

## GROUP FINANCIAL RESULTS

For the 12-month period ended 31 December 2007



**SIPHO NKOSI**

**CHIEF EXECUTIVE OFFICER**



# OVERVIEW

- **Safety focus**
  - impact on mining industry
- **Exxaro's performance**
  - successful integration
  - improved production in 2H07
  - revenue exceeds R10 billion
  - headline earnings 425cps
  - total dividend 160cps
- **Mining rights**
  - conversion status
  - new applications
  - Namakwa Sands, Mafube and Igoda acquisitions
- **Skills shortage**





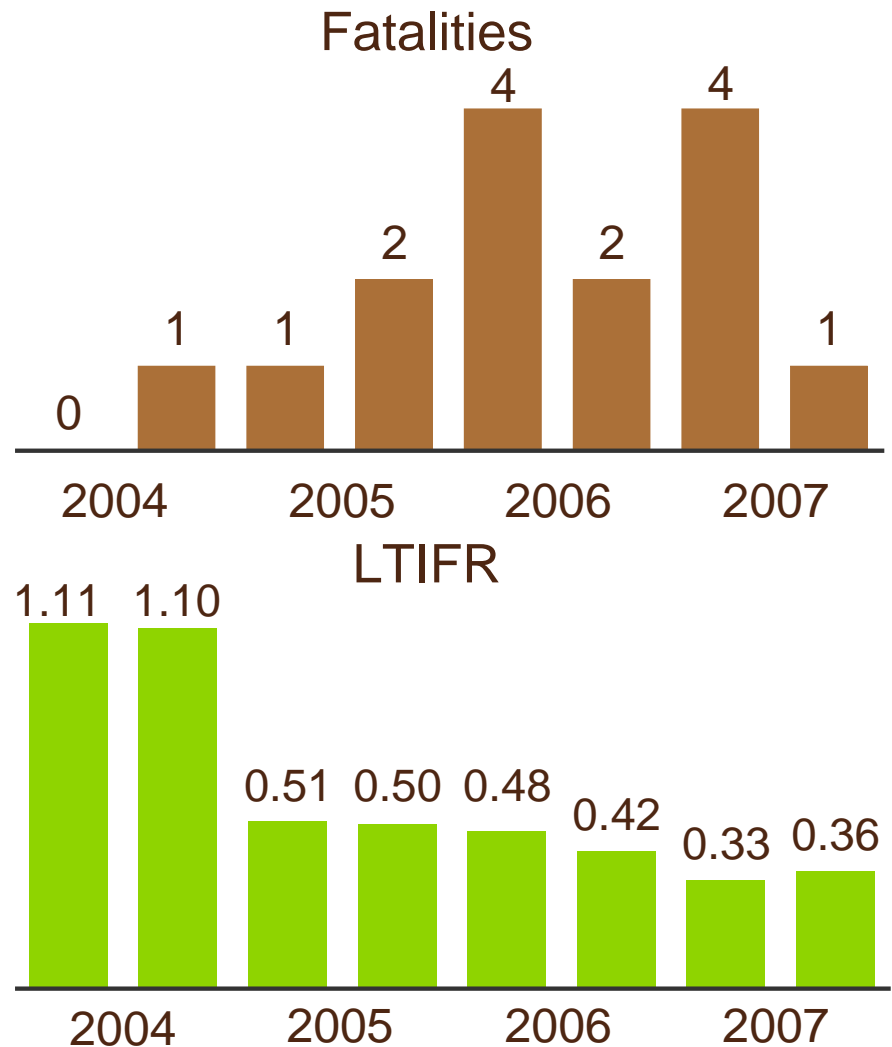
**MIKE KILBRIDE**

**CHIEF OPERATING OFFICER**



# SAFETY

- Overall improvement in safety performance
- Regrettably four mine-related and one public road fatality
- Some notable achievements in 2007
  - improvement in LTIFR to 0.36
  - five business units were LTI free
  - focused drive for improvement



Visible Felt Leadership is key to our SHE performance

# HEALTH AND ENVIRONMENT

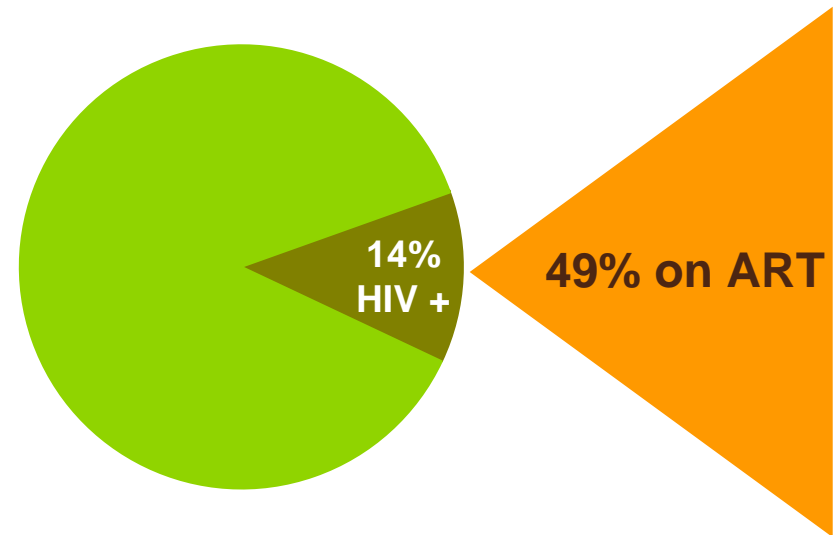
## Health

- Noise and dust programmes review
- Reduction in number of confirmed occupational diseases
- HIV/Aids programme:
  - encourage participation in VCT
  - facilitation to enrol in ART
  - strong peer educator programme drive

## Environment

- Ongoing rehabilitation focus
- Clean energy strategy approved to mitigate climate change
- International certification target -100% by end 2008 (ISO & OHSAS)

## HIV/Aids programme



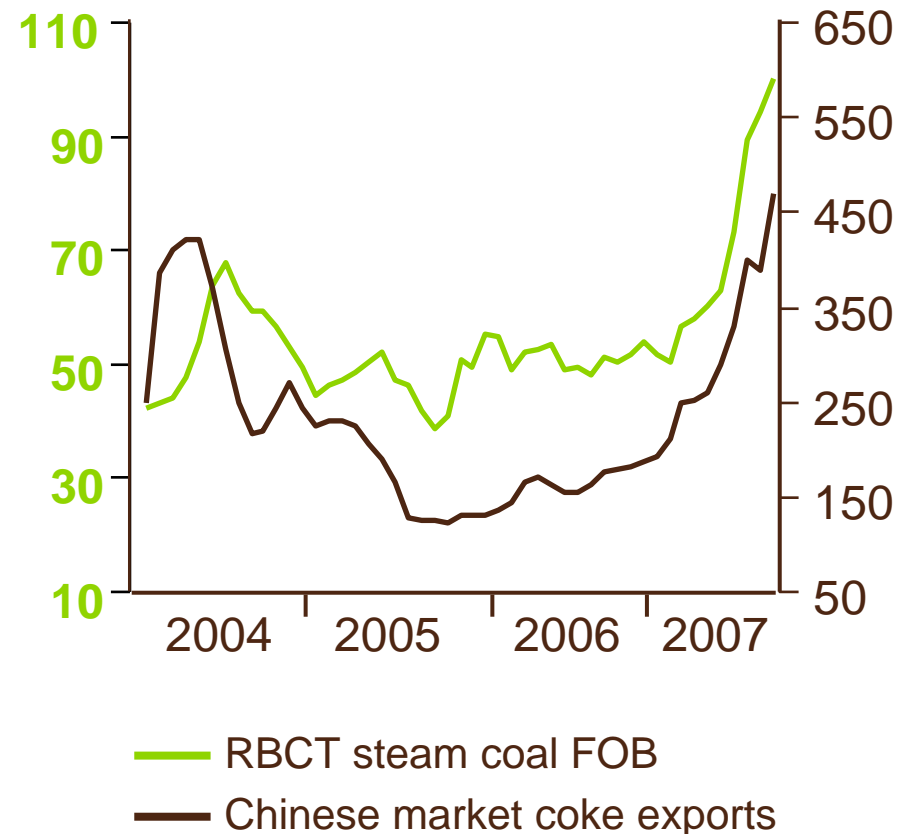
VCT participation (30%)



# COAL MARKETS

- Very strong domestic and international demand with tight supply
- Steam (thermal) coal prices > \$100 and remain at record high levels
- Coking coal prices recovered from 2Q06

Steam coal and coke prices (US\$/t)



Sources: SA Coal Report, CRU

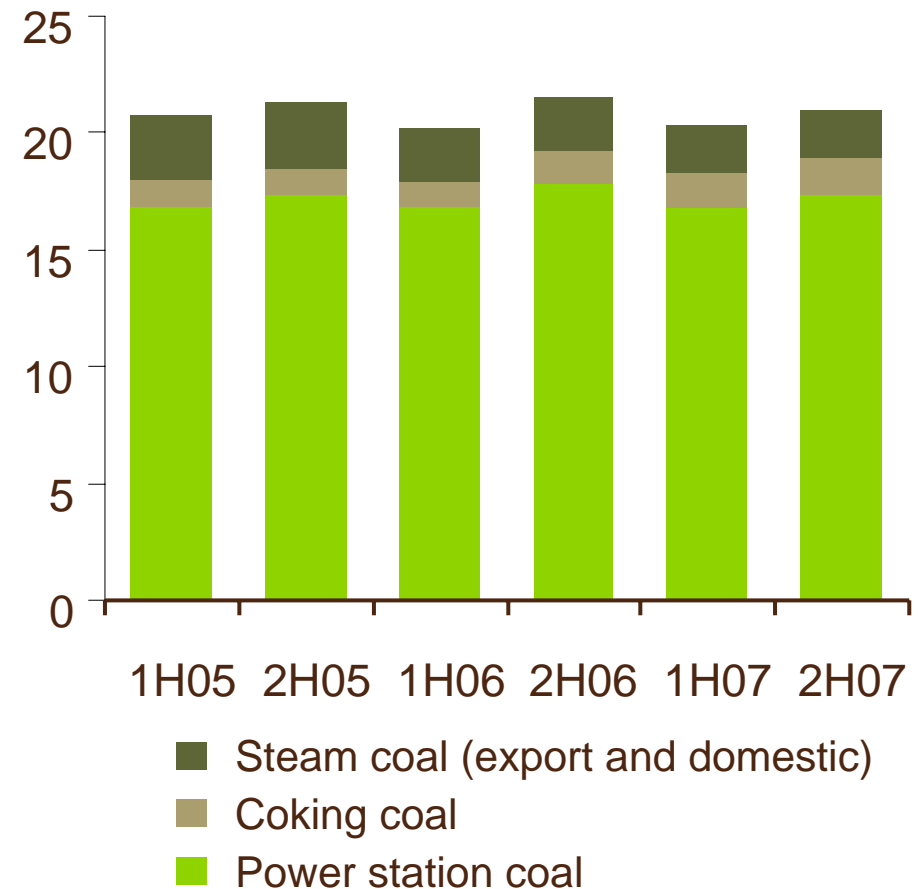


Growing demand

# COAL OPERATIONS

- Improved 2H07 resulting in 41.3Mt
- Power station coal (Eskom):
  - sales 34.2Mt
  - Matla and Arnot experienced difficult mining conditions
  - increased sales from Grootegeluk
  - NBC turnaround
- Coking coal production:
  - record due to GG6 ramp-up and Tshikondeni performance
- Export steam coal:
  - NCC underground closure
  - fast tracked Inyanda mine
  - failure of Leeuwpan reclaimer

Production volumes (Mt)

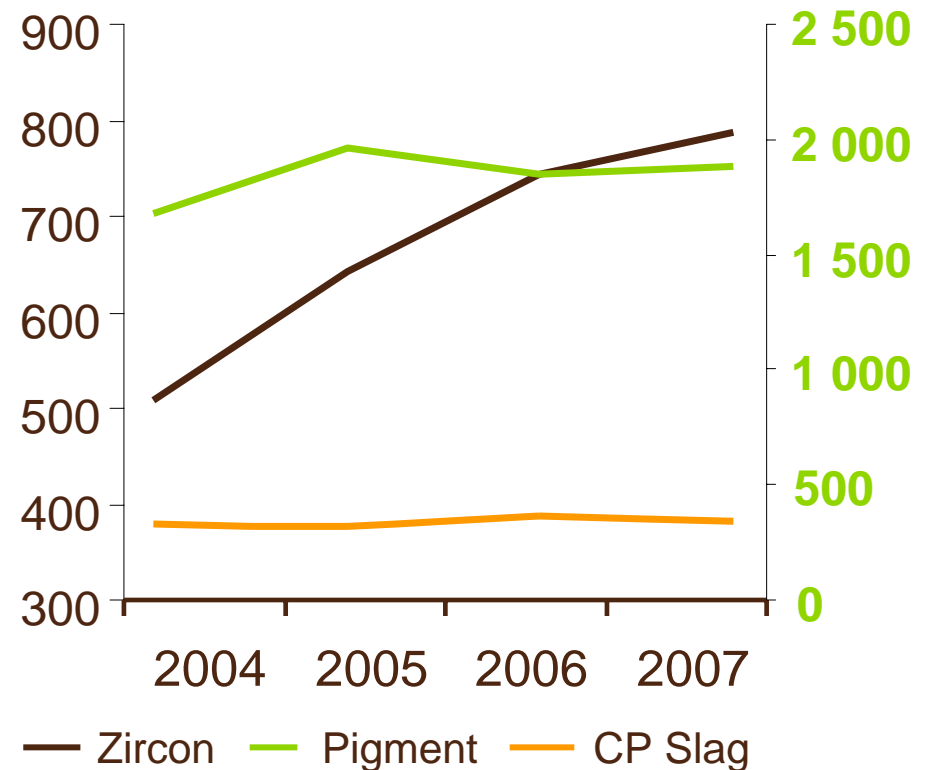




# MINERAL SANDS MARKETS

- Strong demand for pigment from Asia-Pacific and China
- Demand for zircon remains strong, additional supply resulted in downward price pressure
- Modest recovery in chloride process slag (CP slag) prices
- Buoyant low manganese pig iron prices
- Strength of AUD impacts on results

Zircon, pigment and CP slag prices (US\$/t – FOB)



Source: TZMI



Tight market conditions impacting the business

# MINERAL SANDS OPERATIONS

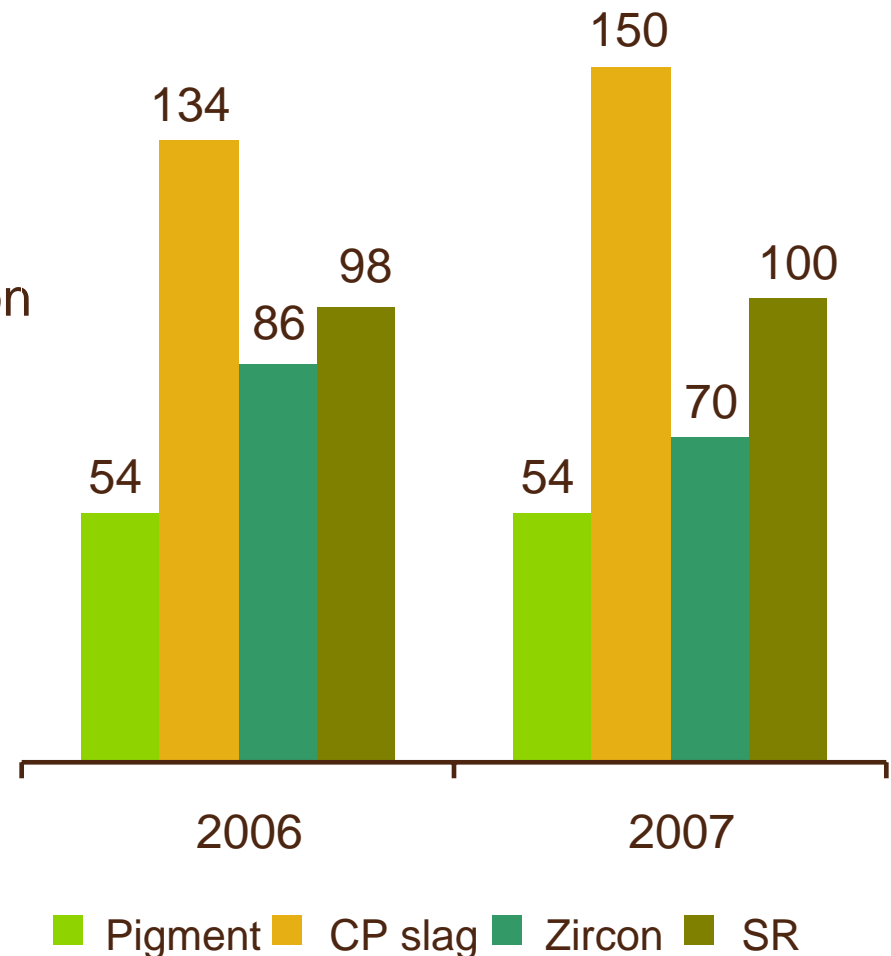
## Australia Sands

- Improved production:
  - good synthetic rutile (SR) plant performance
  - processed ilmenite stockpile
- Maintained record pigment production
- Zircon and rutile impacted by lower in-situ grades

## KZN Sands

- Improved furnace performance:
  - record CP slag
  - improved pig iron production
- Zircon and rutile impacted by lower in-situ grades

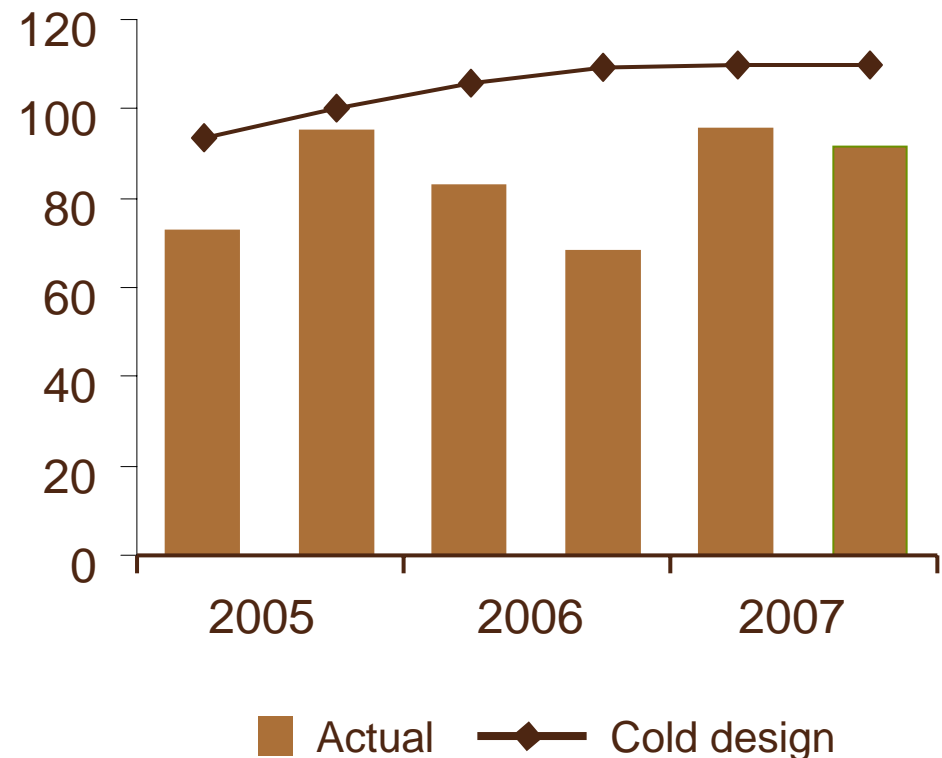
Attributable production (kt)



# KZN SANDS FURNACE RAMP-UP

- Current furnace output at 85% of cold-design capacity of 220ktpa
- Focus to achieve 250ktpa:
  - stable operating conditions
  - commission pre-heater
  - extend centre piece life
- Furnace reline schedule:
  - 4 yearly, 4 month outage
  - Furnace 2 in 2008
  - Furnace 1 in 2010
- Reviewing furnace technology

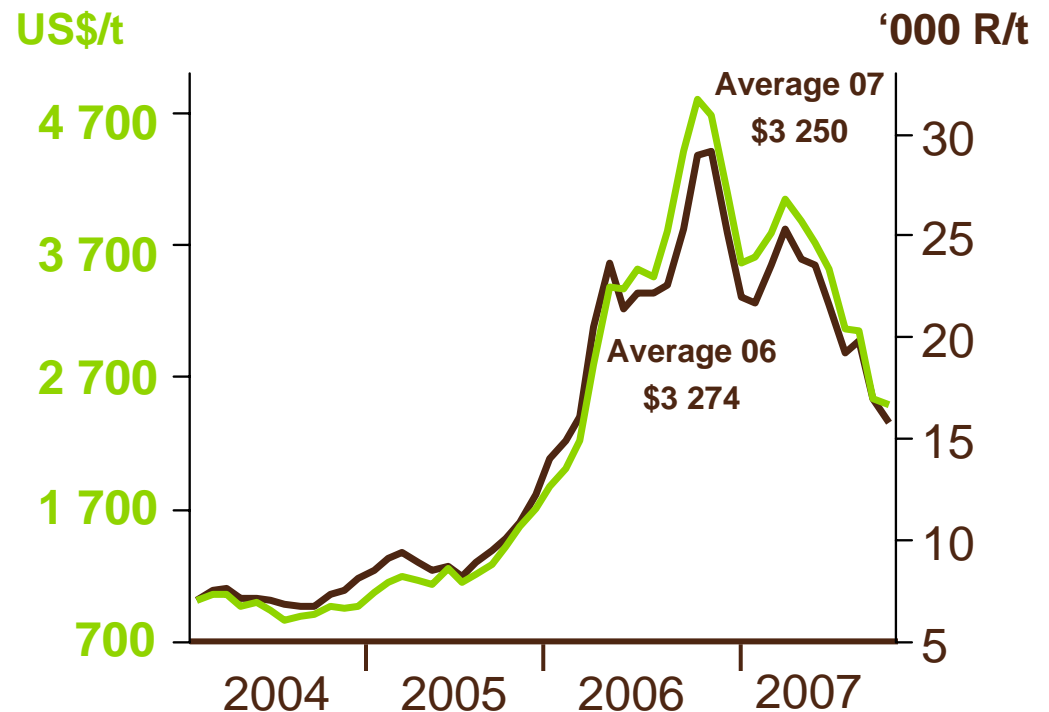
Furnace production (kt)



# ZINC MARKETS

- Sharp decline in USD price in the last quarter
- Local demand weaker due to downtime at continuous galvanising plants
- Strong international growth in refined zinc supply
- Treatment charges improved due to global oversupply of concentrate

Zinc metal price



Source: I-Net

# BASE METALS OPERATIONS

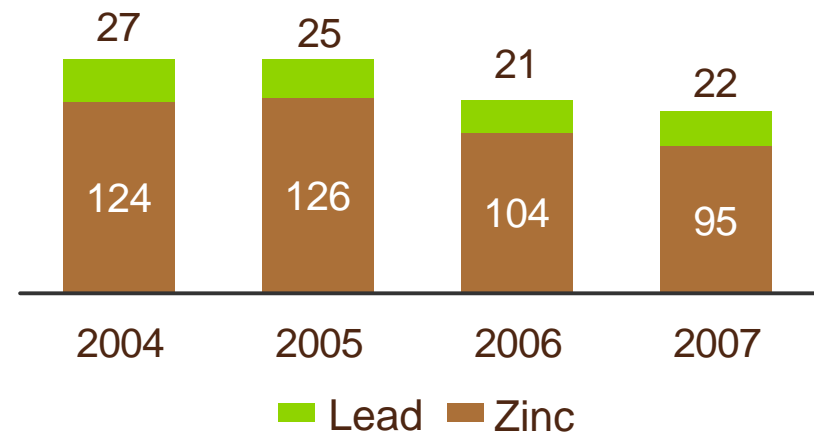
## Zinc concentrate (kt)

- Decline in production at Rosh Pinah due to floods, industrial action and plant performance

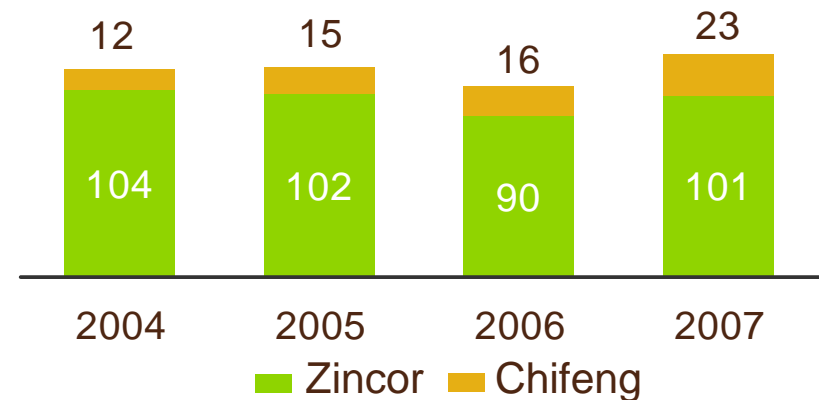
## Zinc metal (kt)

- Good improvement at Zincor due to better concentrate quality and stable plant performance
- Zincor Roaster No.4 rebuilt during 2H07
- Ramp-up of Chifeng Phase 3 capacity expansion

Concentrate production (kt)



Zinc metal production (kt)

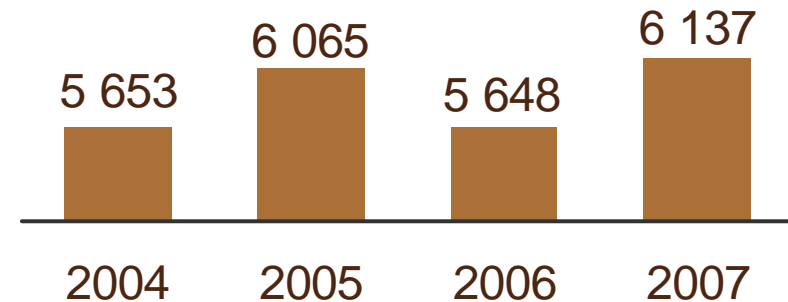


# INDUSTRIAL MINERALS OPERATIONS

## Ferrosilicon

- Sustained production performance
- High off-take from iron ore mines

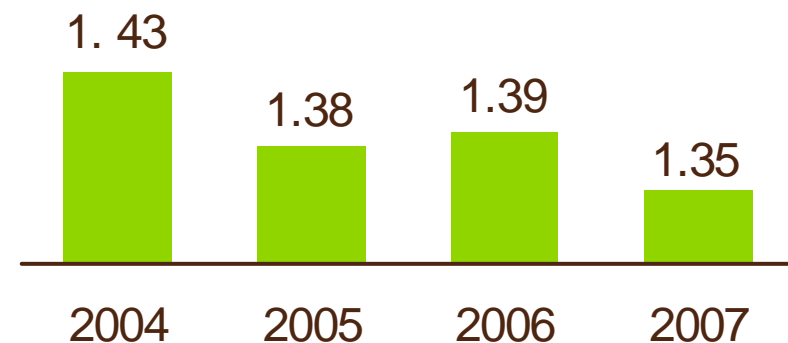
Ferrosilicon production (t)



## Dolomite production

- Output negatively influenced by lower demand for metallurgical dolomite and plant breakdowns

Dolomite production (Mt)





**DIRK VAN STADEN**

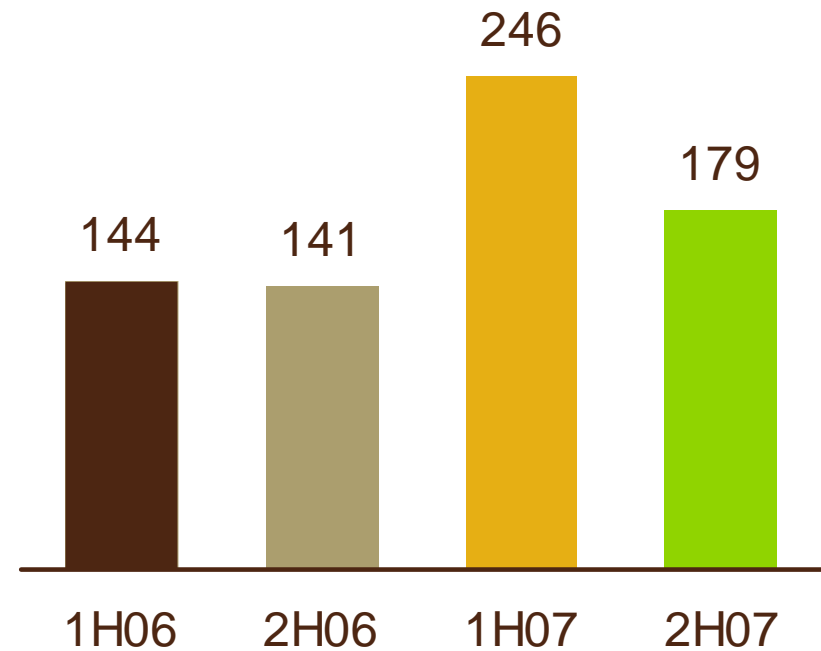
**CHIEF FINANCIAL OFFICER**



# KEY FINANCIALS

Revenue	R10 157
Net operating profit (EBIT)	R1 444
Headline earnings	R1 448
Headline earnings (cps)	425
Total dividend (cps)	160
– Interim	60
– Final	100

Headline earnings (cps)



Dividend cover 2.5 times



# COMPARABLE REVENUE

<i>(R million)</i>	FY07	FY06 <sup>(1)</sup>	% Change
<b>Coal</b>	<b>5 087</b>	4 433	15
- Tied operations	1 768	1 625	9
- Commercial operations	3 319	2 808	18
<b>Mineral Sands</b>	<b>2 172</b>	1 859	17
- KZN Sands	984	817	20
- Australia Sands	1 188	1 042	14
<b>Base Metals</b>	<b>2 732</b>	2 379	15
- Rosh Pinah	941	888	6
- Zincor	2 558	2 234	15
- Inter group elimination	(767)	(743)	
<b>Industrial Minerals</b>	<b>159</b>	122	30
<b>Other</b>	<b>7</b>	21	
<b>Total</b>	<b>10 157</b>	8 814	15
<b>Realised ZAR/USD rate</b>	<b>7.26</b>	6.76	
<b>Realised USD/AUD rate</b>	<b>0.83</b>	0.75	

(1) Pro forma including Eyesizwe for 12 months, for comparative purposes



Comparable revenue up 15%

## COMPARABLE EBIT AND MARGINS (%)

<i>(R million)</i>	<b>FY07</b>	<b>(%)</b>	<b>FY06<sup>(1)</sup></b>	<b>(%)</b>	<b>% change in EBIT</b>
<b>Coal</b>	<b>885</b>	<b>17</b>	620	14	43
- Tied operations	88	5	105	6	(16)
- Commercial operations	797	24	515	18	55
<b>Mineral Sands</b>	<b>(97)</b>	<b>(4)</b>	86	5	
- KZN Sands <sup>(2)</sup>	(157)	(16)	(114)	(14)	(38)
- Australia Sands	60	5	200	19	(70)
<b>Base Metals</b>	<b>688</b>	<b>25</b>	609	26	13
- Rosh Pinah	457	49	404	45	13
- Zincor	298	12	238	11	25
- Consolidation entries	(67)		(33)		
<b>Industrial Minerals</b>	<b>(3)</b>	<b>(2)</b>	(1)	(1)	
<b>Other<sup>(3)</sup></b>	<b>(29)</b>		(53)		45
<b>EBIT</b>	<b>1 444</b>	<b>14</b>	1 261	14	15
<b>Non-cash costs</b>	<b>798</b>		620		29
<b>EBITDA</b>	<b>2 242</b>	<b>22</b>	1 881	21	19

(1) Pro forma including Eyesizwe for 12 months, for comparative purposes

(2) Excludes the R784 million pre-tax impairment of the carrying value of assets in FY06

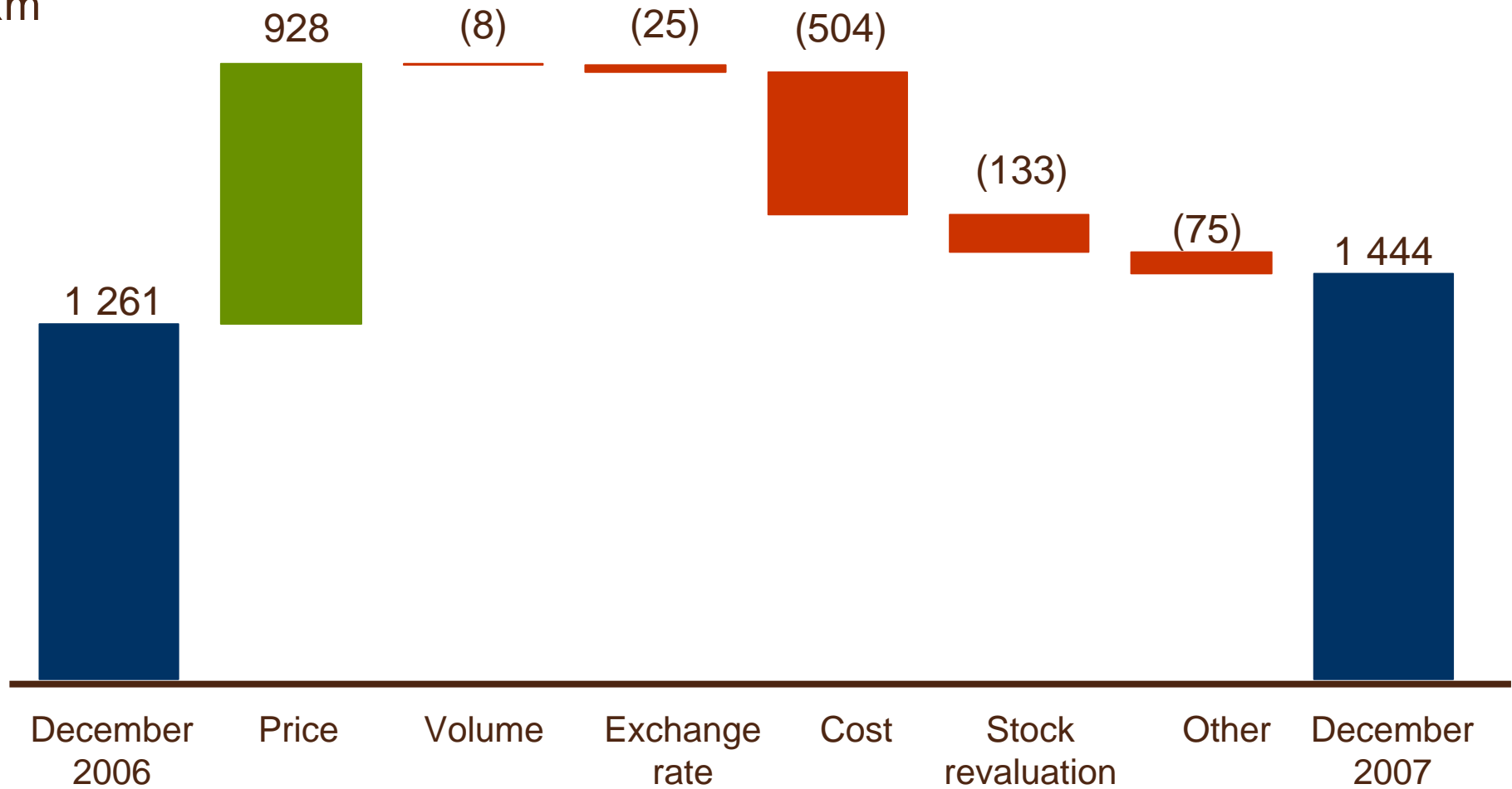
(3) Excludes all non-recurring entries associated with the empowerment transformation transaction in FY06



**EBITDA margin of 22%**

# COMPARABLE EBIT FY06 vs FY07

Rm



# COMPARABLE EARNINGS

*(R million)*

	FY07	FY06 <sup>(1)</sup>	% Change
<b>EBIT</b>	<b>1 444</b>	1 261	15
<b>Net financing costs</b>	<b>(215)</b>	(315)	(32)
<b>Income from investments</b>	<b>2</b>		
<b>Post-tax equity income<sup>(2)</sup></b>	<b>728</b>	638	14
<b>Taxation</b>	<b>(512)</b>	(595)	(14)
<b>Profit after taxation</b>	<b>1 447</b>	989	46
<b>Minority Interest</b>	<b>(20)</b>	(27)	(26)
<b>Attributable earnings</b>	<b>1 427</b>	962	48
<b>Attributable earnings per share (cents)</b>	<b>418</b>	307	36
<b>Headline earnings</b>	<b>1 448</b>	893	62
<b>HEPS (cents)</b>	<b>425</b>	285	49
<b>Weighted average number of share in issue (million)</b>	<b>341</b>	313	
<b>Effective tax rate(%)(<sup>3</sup>)</b>	<b>26</b>	38	

(1) Pro forma including Eyesizwe for 12 months, for comparative purposes

(2) Sishen Iron Ore (SIOC) equity accounted for 12 months in FY06, for comparative purposes

(3) Including post-tax equity accounted income



**HEPS up 49%**

# COMPARABLE CASH FLOW

*(R million)*

	FY07	FY06
Cash retained from operations	2 308	1 980
Net financing costs	(116)	(263)
Taxation	(462)	(501)
Dividends	(223)	(2 219)
Cash available	1 507	(1 003)
Fixed assets	(1 296)	(923)
Investments acquired	(257)	(211)
Dividend income from equity investments	379	
Proceeds from sale of non-core assets & investments	50	239
Other	5	165
Net cash inflow/(outflow)	388	(1 733)

# CAPITAL STRUCTURE

## Ratios:

	FY07	FY06
Net financing cost cover (times) - EBITDA	9	6
Return on equity - attributable income (%)	15	11
Return on capital employed (%)	24	21

## Debt structure: R million

	Drawn	Undrawn	Repayment profile	
Long term	1 333	2 858	74	2008
- Corporate	923	2 450	100	2009
- Australia Sands	410	408	44	2010
Short term	-		43	2011
Total debt	1 333		1 072	After 2011
Cash and cash equivalents	(850)		1 333	
Net debt	483			



Debt equity ratio 5% before committed acquisitions

# PROJECT DEVELOPMENTS

- Inyanda plant to be commissioned in 1H08
- Mafube ramp-up over seven months
- Sintel char to be commissioned in 1H08
- Additional coal tonnages from Blesbok, Eerstelingsfontein and NCC projects: await regulatory approvals
- Fairbreeze construction targeted for 4Q08
- Feasibility studies:
  - Medupi Phase 2
  - Market coke
- Investment decision on Kwinana pigment expansion planned for 1H08
- Completion of Rosh Pinah partial divestment in 1H08



# OUTLOOK

- Impact of power supply constraints
- Skills shortage a challenge
- Strong local and export demand at higher coal prices
- Increased coal volumes from new projects
- Mineral Sands results influenced by lower grades, furnace reline and strong AUD
- Softer zinc prices
- A weaker rand will benefit earnings







## ADDITIONAL SLIDES



# COMPARABLE NET FINANCING COST

*(R million)*

	<b>FY07</b>	<b>FY06 <sup>(1)</sup></b>	<b>% Change</b>
<b>Interest expense and loan costs</b>	<b>153</b>	241	(36)
<b>Finance leases</b>	<b>59</b>	39	51
<b>Interest income</b>	<b>(96)</b>	(12)	
<b>Net interest expense</b>	<b>116</b>	268	(57)
<b>Interest adjustment on non-current provisions</b>	<b>99</b>	47	111
<b>Net financing cost as per income statement</b>	<b>215</b>	315	(32)

(1) Pro forma including Eyesizwe for 12 months, for comparative purposes



# COMPARABLE HEADLINE EARNINGS

(R million)

## Attributable earnings

### Adjustments:

- Excess of acquirer's interest in net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost
- Impairment of property plant and Equipment (PPE)
- Gains or losses on disposal of PPE
- Share of associate's gains or losses on disposal of PPE
- Share of associate's recycling of re-measurements from equity to the income statement
- Gains or losses on the disposal of associates or joint ventures
- Reversal of impairment of investment
- Taxation effect of adjustments

## Headline earnings

## Headline earnings per share (cents)

## Weighted average number of shares in issue (million)

	FY07	FY06 <sup>(1)</sup>
Attributable earnings	1 427	962
Adjustments:		
- Excess of acquirer's interest in net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost		(36)
- Impairment of property plant and Equipment (PPE)	23	
- Gains or losses on disposal of PPE	17	(3)
- Share of associate's gains or losses on disposal of PPE	(3)	(1)
- Share of associate's recycling of re-measurements from equity to the income statement	(7)	
- Gains or losses on the disposal of associates or joint ventures		(39)
- Reversal of impairment of investment	(6)	
- Taxation effect of adjustments	(3)	10
<b>Headline earnings</b>	<b>1 448</b>	<b>893</b>
<b>Headline earnings per share (cents)</b>	<b>425</b>	<b>285</b>
<b>Weighted average number of shares in issue (million)</b>	<b>341</b>	<b>313</b>

(1) Pro forma including Eyesizwe for 12 months, for comparative purposes



# COMPARABLE DEPRECIATION AND AMORTISATION PER SEGMENT

*(R million)*

**Coal**

**Mineral Sands**

**Base Metals**

**Industrial Minerals**

**Corporate**

**Total**

	<b>FY07</b>	<b>FY06 <sup>(1)</sup></b>
	<b>384</b>	318
	<b>296</b>	267
	<b>66</b>	60
	<b>6</b>	6
	<b>11</b>	11
	<b>763</b>	662

(1) Pro forma including Eyesizwe for 12 months, for comparative purposes



# COMPARABLE CAPITAL EXPENDITURE

*(R million)*

**Sustaining and environmental**

**Expansion**

- Coal

- Mineral Sands

- Base Metals

- Industrial Minerals and other

**Total capex**

	FY08 <sup>(2)(3)</sup>	FY07	FY06 <sup>(1)</sup>
<b>Sustaining and environmental</b>	<b>1 168</b>	<b>569</b>	640
<b>Expansion</b>			
- Coal	1 179	679	235
- Mineral Sands	63	16	29
- Base Metals	40	25	8
- Industrial Minerals and other	20	7	11
<b>Total capex</b>	<b>2 470</b>	<b>1 296</b>	923

(1) Pro forma including Eyesizwe for 12 months, for comparative purposes

(2) Estimates

(3) FY08 excludes Namakwa Sands



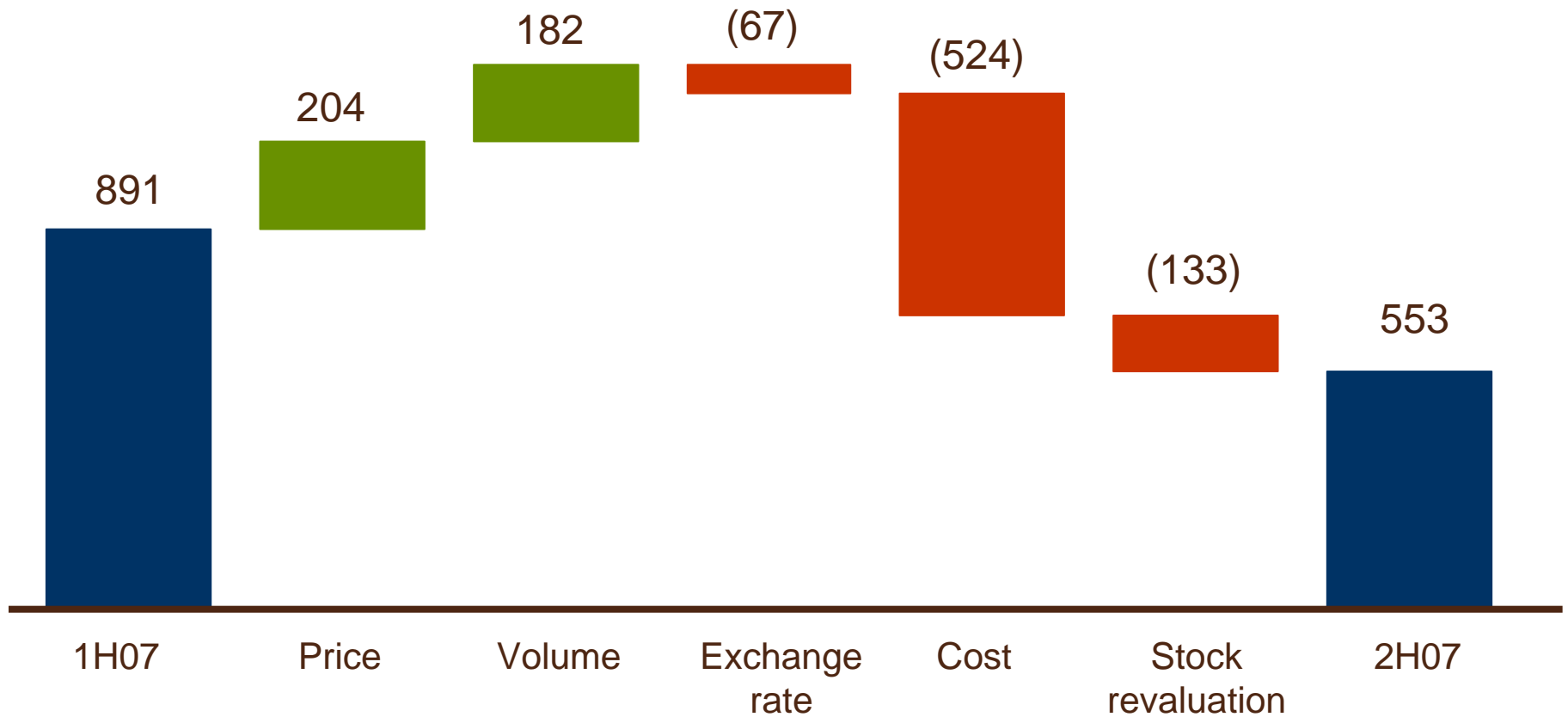
# DIVIDEND – CASH FLOWS

*(R million)*

	<b>Total Dividend 2007</b>	<b>Final Dividend 31 Dec 2007</b>	<b>Interim Dividend 30 Jun 2007</b>
<b>Dividend declared (cps)</b>	<b>160</b>	100	60
<b>Dividend declared (Rm)</b>	<b>564</b>	353	211
<b>STC</b>			
<b>Gross dividend declared</b>	<b>564</b>	535	211
<b>BEE Holdco</b>	<b>297</b>	185	112
<b>Anglo</b>	<b>58</b>	37	21
<b>Public</b>	<b>192</b>	120	72
<b>Exxaro empowerment scheme (MPower)</b>	<b>17</b>	11	6

# COMPARABLE EBIT 1H07 vs 2H07

Rm



# COMPARABLE PHYSICAL INFORMATION

<i>'000 tonnes</i>	FY07	FY06	FY05	FY04
<b>COKING COAL</b>				
<b>Production</b>	<b>2 962</b>	2 496	2 273	2 409
- Grootegeluk	<b>2 499</b>	2 132	1 859	1 972
- Tshikondeni	<b>463</b>	364	414	437
<b>Sales</b>	<b>2 997</b>	2 554	2 277	2 425
- ArcelorMittal	<b>2 307</b>	1 817	1 590	1 775
- Export	<b>592</b>	660	628	602
- Other	<b>98</b>	77	59	48



# COMPARABLE PHYSICAL INFORMATION

*'000 tonnes*

## POWER STATION COAL

	FY07	FY06	FY05	FY04
<b>Production</b>	<b>34 246</b>	34 599	34 164	38 394
- Grootegeluk	<b>14 510</b>	14 268	14 060	14 017
- Leeuwpan	<b>956</b>	921	513	366
- Matla	<b>13 030</b>	13 613	12 470	15 584
- Arnot	<b>3 702</b>	3 985	4 976	6,020
- NCC	<b>156</b>	311	361	822
- NBC	<b>1 892</b>	1 481	1 784	1 585

# COMPARABLE PHYSICAL INFORMATION

'000 tonnes

## POWER STATION COAL

	FY07	FY06	FY05	FY04
<b>Sales</b>	<b>34 226</b>	34 665	34 508	37 698
- Grootegeluk	14 587	14 416	14 163	13 926
- Leeuwpan	965	915	540	430
- Matla	12 997	13 613	12 427	15 530
- Arnot	3 702	3 985	4 976	6 020
- NCC	120	255	618	207
- NBC	1 855	1 481	1 784	1 585

# COMPARABLE PHYSICAL INFORMATION

<i>'000 tonnes</i>	FY07	FY06	FY05	FY04
<b>STEAM COAL</b>				
<b>Production</b>	<b>4 111</b>	4 665	5 523	4 903
- Grootegeluk	<b>1 485</b>	1 585	1 551	1 403
- Leeuwpan	<b>1 421</b>	1 504	1 442	1 249
- NCC	<b>814</b>	1 107	996	1 186
- NBC	<b>391</b>	469	1 534	1 065
<b>Sales</b>	<b>4 061</b>	4 772	5 794	5 012
- Domestic	<b>2 832</b>	2 998	4 251	3 597
- Export	<b>1 229</b>	1 774	1 543	1 415

# COMPARABLE PHYSICAL INFORMATION

<i>'000 tonnes</i>	FY07	FY06	FY05	FY04
<b>ZINC CONCENTRATE (ROSH PINAH)</b>				
- Production	95	104	126	124
- Sales: inter company	97	108	119	119
<b>LEAD CONCENTRATE (ROSH PINAH)</b>				
- Production	22	21	25	27
- Sales: export	19	32	35	12
<b>ZINC METAL (ZINCOR)</b>				
- Production	101	90	102	104
- Sales	99	99	104	119

# COMPARABLE PHYSICAL INFORMATION

<i>'000 tonnes</i>	<b>FY07</b>	<b>FY06</b>	<b>FY05</b>	<b>FY04</b>
<b>ZINC METAL (CHIFENG) <sup>(1)</sup></b>				
- Production	<b>23</b>	16	15	12
- Sales	<b>23</b>	16	15	12

(1) Exxaro's effective interest in Chifeng



# COMPARABLE PHYSICAL INFORMATION

<i>'000 tonnes</i>	<b>FY07</b>	<b>FY06</b>	<b>FY05</b>	<b>FY04</b>
<b>MINERAL SANDS</b>				
<b>KZN SANDS</b>				
<b>Production</b>				
- Ilmenite	<b>367</b>	319	356	262
- Zircon	<b>34</b>	50	47	49
- Rutile	<b>17</b>	25	23	20
- Pig iron (LMPI)	<b>90</b>	75	89	63
- Scrap iron	<b>20</b>	10	8	5
- Chloride slag	<b>150</b>	134	134	96
- Sulphate slag	<b>26</b>	36	30	40

# COMPARABLE PHYSICAL INFORMATION

<i>'000 tonnes</i>	FY07	FY06	FY05	FY04
<b>MINERAL SANDS</b>				
<b>KZN SANDS</b>				
<b>Sales</b>				
- Ilmenite (external sales)	50	50	60	27
- Zircon	27	48	47	48
- Rutile	18	31	18	17
- Pig iron (LMPI)	91	60	79	58
- Scrap iron	8	9	11	8
- Chloride slag	163	104	150	84
- Sulphate slag	29	30	41	24

# COMPARABLE PHYSICAL INFORMATION

<i>'000 tonnes</i>	FY07	FY06	FY05	FY04
<b>MINERAL SANDS</b>				
<b>AUSTRALIA SANDS<sup>(1)</sup></b>				
<b>Production</b>				
- Ilmenite	216	227	220	236
- Zircon	36	36	35	38
- Rutile	17	18	16	18
- Synthetic rutile	100	98	111	112
- Leucoxene	16	14	12	11
- Pigment	54	54	53	53

(1) Exxaro's effective 50% interest in Tiwest joint venture with Tronox Inc.





# COMPARABLE PHYSICAL INFORMATION

<i>'000 tonnes</i>	FY07	FY06	FY05	FY04
<b>MINERAL SANDS</b>				
<b>AUSTRALIA SANDS<sup>(1)</sup></b>				
<b>Sales</b>				
- Ilmenite	20	30	13	30
- Zircon	29	32	36	38
- Rutile	16	18	18	21
- Synthetic rutile	57	27	59	50
- Leucoxene	17	10	14	17

(1) Exxaro's effective 50% interest in Tiwest joint venture with Tronox Inc.



# PROJECT DETAILS

Ownership (100% unless indicated otherwise)	Board approval	Scope	Estimated Capex	Status	Estimated start-up
Mafube Coal JV (50%)	Nov 2006	5Mtpa	R1.96bn	Construction	1Q08
Inyanda	Nov 2006	1.5Mtpa	R269m	Construction	2Q08
Blesbok expansion		2.4Mtpa	-	In progress	2008
Eerstelingsfontein		1.1Mtpa	R10m	Feasibility study	2008
Char project - Grootegeeluk	Aug 2005	160ktpa	R340m	Construction	2Q08
Diepspruit	Nov 2007	1.3Mtpa	R136m	Feasibility study	3Q08
Belfast		1.8Mtpa	R350m	Pre-feasibility	3Q09
Market coke		380ktpa	R1.9bn	Feasibility study	2011
Medupi Phase 1	May 2006	8.5Mtpa	TBD	Awarded	2011
Medupi Phase 2		6.1Mtpa	TBD	Feasibility study	2013
Moranbah South (Australia)		3.5Mtpa	TBD	Pre-feasibility	2012
Kwinana (100% - 50% attributable)		40ktpa	US\$90m	Feasibility study	3Q09
Fairbreeze - Sands	May 2006	300ktpa	R734m	Planned 4Q08	3Q10
Toliara Sands (Madagascar)		560ktpa	TBD	Pre-feasibility	2014
Dongara (Australia 100%)		200ktpa	TBD	Pre-feasibility	2011
Port Durnford (51%)		TBD	TBD	Pre-feasibility	1Q12
AlloyStream - Furnace 1		20ktpa	TBD	Feasibility study	2010

■ Coal   
 ■ Mineral Sands   
 ■ Base Metals and Industrial Minerals



Project details subject to study completion