REVIEWED CONDENSED GROUP ANNUAL FINANCIAL RESULTS AND UNREVIEWED PHYSICAL INFORMATION

for the year ended 31 December 2012

exxaro

POWERING POSSIBILITY

Exxaro's strategy in the short to medium term remains anchored on:

- Ramping up GMEP to supply Eskom's Medupi power station with 14,6Mtpa of coal
- Increased exposure to the mineral sands and pigment business through the Tronox Investment
- The development of a "managed and controlled" iron ore business in the Republic of Congo
- Future energy growth aspirations including clean energy technologies

The group continues to be committed to the safety of its employees, striving to achieve zero harm at all operations. The development of the communities in which the group operates remains crucial to the future success of the business as well as the overall development of South Africa.

GROUP PERFORMANCE IN BRIEF

Net debt: equity 8%

Return on capital employed 45% – down 2%

Return on equity 37% – down 8%

TOTAL ASSETS OF
R41,6bn

2ND LARGEST COAL PRODUCER IN SA
40Mtpa

COMMODITY PORTFOLIO
- COAL
- TiO_2
- FERROUS
- ENERGY

R60bn
MARKET CAPITALISATION

HEPS of **1 401** cents – down 33%
AEPS of **2 734** cents – up 24%

Final dividend of 150 cents per share – down 70%

Total dividend of 500 cents per share – down 38%

Revenue
R16,1bn
down 23%

Core net operation profit at
R2,9bn
down 16%

NAV per share
R80
up 19%

LTIFR
0,29
against group target of 0,15

exxaro
POWERING POSSIBILITY

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December

	2012 Reviewed Rm	2011 Restated Rm
Revenue	12 229	12 126
Operating expenses	(10 533)	(9 575)
Operating profit	1 696	2 551
Gains on disposal of non-core assets (note 9)	42	1
Net operating profit (note 5)	1 738	2 552
Interest income (note 7)	138	261
Interest expense (note 7)	(325)	(628)
Income from investments	3	4
Share of income from equity-accounted investments	3 132	4 745
Excess of fair vale of net assets over cost of the investment in associates	470	
Profit before tax	5 156	6 934
Income tax expense	(537)	(871)
Profit for the year from continuing operations	4 619	6 063
Profit for the year from discontinued operations (note 8)	5 028	1 594
Profit for the year	9 647	7 657

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME (continued)

for the year ended 31 December

	2012 Reviewed Rm	2011 Restated Rm
Profit for the year	9 647	7 657
Gain/(loss) recognised in other comprehensive income for the year, net of tax	68	541
Exchange differences on translating foreign operations	(33)	800
Cash flow hedges	(21)	(40)
Share of comprehensive income/(loss) of associates	122	(254)
Share of comprehensive income of non-controlling interests		35
Total comprehensive income for the year	9 715	8 198
Profit attributable to:		
Owners of the parent	9 677	7 653
– continuing operations	4 634	6 073
– discontinued operations	5 043	1 580
Non-controlling interests	(30)	4
– continuing operations	(15)	(10)
– discontinued operations	(15)	14
Profit for the year	9 647	7 657
Total comprehensive income attributable to:		
Owners of the parent	9 745	8 159
– continuing operations	5 706	6 641
– discontinued operations	4 039	1 518
Non-controlling interests	(30)	39
– continuing operations	(15)	(6)
– discontinued operations	(15)	45
Total comprehensive income for the year	9 715	8 198
Aggregate attributable earnings per share (cents)		
– basic	2 734	2 199
– diluted	2 726	2 168
Attributable earnings per share continuing operations (cents)		
– basic	1 309	1 745
– diluted	1 305	1 720
Attributable earnings per share discontinued operations (cents)		
– basic	1 425	454
– diluted	1 421	448

Refer to note 11 for details regarding the number of shares.

RECONCILIATION OF HEADLINE EARNINGS
for the year ended 31 December

	Gross Rm	Tax Rm	Net Rm
For the year ended 31 December 2012 (Reviewed)			
Profit for the year attributable to owners of the parent			9 677
Adjusted for:			
– IAS 36 Reversal of Impairment of Property, Plant and Equipment	(103)	29	(74)
– IAS 16 Gains or Losses on Disposal of Property, Plant and Equipment	(65)	4	(61)
– IFRS 10 Gains on Disposal of Subsidiaries and Other Assets	(4 034)		(4 034)
– IAS 28 Excess of Fair Value Over Cost of Investment in Associate	(470)		(470)
– IAS 38 Gains on Disposal of Intangible Assets	(77)		(77)
– IAS 28 Share of Associates' Gains or Losses on Disposal of Property, Plant and Equipment	(4)	1	(3)
Headline earnings	(4 753)	34	4 958
– continuing operations			3 999
– discontinued operations			959
For the year ended 31 December 2011 (Audited)			
Profit for the year attributable to owners of the parent			7 653
Adjusted for:			
– IAS 36 Impairment of Property, Plant and Equipment	516		516
– IAS 36 Reversal of Impairment of Property, Plant and Equipment	(869)		(869)
– IFRS 10 Gains on Disposal of Subsidiaries	(1)		(1)
– IAS 16 Gains or Losses on Disposal of Property, Plant and Equipment	3	(2)	1
– IAS 28 Share of Associates' Gains or Losses on Disposal of Property, Plant and Equipment	2		2
Headline earnings	(349)	(2)	7 302
– continuing operations			6 048
– discontinued operations			1 254

	Year ended 31 December	
	2012 Reviewed	2011 Restated
Headline earnings per share aggregate (cents)		
– basic	1 401	2 098
– diluted	1 397	2 069
Headline earnings per share from continuing operations (cents)		
– basic	1 130	1 738
– diluted	1 127	1 714
Headline earnings per share from discontinued operations (cents)		
– basic	271	360
– diluted	270	355

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

as at 31 December and 1 January

	At 31 December 2012 Reviewed Rm	At 31 December 2011 Restated Rm	1 January 2011 Restated Rm
ASSETS			
Non-current assets			
Property, plant and equipment	15 881	9 584	12 194
Biological assets	55	66	46
Intangible assets	962	128	75
Investments in unlisted associates	17 154	4 545	3 662
Investments in joint ventures	425	243	168
Deferred tax	241	227	724
Financial assets	2 727	2 360	2 390
	37 445	17 153	19 259
Current assets			
Inventories	776	560	3 081
Trade and other receivables	2 642	2 624	3 505
Current tax receivable	190	105	105
Cash and cash equivalents	553	1 018	2 077
	4 161	4 307	8 768
Non-current assets classified as held-for-sale (note 12)		14 979	85
Total assets	41 606	36 439	28 112
EQUITY AND LIABILITIES			
Capital and reserves			
Equity attributable to owners of the parent	28 794	23 588	17 437
Non-controlling interests	12	20	(23)
Total equity	28 806	23 608	17 414
Non-current liabilities			
Interest-bearing borrowings	2 761	2 102	3 504
Non-current provisions	2 842	2 111	2 065
Post-retirement employee obligations	142	133	93
Finance lease	106		
Deferred tax	2 566	1 702	1 323
	8 417	6 048	6 985
Current liabilities			
Trade and other payables	4 099	3 181	2 796
Interest-bearing borrowings	(9)	836	688
Current tax payable	172	50	147
Current provisions	121	151	30
	4 383	4 218	3 661
Non-current liabilities classified as held-for-sale (note 12)		2 565	52
Total equity and liabilities	41 606	36 439	28 112

GROUP STATEMENT OF CHANGES IN EQUITY

	Share capital Rm	Other components of equity: Foreign currency translations Rm	Financial instruments revaluation Rm	Equity-settled reserve Rm
Opening balance at 1 January 2011 (Restated)	2 170	716	216	1 389
Profit for the year				
Other comprehensive income		800	(40)	
Share of comprehensive income of associates		72	20	
Issue of share capital[1]	15			
MPower vesting issue of shares	174			
Share-based payments movements				23
Non-controlling interests additional contributions				
Dividends paid[2]				
Disposal of subsidiaries		(3)		
Balance at 31 December 2011 (Restated)	2 359	1 585	196	1 412
Profit for the year				
Other comprehensive income		(33)	(21)	
Share of comprehensive income of associates		118	(17)	94
Issue of share capital[1]	15			
Share-based payments movement				(183)
Dividends paid[2]				
Acquisition of subsidiaries				
Disposal of subsidiaries		(459)	(137)	(23)
Acquisition of non-controlling interest				
Balance at 31 December 2012 (Reviewed)	2 374	1 211	21	1 300

Dividend paid per share (cents) in respect of the 2011 financial year	500
Dividend paid per share (cents) in respect of the 2012 interim period	350
Final dividend payable per share (cents) in respect of 2012 financial year	150

[1] *Issued to the Kumba Resources Management Share Trust due to options exercised.*

[2] *The STC on these dividends amount to Rnil after taking into account STC credits (2011: R nil). Dividend tax on these dividends amounted to Rnil due to the STC credits available.*

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign entities that are not integral to the operations of the group.

Financial instruments revaluation reserve

The financial instruments revaluation reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments where the hedged transaction has not yet occurred.

Equity-settled reserve

The equity-settled reserve represents the fair value of services received and settled by equity instruments granted.

Other reserves

Comprises of other associates reserves.

Retirement benefit obligation reserves Rm	Other reserves Rm	Retained income Rm	Attributable to owners of the parent Rm	Non-controlling interests Rm	Total equity Rm
		12 946	17 437	(23)	17 414
		7 653	7 653	4	7 657
			760	35	795
1	8	(355)	(254)		(254)
			15		15
			174		174
			23	2	25
				8	8
		(2 217)	(2 217)	(6)	(2 223)
			(3)		(3)
1	8	18 027	23 588	20	23 608
		9 677	9 677	(30)	9 647
			(54)		(54)
(164)	(1)	92	122		122
			15		15
			(183)		(183)
		(3 012)	(3 012)		(3 012)
				468	468
			(619)	(5)	(624)
		(740)	(740)	(441)	(1 181)
(163)	7	24 044	28 794	12	28 806

CONDENSED GROUP STATEMENT OF CASH FLOWS
for the year ended 31 December

	2012 Reviewed Rm	2011 Restated Rm
Cash flows from operating activities	543	3 533
– cash retained from operations	3 969	6 189
– interest paid	(345)	(566)
– interest received	208	532
– tax paid	(277)	(499)
– dividends paid	(3 012)	(2 123)
Cash flows from investing activities	(4 121)	(1 042)
– capital expenditure	(5 333)	(4 858)
– proceeds from disposal of property, plant and equipment	77	483
– proceeds from disposal of subsidiaries	1 132	51
– proceeds from disposal of intangible assets	77	
– proceeds from disposal of investments	5	
– investments in intangible assets	(36)	(119)
– dividends from investments and equity-accounted investments	4 023	3 525
– increase in investments in other non-current assets	(16)	(110)
– decrease in cash and cash equivalents on disposal of subsidiaries	(1 052)	
– acquisition of subsidiaries and other business operations	(2 603)	
– increase in joint ventures and associates	(396)	
– other	1	(14)
Net cash flows from financing activities	(110)	(589)
– shares issued	15	15
– increase in non-controlling interests' loans		11
– net borrowings repaid	(125)	(615)
Net (decrease)/increase in cash and cash equivalents	(3 688)	1 902
Cash and cash equivalents at beginning of the year	4 118	2 140
Restatement of opening balance		(82)
Translation difference on movement in cash and cash equivalents	123	158
Cash and cash equivalents end of the year	553	4 118
Cash and cash equivalents classified as non-current assets held-for-sale at the end of the year		3 100
Cash and cash equivalents per statement of financial position	553	1 018
Cash and cash equivalents end of the year	553	4 118

NOTES TO THE CONDENSED GROUP ANNUAL FINANCIAL RESULTS (REVIEWED)

for the year ended 31 December

1. Basis of preparation

This condensed group annual financial results for the year ended 31 December 2012 has been prepared under the supervision of WA de Klerk (CA)SA, reg no: 00133273, in accordance with International Standard on Review Engagements (ISRE) 2410, International Accounting Standard (IAS) 34 Interim Financial Reporting, the requirements of the South African Companies Act, 71 of 2008, as amended, the AC 500 standards issued by the Accounting Practices Board or its successor and the South African Institute of Charted Accountants (SAICA), Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and in compliance with the Listings Requirements of the JSE Limited (JSE). These condensed group annual financial statements have also been prepared in accordance with the framework concepts, measurement and recognition requirements of the International Financial Reporting Standards (IFRS) as required by the JSE.

The condensed group annual financial statements have been prepared on the historical cost basis, excluding financial instruments and biological assets, which are fairly valued, and conform to IFRS as issued by the International Accounting Standards Board (IASB).

During 2012 the following accounting pronouncements became effective:	**Effective date**
• Amendment to IFRS 7 *Financial Instruments: Disclosure*	1 July 2011
• Amendment to IFRS 1 *First Time Adoption*	1 July 2011
• Amendment to IAS 12 *Income Taxes*	1 January 2012

These pronouncements had no material impact on the accounting of transactions or the disclosure thereof.

During 2012, Exxaro early adopted the suite of consolidation standards issued in 2011, effective 1 January 2013.

The early adoption incorporated the following standards:

- IFRS 10 *Consolidated Financial Statements* (as amended)
- IFRS 11 *Joint Arrangements* (as amended)
- IFRS 12 *Disclosures of Interest in Other Entities* (as amended)
- IAS 27 *Separate Financial Statements* (revised)
- IAS 28 *Investments in Associates and Joint Ventures* (revised)

The impact of the early adoption of these standards is disclosed in the notes of these condensed group annual financial results (refer to note 3).

The accounting standards and amendments issued to accounting standards and interpretations, other than those early adopted, which are relevant to the group, but not yet effective at 31 December 2012, have not been adopted. It is expected that where applicable, these standards and amendments will be adopted on each respective effective date, except where specifically identified. There has been no impact on the group by applying IFRS 10 retrospectively.

2. Accounting policies

The accounting policies, methods of computation and presentation adopted are consistent with those applied in the annual financial statements for the year ended 31 December 2011, except as described below in note 3, where joint ventures previously proportionately consolidated are now equity accounted.

The group has early adopted the following standards, together with the consequential amendments to other IFRS, for the financial year ended 31 December 2012:

IFRS 10 *Consolidated Financial Statements*

IFRS 10 was issued in May 2011 (and subsequently amended) and replaces all the guidance on control and consolidation in IAS 27 *Consolidated and Separate Financial Statements*, and SIC-12 *Consolidation – Special Purpose Entities*. Under IFRS 10, subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The group has applied IFRS 10 retrospectively in accordance with the transition provisions of IFRS 10.

IFRS 11 *Joint Arrangements*

IFRS 11 was issued in May 2011 (and subsequently amended) and supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities – Non-monetary Contributions by Ventures*. On transition, adjustments in accordance with the transition provisions of the standard are recorded at the beginning of the earliest period presented.

Before 1 January 2012, the group's interest in its jointly controlled entities was accounted for using the proportional consolidation method. The investments affected by the early adoption of this IFRS are Mafube Coal Mining Proprietary Limited and South Dunes Coal Terminal Company Proprietary Limited.

Changes in accounting policy

The group early adopted IFRS 11 *Joint Arrangements*, on 1 January 2012. This resulted in the group changing its accounting policy for its interests in the jointly controlled entities. Under IFRS 11, investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has rather than just the legal structure of the joint arrangement. Under IFRS 11, the above-mentioned jointly controlled arrangements have been assessed and classified to be joint ventures. Refer to note 3 for further details.

In respect of its interest in the joint operation, the group recognises its share of assets, liabilities, revenues and expenses. The group accounts for the assets, liabilities, revenues and expenses in accordance with the IFRS applicable to the particular assets, liabilities, revenues and expenses.

The financial effects of the change in accounting policies at 1 January 2011 and 31 December 2011 are shown in note 3 below.

3. Early adoption of IFRS 11

Joint arrangements

The group had several interests in joint arrangements established as limited liability companies. Under IAS 31, these were assessed as jointly controlled entities and were proportionately consolidated in terms of IAS 31. The group has reassessed the classification of its joint arrangements under IFRS 11.

	Exxaro shareholding interest (%)	**Previous treatment**	**Revised treatment**
Mafube Coal Proprietary Limited – joint venture with Anglo Operations Limited	50	Proportionately consolidated	Equity accounted
South Dunes Coal Terminal Company Proprietary Limited – joint venture with Eskom Enterprises Proprietary Limited and Golang Coal Proprietary Limited	33	Proportionately consolidated	Equity accounted
Moranbah joint arrangement – joint operation with Anglo American	50	Share of net income, assets and liabilities	Share of net income, assets and liabilities
Cennergi Proprietary Limited (note 14)	50	Acquired in 2012	Equity accounted

Impact on statement of comprehensive income

Increase/(decrease)	31 December 2011 Rm
Revenue	(344)
Operating expenses	88
Net financing cost	65
Share of income from equity accounted investments	76
Profit before tax	(115)
Tax expense	115
Profit after tax	

Impact on statement of financial position

Increase/(decrease)	31 December 2011 Rm	1 January 2011 Rm
Assets:		
– Property, plant and equipment	(1 111)	(1 111)
– Financial assets	603	798
– Deferred tax	(1)	(2)
– Investments in joint ventures	243	168
– Trade and other receivables	(139)	(247)
– Cash and cash equivalents	(47)	(63)
– Inventories	(29)	(40)
Total	(481)	(497)
Liabilities:		
– Interest-bearing borrowings	(100)	(140)
– Non-current provisions	(55)	(32)
– Deferred tax	(143)	(30)
– Trade and other payables	(153)	(261)
– Current interest-bearing borrowings	(30)	(28)
– Post-retirement employee		(3)
– Current provision		(3)
Total	(481)	(497)

Impact on statement of cash flows

Increase/(decrease)	31 December 2011 Rm
Cash flows from operating activities	(269)
Cash flows from investing activities	271
Cash flows from financing activities	14
Net increase in cash and cash equivalents	16

4. Restatement of comparative periods

The early adoption of the above-mentioned standards has resulted in the restatement of comparative periods. Prior periods have also been represented for discontinued operations.

5. Net operating profit is arrived at after

	Year ended 31 December	
	2012 Reviewed Rm	2011 Restated Rm
Continuing operations		
Depreciation, and amortisation of intangible assets	(700)	(665)
Net realised foreign currency exchange gains	60	177
Net unrealised foreign exchange losses	(79)	(20)
Losses on derivative instruments held for trading	(1)	(154)
Impairment reversals of trade and other receivables	6	228
Royalties	(124)	(33)
Gains on disposal of non-core assets	42	1
Profit on disposal of property, plant and equipment	139	35

6. Segmental information

Reported segments are based on the group's different products and operations as well as the physical location of these operations and associated products. The numbers below include both the continuing and discontinued operations.

	Year ended 31 December	
	2012 Reviewed Rm	2011 Restated Rm
Revenue		
Coal	12 064	12 420
Tied	3 449	3 140
Commercial	8 615	9 280
Mineral sands	3 594	6 587
KZN Sands	855	1 196
Namakwa Sands	1 589	2 904
Australia Sands	1 150	2 487
Base metals	298	1 846
Rosh Pinah	217	698
Zincor	81	1 550
Inter-segmental		(402)
Other	166	109
Total external revenue	16 122	20 962
Continuing operations	12 229	12 126
Discontinued operations	3 893	8 836

	Year ended 31 December	
	2012 Reviewed Rm	2011 Restated Rm
Net operating profit		
Coal	2 105	3 083
Tied	285	309
Commercial	1 820	2 774
Mineral sands	1 925	2 678
KZN Sands[1]	680	753
Namakwa Sands	1 009	987
Australia Sands	236	938
Base metals	422	(1 145)
Rosh Pinah	(7)	102
Zincor[2]	(91)	(1 239)
Other[3]	520	(8)
Other	3 105	(491)
Total net operating profit	7 557	4 125
Continuing operations	1 738	2 552
Discontinued operations	5 819	1 573

[1] *Includes a partial impairment reversal of R103 million (2011: R869 million) of the carrying value of property, plant and equipment at KZN Sands, of which the impairment was initially accounted for in 2009.*

[2] *Includes an impairment of R516 million of the carrying value of property, plant and equipment at Zincor refinery in 2011.*

[3] *Includes profit on sale of R544 million in 2012.*

7. Net financing costs

	Year ended 31 December	
Continuing operations	2012 Reviewed Rm	2011 Restated Rm
Total interest income	138	261
Interest income	81	203
Interest received from joint ventures	42	58
Finance leases	15	
Total interest expense	(655)	(628)
Interest expense and loan costs	(249)	(281)
Interest adjustment on non-current provisions and post-retirement obligations	(404)	(347)
Other	(2)	
Borrowing costs capitalised	330	
Net financing costs	(187)	(367)

8. Discontinued operations

Rosh Pinah sale

On 1 June 2012, the conditions precedent to the sale of Exxaro's 50,04% shareholding in Rosh Pinah mine operations to a subsidiary of Glencore International Plc, were met. Proceeds of the sale transaction (R931 million) were received on 16 June 2012.

Mineral sands operations

Further regulatory and other approvals related to the transaction between Exxaro and Tronox Incorporated were obtained and the transaction became effective on 15 June 2012. The transaction entailed the combination of Exxaro's mineral sands operations with the businesses of Tronox under a new Australian holding company, Tronox Limited, which listed on the New York Stock Exchange on 18 June 2012 under the ticker symbol TROX. As part of the Tronox transaction, 74% of the South African minerals sands operations and Exxaro's 50% interest in the Tiwest Joint Venture in Australia.

Financial information relating to the discontinued operations for the period to the date of disposal is set out below.

	Year ended 31 December	
The financial performance and cash flow information	2012 Reviewed Rm	2011 Restated Rm
Revenue	3 893	8 836
Operating expenses	(2 069)	(7 263)
Profit on sale of subsidiaries (note 9)	3 995	
Net operating profit	5 819	1 573
Interest income	64	64
Interest expense	(230)	76
Income from investments		5
Profit before tax	5 653	1 718
Income tax expense	(625)	(124)
Profit for the period from discontinued operations	5 028	1 594
Cash flow attributable to operating activities	1 036	927
Cash flow attributable to investing activities	(1 358)	(286)
Cash flow attributable to financing activities	(2 778)	1 979
Cash flow attributable to discontinued operations	(3 100)	2 620

9. Gains on the disposal of investments and non-core assets

9.1 Discontinued operations

	Year ended 31 December 2012 (Reviewed)		
	Mineral Sands Rm	Rosh Pinah Rm	Total Rm
Consideration received or receivable			
Cash[1]	202	931	1 133
39,2% shares in Tronox Limited at fair value	10 605		10 605
26% shares in SA mineral sands operations at fair value	1 181		1 181
26% members' interest in Tronox Sands LLP at fair value	1 091		1 091
Total disposal consideration	13 079	931	14 010
Foreign currency translation reserve realised	459		459
Hedging reserves realised	137		137
Carrying amount of net assets sold	(10 224)	(387)	(10 611)
Gain on sale[2]	**3 451**	**544**	**3 995**

[1] *After net working capital adjustments.*
[2] *After tax of Rnil.*

9.2 Other non-core assets

	Year ended 31 December 2012 (Reviewed)		
	Ndzalama Rm	Northfield Rm	Total Rm
Consideration received or receivable:			
Cash	5		5
Total disposal consideration			
Carrying amount of net assets sold	(3)	40	37
Gain on sale[1]	2	40	42

[1] *After tax of Rnil.*

	Year ended 31 December 2011 (Audited)		
	Turkey Rm	Glen Douglas Rm	Total Rm
Consideration received or receivable:			
Cash	17	33	50
Total disposal consideration	17	33	50
Carrying amount of net assets sold	(12)	(37)	(49)
Gain/(loss) on sale[1]	5	(4)	1

[1] *After tax of Rnil.*

10. Dividends

Total dividends paid in 2012 amounted to R3 012 million, made up of a dividend of R1 771 million that relates to the period to 31 December 2011, which was paid in April 2012, as well as an interim dividend of R1 241 million paid in September 2012.

A final dividend for 2012 of 150 cents per share (2011: 500 cents per share) was approved by the board of directors on 6 March 2013. The dividend is payable on 15 April 2013 to shareholders who were on the register at 12 April 2013. This final dividend, amounting to approximately R537 million (2011: R1 771 million), has not been recognised as a liability in this year-end financial information. It will be recognised in shareholders' equity in the year ending 31 December 2013.

Dividend tax of 15% (effective 1 April 2012) is payable by shareholders on the dividends paid during the year. As a result of the STC credits available to the company, the shareholders will not have to pay the dividend tax on the dividends.

	Year ended 31 December	
	2012 Reviewed	2011 Audited
Issued share capital as at declaration date (number)	357 787 785	
Company tax reference number	9218/098/14/4	

11. Share capital

	2012	2011
Ordinary shares (million)		
– in issue	358	354
– weighted average number of shares	354	348
– diluted weighted average number of shares	355	353

12. Non-current assets classified as held-for-sale

	Year ended 31 December	
	2012 Reviewed Rm	2011 Audited Rm
The major classes of assets and liabilities classified as held-for-sale are as follows:		
Assets		
Property, plant and equipment		6 771
Intangible assets		132
Deferred tax		465
Financial assets		158
Inventories		2 404
Trade and other receivables		1 931
Current tax receivable		18
Cash and cash equivalents		3 100
		14 979
Liabilities		
Interest-bearing borrowings		(834)
Non-current provisions		(682)
Current provisions		(10)
Deferred tax		(69)
Trade and other payables		(968)
Current tax payable		(2)
		(2 565)
Total at end of the year		12 414

Included in 2011 were the assets and liabilities of Rosh Pinah, the Australian and South African mineral sands operations which were effectively sold in 2012.

13. Business combinations

On 14 February 2012, the group acquired a controlling interest of 67% of the share capital of African Iron Ore Limited (AKI), for AU$190 million (R1 562 million), which is included in the "other" business segment. The acquisition is classified as an acquisition of a business.

AKI is a junior mining, exploration and development company previously listed on the Australia Stock Exchange, working on the development and exploration of the Mayoko Iron Ore Ngoubou-Ngoubou Projects in the Republic of Congo in Central West Africa.

The acquired business is still in development state, and thus has not contributed any revenues to the group results. It has also contributed R9 million losses to the group's operating profit for the period from 14 February 2012 to 31 December 2012. If the date of acquisition was 1 January 2012, revenue contribution from this business would have been Rnil, whilst the net operating loss would have been R21,8 million.

The goodwill of AUD102 million (R827 million) at acquisition, arising from the acquisition relates to the future potential upside of the business and deferred tax on the mineral asset.

The following summarises the consideration paid for the AKI group, the fair value of the assets acquired, liabilities assumed and the non-controlling interest at the acquisition date.

Details of the acquired assets are as follows:

	2012 Reviewed Rm
Purchase consideration:	
Consideration at 14 February 2012	
Cash	1 562
Total consideration transferred	1 562
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	141
Property, plant and equipment	1 537
Trade and other receivables	6
Trade and other payables	(25)
Deferred tax liabilities	(456)
Total identifiable net assets	1 203
Non-controlling interest	(468)
Goodwill	827
Total	1 562
Total purchase consideration	1 562
– less: cash and cash equivalents in subsidiary acquired	(141)
Cash outflow on acquisition of subsidiary	1 421

As part of the acquisition, Exxaro acquired AKI's duty to pay a deferred consideration in the form of a production royalty of AU$1/tonne of iron ore shipped.

Acquisition-related costs of R41 million have been charged to operating expenses in the consolidated statement of comprehensive income for the period ended 31 December 2012.

Non-controlling interest has been measured using the proportionate share of the acquiree's net identifiable assets. At acquisition, non-controlling interests were identified as the remaining 33% in AKI and 8% in DMC Iron Congo SA.

There are no contingent consideration arrangements with the former owners of AKI.

The fair value of trade and other receivables is R6 million and includes no trade receivables as the business is still in exploration and development phase.

The gross contractual amount for other receivables due is R6 million, all of which is expected to be collectible.

Transactions with non-controlling interests

During March 2012, the group acquired the remaining 33% of the issued shares of the AKI for a purchase consideration of AUD123 million (R1 049 million). The group now holds 100% of the equity share capital of AKI. The carrying amount of the 33% non-controlling interests in AKI on the date of acquisition was R397 million.

During June 2012, the group acquired an additional 5% of the issued share capital of DMC Iron Congo SA for a purchase consideration of AUD16,5 million (R133 million). The carrying amount of the 5% non-controlling interests of DMC Iron Congo SA on the date of acquisition was R44 million. The group now holds 97% of the equity share capital of DMC Iron Congo SA.

The group derecognised non-controlling interests of R441 million and recorded a decrease in equity attributable to owners of the parent of R740 million. The effect of changes in the ownership interest of AKI and DMC Iron Congo SA on the equity attributable to owners of the company during the year is summerised as follows:

	Year ended 31 December
	2012 Reviewed Rm
Carrying amount of non-controlling interests acquired	(441)
Excess of consideration paid recognised in parent's equity	(740)
Consideration paid for non-controlling interest	(1 181)

14. Investments

	Year ended 31 December	
	2012 Reviewed Rm	2011 Restated Rm
Market value of listed investments	52	44
Fair value of unlisted investments in associates and joint ventures	29 963	23 698
Market value of listed investments in associates	7 911	
Fair value of unlisted investments included in other financial assets	716	389
Fair value of unlisted investments in non-current assets held-for-sale		4

On 2 March 2012, Exxaro Resources Limited and The Tata Power Company Limited (Tata Power), through its subsidiary Khopoli Investments, announced the formation of a 50:50 joint venture to create a new energy company, Cennergi Proprietary Limited.

Cennergi, which will be based in South Africa and will focus on the investigation of feasibility, development, ownership, operation, maintenance, acquisition and management of electricity generation projects in South Africa, Botswana and Namibia. The initial project pipeline focuses on renewable energy projects in South Africa and Cennergi's strategy is to create a balanced portfolio of generation assets.

On 15 June 2012, Exxaro Resources Limited acquired 39,2% of the shares in Tronox Limited (an Australian holding company) and a 26% members interest in Tronox Sands LLP. The consideration comprised the transfer of the following to Tronox Limited and Tronox Sands LLP:

- 74% of the shares and intercompany debt in Exxaro's South African mineral sands operations (Namakwa Sands and KZN Sands mines and smelters); and
- Exxaro's 50% interest in the Tiwest joint venture in Australia.

Exxaro retained a direct 26% shareholding in each of the South African operations.

In addition to the initial investment, Exxaro has since increased its shareholding to 44,65% as at 31 December 2012.

The investments in Tronox Limited and Tronox Sands LLP has been accounted for as an investment in an associate using the equity method in accordance with IAS 28 *Investments in Associates and Joint Ventures*.

15. Net (debt)/cash

	Year ended 31 December	
	2012 Reviewed Rm	2011 Restated Rm
Net (debt)/cash	(2 198)	346
Calculation of movement in net debt:		
Net cash (outflow)/inflow	(3 578)	2 491
– shares issued	15	15
– loans from non-controlling interests		11
– share-based payments		(2)
– investment capitalised to joint venture loan		21
– net debt of subsidiaries disposed	820	125
– non-cash flow movements in net debt applicable to currency translation differences of transactions denominated in foreign currency	(70)	(8)
– non-cash flow movements in net debt applicable to currency translation differences of net debt items of foreign entities	269	(151)
– cash flow changes relating to change in accounting policy		64
(Increase)/decrease in net debt	(2 544)	2 566

Net (debt)/cash is calculated as being interest-bearing borrowings, less cash and cash equivalents, including those classified as non-current assets held-for-sale.

16. Contingent liabilities

	Year ended 31 December	
	2012 Reviewed Rm	2011 Restated Rm
Contingent liabilities	1 055	1 197

Include guarantees in the normal course of business from which it is anticipated that no material liabilities will arise. This includes guarantees to banks and other institutions. The decrease in possible claims from ongoing litigation as well as operational guarantees in 2012 is mainly attributable to the sale of the mineral sands operations and Rosh Pinah, partially offset by the increase in the group's share of contingent liabilities of associates and joint ventures.

Includes the group's share of contingent liabilities of associates and joint ventures of R276 million (2011: R198 million). These contingent liabilities have no tax impact. The timing and occurrence of any possible outflows are uncertain.

17. Contingent assets

	Year ended 31 December	
	2012 Reviewed Rm	2011 Restated Rm
Contingent assets	85	82

A surrender fee of R85 million (2011: R82 million) in exchange for the exclusive right to prospect, explore, investigate and mine for coal within a designated area in Central Queensland and Moranbah, Australia, conditional on the grant of a mining lease.

18. Related party transactions

During the period the company and its subsidiaries, in the ordinary course of business, entered into various sale and purchase transactions with associates and joint ventures. These transactions were subject to terms that are no less favourable than those arranged with third parties.

19. Financial instruments

No reclassification of financial instruments occurred during the period under review.

20. Going concern

Taking into account the global economy, the group's liquidity position as well as internal budgets for the short to medium term, it is expected that the group will continue to trade as a going concern within the next 12 months.

21. JSE Limited Listings Requirements

The financial year-end results announcement has been prepared in accordance with the Listings Requirements of the JSE Limited.

22. Corporate governance

During 2012, the company again reviewed its application of the principles contained in the King Report on Governance for South Africa 2009 (King III), which application and explanation will be disclosed in detail in the 2012 Integrated Report. Other than the board of directors not consisting of a majority of independent directors, which will be fully explained in the Integrated Report and some improvements required in respect of full application of the principles dealing with the Governance of Information Technology, the company applies the King III principles.

23. Mineral Resources and Mineral Reserves

The annual revision of Exxaro's mineral resources and mineral reserves is in process. This include the compilation of updated geological models as well as audits done on information, estimation methods, modifying factors resources and the modeling. The revised estimated mineral resources and mineral reserves will be published in the annual report.

24. Events after the reporting period

Subsequent to the reporting date of 31 December 2012, Mr U Khumalo resigned as non-executive director effective 31 January 2013. The directors are not aware of any significant matter or circumstance arising after the statement of financial position date up to the date of this report, not otherwise dealt with in this report.

25. Review report

The condensed group annual financial results for the year ended 31 December 2012 on page 2 to 21 in accordance with International Standards on Review Engagements 2410 – "Review of interim financial information performed by the Independent Auditors of the entity" by PricewaterhouseCoopers Inc. Their unqualified review report is available for inspection at the company's registered office.

26. Salient features*

	Year ended 31 December	
	2012 Reviewed Rm	2011 (Restated) Rm
Net asset value per share (Rand)	80	67
Capital expenditure		
– incurred	5 333	4 858
– contracted	6 283	7 614
– authorised, but not contracted	4 208	2 413
Capital expenditure contracted relating to captive mines, Tshikondeni, Arnot and Matla, which will be financed by ArcelorMittal SA Limited and Eskom, respectively	116	90
Operating lease commitments	18	59
Operating sublease rentals receivable	1	4

** Non-IFRS numbers.*

Delivering on strategy

- Core net operating profit of R2,9 billion
- Headline earnings per share (HEPS) of 1 401 cents
- Final dividend of 150 cents per share
- Top 10 total shareholder returns over 10-year period in global survey
- 2nd place in mining sector of the 2012 Deloitte Best Company to work for (7th place overall)

We are still improving on

- Lost time injury frequency rate (LTIFR) at 0,29 against target of 0,15
- Two fatalities

Comparability of results

Comments are based on a comparison of the group's reviewed financial results and unreviewed physical information for the year period ended 31 December 2012 and 2011 respectively. These results are not comparable due to profits realised on the sale of mineral sands (R3 541 million), Rosh Pinah operations (R544 million) and other non-core assets (R42 million) in 2012, the partial impairment reversal of the carrying value of property, plant and equipment at KZN Sands of R103 million (2011: R869 million), as well as R516 million impairment of the carrying value of property, plant and equipment at the Zincor refinery in 2011. The conclusion of these two sale transactions resulted in the mineral sands and Rosh Pinah businesses' financial results effectively being included in these annual results for approximately five and half and five months respectively, compared to the full 12 months period in 2011. Where relevant, comments exclude transactions which make the results under review not comparable.

The group early adopted the revised suite of consolidation standards which included Internal Accounting Standards (IAS) 27 *Separate financial statements*, IAS 28 *Investments in Associates and Joint Ventures* as well as International Financial Reporting Standards (IFRS) 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*. As such the Mafube Coal Proprietary Limited and South Dunes Coal Terminal Company Proprietary Limited (SDCT) joint ventures, which were previously proportionately consolidated, are now equity accounted. This has resulted in the restatement of the 2011 financial results to reflect the new accounting method.

Portfolio improvement through delivery of the group's strategy

Coal

Construction on the Grootegeluk Medupi Expansion Project to supply Eskom's Medupi power station with 14,6 million tonnes per annum (Mtpa) of coal continues to progress well. Exxaro was able to meet its contractual commitments on time with first coal delivered during 2012.

Mineral sands

Further to the interim results announcement, Exxaro has increased its shareholding in Tronox Limited (Tronox), listed on the New York Stock Exchange, from the 39,2% held at date of transaction to 44,65% at 31 December 2012. This is in line with the group's strategy to increase its exposure to the mineral sands and pigment businesses.

Ferrous

Following the previous announcement regarding the acquisition of the African Iron Limited (AKI) group of companies, Exxaro continues with the group's strategy to develop an Exxaro "managed and controlled" iron ore business. The group has spent the most part of the 2012 year on activities that increase the resource, completing the bankable feasibility study for a 2Mtpa operation and securing a mining convention with the government of the Republic of Congo.

Energy

Further to the shareholders' agreement signed with Tata Power's wholly-owned subsidiary, Khopholi Investments, in the first quarter of 2012, Exxaro has recently concluded a term sheet with Linc Energy Limited to jointly pursue underground coal gasification as a commercial business to develop energy solutions in Sub-Saharan Africa. This is in line with Exxaro's strategy to include clean energy technologies as part of its future energy growth aspirations.

Safety, health and environment

Safety remains a top priority. The group continues to strive to achieve zero harm at all operations, with a focus on proactive risk identification and assessment, as well as enhancing the effectiveness of control measures undertaken. The average LTIFR per 200 000 man-hours worked increased from 0,20 in 2011, to 0,29 in 2012, reflecting a 45% regression from 2011's achievement. The group's target is 0,15. Six business units achieved no lost time injuries in the year ended 31 December 2012 compared to five in 2011.

Regrettably, the group experienced two fatalities in the second half of 2012. Nonhlanhla Shabalala, an employee at Matla mine in Mpumalanga, died on 5 August 2012 following secondary complications resulting from surgery that was performed on an injury sustained in an underground accident on 14 July 2012. Shadrack Moroka, an employee at Grootegeluk mine in Lephalale, sustained fatal injuries when a haul truck collided with a light duty vehicle in which he was occupant.

New mining rights applications in terms of the Mineral and Petroleum Resources Development Act of South Africa were submitted for the Paardeplaats and Thabametsi projects. Final Environmental Management Plans were submitted in the first quarter of 2013.

A wetland strategy project was initiated in 2012 to assist operations to address challenges of mining in ecologically sensitive environments.

All 12 Exxaro operated business units have retained their ISO 14000 and OHSAS 18001 certifications in 2012.

HIV/AIDS and Tuberculosis also remain areas of focus for the group with employees and contractors who are affected and impacted by these conditions receiving support. In order to create a workplace environment free from stigma, Exxaro launched an HIV/AIDS disclosure initiative as well as training of staff on how to support employees affected and impacted by these diseases. Following the launch of the disclosure initiative, there was a substantial increase in the number of employees enrolling for treatment (from 325 to 454) in the second half of the year.

The group's contribution to the Chairman's Fund during 2012 earmarked for investments in social and labour plans was R50 million, from which R24 million was spent on community development initiatives in 2012. An additional discretionary R10 million was also contributed from the corporate departments.

Reputation

The Carbon Disclosure Project requires South Africa's top listed companies to measure and disclose what climate change means for their business. The latest report (2012) reflects the trend of increasing engagement by the South African business sector in anticipating and responding to climate change issues. Companies have to qualify for the Carbon Disclosure Leadership Index on a pre-determined point system in a manner that demonstrates exceptional transparency and data management. Exxaro was the overall leader out of 12 companies that qualified for the 2012 Carbon Disclosure Leadership Index, with 100 normalised points.

To ensure the sustainability of the group, Exxaro has several breakthrough innovations which are expected to turn into commercial operations. These are expected to contribute to the group's strategic goal of achieving a US$20 billion market capitalisation by 2020, as well as contributing to the development of South Africa. One such initiative is the ultra high dense medium separation processing technology, which provides a solution to the challenge of declining iron ore qualities and the limitations of existing technologies by improving resource utilisation and increasing life of mine.

Exxaro was named one of the Global Top 10 mining companies delivering the highest total shareholder returns over a 10-year period in a recent survey by the Boston Consulting Group.

Leadership and people

The group's chief executive officer, Sipho Nkosi, was awarded the Frost & Sullivan 2012 *Growth Innovation Leadership Award* for his commitment and dedication to building a greater sustainable mining industry, while continuing to drive and lead South Africa into the future. He was also named the winner in the *Master Entrepreneur Category* of the South African Ernst & Young *World Entrepreneurs Awards* for excellence in his field of work.

Exxaro achieved second place in the mining category of the 2012 *Deloitte Best Company to Work For* survey.

Operational and financial excellence

Group

Revenue and net operating profit

Group consolidated revenue decreased 23% to R16 122 million, mainly as a result of the inclusion of the mineral sands and Rosh Pinah businesses for effectively only five and a half and five months, respectively, in the 2012 financial year compared to 12 months in 2011 as well as challenging coal trading conditions.

Group consolidated net operating profit was R462 million lower at R3 310 million after exclusion of the R103 million (2011: R869 million) partial reversal of the impairment of the carrying value of property, plant and equipment at KZN Sands, the profits recognised on the sale of mineral sands, Rosh Pinah operation and other non-core assets of R3 451 million, R544 million and R42 million respectively, as well as the R516 million impairment of the carrying value of property, plant and equipment at the Zincor refinery in 2011.

The cessation of production at Zincor at the end of 2011 and the inclusion of Rosh Pinah in 2012 for only five months resulted in cost savings of approximately R2 143 million in 2012. However, the recent structural alignment of the group as well as the implementation of the SAP ECC6 system resulted in cost increases of approximately R262 million. Included in other group costs are costs relating mainly to the corporate office.

Earnings

Attributable earnings, inclusive of Exxaro's equity accounted investment in associates, amounted to R9 677 million or 2 734 cents per share, representing a 24% increase from 2011 mainly as a result of the profits realised on sale of subsidiaries and other non-core assets.

Headline earnings

Headline earnings recorded, which exclude, *inter alia*, the impact of the impairment and partial impairment reversal as well as profits realised on sale of subsidiaries, were R4 958 million or 1 401 cents per share. This represents a 33% decrease on the 2011 headline earnings per share.

Cash flow

Cash retained from operations was R3 969 million for the group. This was primarily used to fund net financing charges of R137 million, taxation payments of R277 million and dividends paid of R3 012 million. A total of R3 761 million of capital expenditure was invested in new capacity, with R1 572 million applied towards sustaining and environmental capital. A total of R3 154 million of the capital investment in new capacity was for the Grootegeluk Medupi Expansion Project.

After the receipt of R4 023 million in dividends, primarily from Sishen Iron Ore Company Proprietary Limited (SIOC) and Tronox, as well as the net outflow associated with the acquisition of AKI of R2 603 million, the group had a net cash outflow before financing activities of R3 575 million for the year under review. Net debt reported at 31 December 2012 was R2 198 million, reflecting a net debt to equity ratio of 8%.

Exchange rates realised

An average exchange rate of R8,08 to the US$ was realised for the year ended 31 December 2012 compared to R7,28 in 2011. Unrealised foreign currency profits of R56 million, on the revaluation of monetary items denominated in a foreign currency, were recorded based on the relative weakness of the local currency to the US dollar at 31 December 2012.

Equity-accounted investments

Equity-accounted investments in the post-tax profits of associate consist of Exxaro's interest in SIOC of R3 202 million, in Black Mountain Mining Proprietary Limited (Black Mountain) of R101 million and in Tronox's effective losses of R250 million. After the completion of the purchase price allocation process, a total of R470 million was accounted for as the excess of fair value of the net asset value over the cost of the investment in Tronox.

Reviewed equity accounted income (Rm)

	Year ended 31 December		Six months ended 31 December	
	2012	2011 (Restated)	2012	2011 (Restated)
SIOC	3 202	4 456	1 259	2 081
Tronox	(250)		(368)	
Black Mountain	101	210	56	63
Mafube	144	76	79	15
Cennergi	(65)		(41)	
Chifeng[1]		3		(2)
Total equity income	3 132	4 745	985	2 157

(1) *Exxaro's effective shareholding in Chifeng Zinc refinery has been diluted from 22% to 11,97%, as such, Chifeng is no longer accounted for as an associate but rather as a financial asset.*

Reviewed segment results (Rm)

	Year ended 31 December		Six months ended 31 December	
	2012	2011 (Restated)	2012	2011 (Restated)
Revenue				
Coal operations	12 064	12 420	6 239	6 767
Tied[1]	3 449	3 140	1 996	1 695
Commercial	8 615	9 280	4 243	5 072
Mineral sands	3 594	6 587		3 698
KZN Sands[2]	855	1 196		621
Namakwa Sands	1 589	2 904		1 781
Australia Sands	1 150	2 487		1 296
Base metals	298	1 846	10	946
Rosh Pinah	217	698		407
Zincor[3]	81	1 550	10	724
Inter-segmental		(402)		(185)
Other	166	109	117	69
Total external revenue	**16 122**	**20 962**	**6 366**	**11 480**
Net operating profit				
Coal	2 105	3 083	753	1 570
Tied[1]	285	309	206	226
Commercial	1 820	2 774	547	1 344
Mineral sands	1 925	2 678		2 026
KZN Sands[2]	680	753		759
Namakwa Sands	1 009	987		707
Australia Sands	236	938		560
Base metals	422	(1 145)	(26)	(581)
Rosh Pinah	(7)	102	26	16
Zincor[3]	(91)	(1 239)		(601)
Other[4]	520	(8)		4
Other[5]	3 105	(491)	(411)	(412)
Total net operating profit	**7 557**	**4 125**	**316**	**2 603**

(1) *Tied operations refer to mines that supply their entire production to either Eskom or ArcelorMittal South Africa (AMSA) in terms of contractual agreements.*

(2) *Includes a partial impairment reversal of R103 million in 2012 (2011: R869 million) of the carrying value of property, plant and equipment at KZN Sands.*

(3) *Includes an impairment of R516 million of the carrying value of property, plant and equipment at Zincor refinery in 2011.*

(4) *Includes the profit on sale of subsidiaries of R544 million on the sale of the Rosh Pinah operation.*

(5) *Includes the profit on sale of subsidiaries of R3 451 million on the sale of mineral sands operations.*

Coal

Challenging trading conditions were experienced in 2012 with average export prices dropping from US$105 per tonne in January to a low of US$85 per tonne in November. A general decline in export volumes was also experienced during the year. Exxaro realised an average export price of US$94 per tonne in 2012 compared to US$118 per tonne in 2011. Production earmarked for export was successfully redirected into the domestic steam market where opportunity arose.

Demand from the metallurgical market was also depressed due to the ferrochrome smelter shutdowns in 2012.

Revenue and net operating profit

The combination of lower prices realised on domestic and export sales, coupled with lower volumes, translated into Coal revenue of R12 064 million being 3% lower than in 2011. This was partially offset by higher revenue from Eskom sales.

A 32% decrease in net operating profit to R2 105 million (at an operating margin of 17%) was recorded, mainly as a result of the decrease in export volumes (R213 million) and selling prices (R316 million), inflationary pressures (R365 million) and higher operating costs (R684 million). These were partially offset by the favourable impact of the local currency weakness against the US$ in 2012 compared to 2011 (R486 million). Included in the cost increases were R207 million higher distribution costs, R223 million price adjustments on the Mafube buy-ins as well as corporate service fee re-directed to the coal business of R253 million, mainly as a result of the discontinuation of the mineral sands and Rosh Pinah operations. The estimated coal rehabilitation and decommissioning provisions were independently reviewed and standardised in 2012. This had a R102 million negative impact on the net operating profit in recorded scope changes for the coal operations.

Production and sales volumes

Overall coal production (excluding buy-ins from Mafube) remained stable for the year ended 31 December 2012 at 40Mtpa.

Power station coal production from the tied mines was 588kt (5%) higher compared with 2011 mainly as a result of a 798kt increase at Matla, which is partly offset by the closure of the Mooifontein opencast mine and the ongoing difficult geological conditions which resulted in lower production volumes at Arnot.

The higher sales volumes from the tied mines were mainly due to higher production at Matla and increased demand from Eskom.

The commercial mines' power station coal production was lower by 311kt (2%) compared with 2011 due to 933kt lower production at Grootegeluk. The dispatch conveyor belt to Eskom Matimba power station broke down early in 2012 resulting in production cut-backs. This was partly offset by 452kt higher production at NBC due to improved yields achieved. Leeuwpan production increased by 170kt as a result of improved demand.

Grootegeluk's coking coal production was 166kt (9%) higher as a result of increased off-take from Eskom coupled with an improved logistics process. This resulted in 137kt (5%) higher sales, partly offset by lower off-take by AMSA.

Steam coal production was 367kt (6%) lower mainly due to 355kt lower production at Leeuwpan as a result of lower yields achieved coupled with lower demand from AMSA.

The Char plant production was 70% lower mainly due to the downturn in the ferrochrome industry, with production deliberately reduced to manage high stock levels. This industry downturn translated into decreased sales compared to 2011.

Export sales were 21% lower mainly due to Transnet Freight Rail performing at a lower level compared to the previous year, lower exports vis Maputo due to the lower average price realised, as well as production difficulties predominantly at Mafube. Some of the steam coal was successfully redirected to the domestic market mainly from Leeuwpan and NCC, albeit as lower prices.

Unreviewed physical information ('000 tonnes)

Owner managed operations

Production	Year ended 31 December 2012	Year ended 31 December 2011 (Restated)	Six months ended 31 December 2012	Six months ended 31 December 2011 (Restated)
Coal				
Power station coal	32 042	31 765	16 806	16 439
– Tied	13 029	12 441	6 887	6 071
– Commercial	19 013	19 324	9 919	10 368
Coking coal	2 367	2 161	1 093	920
– Tied	339	299	190	165
– Commercial	2 028	1 862	903	755
Steam coal	5 599	5 966	2 663	2 825
Char	43	142	5	65
Total production (excluding buy-ins)	40 051	40 034	20 567	20 249
Buy-ins	1 111	1 636	651	768
Total production (including buy-ins)	41 162	41 670	21 218	21 017
Sales				
Power station coal	31 367	31 681	16 242	16 185
– Tied	13 022	12 443	6 886	6 067
– Commercial	18 345	19 238	9 356	10 118
Other domestic coal	4 994	4 841	2 501	2 264
– Tied	283	325	142	159
– Commercial	4 711	4 516	2 359	2 105
Export	3 894	4 898	2 078	2 814
Char	62	129	24	55
Total sales	40 317	41 549	20 845	21 318
Base Metals				
Zinc concentrate (Rosh Pinah)	33	89		46
Zinc metal (Zincor)	6	73		32
Zinc concentrate (Rosh Pinah)		16		7
Zinc concentrate (Rosh Pinah)	37			
Zinc metal (Zincor)		86		40
Zinc concentrate (Rosh Pinah)	4	18		11

Capital expenditure

Exxaro's growth initiatives continue to focus on diversifying the business with carbon, reductants, ferrous and energy projects, aligned with the group's approved commodity strategy.

The Grootegeluk Medupi Expansion Project expenditure to date is R7,1 billion, with the project at 92% stage of completion. It is expected that the total project expenditure will be approximately R10,2 billion. The revised budget has increased by R700 million due to a combination of factors, including additional escalations, labour unrest, steel shortages and additional scope that was added to the project. The first coal (160kt) based on a revised ramp-up schedule agreed with Eskom was delivered to Eskom for the commissioning of the respective coal handling systems. The coal supply ramp-up will commence during the first half of 2013 and is expected to continue until the second half of 2016.

The project will be implemented in three phases to make provision for the delayed ramp-up of Eskom tonnages. Phase I includes the first mining equipment, the run of mine bunker, the total plant complex and the total dispatch facilities. It is anticipated that coal will be produced through the plant during the first half of 2013. Phase II, which is 75% complete, includes the conveyors and semi-mobile tip and crushers into the pit. It is forecast to be completed by the third quarter of 2013. Phase III includes the remaining mining equipment. The housing project of 740 units on this project is forecast to be completed in the first half of 2013.

The backfill project at Grootegeluk is progressing well with Phase I forecast to be completed in the third quarter of 2013 and Phase II by the end of 2014.

Exxaro continues to engage with the relevant stakeholders regarding the conclusion of implementation plans for integrated infrastructure in the Waterberg coalfields which will include the supply of water, rail, road and housing. This integrated infrastructure is deemed crucial to the development of all projects in the Waterberg, geared to both domestic and export markets. The upgrade of the Zeeland Water Treatment Works plant from 20Mℓ/day to 40Mℓ/day, which supplies the Lephalale municipality with potable water, was completed and commissioned in 2012.

Recent weak market conditions led to the delay in the Char Phase II expansion project. The completion of the bankable feasibility study is still expected to be completed in the first half of 2013. Exxaro is also currently evaluating a bankable feasibility study to produce market coke from semi-soft coking coal at Grootegeluk, which is expected to be completed in 2013.

The bankable feasibility study on the Belfast project in Mpumalanga continues to progress and is expected to be completed in the first half of 2013. Exxaro has received the mining right for this project in the first quarter of 2013.

The Moranbah South project is a 50:50 joint venture with Anglo American, located in the Bowen Basin of Queensland, Australia. The pre-feasibility study indicated a high potential for a dual long wall mine to produce between 10 and 12Mtpa of prime hard coking coal product. The joint value engineering between Exxaro and Anglo American is progressing as planned and it is anticipated that it will continue throughout the first half of 2013, after which the pre-feasibility study will be updated, before obtaining approval to commence with the definitive feasibility study.

Ferrous

A review of the operations and technical aspects of the Mayoko project was completed during the second half of 2012.

Implementation of Phase I of the project has progressed rapidly after it was approved by the Exxaro board in 2012. The immediate priority in this regard is to produce the initial tonnes by the second half of 2013 by focusing on transported ore which does not require much processing. The initial phase is also aimed at ensuring access to critical rail and port infrastructure and to de-bottleneck the entire production and logistics chain before ramping production up to a rate of 2Mtpa in 2014. The ultimate objective is to develop the project in phases with eventual goal of producing and exporting 10Mtpa by 2016/17.

A legally binding Memorandum of Understanding detailing the principles of the final Republic of Congo mining convention was concluded between Exxaro and the government of the Republic of Congo in December 2012. All efforts are directed at reaching an agreement with the government for the mining convention to be enacted during the parliamentary session in the second half of 2013.

Regular engagement with the relevant Republic of Congo government authorities continues at all levels to ensure that the project is successfully implemented.

The bankable feasibility study for the Ferrosilicon expansion project will be conducted in 2013 and it is envisaged that production will increase from the third quarter of 2014 ramping up to almost double that of the existing capacity to meet growing customer demand.

Energy
Exxaro continues to explore opportunities in the energy markets with a focus on cleaner energy initiatives.

Cennergi, a 50:50 joint venture with Tata Power, was granted preferred bidder status on two of its projects submitted in Window 2 under the Independent Power Producer Procurement Programme. The joint venture will continue to focus on obtaining financial closure on the Amakhala and Tsitsikamma wind projects by the first half of 2013 as well as the process of submitting additional renewable energy projects in Window 3 of the Department of Energy's Renewable Energy Independent Power Producer Programme in the third quarter of 2013.

The pre-feasibility study for the development of the 600MW coal-fired base load independent power producer power station in the Waterberg continues. Following a selection process, Exxaro and an independent power producer developer concluded a project development agreement for the development of the 600MW coal-fired base load independent power producer power station in the Waterberg, in November 2012. The project development agreement was approved by the Exxaro board and remains subject only to the conclusion of a coal supply and off-take term sheet in the second quarter of 2013. The environmental impact assessment process and associated studies are underway and are due for completion during 2013. The bankable feasibility study is conditional on the establishment of an appropriate enabling environment in which such a development can proceed.

Thabametsi is a prospective greenfields mine adjacent to Grootegeluk mine in the Waterberg. The development of the project will coincide with the 600MW coal-fired base load independent power producer power station. The mining right application is in process and the first coal production is expected by 2016/17, although it is dependent on the 600MW Waterberg independent power producer and water supply development schedules.

Exxaro and Linc Energy signed a term sheet for the development of underground coal gasification projects in Sub-Saharan Africa in October 2012.

Conversion of mining rights
Mining rights for Arnot, Strathrae and Belfast have been granted and executed. Tshikondeni and Matla's mining rights, although granted, still require execution. Until execution, old order mining licences remain in place.

Outlook
Exxaro will continue to focus on creating and maintaining a safe and healthy environment for its people to work in.

Exxaro's strategy remains focused on being a sustainable and diversified mining company with a global footprint encompassing significant investments in carbon, reductants, mineral sands, ferrous and energy.

The 2013 financial and operational results are expected to be impacted by commodity price volatility, the ZAR/US$ exchange rate fluctuations, as well as the availability of trains in the export coal business.

Both thermal and coking coal seaborne markets are expected to be soft as a result of sluggish demand in Europe, India and China, further exacerbated by increased stock levels. As a result of this, it is expected that Exxaro will continue to pursue new domestic markets, albeit at lower prices, in the short to medium term.

It is expected that the domestic steam coal market will continue to remain stable with a marginal increase in the demand from Eskom.

Cost management across the group will remain priority for the year ahead. As part of overcoming the current economic challenges, Exxaro will continue to strive for cost reduction and increased efficiencies in all its processes.

The group is focused on developing a clear ramp-up strategy for GMEP, incorporating possible effects of the current labour unrest at the Medupi power station. The ferrous project team continues to focus on the Mayoko project to ensure that the 2Mtpa in Phase I is delivered successfully, on time and within budget. This will include finalisation of key concessions with the government of the Republic of Congo.

Exxaro's equity income in 2013 will continue to be under pressure. This is expected to improve in the second half of 2013. It is believed that pigment markets will be soft in first half of 2013, thereby resulting in tighter supply-demand conditions in the second half of 2013. Tronox is also expected to be in a position to fully demonstrate the value of its vertically integrated structure and the material cost advantage which is brought on by this structure. As reported in the Kumba Iron Ore results announcement on 12 February 2013, annual production volumes from Sishen mine are expected to increase in 2013, while export sales volumes are expected to be similar to those in 2012.

The financial information on which the outlook statement is based has not been reviewed nor reported on by the group's external auditors. These forward-looking statements are based on management's current beliefs and expectations and are subject to uncertainty and changes in circumstances. The forward-looking statements involve risks that may affect the group's operations, markets, products, services and prices. Exxaro undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information or future developments.

Changes to the board

Mr CI Griffith resigned as non-executive director effective 29 November 2012. Mr NB Mbazima was subsequently appointed to succeed Mr Griffith as non-executive director of the board with effect 30 November 2012. Mr U Khumalo resigned as non-executive director effective 31 January 2013. The board expressed its sincere appreciation to Mr Griffith and Mr Khumalo for their contributions during their respective terms of office.

Final dividend

Notice is hereby given that a final gross dividend Number 20 of 150 cents per share for the 2012 financial year has been declared payable to shareholders of ordinary shares. The total Secondary Tax on Companies (STC) credits available for offsetting against the new dividend tax (effective 1 April 2012) utilised amount to 150 cents per share. The number of ordinary shares in issue at the date of this declaration is 357 787 785. Although the local dividend tax rate is 15%, no dividends tax will be due as a result of the STC credits utilised (150 cents per share). Exxaro Resources Limited's tax reference number is 9218/098/14/4.

The salient dates relating to the payment of the dividend are as follows:

Last day to trade cum dividend on the JSE	Friday, 5 April 2013
First trading day ex dividend on the JSE	Monday, 8 April 2013
Record date	Friday, 12 April 2013
Payment date	Monday, 15 April 2013

No share certificates may be dematerialised or rematerialised between Monday, 8 April 2013 and Friday, 12 April 2013, both days inclusive. Dividends in respect of certificated shareholders will be transferred electronically to shareholders' bank accounts on payment date. Shareholders who hold dematerialised shares will have their accounts at their Central Securities Depository Participant (CSDP) or broker credited on Monday, 15 April 2013.

On behalf of the board:

Len Konar
Chairman

Sipho Nkosi
Chief Executive Officer

Wim de Klerk
Finance Director

6 March 2013

ANNOUNCEMENT TO SHAREHOLDERS: SECTION 45

Notice is hereby given, in terms of section 45 of the Companies Act, No 71 of 2008, as amended (the Act), that pursuant to the authorisation granted at the general meeting of Exxaro Resources Limited held on 29 November 2011, the board of directors of the company, at its meeting held on 4 March 2013, has approved, in accordance with section 45 of the Act and the JSE Limited Listings Requirements, the giving of financial assistance to related and inter-related companies of the company up to an amount not exceeding R40 billion, at any time and from time to time during the period 1 January to 31 December 2013.

The board has confirmed that, after considering the reasonably foreseeable financial circumstances of the company, it is satisfied that, immediately after providing such financial assistance, the company will satisfy the solvency and liquidity test, as contemplated in section 45 of the Act and detailed in section 4 of the Act; and that the terms under which such assistance is proposed to be given, are fair and reasonable to the company.

CH Wessels
Group Company Secretary

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This report is available at:
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** Executive   ** Non-executive   *** Independent non-executive   ^ Zambian*

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ADR code: EXXAY
(“Exxaro” or “the company” or “the group”)

If you have any queries regarding your shareholding in Exxaro Resources Limited, please contact the transfer secretaries at +27 11 370 5000.

The full report is available on www.exxaro.com or scan the code with you smartphone to take you there.