

Decrease in LTIFR to  
**0,22;**  
regrettably one fatality

Revenue increase by 22% to  
**R9,6 billion**

Reviewed group interim financial results and unaudited physical information for the six-month period ended 30 June 2011

CONDENSED GROUP INCOME STATEMENT

	6 months ended 30 June 2011 Reviewed Rm	6 months ended 30 June 2010 Reviewed Rm	12 months ended 31 Dec 2010 Audited Rm
Revenue	9 324	7 508	16 355
Operating expenses	(7 779)	(6 195)	(13 854)
<b>Net operating profit (note 2)</b>	<b>1 545</b>	<b>1 313</b>	<b>2 501</b>
Net financing cost (note 4)	(160)	(22)	(434)
Share of income from investments and equity-accounted investments	2 529	1 636	3 719
<b>Profit before tax</b>	<b>3 914</b>	<b>2 727</b>	<b>5 786</b>
Income tax expense	(734)	(372)	(618)
<b>Profit for the period from continuing operations</b>	<b>3 180</b>	<b>2 355</b>	<b>5 168</b>
<b>Profit for the period from discontinued operations</b>	<b>34</b>	<b>19</b>	<b>67</b>
<b>Profit for the period</b>	<b>3 214</b>	<b>2 374</b>	<b>5 235</b>
<b>Profit attributable to</b>			
Owners of the parent	3 205	2 408	5 208
– continuing operations	3 185	2 356	5 164
– discontinued operations	20	52	44
Non-controlling interests	9	(34)	27
– continuing operations	(5)	(2)	(8)
– discontinued operations	14	(32)	35
<b>Profit for the period</b>	<b>3 214</b>	<b>2 374</b>	<b>5 235</b>

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	6 months ended 30 June 2011 Reviewed Rm	6 months ended 30 June 2010 Reviewed Rm	12 months ended 31 Dec 2010 Audited Rm
<b>Profit for the period</b>	<b>3 214</b>	<b>2 374</b>	<b>5 235</b>
<b>Other comprehensive income</b>			
Exchange differences on translating foreign operations	232	(49)	(9)
Exchange differences realised on sale of subsidiary	(3)		
Cash flow hedges	(1)	288	227
Share of comprehensive income of associates	59	30	40
Income tax relating to components of other comprehensive income	(13)	(100)	(115)
<b>Net gain recognised in other comprehensive income</b>	<b>274</b>	<b>169</b>	<b>143</b>
<b>Total comprehensive income for the period</b>	<b>3 488</b>	<b>2 543</b>	<b>5 378</b>
<b>Total comprehensive income attributable to</b>			
Owners of the parent	3 493	2 590	5 408
– continuing operations	3 469	2 344	5 226
– discontinued operations	24	246	182
Non-controlling interests	(5)	(47)	(30)
– continuing operations	(2)	(6)	(12)
– discontinued operations	(3)	(41)	(18)
<b>Total comprehensive income for the period</b>	<b>3 488</b>	<b>2 543</b>	<b>5 378</b>
Ordinary shares (million)			
– in issue	359	358	358
– weighted average number of shares	348	346	347
– diluted weighted average number of shares	362	361	361
Attributable earnings per share continuing operations (cents)			
– basic	915	681	1 488
– diluted	880	653	1 431
Attributable earnings per share discontinued operations (cents)			
– basic	6	15	13
– diluted	5	14	12
Aggregate attributable earnings per share (cents)			
– basic	921	696	1 501
– diluted	885	667	1 443

RECONCILIATION OF HEADLINE EARNINGS

	Gross Rm	Tax Rm	Non-controlling interest Rm	Net Rm
<b>6 months ended 30 June 2011 (Reviewed)</b>				
Profit attributable to owners of the parent				3 205
Adjusted for:				
– impairment of property, plant and equipment	439			439
– gains or losses on disposal of property, plant and equipment	(11)	3		(8)
– gains or losses on the disposal of subsidiaries	(1)			(1)
– share of associates' gains or losses on disposal of property, plant and equipment	2			2
<b>Headline earnings</b>	<b>429</b>	<b>3</b>		<b>3 637</b>
Headline earnings from continuing operations				3 178
Headline earnings from discontinued operations				459
<b>6 months ended 30 June 2010 (Reviewed)</b>				
Profit attributable to owners of the parent				2 408
Adjusted for:				
– impairment of property, plant and equipment	5	(1)		4
– gains or losses on disposal of property, plant and equipment	(53)	4		(49)
<b>Headline earnings</b>	<b>(48)</b>	<b>3</b>		<b>2 363</b>
Headline earnings from continuing operations				2 311
Headline earnings from discontinued operations				52
<b>12 months ended 31 December 2010 (Audited)</b>				
Profit attributable to owners of the parent				5 208
Adjusted for:				
– impairment of property, plant and equipment	4	(1)		3
– gains or losses on disposal of property, plant and equipment	(26)			(26)
– share of associates' gains or losses on disposal of property, plant and equipment	1			1
<b>Headline earnings</b>	<b>(21)</b>	<b>(1)</b>		<b>5 186</b>
Headline earnings from continuing operations				5 140
Headline earnings from discontinued operations				46
	6 months ended 30 June 2011 Reviewed	6 months ended 30 June 2010 Reviewed	12 months ended 31 Dec 2010 Audited	
Headline earnings per share (cents)				
– basic	1 045	683	1 495	
– diluted	1 005	655	1 437	
Headline earnings per share from continuing operations (cents)				
– basic	913	668	1 482	
– diluted	878	640	1 424	
Headline earnings per share from discontinued operations (cents)				
– basic	132	15	13	
– diluted	127	15	13	

CONDENSED GROUP STATEMENT OF CASH FLOWS

	6 months ended 30 June 2011 Reviewed Rm	6 months ended 30 June 2010 Reviewed Rm	12 months ended 31 Dec 2010 Audited Rm
<b>Cash flows from operating activities</b>			
– cash retained from operations	2 387	1 930	4 106
– net financing cost	(79)	(164)	(256)
– tax paid	(207)	(189)	(430)
– dividends paid	(1 058)	(352)	(1 056)
<b>Cash flows from investing activities</b>			
– capital expenditure	(1 827)	(1 042)	(2 677)
– proceeds from disposal of property, plant and equipment	429	57	60
– increase in investments	(33)	(59)	(149)
– dividends from investments and equity-accounted investments	1 625	638	1 817
– other	20	39	(29)
<b>Net cash inflow</b>	<b>1 257</b>	<b>858</b>	<b>1 386</b>
<b>Net cash flow from financing activities</b>			
– shares issued in terms of share option schemes	10	16	29
– increase in non-controlling interests' loans			6
– net borrowings repaid	(137)	(54)	(304)
<b>Net increase in cash and cash equivalents</b>	<b>1 130</b>	<b>820</b>	<b>1 117</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>2 140</b>	<b>1 023</b>	<b>1 023</b>
<b>Total cash and cash equivalents end of period</b>	<b>3 270</b>	<b>1 843</b>	<b>2 140</b>
Cash and cash equivalents classified as held for sale	68		
Cash and cash equivalents per statement of financial position	3 202	1 843	2 140
<b>Cash and cash equivalents end of period</b>	<b>3 270</b>	<b>1 843</b>	<b>2 140</b>

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	At 30 June 2011 Reviewed Rm	At 30 June 2010 Reviewed Rm	At 31 Dec 2010 Audited Rm
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13 484	12 285	13 305
Biological assets	46	41	46
Intangible assets	185	78	75
Investments in unlisted associates (note 6)	4 725	3 009	3 880
Deferred tax	420	681	726
Other financial assets (note 6)	1 408	1 339	1 375
	20 268	17 433	19 407
<b>Current assets</b>			
Inventories	2 967	3 119	3 120
Trade and other receivables	3 901	3 175	3 752
Tax receivable	111	71	105
Cash and cash equivalents	3 202	1 843	2 140
	10 181	8 208	9 117
<b>Non-current assets classified as held for sale (note 7)</b>	<b>804</b>	<b>80</b>	<b>85</b>
<b>Total assets</b>	<b>31 253</b>	<b>25 721</b>	<b>28 609</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Equity attributable to owners of the parent	19 900	15 215	17 437
Non-controlling interests	(30)	(46)	(23)
	19 870	15 169	17 414
<b>Non-current liabilities</b>			
Interest-bearing borrowings	3 429	4 210	3 644
Non-current provisions	2 243	2 011	2 193
Deferred tax	1 536	1 252	1 353
	7 208	7 473	7 190
<b>Current liabilities</b>			
Trade and other payables	2 912	2 338	3 057
Interest-bearing borrowings	828	507	716
Tax payable	130	149	147
Current provisions	18	27	33
	3 888	3 021	3 953
<b>Non-current liabilities classified as held for sale (note 7)</b>	<b>287</b>	<b>58</b>	<b>52</b>
<b>Total equity and liabilities</b>	<b>31 253</b>	<b>25 721</b>	<b>28 609</b>
Net debt (note 8)	996	2 874	2 220
Net asset value per share (Rand)	55	43	49
Net tangible asset value per share (Rand)	55	42	48
Capital expenditure			
– incurred	1 827	1 042	2 677
– contracted	3 671	1 773	6 475
– authorised but not contracted	2 535	737	2 490
– share of associates' and joint ventures' contracted capital commitments not included above	514	419	556
Capital expenditure contracted relating to captive mines Tshikondeni, Arnot and Matla, which will be financed by ArcelorMittal South Africa Limited and Eskom, respectively	613	200	1
Contingent liabilities (note 9)	980	851	1 007
Contingent assets (note 10)	70	58	63
Operating lease commitments	69	98	132
Operating sublease rentals receivable	5	8	6

NOTES TO THE REVIEWED FINANCIAL STATEMENTS

1. Basis of preparation

The interim financial information for the six months ended 30 June 2011 has been prepared in accordance with IAS 34 *Interim Financial Reporting*, the requirements of the South African Companies Act, 71 of 2008, as amended, the AC 500 standards as issued by the Accounting Practices Board or its successor and in compliance with the Listings Requirements of the JSE Limited.

The group financial statements have been prepared on the historical cost basis excluding financial instruments and biological assets, which are fairly valued, and conform to International Financial Reporting Standards (IFRS). The accounting policies adopted are in terms of IFRS and are consistent with those applied in the annual financial statements for the year ended 31 December 2010.

During the first half of 2011 the following accounting pronouncements became effective:  
Amended IFRS 1 *First-time Adoption of International Financial Reporting*, Amended IFRS 7 *Financial Instruments: Disclosures*, Amended IAS 1 *Presentation of Financial Statements*, Revised IAS 24 *Related Party Disclosures* and Amended IAS 34 *Interim Financial Reporting*. These pronouncements had no material impact on the accounting of transactions or the disclosure thereof.

	6 months ended 30 June 2011 Reviewed Rm	6 months ended 30 June 2010 Reviewed Rm	12 months ended 31 Dec 2010 Audited Rm
<b>2. Net operating profit is arrived at after including</b>			
<i>Continuing operations</i>			
Depreciation, and amortisation of intangible assets	(638)	(628)	(1 323)
Net realised foreign currency exchange gains/(losses)	(14)	6	(124)
Net unrealised foreign exchange gains/(losses)	64	41	(32)
Derivative instruments held for trading: gains	190	148	544
Fair value adjustment on financial instruments: gains	6	6	13
Impairment charges (note 3)	(439)		
Impairment reversals/(charges) and write-offs of trade and other receivables	44	(72)	(45)
Write-down to net realisable value of inventories	(90)	(33)	(50)
Royalties	(78)	(62)	(78)
Net surplus on disposal of property, plant and equipment	11	53	25
<i>Discontinued operations</i>			
Depreciation, and amortisation of intangible assets	(20)	(29)	(57)
Net realised foreign currency exchange losses	(1)	(1)	(1)
Net unrealised foreign exchange gains	2	2	2
Derivative instruments held for trading: losses	(49)	(33)	(92)
Impairment charges (note 3)		(5)	(4)
Impairment charges and write-offs of trade and other receivables	(15)	(16)	(1)
Royalties			(36)
Net surplus on disposal of property, plant and equipment			1
<b>3. Impairment charges</b>			
Impairment of property, plant and equipment	(439)	(5)	(4)
Tax impact			1
Total impairments after tax	(439)	(5)	(3)
Impairment charges attributable to discontinued operations included in impairment charges above:		(5)	(4)
<b>4. Net financing cost</b>			
Interest expense and loan costs	(147)	(184)	(321)
Finance leases	(39)	(33)	(70)
Interest income	107	53	135
Net interest expense	(79)	(164)	(256)
Interest adjustment on non-current provisions	(96)	(75)	(199)
Net financing cost as per income statement	(175)	(239)	(455)
Total net financing cost			
– continuing operations	(160)	(222)	(434)
– discontinued operations	(15)	(17)	(21)

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

	Share capital Rm	Share premium Rm	Other components of equity					Attributable to owners of the parent Rm	Non-controlling interests Rm	Total equity Rm
			Foreign currency translations Rm	Financial instruments revaluation Rm	Equity settled Rm	Retained income Rm	Non-current provisions Rm			
<b>Balance at 1 January 2010 (audited)</b>										
Total comprehensive income	4	2 137	802	3	1 241	8 721	12 908	1	12 909	
Issue of share capital <sup>1</sup>		16	(19)	188		2 421	2 590	(47)	2 543	
Share-based payment movements					53		53		53	
Dividends paid <sup>2</sup>						(352)	(352)		(352)	
<b>Balance at 30 June 2010 (reviewed)</b>	4	2 153	783	191	1 294	10 790	15 215	(46)	15 169	
Total comprehensive income			(67)	25		2 860	2 818	17	2 835	
Issue of share capital <sup>1</sup>		13					13		13	
Share-based payment movements					95		95		95	
Non-controlling interests additional contributions								6	6	
Dividends paid <sup>2</sup>						(704)	(704)		(704)	
<b>Balance at 31 December 2010 (audited)</b>	4	2 166	716	216	1 389	12 946	17 437	(23)	17 414	
Total comprehensive income			220	36		3 237	3 493	(5)	3 488	
Issue of share capital <sup>1</sup>		10					10		10	
Share-based payment movements					18		18		18	
Non-controlling interests contribution								(2)	(2)	
Dividends paid <sup>2</sup>						(1 058)	(1 058)			

Net operating profit up 20% to  
**R1,6 billion**  
(despite impairment at Zincor)

Headline earnings per share up  
53% to **1 045 cents**  
per share

Interim dividend of **300 cents**  
per share; covered 3 times  
by attributable earnings

This report is available at: **www.exxaro.com**

Exxaro is a South African-based mining group, listed on the JSE Limited. Exxaro has a diverse and world-class commodity portfolio in coal, mineral sands, base metals and industrial minerals, with exposure to iron ore through a 20% interest in Sishen Iron Ore Company (SIOC). As the second-largest South African coal producer with capacity of 45 million tonnes per annum and the third-largest global producer of mineral sands, Exxaro is a significant participant in the coal and mineral sands markets and provides a unique listed investment opportunity into these commodities.

## COMMENTS

### OPERATING RESULTS

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 2011 and 2010, respectively.

### REVENUE

Group consolidated revenue increased by 22% to R9 615 million with the coal and mineral sands businesses being the main contributors.

Revenue was recorded at a stronger average exchange rate of R7,21 to the US dollar, compared to R7,81 in the corresponding period in 2010. For the Australian Mineral Sands business the comparative average exchange rates were USD0,96 cents and USD0,87 cents respectively.

### Coal

Revenue was 22% higher at R5 786 million, due primarily to increased export sales at higher international selling prices.

### Mineral Sands

Revenue improved 36% to R2 889 million, mainly due to the long anticipated increases in selling prices complemented by increased demand.

### Base Metals

Revenue was in line with that of the corresponding period as the higher average LME zinc selling prices and export volumes were offset by a stronger local currency.

### NET OPERATING PROFIT

The higher consolidated revenue recorded translated into higher consolidated net operating profit of R1 636 million, an increase of 20%, as the group continued to benefit from strong demand at generally higher selling prices, albeit at stronger exchange currencies.

### Coal

The coal business reported a 36% increase in net operating profit of R1 627 million (at an operating margin of 28%). An increase in export volumes at higher international selling prices combined with higher non-Eskom local sales at higher prices were partially offset by lower power station coal volumes to Eskom and inflationary pressures on distribution and maintenance costs.

### Mineral Sands

The mineral sands business reported a consolidated net operating profit of R652 million, driven by favourable selling prices, strong demand, improved operational efficiencies and continued cost containment, despite the impact of stronger local and Australian currencies.

KZN Sands recorded a marginal loss of R6 million compared to a profit of R61 million in the corresponding period which included a non-recurring insurance payment receipt of R98 million.

Namakwa Sands and Australia Sands recorded net operating profit increases of R247 million and R324 million, respectively. The higher profits were recorded at respective operating margins of 25% and 32%. Included in Australia Sands, is a profit of R24 million from the disposal of the interest in the Kwinana Pigment plant expansion.

### Base Metals

A net operating loss of R125 million was recorded prior to accounting for the impairment as continued operating challenges at the Zincor refinery were compounded by higher than inflation increases in electricity and maintenance expenditure. After an evaluation of the carrying value of the Zincor refinery, also taking due cognisance of the announcement made by the group on 29 July 2011, an impairment loss of R439 million was recorded, resulting in a consolidated net operating loss of R564 million. Moreover, a deferred tax asset of R153 million was derecognised at Zincor based on the expectation of it no longer being able to be utilised with future available taxable income.

### EARNINGS

Attributable earnings, inclusive of Exxaro's 20% interest in the post-tax profits of SIOC amounting to R2 375 million as well as the respective R5 million and R147 million contributions from the equity interests in Chifeng and Black Mountain, increased by 33% from R2 408 million to R2 205 million (or 921 cents per share).

Headline earnings recorded, which exclude the impact of any impairments, were R3 637 million (or 1 045 cents per share). This represents a 54% increase on the corresponding 2010 earnings of R2 363 million (at 683 cents per share).

### CASH FLOW

Cash retained from operations was R2 387 million from which taxation payments of R207 million, the final dividend for the 2010 financial year of R1 058 million and capital expenditure payments of R1 827 million were made. A total of R1 299 million of the capital expenditure was invested in new capacity while R528 million was for sustaining and environmental purposes. R1 267 million of the capital investment in new capacity was for the expansion of Grootegeluk mine to supply Eskom's Medupi power station.

After accounting for R1 625 million of dividends received, a net cash inflow of R1 257 million was recorded and contributed to the significant reduction in net debt in the six months to 30 June 2011.

Net debt of R2 220 million at 31 December 2010 decreased to R996 million at 30 June 2011, reflecting a debt to equity ratio of 5%.

Subsequent to the interim reporting date, Exxaro will pay an interim dividend of some R1 076 million and receive a dividend of R1 893 million from SIOC.

### SAFETY, HEALTH AND ENVIRONMENT

Despite strengthened safety awareness and prevention programmes through various initiatives to enhance hazard identification and safe behaviour, regrettably one fatality was suffered during the period under review. Shuttle car operator Mandla Piet Mabaso was fatally injured underground at New Cyclesdale Colliery (NCC) on 16 February 2011. Subsequent to the interim reporting date, a further two fatalities occurred. On 8 July 2011, Johannes Jan Drotschie, a filter at Matla, was fatally injured underground while Colman Selebalo Thobejane, a contractor working for Isambane at Arnot mine in Mpumalanga, was fatally injured on surface on 11 July 2011. The average lost time injury frequency rate (LTIFR) per 200 000 man-hours worked for the six-month period improved to 0,22 from 0,25 at 31 December 2010.

Wellness of employees remains paramount with progress evident in the implementation of an HIV/AIDS voluntary counselling and testing programme. The target for testing for 2011 is 75% of employees compared to the 70% achieved in 2010.

All 16 operational business units are now ISO 14001 and OHSAS 18001 certified. Certification for the Grootegeluk Medupi Expansion Project (GMEP) which is still under construction, is in progress.

### REPORTED SEGMENT RESULTS

Reported segments are based on the group's different products and operations as well as the physical location of these operations and associated products.

	6 months ended 30 June 2011	6 months ended 30 June 2010	12 months ended 31 December 2010
	Reviewed Rm	Reviewed Rm	Audited Rm
<b>REVENUE</b>			
<b>Coal</b>	5 786	4 730	10 515
Tied operations	1 445	1 320	2 952
Commercial operations	4 341	3 410	7 563
<b>Mineral Sands</b>	2 889	2 130	4 640
KZN Sands	575	535	1 288
Australia Sands	1 191	702	1 551
Namakwa Sands	1 123	893	1 801
<b>Base Metals</b>	900	895	1 787
Rosh Pinah	291	283	674
Zincor	826	851	1 598
Inter-segmental	(217)	(239)	(485)
<b>Other</b>	40	97	213
<b>Total</b>	<b>9 615</b>	<b>7 852</b>	<b>17 155</b>
<b>NET OPERATING PROFIT</b>			
<b>Coal</b>	1 627	1 199	2 690
Tied operations	83	97	186
Commercial operations	1 544	1 102	2 504
<b>Mineral Sands</b>	652	148	179
KZN Sands	(6)	61	(66)
Australia Sands	378	54	138
Namakwa Sands	280	33	107
<b>Base Metals</b>	(564)	12	(113)
Rosh Pinah	86	48	143
Zincor <sup>1</sup>	(638)	(18)	(171)
Other	(12)	(18)	(85)
<b>Other</b>	(79)	4	(120)
<b>Total</b>	<b>1 636</b>	<b>1 363</b>	<b>2 636</b>

<sup>1</sup>Includes an impairment to the carrying value of property, plant and equipment of R439 million at 30 June 2011.

### OPERATIONS

#### Coal

##### Production

Total coal production volumes decreased by 10% as a result of lower power station coal volumes.

The commercial mines' power station coal production was 574kt or 6% lower than in the corresponding period. This was mainly due to lower production at Grootegeluk as a result of lower demand by Eskom, partially offset by higher production at Leeuwpan due to the crush and screen plant commissioned during 2010. Equipment availability problems experienced by North Block Complex (NBC) also adversely impacted production. Power station coal production volumes were lower than the same period in 2010 mainly due to lower production at the Eskom tied mines. The underground production at Arnot was negatively affected by geological conditions and technical challenges, as well as the closure of the Mooifontein operation. Production at Matla was lower due to a focus on improved qualities.

Coking coal production increased marginally due to higher production at Grootegeluk based on increased demand, mainly from ArcelorMittal South Africa Limited (AMSA) while Tshikondeni's production was higher resulting from the mini-pits started in the first half of 2011.

Steam coal production was 8% higher with higher production at Leeuwpan. This was as a result of operational improvements to the dense medium separation (DMS) plant feed tempo being complemented by the benefit of improved coal availability after additional overburden stripping. Higher production was also recorded at Grootegeluk and the Matlube joint venture on the back of higher international demand and throughput improvements, respectively. However, this was partially offset by lower production at NBC and at NCC due to the closure of Haasfontein in the first half of 2011.

The char plant production was 58% higher than the corresponding period due to improved availability and feed rate.

#### Sales

Sales to Eskom were lower following the lower production.

Other domestic sales were 14% higher due to higher demand from AMSA in addition to higher spot sales from Leeuwpan.

Exxaro's coal strategy is to increase export volumes which contributed to a 13% improvement in exports mainly due to higher railings by TFR despite the 21-day maintenance shut and the derailments in the first half of 2011.

Reductants' higher production in turn resulted in the 42% higher sales from the Char plant.

#### Mineral Sands

##### Production

At KZN Sands, heavy minerals concentrate (HMC) production was 32kt lower due to the Hillendale mine nearing its end of life, resulting in 4kt lower zircon and 1kt lower rutile production. The lower HMC, together with the fact that only one furnace was operational for the full period under review (after Furnace 2 suffered a burn through in October 2010), also resulted in lower titanium slag production.

Namakwa Sands recorded higher zircon and rutile production of 6kt and 3kt, respectively. With greater uptimes of the furnaces, titanium slag production increased with 31kt.

At Australia Sands, synthetic rutile production increased due to improved consistency in production together with the reduction of coal quality problems which adversely affected the plant in the past. Zircon production was marginally lower as a result of harder digging conditions.

Pigment production was significantly higher following the commissioning and ramp-up of the pigment plant expansion combined with improved performance from the existing plant. On 30 June 2011, Tronox Western Australia exercised its reinstatement right to buy back into the pigment plant expansion, culminating in a subsequent net cash inflow of R469 million to Australia Sands, thereby compensating Exxaro for the funding of the expansion.

#### Sales

Total sales volumes were in line with the previous corresponding period, albeit at a different overall product mix at more favourable selling prices.

#### Base Metals

##### Production

Zinc concentrate production at Rosh Pinah was 9kt lower resulting from a planned shut in May 2011.

Production of zinc metal at the Zincor refinery of 41kt was marginally lower which can be attributed to downtime in the acid plant and throughput limitations on the purification circuit.

#### Sales

Dispatches of zinc concentrate were 24% lower due to logistical challenges following the heavy rains in Namibia in the first quarter of 2011.

Zinc metal exports were 30% higher at 17kt based on increased demand.

A total of 60% of Rosh Pinah's projected zinc and lead concentrate sales were hedged during 2008 for the period July 2008 to December 2011 at forward prices ranging from US\$2 215 to US\$1 887 for zinc and US\$2 385 to US\$ 1 771 for lead. Actual hedging gains were R19 million more than the corresponding period in spite of lower commodity prices. These hedges mature in the second half of 2011.

### CAPITAL EXPENDITURE AND PROJECT PIPELINE

The group continues to take due cognisance of the pace of the recovery in the global economy as well as macro-economic fundamentals in its evaluation and prioritisation of growth projects in line with the group's approved commodity strategy.

#### Coal

Construction of GMEP to supply Eskom with 14,6 Mtpa of coal for the Medupi power station, continues to progress well and is anticipated to be completed on time and within budget.

The detailed design for first coal supply has been completed for most disciplines, with some minor work continuing to the end of August 2011. Overall project progress was at 54% completion on 30 June 2011. The total project spent to date is some R2 billion with total capital expenditure for the project still forecast at R9,5 billion. Total funds committed to date, amount to approximately R5 billion.

The R4,5 billion bridge loan facility with a consortium of financiers is still in place with draw-down of the loan now only expected in the third quarter of 2011.

Thabametsi is a prospective greenfields mine adjacent to Grootegeluk mine in the Waterberg. The development of the project will coincide with the Department of Energy's (DoE's) formalisation, establishment and implementation of the National Integrated Resource Plan 2010 (NIRP 2010). The NIRP 2010, issued at the end of March 2011, indicates that coal-fired base-load independent Power Producer (IPP) power stations have been brought forward in the energy mix, paving the way for the development of Thabametsi as a supplier of coal to a base load IPP. First coal production could be achieved by 2016/17, but is dependent on the Waterberg IPP and water supply development schedules.

Exxaro entered into a prospecting joint venture agreement with Sasol Mining to investigate the commercial viability of the development of a new coal mine in the Waterberg to supply Sasol's potential new 80 000 barrels per day inland coal-to-liquids facility (Project Mafutha). Project Mafutha is still in a pre-feasibility study phase. The activities on the project have been scaled down, pending the satisfactory outcome on work relating to primary areas such as gasification demonstration testing and government's participation and support for the project.

The integrated infrastructure plan for the Waterberg coalfields is being implemented with relevant stakeholders to provide for the supply of raw water to the area as well as rail, road and housing requirements.

The sintel char plant at Grootegeluk mine to produce reductants for the ferroalloy industry has been fully commissioned, with all four retorts in operation. Exxaro is progressing its evaluation of the phase 2 expansion to produce a further 140ktpa of char as well as a bankable feasibility study to produce market coke from semi-soft coking coal at Grootegeluk. These studies are now only expected to be completed during the first half of 2012.

The bankable feasibility study, which includes comprehensive specialist studies as required by relevant environmental and water legislation in respect of the Belfast project, are still in process and will be submitted to the relevant authorities in the fourth quarter of 2011. Start-up and first production is still anticipated in 2014.

Exploration of the hard coking coal resource on the Moranbah South properties in the Bowen Basin of Queensland, Australia, is continuing, with the joint venture partners still targeting conclusion of the feasibility study in the latter part of 2012. This project is a 50% joint venture with Anglo American and has the potential to produce premium-quality hard coking coal.

#### Energy

The initiative to form an energy company with equity funding partners to focus on a number of cleaner energy projects has progressed well with interested potential strategic equity partners conducting their respective due diligence studies on a number of existing energy projects.

A bankable feasibility study for a 14MW co-generation plant at Namakwa Sands has been completed. Construction is scheduled to start in January 2012 with commercial operation anticipated to be in November 2012. The total capital expenditure for the project is estimated to be R252 million, with registration for carbon credits also under way.

The pre-feasibility study for the 60MW co-generation plant at Grootegeluk mine is in the final stages and is expected to be completed by end of 2011. This market coke co-generation operation has the potential to produce electricity from coke oven off-gas.

Gas is now being flared from all five holes of the five-spot coal bed methane project in Botswana, with an increasingly positive indication of the potential for economic gas flow to be proven. It is expected to have a much clearer indication of the potential for economic gas flow by the end of 2011.

The facilitation for the development of a 600MW coal fired power station in the Waterberg is under way. Non-binding term sheets for the off-take of 1 150MW of electricity have been signed between Exxaro and industrial off-takers. The project is one of the options being investigated to enable the Thabametsi coal mine. While the pre-feasibility study has progressed, a formal request for proposal for a 600MW coal-fired base load power station was issued to IPPs on 14 June 2011. Evaluation and selection to short-list the IPPs has commenced, in order to select the preferred IPP by the end of 2011.

#### Mineral Sands

A decision was taken by the Exxaro board of directors during the first half of 2011 to proceed with the development of the Fairbreeze mine as a replacement feedstock producer for Hillendale mine at KZN Sands. Detailed design has commenced on the Fairbreeze project and construction is expected to commence in the second half of 2011, subject to customary regulatory and environmental approvals. These are expected to be obtained in the second half of 2011. A reversal or partial reversal of the previous impairments of the carrying value of the assets at KZN Sands will also be considered in the second half of 2011. The Hillendale ore body will be depleted by the end of 2012 after which the plant will be relocated to a central position at Fairbreeze. The commissioning is anticipated to occur in the first half of 2014.

#### Ferrous

Exxaro made an off-market takeover bid for Australian junior miner Territory Resources on 23 May 2011 of AUD0,46 cents per share. The majority of Territory's Board supported Exxaro's offer, however, this was overturned when Noble Resources, the biggest shareholder of Territory at 32%, made an AUD0,50 cents per share, unconditional on-market counter offer for the company on 9 June 2011. Exxaro declined the opportunity to raise its offer. The group continues to evaluate opportunities aligned with its strategy to establish a direct footprint in iron ore.

The construction of the 5,3m diameter ferromanganese furnace (Project Letaba), in partnership with Assmang Limited to commercialise Exxaro's Allostream™ technology, is progressing as planned. The demonstration facility is still scheduled to be completed in the second half of 2011.

#### Base Metals

The formal process to divest from Exxaro's zinc business commenced in May 2011 with invitations being sent to interested parties. Exxaro received indicative offers for only Rosh Pinah mine from a number of parties who were subsequently shortlisted to conduct a detailed due diligence with the view to submit final binding bids. It is planned to have the process completed by the end of 2011, subject to obtaining certain regulatory approvals. No offers were received for the Zincor operation. In the meantime, the Zincor operation has been appropriately impaired. This was as a result of significant changes in the manner in which the asset is expected to be used coupled with a reassessment of the assets' carrying value subsequent to the announcement made on 29 July 2011.

#### CONVERSION OF MINING RIGHTS

Engagement with the relevant stakeholders continues in order to process the registration of new order mining rights granted. The conversion of mining rights for Arnot and Glisa (a part of NBC) is under way. Three mining rights converted for Tshikondeni, Matla and Strathrae (also part of NBC) still await execution by the Department of Mineral Resources (DMR). New order mining rights for Belfast are in different phases of application and processing.

#### CHANGES TO THE BOARD AND COMPANY SECRETARIAT

Maria Susanna (Marie) Viljoen, Company Secretary of first Kumba and then Exxaro since 1 August 2001, has retired with effect from 30 June 2011. The board of directors has appointed Catharina Helena (Carina) Wessels as Group Company Secretary with effect from 1 July 2011 in her stead. Carina holds LLB and LLM degrees, is an admitted advocate of the High Court of South Africa, and is a Fellow and Senior Vice-President of the Chartered Secretaries Southern Africa.

#### OUTLOOK

The positive market recovery for coal in terms of price and demand are set to continue in the second half of 2011, amid the existing logistical challenges. Following the commissioning of Phase V expansion at Richards Bay Coal Terminal (RBCT), Exxaro's export entitlement should be 6,3Mtpa, but only some 2,9Mtpa of this will be available in 2011. The remainder of the exports planned can only be achieved by selling on a free-on-rail basis, the lease of export entitlement, and exports via Maputo in Mozambique.

Market conditions on the mineral sands business are favourable and the demand for all products is strong. The upward trend in prices should continue in the medium-term given current supply and demand imbalances.

Subsequent to the in-principle decision announced on 29 July 2011 to permanently cease the production of zinc at Zincor, Exxaro is evaluating the retrenchment of Zincor employees unless a feasible alternative is identified.

The equity accounted contribution from SIOC should continue to be positively impacted by anticipated higher iron ore prices and continued strong demand.

The strength of the local currency and Australian dollar against the US dollar will continue to impact on the group's financial results. At 30 June 2011, Exxaro has USD234 million of hedging in place at an average exchange rate of R7,34 for the local operations and USD27 million at an average rate of USD0,99 cents to the AUD for the Australian operation.

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

#### INTERIM DIVIDEND

The board of directors has declared an interim cash dividend number 17 of 300 cents per share in respect of the 2011 interim period. The dividend has been declared in South African currency and is payable to shareholders recorded in the register of the company at the close of business on Friday, 23 September 2011.

In compliance with the requirements of Strate, the electronic and custody system used by the JSE, the following dates are applicable:

Last date to trade <i>cum</i> dividend	Friday, 16 September 2011
Shares trade <i>ex</i> dividend	Monday, 19 September 2011
Record date	Friday, 23 September 2011
Payment date	Monday, 26 September 2011

Share certificates may not be dematerialised or rematerialised during the period Monday, 19 September 2011 and Friday, 23 September 2011, both days inclusive.

On Monday, 26 September 2011 the cash dividend will be electronically transferred to the bank accounts of all certificated shareholders where this facility is available. Where electronic fund transfer is not available or desired, cheques dated 26 September 2011 will be posted on that date. Shareholders who have dematerialised their share certificates will have their accounts at their CSDP or broker credited on Monday, 26 September 2011.

On behalf of the board

<b>Len Konar</b> Chairman	<b>Sipho Nkosi</b> Chief Executive Officer	<b>Wim de Klerk</b> Finance Director
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17 August 2011

## UNAUDITED PHYSICAL INFORMATION ('000 TONNES)

	6 months ended 30 June 2011	6 months ended 30 June 2010	12 months ended 31 December 2010
<b>Coal</b>			
<b>Production</b>			
Power station coal	15 700	18 269	36 767
Tied operations <sup>1</sup>	6 370	8 365	16 461
Commercial operations	9 330	9 904	20 306
Coking coal	1 241	1 187	2 419
Tied operations <sup>1</sup>	134	124	285
Commercial operations	1 107	1 063	2 134
Other coal	3 802	3 518	7 502
Char	77	49	114
<b>Total</b>	<b>20 820</b>	<b>23 023</b>	<b>46 802</b>
<b>Sales</b>			
Eskom	15 831	18 379	36 428
Tied operations <sup>1</sup>	6 376	8 356	16 438
Commercial operations	9 455	10 023	19 990
Other domestic coal	2 830	2 447	5 044
Tied operations <sup>1</sup>	166	117	260
Commercial operations	2 664	2 330	4 784
Coal export	2 084	1 842	4 106
Char	74	52	122
<b>Total</b>	<b>2</b>		