁴		177 460		
BE Davison ⁸		131 187		
TL de Beer ⁵		85 868		
JJ Geldenhuys		246 154		
U Khumalo ⁷				
Dr D Konar		234 705		
VZ Mntambo ⁷				
RP Mohring ⁷				
AJ Morgan ⁸ (Chairman)		293 858		6 787
WA Nairn ^{4 & 8}		162 672		
PKV Ncetezo ⁷				
SA Nkosi ³		162 672		
NMC Nyembezi-Heita ⁷				
CML Savage ⁸		131 187		
Dr NS Segal ⁸		173 166		11 281
NL Sowazi ⁷				
F Titi ⁸		162 672		
Dr Zihlangu ⁷				
PL Zim ^{4 & 8}		131 187		
		2 092 788		18 068

- 1 Performance bonuses include the following:
 - Board approved performance related incentive scheme applicable to all employees in the group;
 - An incentive payment for developing and implementing an empowerment transaction as fully disclosed in the Kumba circular to shareholders;
 - Unwinding of the 2005 long-term incentive plan (LTIP); and
 - Compensation for 2006 share appreciation rights and LTIP awards not awarded due to the postponement of the effective date of implementation.
- 2 Includes travel allowances.
- 3 Appointed as executive director on 28 November 2006.
- 4 Fees paid to their respective employers and not to them as individuals.
- 5 TL de Beer retired on 12 April 2006.
- 6 Resigned as executive director on 28 November 2006.
- 7 Appointed as non-executive director on 28 November 2006.
- 8 Resigned as non-executive director on 28 November 2006.

Retirement amounts paid or receivable by executive directors are paid or received under defined contribution retirement funds

Retirement fund contributions R	Medical fund contributions R	Gains on management share option scheme R	Gains on management cash settled option R	Other R	Total R
	24 105	44 896 507	1 831 948	3 718	58 810 297
218 058	23 603	27 569 844	1 641 866	2 884	36 674 989
160 823	18 054	26 682 788	1 481 684	2 478	34 249 395
218 032	34 672	25 672 966		2 883	32 593 502
19 422				299	260 633
616 335	100 434	124 822 105	4 955 498	12 262	162 588 816 (129 777 603)
					3 635 848
					36 447 061
					177 460
					131 187
					85 868
					246 154
					234 705
					300 645
					162 672
					162 672
					131 187
					184 447
					162 672
					131 187
					2 110 856

... and Exxaro revised listing particulars dated 9 October 2006;

... continuation of the empowerment transaction.

Summary of remuneration continued

for the year ended 31 December 2005

Name	Basic salary R	Fees for services R	Performance bonuses ¹ R	Benefits and allowances ² R
Executive directors				
Dr CJ Fauconnier	2 927 187		454 144	188 064
MJ Kilbride	1 594 384		276 242	344 367
CF Meintjes	1 539 004		249 314	152 477
DJ van Staden	1 557 136		262 778	264 111
RG Wadley ³	806 554		113 334	190 773
	8 424 265		1 355 812	1 139 792
Add share-based payment expense				
Total remuneration paid by Exxaro				
Non-executive directors				
PM Baum ⁴		165 850		7 215
BE Davison ⁴		133 750		4 950
TL de Beer		240 750		10 421
JJ Geldenhuys		230 050		9 599
Dr D Konar		219 350		6 648
MLD Marole ⁵		87 212		1 480
AJ Morgan ⁶ (Chairman)		255 017		5 371
WA Nairn ⁴		165 850		5 877
SA Nkosi		165 850		6 421
CML Savage		133 750		
Dr NS Segal		176 550		5 206
F Titi		165 850		5 258
PL Zim ⁴		137 258		4 978
		2 277 087		73 424

¹ All incentive schemes are performance related and were approved by the board. The three-tier incentive scheme includes the incentive linked to the Kumba business improvement programme initiatives, and applies to all employees throughout the group.

² Include travel and entertainment allowances.

³ Resigned as executive director on 30 June 2005.

⁴ Fees paid to their respective employers and not to them as individuals.

⁵ Resigned as a non-executive director and chairman from the Kumba board on 15 April 2005.

⁶ Non-executive director who was appointed as non-executive chairman of the board on 15 April 2005.

Retirement amounts paid or receivable by executive directors are paid or received under defined contribution retirement funds.

Retirement fund contributions R	Medical fund contributions R	Compensation on retirement from executive office R	Other R	Total R
	21 369		3 278	3 594 042
191 547	14 993		2 467	2 424 000
166 654	15 913		2 365	2 125 727
182 211	27 745		2 400	2 296 381
88 405	7 451	1 358 785	1 288	2 566 590
628 817	87 471	1 358 783	11 798	13 006 740
				2 973 434
				15 980 174
				173 065
				138 700
				251 171
				239 649
				225 998
				88 692
				260 388
				171 727
				172 271
				133 750
				181 756
				171 108
				142 236
				2 350 511

Summary of remuneration continued

	Beneficial	
	Direct	Indirect
Directors' interest in Exxaro shares		
At 31 December 2006		
Director		
Dr CJ Fauconnier	42 905	
MJ Kilbride	586	
CF Meintjes		
DJ van Staden	565	
SA Nkosi		6 747 301
PM Baum		
BE Davison		
TL de Beer		
JJ Geldenhuys	700	
U Khumalo		
Dr D Konar	168	
VZ Mntambo		4 654 623
RP Mohring		
AJ Morgan (Chairman)	20 000	
WA Nairn		
PKV Ncetezo		724 564
SA Nkosi		
NMC Nyembezi-Heita		
CML Savage		
Dr NS Segal		
NL Sowazi		3 286 825
F Titi		
Dr Zihlangu		2 818 552
PL Zim		

	Beneficial	
	Direct	Indirect
Directors' interest in Kumba shares		
At 30 December 2005		
Director		
Dr CJ Fauconnier	21 880	
MJ Kilbride		
CF Meintjes		
DJ van Staden		
PM Baum		
BE Davison		
TL de Beer		
JJ Geldenhuys		
Dr D Konar	168	
AJ Morgan (Chairman)		
WA Nairn		
SA Nkosi		
CML Savage		
NS Segal		
F Titi		
PL Zim		

There has been no change to the interest of directors in shares capital since the year-end. On 31 December 2006 no director had direct or indirect interests of more than 1% in the share capital of the company.

No director held any non-beneficial interest in Exxaro shares at either 31 December 2005 or 2006.

Summary of remuneration continued

Directors' share options and restricted share awards

The following options and rights in shares in the company were outstanding in favour of directors of the company under the company's share option schemes:

Management share option scheme

For the year ended December 2006

Name	Options held at 31 December 2006	Exercise price ¹ R	Exercisable period	Proceeds if exercisable at 31 December 2006 R
Executive directors				
Dr CJ Fauconnier				
Total				
MJ Kilbride				
Total				
CF Meintjes				
Total				

Pre-tax gain if exercisable at 31 December 2006² R	Options exercised during the year³	Exercise price⁴ R	Sale price/market price R	Pre-tax gain R	Date exercised
	50 840	25,85	125,10	5 045 870	09/10/06
	5 000	25,85	125,50	498 250	09/10/06
	34 050	25,85	126,50	3 427 133	10/10/06
	5 950	25,85	125,90	595 298	10/10/06
	150 000	25,85	125,99	15 021 000	10/10/06
	41 680	25,85	126,00	4 174 252	10/10/06
	20 000	25,85	125,00	1 983 000	10/10/06
	65 440	32,80	126,00	6 099 008	10/10/06
	92 880	39,30	126,00	8 052 696	10/10/06
	465 840			44 896 507	
	25 000	16,54	125,20	2 716 500	09/10/06
	10 840	16,54	125,25	1 178 416	09/10/06
	151 320	25,85	125,25	15 041 208	09/10/06
	40 710	32,80	125,25	3 763 640	09/10/06
	30 220	39,30	125,25	2 597 409	09/10/06
	15 430	39,30	150,00	1 708 101	20/10/06
	5 100	39,30	150,00	564 570	23/10/06
	278 620			27 569 844	
	20 490	16,30	125,00	2 227 263	10/10/06
	24 890	16,54	125,00	2 699 569	10/10/06
	130 936	25,85	125,00	12 982 304	10/10/06
	4 704	25,85	125,01	466 449	10/10/06
	17 610	32,80	125,00	1 623 642	10/10/06
	8 800	32,80	125,00	811 360	11/10/06
	3 810	32,80	142,75	418 910	18/10/06
	5 000	32,80	142,70	549 500	18/10/06
	14 410	39,30	125,00	1 234 937	10/10/06
	10 000	39,30	146,00	1 067 000	19/10/06
	4 000	39,30	148,35	436 200	20/10/06
	6 000	39,30	148,00	652 200	20/10/06
	8 624	39,30	150,50	958 989	06/11/06
	5 006	39,30	150,06	554 465	06/11/06
	264 280			26 682 788	

Summary of remuneration continued

Name	Options held at 31 December 2006	Exercise price ¹ R	Exercisable period	Proceeds if exercisable at 31 December 2006 R
DJ van Staden	12 440	12,90	16/03/11	696 640
Total	12 440			696 640

SA Nkosi

- 1 The exercise price of options not yet exercised on 31 December 2006 was repriced by R2,20 per share, and further recalculated by reference to the 21 day volume weighted average price split between Exxaro shares and Kumba Iron Ore shares of 32,81% and 67,19% respectively.
- 2 Based on a share price of R56,00 which prevailed on 31 December 2006.
- 3 Certain options were exercised prior to their vesting date and will remain in trust until such vesting date. Vesting dates vary up to the earliest date of service contract termination or 16 March 2011.
- 4 Options awarded and not yet exercised on 8 September 2005 were repriced by R2,20 per share subsequent to the special dividend declared to shareholders on 12 September 2005 from the post-tax option- and settlement proceeds of the Hope Downs project.

Pre-tax gain if exercisable at 31 December 2006² R	Options exercised during the year³	Exercise price⁴ R	Sale price/market price R	Pre-tax gain R	Date exercised
	8 601	16,54	126,50	945 766	10/10/06
	5 000	16,54	126,15	548 050	10/10/06
	14 209	16,54	126,00	1 555 317	10/10/06
	9 270	16,54	149,00	1 227 904	20/10/06
	42 140	25,85	126,00	4 220 321	10/10/06
	360	25,85	126,10	36 090	10/10/06
	10 100	25,85	125,90	1 010 505	10/10/06
	19 900	25,85	125,60	1 985 025	10/10/06
	14 706	25,85	125,20	1 461 041	10/10/06
	1 000	25,85	125,11	99 260	10/10/06
	2 664	25,85	125,10	264 402	10/10/06
	50 480	25,85	125,00	5 005 092	10/10/06
	1 136	32,80	125,10	104 853	10/10/06
	1 000	32,80	125,05	92 250	10/10/06
	24 584	32,80	125,00	2 266 645	10/10/06
	6 010	32,80	150,50	707 377	06/11/06
	2 900	32,80	150,25	340 605	06/11/06
536 164	14 910	39,30	125,00	1 277 787	10/10/06
	9 950	39,30	146,00	1 061 665	19/10/06
	12 430	39,30	157,00	1 463 011	13/11/06
536 164	251 350			25 672 966	

Summary of remuneration continued

Management cash-settled options

For the year ended December 2006

The cash settled options represent phantom option awards made to executive directors and a number of senior managers as compensation for not being eligible to receive share option grants due to their involvement in the empowerment transaction.

The phantom option awards also have a grant price, vesting periods and lapse periods as other share option awards but are classified as cash-settled since shares will not be issued when exercised.

Name	Options held at 31 December 2006	Exercise price ¹ R	Exercisable period	Proceeds if exercisable at 31 December 2006 R
Executive directors				
Dr CJ Fauconnier				
MJ Kilbride				
CF Meintjies				
DJ van Staden	17 550	19,62	22/04/12	982 800
SA Nkosi				

1 The exercise price of options not yet exercised on 31 December 2006 recalculated by reference to the 21 day volume weighted average price split between Exxaro shares and Kumba Iron Ore shares of 32,81% and 67,19% respectively.

2 Based on a share price of R56,00 which prevailed on 31 December 2006.

Pre-tax gain if exercisable at 31 December 2006² R	Options exercised during the year	Exercise price R	Sale price/market price R	Pre-tax gain R	Date exercised
	28 020	59,80	125,18	1 831 948	09/10/06
	18 450	59,80	148,79	1 641 866	20/10/06
	16 650	59,80	148,79	1 481 684	20/10/06
638 469					

Summary of remuneration continued

Management share option scheme For the year ended December 2005

Name	Options held at 31 December 2005	Exercise price ¹ R	Exercisable period	Proceeds if exercisable at 31 December 2005 R
Executive directors				
Dr CJ Fauconnier	307 520	28,05	03/12/08	31 367 040
	65 440	35,00	01/11/09	6 674 880
	92 880	41,50	16/03/11	9 473 760
Total	465 840			47 515 680
MJ Kilbride	35 840	18,74	25/07/10	3 655 680
	151 320	28,05	03/12/08	15 434 640
	40 710	35,00	01/11/09	4 152 420
	50 750	41,50	16/03/11	5 176 500
Total	278 620			28 419 240
CF Meintjes	20 490	18,50	04/01/09	2 089 980
	24 890	18,74	25/07/10	2 538 780
	135 640	28,05	03/12/08	13 835 280
	35 220	35,00	01/11/09	3 592 440
	48 040	41,50	16/03/11	4 900 080
Total	264 280			26 956 560
DJ van Staden	37 080	18,74	25/07/10	3 782 160
	141 350	28,05	03/12/08	14 417 700
	35 630	35,00	01/11/09	3 634 260
	49 730	41,50	16/03/11	5 072 460
Total	263 790			26 906 580
RG Wadley**	209 280	28,05	03/12/08	
	39 020	35,00	01/11/09	
	44 380	41,50	16/03/11	
Total	292 680			

* Based on a share price of R102,00 which prevailed on 31 December 2005.

** This information is based on Mr Wadley's portfolio at 31 October 2005. He resigned as an executive director on 30 June 2005. On 17 November 2005 all the options were exercised and the shares sold.

Pre-tax gain if exercisable at 31 December 2005* R	Options exercised during the year R	Exercise price R	Sale price/market price R	Pre-tax gain R	Date exercised
22 741 104					
4 384 480					
5 619 240					
32 744 824					
2 984 038					
11 190 114					
2 727 570					
3 070 375					
19 972 097					
1 710 915					
2 072 341					
10 030 578					
2 359 740					
2 906 420					
19 079 994					
3 087 281					
10 452 833					
2 387 210					
3 008 665					
18 935 989					