NEWS RELEASE

For immediate release

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EXXARO'S AUDITED GROUP FINANCIAL RESULTS FOR THE 12-MONTH PERIOD ENDED 31 DECEMBER 2008

HIGHLIGHTS

- Revenue increases 36% to R13,8 billion
- Net operating profit up 71% to R2,5 billion
- Significant maiden profit contribution from Namakwa Sands
- Headline earnings of 1 058 cents per share
- Final dividend of 200 cents per share; total dividend of 375 cents per share.

Diversified South African-based resources group Exxaro Resources Limited (Exxaro) today reported consolidated revenue of R13,8 billion for the 12 months ended 31 December 2008, an increase of 36% when compared with the same period in 2007.

The group's audited financial results and actual physical information for the 12-month periods ended 31 December 2008 and 2007 are not comparable as a result of the acquisition of Namakwa Sands and a 26% interest in Black Mountain Mining (Pty) Limited (Black Mountain) effective from 1 October and 1 November 2008 respectively.

Comparable unaudited supplementary financial results together with physical information are provided for information purposes only, on the assumption that both the acquisition of Namakwa Sands and the 26% interest in Black Mountain took place on 1 January 2007.

Comments are for comparable purposes based on an analysis of the unaudited comparable supplementary financial results and physical information compiled for the 12- month periods to 31 December 2008 and 2007 respectively.

"The coal business reported record revenue and net operating profit as strong demand resulted in increased sales at higher prices despite a significant softening in international prices in the last quarter of 2008 following the global economic meltdown," said Exxaro chief executive director, Sipho Nkosi.

"The sands business reported a higher consolidated net operating profit compared to 2007 as a profit contribution from KZN Sands and a substantially higher profit from Namakwa Sands more than offset a loss in the Australian operation. Significantly lower average zinc prices and an increased environmental provision resulted in the base metals business recording a net operating loss," he said.

An average exchange rate of R8,10 to the US dollar was realised compared to R7,26 for the corresponding period in 2007. The consistent strength of the Australian dollar at 0,84 US cents to AU$1 realised in 2008, continued to impact negatively on the financial results of the mineral sands operations in Australia, despite the weakening of the Australian dollar in the last quarter of 2008.

exxaro
POWERING POSSIBILITY

Group consolidated revenue increased by 33% to R15,2 billion with net operating profit R1,2 billion higher at R2,8 billion.

COMPARABLE EARNINGS

Attributable earnings for the period are R3,4 billion or 1 002 cents per share representing a 154% increase on the comparable 2007 attributable earnings of R1,4 billion or 396 cents per share. This includes Exxaro's 20% share of the after-tax profits of Sishen Iron Ore Company (Pty) Limited (SIOC) amounting to R1,9 billion, a negative contribution of R4 million from the effective 22% interest in the Chifeng zinc refinery and an equity accounted loss of R1251 million from the 26% interest in Black Mountain.

Headline earnings which exclude the impact of the impairment of the carrying value of assets in the earnings of Black Mountain, are R3,7 billion or 1 068 cents per share, this is 167% higher than R1,4 billion or 403 cents per share reported for the previous corresponding period.

CASH FLOW

Cash retained from operations was R3,6 billion. This was primarily used to fund taxation payments of R487 million, dividend payments of R984 million and capital expenditure of R1,6 billion of which R470 million was invested in new capacity and R1,2 billion applied to sustaining and environmental capital. After the payments of R2,7 billion and R221 million respectively for the acquisition of Namakwa Sands and a 26% interest in Black Mountain, the group had a net cash outflow of R1,85 billion for the financial year. The final dividend for payment in March 2009 will amount to a further cash outflow of R710 million offset by the dividend inflow from SIOC of R1,1 billion.

Net debt of R483 million at 31 December 2007 accordingly increased to R2,4 billion at a net debt to equity ratio of 18% at 31 December 2008.

SAFETY, HEALTH AND ENVIRONMENT

The group remains committed to achieving a work environment that is fatality- and injury-free. Despite excellent safety achievements at several business units, regrettably five employees lost their lives in 2008 compared to a similar number reported in 2007. The lost time frequency rate (LTIFR) per 200 000 man-hours worked in 2008 was 0,39 against a target of 0,21 and compared to 0,36 in 2007.

In a further measure to strengthen its safety awareness and preventative programmes, various safety improvement interventions focusing on pre-work Hazard Identification Risk Analysis and intensive training on Exxaro's I Care Risk Controls, Vehicle Safety and Visible Felt Leadership, have been implemented.

Exxaro has reviewed its HIV/Aids strategy with the objective on improving employee understanding of preventive behaviour to the contracting and spread of HIV/Aids and increasing the number of employees who test and enrol for treatment. At the end of 2008, the cumulative voluntary counselling and testing enrolment improved to 50% from 30% at the end of 2007.

The environmental programme for 2008 focused on ensuring that all its mining operations have fully compliant Environmental Management Programmes required under the Mineral and Petroleum Resources Development Act as well as the National Environmental Management Act. Exxaro is reviewing its processes to determine the impact of its activities on natural resources.

Nine business units are certified under both the international health and safety (OHSAS 18001) and environmental (ISO 14001) standards. The remaining six business units have implemented certification programmes with the target to have all operations fully compliant in 2009.

POWER CONSTRAINTS

Exxaro is in ongoing discussions with Eskom to agree on baseline consumption and continuous power supply while at the same time progressing group-wide initiatives to conserve electricity consumption at existing operations and feasibility studies to develop co- and on-site power generation projects.

CONVERSION OF MINING RIGHTS

The group is in regular engagement with the Department of Minerals and Energy (DME) to process the registration of new order mining rights granted as well as the converted old order mining rights of the former Kumba Resources. The applications for approval of the conversion of the old order mining rights of the former Eyesizwe Coal submitted during 2008 is in process.

All applications for new order mining rights have been granted in the mineral sands and coal businesses except the Weltevreden deposit adjacent to the Leeuwpan coal mine which is under consideration by the DME.

CHANGES TO THE BOARD

Mr DJ van Staden will retire as financial director on 28 February 2009. The Board expresses its appreciation for his significant contribution to the group.

As announced, Mr WA de Klerk will succeed Mr van Staden as financial director on 1 March 2009.

OUTLOOK

The group is expected to continue experiencing strong demand for local power station coal. However, coking coal sales are anticipated to be lower at reduced prices. Steam coal sales volumes should increase but at lower international prices.

Increased production volumes at all mineral sands operations and a full 12-months' contribution from Namakwa Sands together with the local and Australian currencies remaining at their present weaker levels, should benefit this business in 2009 if market demand and prices remain at current stable levels.

The base metals business is expected to remain under pressure in 2009 as a result of continued depressed market conditions and zinc prices.

The equity accounted contribution from SIOC will be impacted by market demand and the level of iron ore price adjustments effective from 1 April 2009.

The group will have a strong focus on capital prioritisation and working capital management together with continuous business improvement initiatives and cost control to offset lower demand and price challenges.

Overall, the group's consolidated results for 2009, will largely be driven by the extent to which global recessionary conditions impact on demand and prices for its commodities, as well as the trading levels of the local and Australian currencies.

The uncertain market outlook remains a key factor to the group's results for 2009.

FINAL DIVIDEND

The directors have declared a final dividend, dividend number 12 of 200 cents per share in respect of the 2008 financial year. 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, 27 March 2009.

Ends

- **View or download the full results announcement on www.exxaro.com**
- **See Addendum 1 for Operational highlights; Addendum 2 for Growth opportunities**

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

OPERATIONS

Coal

Production volumes for the coal commodity business overall were 9% higher than the previous year.

Power station coal production at the Eskom tied mines was significantly higher due to a good turnaround at Arnot mine after successful implementation of improvement initiatives. The commercial mines, most notably North Block Complex (NBC) and Inyanda, increased production to supply higher demand from Eskom. NBC started mining new reserves and increased overall capacity.

Coking coal production, however, decreased by 402kt in 2008 due to challenging geological and mining conditions at Tshikondeni. In addition, Grootegeluk mine used its no. 6 plant tipping capacity to channel run of mine tonnages to the production of additional power station coal from the no. 2 washing plant, thereby contributing to the reduction of coking coal production.

Steam coal production was significantly higher than the previous year mainly due to Inyanda ramping up during 2008, good production levels at Leeuwpan resulting from additional overburden removal in 2007, as well as increased production at NBC.

Sales of power station coal to Eskom increased by 2Mt to 36,3Mt as a result of improved production performance at the tied mines and demand from the electricity utility to increase stock levels at various power stations.

Other domestic sales were negatively affected by the lower production at Tshikondeni as well as a 13% decrease in sales to ArcelorMittal SA Limited in line with reduced demand in the steel and ferroalloy industry in the last quarter of 2008. The coal business was able to fully offset these lower sales volumes through additional sales from Leeuwpan and NBC to the domestic market.

Export volumes increased from 1,8Mt in 2007 to 3,3Mt in 2008 as a result of increased export allocation at the Richards Bay Coal Terminal (RBCT) and production volumes from the new mines, Mafube and Inyanda.

Revenue increased by 78% to more than R9 billion due to significantly higher average international coal prices linked to global oil and energy price increases, and stronger demand. Domestic prices followed this upward trend with international prices, however, declining in the last quarter of 2008 following the global economic crisis.

The commodity business reported an annual record net operating income of R2,7 billion, an increase of 200% compared to 2007 despite inflationary pressures, especially in respect of labour and diesel costs, exploration costs for Moranbah South in Australia and higher expenditure on projects in the Waterberg and Mpumalanga province.

Mineral Sands

KZN Sands

KZN Sands reported lower production volumes as a result of the Furnace 2 water ingress incident at the end of February 2008 with only Furnace 1 being operational for the remainder of the year. Titanium slag was 63kt lower at 113kt than for the comparable period in 2007. Furnace 1 performed well by producing more than 95kt of slag equivalent to 87% of cold feed capacity. Low manganese pig iron production was in line with the decreased slag throughput while ilmenite production was aligned with the lower smelter feed requirements at 138kt lower than the corresponding period in 2007.

Revenue was R10 million lower but net operating profit increased by R188 million compared to the corresponding period in 2007 due to improved prices, a weaker local currency and cost savings.

Continued improvement initiatives are impacting positively on production with the Furnace 2 start-up in early December 2008, ramping up according to plan.

Australia Sands
Record synthetic rutile production was achieved during 2008 resulting from more stable operating conditions following the kiln shut in 2007. Although mineral production was lower as a result of the dredging operations moving through lower ore grade areas, successful business improvement initiatives to increase yield and recoveries partly offset the negative variance. The 2009 mine plan indicates a higher grade than 2008 which should positively impact on mineral production in 2009.

Pigment production was substantially lower than the comparative period in 2007 as a result of maintenance related issues, an emergency shut at one of the critical raw material suppliers, the rebuild of all four chlorinators and interruptions in gas supply during the first quarter of 2008 as previously reported. Several initiatives have been implemented to improve the performance of the pigment plant and in December 2008 pigment production improved to pre-2008 levels. A stronger pigment production performance is expected in 2009.

The lower production, increased maintenance cost at the pigment plant and a rapid escalation in process chemical costs and energy consumables, combined with the strong Australian dollar in the first half of 2008, led to a R142 million decrease in net operating profit compared to the previous year. The decline in operating profit was partially offset by stronger pigment prices and the weakening of the Australian dollar during the last quarter of 2008.

The Australian dollar weakened from an average of 0,87 US cents to the Australian dollar for the six months ended 31 December 2007 to an average rate for the six months ended 31 December 2008 of 0,77 US cents. The improved mineral production and weaker Australian dollar in the second half of 2008 led to a net operating profit of R57 million, compared to a loss of R139 million in the first half of 2008.

At 31 December 2008, currency hedging of AU$51 million was in place at an average rate of 0,76 US cents to the Australian dollar.

Namakwa Sands
Exxaro acquired effective ownership of Namakwa Sands on 1 October 2008 for an adjusted consideration of R2,8 billion, consisting of the cash price of R2 billion, a working capital adjustment of R199 million, capital expenditure on the mineral separation project (MSP Project 1000) of R448 million and R121 million to compensate Anglo Operations Limited for its taxation recoupment. The capitalised price adjustments result in either a subsequent cash inflow or additional future deduction from taxable income for Exxaro KZN Sands.

Annual records were achieved for zircon, titanium slag and pig iron production. The record zircon production was attributable to higher grades and improved plant efficiencies. The record smelter production resulted from Furnace 2 operating on full power of 35MW following the de-bottlenecking of process difficulties which increased slag and iron tapped despite the power cutbacks in the first quarter of 2008.

Efficiency improvements at the smelter operations include annual records reported for the chlorinatable (CP) slag ratio at 84,5% compared to a previous best 82,5%, and iron recovery at 91.3% compared to the previous record of 90,3%.

The 44% increase in revenue is due to record product sales of 416kt at stronger zircon and average pig iron prices and a weaker local currency. A record net operating profit of R499 million was recorded for the year at an operating margin of 27%.

Base Metals

Production of zinc metal at the Zincor refinery of 87kt was 14% lower than the corresponding period in 2007. This was due to limited power supply and a total plant black-out following a transformer failure causing major delays and instability through-out the plant during the second half of 2008, as well as the extended shut and rebuild of two roasters and the acid plant.

Zinc metal sales, however, remained in line with the corresponding period in 2007 despite a drastic reduction in the second half as a result of the global economic crisis causing a sharp decline in the local market.

Production of zinc concentrate at the Rosh Pinah mine of 94kt is in line with 2007 although lower metal content grades were experienced. This was caused by plant stoppages and instability from equipment failures at the crushing and flotation circuits of the plant and failures due to unstable electricity supply. A capital replacement programme of the flotation circuit is planned for the second half of 2009 while the crushing circuit was fully refurbished during the second half of 2008.

Zinc concentrate railed from Rosh Pinah was 11% lower as problems experienced with the availability of railway wagons led to lower imports of cement into Namibia and subsequent backhaul of concentrate. Lead sales were higher than in 2007 due to rescheduled shipments.

Revenue for the year decreased by 33% to R1,8 billion mainly as a result of lower zinc prices and marginally lower sales. The average zinc price for the year of US$1 874 was 42% lower than the equivalent average of US$3 231 in 2007.

Net operating profit declined substantially from a profit of R688 million in 2007 to a loss of R172 million due to lower revenue coupled with increased operating costs resulting from higher than inflation increases in electricity, diesel and labour, high maintenance expenses and an increase in the provision for environmental rehabilitation at Zincor of R87 million.

The divestment of a 43% interest in Rosh Pinah Zinc Corporation (Pty) Limited to Namibian shareholder groupings, effectively reducing Exxaro shareholding to 50.04%, became effective on 1 July 2008. Exxaro retains operational control of the mine.

At 31 December 2008 a total of 18kt representing 60% of Rosh Pinah's projected lead sales were hedged forward until 2011 at an average price per tonne of R16 089 and 78kt representing 60% of Rosh Pinah's projected zinc sales at an average price of R19 619.

Production at the Chifeng refinery was 101ktpa for the year compared to a design capacity of 110ktpa. An equity accounted loss of R4 million was incurred compared to a loss of R18 million for the corresponding period in 2007.

Industrial Minerals

The group is currently evaluating the proposed divestment of its interest in the Glen Douglas dolomite mine.

ADDENDUM 2:

GROWTH OPPORTUNITIES

CAPITAL EXPENDITURE AND PROJECT PIPELINE

Following the credit crisis and global economic meltdown in the second half of 2008, Exxaro is reviewing its capital expenditure programmes, including sustaining capital, as well as its project pipeline. The group will focus on the successful implementation of committed expansions while re-prioritising other identified growth opportunities,

Coal

Subsequent to Exxaro Board approval in August 2008 for the coal supply agreement and the implementation of the project to expand the Grootegeluk mine at a capital cost of R9 billion, Exxaro and Eskom concluded an agreement in September 2008 for the supply of 14,6Mtpa of power station coal, for 40 years, from Grootegeluk mine to Eskom's adjacent Medupi power station which is currently under construction. The first coal is anticipated to be supplied during the last quarter of 2011 with full production from 2014 onwards.

The development of the Diepspruit reserve at New Clydesdale is planned to produce its first coal in the second quarter of 2009. At full production, the R136 million project will produce 1,3 Mt run of mine coal for beneficiation at NCC for supply to the export steam coal market.

The commissioning and start of ramp-up of the Sintel char plant at Grootegeluk mine for the production of reductants for the ferroalloy industry has been delayed to February 2009 after the failure of the refractory lining of the four retorts during the heating process. The revised plan is to commission all four retorts by the end of June 2009 with full production of 160ktpa estimated to be reached by end of 2009.

Commissioning and ramp-up to full capacity of the Mafube expansion project at a capital cost of R1,9 billion has been completed. The mine will produce 3Mtpa of export steam coal and 2Mtpa of power station coal. Exxaro's 50% joint venture participation with Anglo Coal, although still awaiting fulfilment of all the conditions precedent, added 733kt to the overall export volumes allowing the group to take advantage of the higher average export prices experienced during the year.

Exploration of the hard coking coal resource on the adjacent properties of Moranbah South and Grosvenor South in Queensland, Australia continues to progress according to schedule. Exploration is focused on geological work to delineate long-wall mining resources. The potential for bord and-pillar mining operations will also be explored. Moranbah South has the potential to produce premium quality hard coking coal.

A pre-feasibility study and geological exploration work on a potential greenfields mine adjacent to the Grootegeluk mine with the capability of supplying the market with power station and metallurgical coal, is being progressed.

Mineral Sands

The feasibility study for the construction of the Fairbreeze mine south of the existing Hillendale mine, is being updated with start of construction targeted for the second half of 2009. Production is planned for the first half of 2011 after the mining of Braeburn and Braeburn extension in the next three years.

The feasibility study of the Port Durnford mine, located to the south-west of Hillendale mine is progressing. This mine could supply the KZN furnaces for longer than 20 years, if proven viable.

Implementation of the Tiwest Kwinana pigment expansion project for an additional 40ktpa production is on track with commissioning targeted for the first quarter of 2010. Exxaro is funding 100% of the AU$100 million expansion project.

Base Metals
Exploration activities in Turkey for zinc, lead, copper and iron ore prospects are still in the early stages with further participation being critically reviewed in the current depressed economic environment. A total of R110 million was expensed for the year on acquisition and exploration costs.

Following Exxaro's decision in the first half of 2008 not to participate in the planned expansion of the Chifeng refinery by a further 100ktpa, the project has been indefinitely postponed in the light of the substantial decline in demand for zinc metal.

Ends