Exxaro Resources Limited

Reviewed condensed group interim financial results and physical information for the six months ended 30 June 2007

- Delivering on growth
- Successful integration of Kumba Coal and Eyesizwe Coal
- Headline earnings of 246 cents per share
- Interim dividend of 60 cents per share
- Share placement increased free float

CONDENSED GROUP INCOME STATEMENT

CONTINUING OPERATIONS	**6 months ended 30 June 2007 Reviewed Rm**	6 months ended 30 June 2006 Reviewed Rm	12 months ended 31 Dec 2006 Audited Rm
Revenue	**4 852**	3 055	7 263
Operating expenses	**(3 961)**	(2 393)	(6 022)
Fair value adjustment on unbundling of subsidiary			17 963
BEE credential expense and unbundling costs		(79)	(821)
Impairment of property, plant and equipment		(784)	(784)
Net operating profit/(loss)	**891**	(201)	17 599
Net financing costs (note 4)	**(109)**	(125)	(307)
Share of income from equity accounted investments	**401**	24	159
Profit/(loss) before taxation (note 2)	**1 183**	(302)	17 451
Taxation	**(330)**	(42)	(578)
Profit/(loss) for the period from continuing operations	**853**	(344)	16 873
Profit for the period from discontinued operations (note 5)		1 421	2 323
Profit for the period	**853**	1 077	19 196
Attributable to:			
Equity holders of the parent	**839**	1 067	19 169
Minority interest	**14**	10	27
Profit for the period	**853**	1 077	19 196
Ordinary shares (million)			
– in issue	**352**	309	351
– weighted average number of shares	**341**	307	313
– diluted weighted average number of shares	**354**	315	318
Attributable earnings per share (cents)			
– basic	**246**	348	6 124
– diluted	**237**	339	6 028
Attributable earnings/(loss) per share from continuing operations (cents)			
– basic	**246**	(115)	5 382
– diluted	**237**	(112)	5 297
Attributable earnings per share from discontinued operations (cents)			
– basic		463	742
– diluted		451	731
Dividend paid per share (cents) in respect of the previous financial year		160	160
Dividend paid per share (cents) in respect of the interim period		180	180
Special dividend paid per share (cents) on unbundling			185
Dividend declared per share (cents) in respect of the interim period	**60**		
Reconciliation of headline earnings			
Net profit for the period attributable to ordinary shareholders	**839**	1 067	19 169
Adjusted for:			
– Impairment charges (note 3)		784	784
– Share of associate's net profit on disposal of property, plant and equipment	**(1)**		(1)
– Excess of minority interest over cost of acquisition		(36)	(36)
– Net deficit/(surplus) on disposal of property, plant and equipment	**2**	(19)	3
– Fair value adjustment prior to unbundling			(17 963)
– Net profit on disposal of investment		(21)	(39)
– Taxation effect of adjustments	**(1)**	(216)	(219)
Headline earnings	**839**	1 559	1 698
Headline earnings from discontinued operations		1 423	2 328
Headline earnings from continuing operations	**839**	136	(630)
Headline earnings per share (cents)			
– basic	**246**	508	542
– diluted	**237**	495	534
Headline earnings per share from continuing operations (cents)			
– basic	**246**	44	(201)
– diluted	**237**	43	(198)
Headline earnings per share from discontinued operations (cents)			
– basic		464	744
– diluted		452	732

CONDENSED GROUP BALANCE SHEET

	As at 30 June 2007 Reviewed Rm	As at 30 June 2006 Reviewed Rm	As at 31 Dec 2006 Audited Rm
ASSETS			
Non-current assets			
Property, plant and equipment	**7 743**	8 164	7 583
Biological assets	**26**	29	26
Intangible assets	**74**	67	69
Investments in unlisted associates and joint ventures (note 7)	**724**	141	384
Deferred taxation	**701**	636	748
Other financial assets (note 7)	**1 046**	478	693
	10 314	9 515	9 503
Current assets			
Inventories	**1 645**	1 774	1 391
Trade and other receivables	**1 633**	2 562	1 663
Cash and cash equivalents	**857**	1 335	906
	4 135	5 671	3 960
Non-current assets classified as held for sale	**95**	12	2
Total assets	**14 544**	15 198	13 465
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary shareholders' equity	**9 276**	8 329	8 142
Minority interest	**29**	18	27
Total shareholders' equity	**9 305**	8 347	8 169
Non-current liabilities			
Interest-bearing borrowings	**1 299**	1 654	1 214
Non-current provisions	**1 168**	773	931
Deferred taxation	**1 097**	1 114	1 116
	3 564	3 541	3 261
Current liabilities			
Trade and other payables	**1 436**	1 524	1 321
Interest-bearing borrowings	**131**	1 162	613
Taxation	**82**	603	67
Current provisions	**26**	21	30
Shareholders for dividends			4
	1 675	3 310	2 035
Total equity and liabilities	**14 544**	15 198	13 465
Net debt (note 9)	**573**	1 481	921
Net asset value per share (cents)	**2 635**	2 695	2 320
Capital expenditure			
– incurred	**396**	861	2 010
– contracted	**417**	1 337	842
– authorised but not contracted	**693**	2 603	732
Capital expenditure contracted relating to captive mines (30 June 2006 Tshikondeni and Thabazimbi; 30 June 2007 and 31 December 2006 Tshikondeni, Arnot and Matla), which will be financed by Mittal Steel South Africa and Eskom respectively	**444**	131	8
Commitment relating to the acquisition of Namakwa Sands and a 26% interest in Black Mountain (Pty) Limited from Anglo Operations Limited, subject to price adjustments	**2 353**		
Contingent liabilities	**166**	100	100
Operating lease commitments	**122**	165	124
Operating sublease rentals receivable	**1**	1	10

CONDENSED GROUP CASH FLOW STATEMENT

	6 months ended 30 June 2007 Reviewed Rm	6 months ended 30 June 2006 Reviewed Rm	12 months ended 31 Dec 2006 Audited Rm
Cash retained from operations	**1 255**	2 282	4 761
– income from equity accounted investments	**71**		
– net financing costs	**(64)**	(121)	(278)
– taxation paid	**(309)**	(895)	(1 927)
– dividends paid (note 6)	**(4)**	(492)	(3 396)
Cash used in investing activities			
– capital expenditure	**(396)**	(861)	(2 010)
– proceeds from disposal of property, plant and equipment	**10**	150	170
– acquisition of subsidiary	**(8)**		(1 545)
– investments acquired	**(240)**		
– proceeds from disposal of investment		23	26
– other	**(5)**	96	308
Net cash inflow/(outflow)	**310**	182	(3 891)
Net cash flow from financing activities			
– cash flows from issue of shares	**100**	105	2 199
– borrowings (repaid)/raised	**(468)**	(435)	1 518
Net (decrease) in cash and cash equivalents	**(58)**	(148)	(174)
Special purpose entities consolidated	**9**		
Less cash and cash equivalents of unbundled subsidiaries			(403)
Cash and cash equivalents beginning of period	**906**	1 483	1 483
Cash and cash equivalents end of period	**857**	1 335	906

NOTES TO THE GROUP FINANCIAL RESULTS

1. Basis of preparation

The condensed interim financial results are prepared in accordance with International Accounting Standard 34 on Interim Financial Reporting and should be read in conjunction with the 2006 financial statements. The group financial results have been prepared on the historical cost basis excluding financial instruments and biological assets which are fair valued, and conform to International Financial Reporting Standards. The accounting policies adopted are consistent with those applied in the annual financial statements for the year ended 31 December 2006.

	6 months ended 30 June 2007 Reviewed Rm	6 months ended 30 June 2006 Reviewed Rm	12 months ended 31 Dec 2006 Audited Rm
2. Profit/(loss) before taxation from continuing and discontinuing operations is arrived at after			
Depreciation and amortisation of intangible assets	**(368)**	(423)	(813)
Financing costs	**(153)**	(200)	(451)
Interest received	**44**	50	115
Net realised foreign exchange (losses)/gains on:			
– currency exchange differences	**(2)**	159	199
– revaluation of derivative instruments	**6**	(144)	(278)
Net unrealised foreign exchange (losses)/gains on:			
– currency exchange differences	**(41)**	(107)	(97)
– revaluation of derivative instruments	**(10)**	8	51
Fair value adjustment on financial assets	**29**	36	84
Impairment charges (note 3)		(784)	(784)
Excess of minority interest over cost of acquisition		36	36
Net profit on disposal of investments		21	39
Fair value adjustment on unbundling of subsidiary			17 963
Net (deficit)/surplus on disposal of property, plant and equipment	**(2)**	19	(3)
Share-based payment: BEE credential expense			(580)
Share-based payment expense	**(38)**	2	(185)
Cost of empowerment transaction, unbundling, integration and branding		(79)	(241)
3. Impairment charges			
Impairment of property, plant and equipment	**(6)**	(784)	(784)
Reversal of impairment of other investments	**6**		
		(784)	(784)
Taxation effect		227	227
		(557)	(557)
4. Net financing cost			
Interest expense and loan costs	**78**	143	354
Finance leases	**30**	28	39
Interest income	**(44)**	(50)	(115)
Net interest expense	**64**	121	278
Interest adjustment on non-current provisions	**45**	29	58
	109	150	336
Less discontinued operations (note 5)		25	29
Net financing cost as per income statement	**109**	125	307
5. Discontinued operations Exxaro unbundled its iron ore business effective 1 November 2006 as part of an empowerment transaction and now holds only a 20% interest in Sishen Iron Ore Company (Pty) Limited which is equity accounted.			
Revenue		3 846	6 483
Operating expenses		(1 912)	(3 385)
Net operating profit		1 934	3 098
Net financing costs		(25)	(29)
Profit before taxation		1 909	3 069
Taxation		(488)	(746)
Profit for the period from discontinued operations		1 421	2 323
Cash flow attributable to operating activities		430	982
Cash flow attributable to investing activities		(430)	(7 025)
Cash flow attributable to financing activities		(261)	5 853
Cash flow attributable to discontinued operations		(261)	(190)
6. Dividends paid			
Cash dividends		491	1 628
Share repurchase			1 763
Cash dividends paid to minorities relating to previous year	**4**	1	5
	4	492	3 396

	As at 30 June 2007 Reviewed Rm	As at 30 June 2006 Reviewed Rm	As at 31 Dec 2006 Audited Rm
7. Investments			
Unlisted investments in associates – directors' valuation	**8 900**	169	4 812
Listed investments included in other financial assets – market value[1]		78	92
Unlisted investments included in other financial assets – directors' valuation	**333**	35	93

[1] *Reclassified as non-current asset held for sale in 2007.*

8. Business combination

On 27 February 2007, the group acquired 100% of the issued share capital of Rosh Pinah Mine Holdings (Pty) Limited which is included in the base metals segment results. The acquired business contributed neither revenue nor operating profits to the group for the period from 27 February 2007 to 30 June 2007. This transaction increased the Exxaro effective shareholding in Rosh Pinah Zinc Corporation (Pty) Limited from 89,5% to 93,9%.

	As at 30 June 2007 Reviewed Rm	As at 30 June 2006 Reviewed Rm	As at 31 Dec 2006 Audited Rm
Details of assets acquired are as follows:			
– cash paid on acquisition	**(8)**		
– fair value of assets acquired	**8**		
Goodwill			
Fair value of assets acquired:			
– property, plant and equipment	**18**		
– investments	**15**		
– interest-bearing borrowings	**(25)**		
Fair value of net assets	**8**		
Total purchase consideration	**(8)**		
Cash outflow on acquisition of subsidiary	**(8)**		

9. Net debt

Net debt is calculated as being interest-bearing borrowings less cash and cash equivalents.

10. 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.

11. Post-balance sheet event

Subsequent to the interim reporting date, Exxaro disposed of its 3,78% interest in Mineral Deposits Limited (MDL) for AU$1,25 per share resulting in a net cash inflow of AU$14 million.

12. JSE Limited requirements

The interim announcement has been prepared in accordance with the listings requirements of the JSE Limited.

13. Corporate governance

The group complies in all material respects with the Code of Corporate Practice and Conduct published in the King II Report on Corporate Governance.

14. Auditors' review

The interim results have been reviewed by the company's auditors, Deloitte and Touche. Their unmodified review opinion is available for inspection at the company's registered office.

UNAUDITED COMPARABLE PHYSICAL INFORMATION ('000 TONNES)

	6 months ended 30 June 2007	6 months ended 30 June 2006	12 months ended 31 Dec 2006
Coal[1]			
Production			
– Power station	**16 830**	16 849	34 599
• Tied operations[2]	**8 353**	8 638	17 596
• Commercial operations	**8 477**	8 211	17 003
– Coking	**1 479**	1 109	2 496
• Tied operations	**242**	180	363
• Commercial operations	**1 237**	929	2 133
– Other commercial operations	**2 016**	2 339	4 665
Total	**20 325**	20 297	41 760
Sales			
– Eskom	**16 604**	16 554	34 665
• Tied operations	**8 337**	8 623	17 598
• Commercial operations	**8 267**	7 931	17 067
– Other domestic	**2 572**	2 449	4 892
• Tied operations	**214**	207	381
• Commercial operations	**2 358**	2 242	4 511
– Export commercial operations	**813**	1 092	2 434
Total	**19 989**	20 095	41 991
Mineral Sands – RSA			
Production			
– Ilmenite	**187**	160	319
– Zircon	**19**	26	50
– Rutile	**9**	12	25
– Pig iron	**48**	41	75
– Scrap pig iron	**9**	5	10
– Chloride slag	**77**	72	134
– Sulphate slag	**14**	18	36
Sales			
– Ilmenite	**30**	30	50
– Zircon	**14**	23	48
– Rutile	**9**	9	31
– Pig iron	**45**	29	60
– Scrap pig iron	**4**	5	9
– Chloride slag	**81**	64	104
– Sulphate slag	**8**	10	30
Mineral Sands – Australia[3]			
Production			
– Ilmenite	**111**	116	227
– Zircon	**19**	18	36
– Rutile	**8**	9	18
– Synthetic rutile	**48**	54	98
– Leucoxene	**8**	7	14
– Pigment	**26**	27	54
Sales			
– Ilmenite	**10**		30
– Zircon	**16**	16	32
– Rutile	**2**	8	18
– Synthetic rutile	**21**	19	27
– Leucoxene	**7**	4	10
Base metals			
Production			
– Zinc concentrate	**53**	55	104
– Zinc metal	**61**	56	106
• Zincor	**51**	48	90
• Chifeng[4]	**10**	8	16
– Lead concentrate	**11**	13	21
Zinc metal sales			
– Domestic	**45**	45	91
– Export	**12**	15	24
Total	**57**	60	115
Lead concentrate sales			
– Export	**7**	12	32

[1] *For comparative purposes the Eyesizwe Coal mines are included for the full periods disclosed.*
[2] *Tied operations refer to mining operations that supply their entire production to either Eskom or Mittal Steel South Africa in terms of contractual agreements.*
[3] *The production and sales tonnes reflect Exxaro Sands Australia's 50% interest in the Tiwest joint venture with Tronox Inc., western Australia.*
[4] *The effective interest in the physical information for the Chifeng (Hongye) refinery has been disclosed.*

COMMENTS

REPORTED RESULTS NOT COMPARABLE

The group's reviewed interim financial results and physical information for the six-month periods ended 30 June 2007 and 2006 respectively are not comparable as a result of the unbundling and separate listing of Kumba Iron Ore Limited ("KIO") and the revised listing of Kumba Resources Limited as Exxaro Resources Limited ("Exxaro") in November 2006.

The reported financial results for the six-month period ended 30 June 2006 as reviewed by the company's auditors include Sishen Iron Ore Company ("SIOC") fully consolidated and exclude Eyesizwe Coal (Pty) Limited ("Eyesizwe"). For the interim period ended 30 June 2007, an effective 20% holding in SIOC is equity accounted while Eyesizwe is fully consolidated.

COMPARABLE SUPPLEMENTARY RESULTS

Comparable unaudited supplementary financial results and physical information is additionally provided for information purposes only, on the assumption that KIO had been unbundled and Exxaro had been created with effect from 1 January 2006.

Comments are for comparative purposes based on an analysis of the group's reviewed financial results and physical information for the six-month period to 30 June 2007 compared with the unaudited supplementary financial results and physical information compiled for the six-month period to 30 June 2006.

OPERATING RESULTS

The group continues to benefit from buoyant demand and high commodity prices as comparable revenue increased by 23% to R4,852 million and net operating profit increased by R266 million to R891 million.

An average exchange rate of R7,33 to the USD was realised compared with R6,32 for the corresponding period in 2006. This was significantly offset by the strengthening of the AUD to the USD, from an average of 74,06 US cents in the six months ended 30 June 2006 to 80,98 US cents in the six-month period under review, which impacted negatively on the financial results of the mineral sands operations in Australia.

EARNINGS

According to the trading statement issued on 24 July 2007, both attributable earnings and headline earnings for the six months ended 30 June 2007 were expected to be between R815 million and R855 million.

Attributable earnings for the period are R839 million or 246 cents per share representing a 61% increase on the comparable 2006 attributable earnings of R520 million or 169 cents per share. This includes Exxaro's 20% interest in the after-tax profits of SIOC amounting to R394 million, some R108 million higher than for the comparable period.

Headline earnings of R839 million (246 cents per share) are 85% higher than for the corresponding comparable period of R453 million (148 cents per share).

CASH FLOW

Cash retained from operations was R1,255 million. This was mainly applied to taxation payments of R309 million, capital expenditure of R396 million (consisting of R190 million in new capacity and R206 million in sustaining and environmental capital) and an investment of R239 million in Richards Bay Coal Terminal (RBCT) to secure Exxaro's export entitlement. The group had a net cash inflow of R310 million for the period.

In terms of an option available to Exxaro after its revised listing, Exxaro repurchased 10 million shares from Anglo South Africa Capital (Pty) Limited ("ASAC") on 13 April 2007 at R45,99 per share and subsequently issued 10 million new Exxaro shares at R64 per share. This, together with an additional nine million shares made available by ASAC for simultaneous placement in the market, increased Exxaro's free float to 25,7%. Exxaro's share of the surplus realised on the 10 million shares under option, after costs and taxes, amounted to R100 million.

Net debt of R921 million at 31 December 2006 decreased to R573 million at a net debt to equity ratio of 6,2% on 30 June 2007. Net debt will increase by the contracted payment of R2,353 million, subject to the disclosed price adjustments, for the acquisition of Namakwa Sands and a 26% interest in Black Mountain/Gamsberg on conversion and subsequent cession of their mining rights.

After the end of the reporting period, Exxaro disposed of its 3,78% interest in Mineral Deposits Limited (MDL) for AU$1,25 per share resulting in a net cash inflow of AU$14 million (R84,6 million). The original interest in MDL of 15,37% was acquired in February 2001 for AU$0,44 per share.

In the release of its interim results to 30 June 2007, KIO announced an interim dividend of 350 cents per share payable from the proceeds of a dividend of R1,511 million from SIOC of which Exxaro will receive 20% in September 2007 amounting to R302 million.

SAFETY, HEALTH AND ENVIRONMENT

Regrettably, and despite excellent safety achievements at several mines, three fatalities were suffered during the period under review. The group has renewed its commitment to achieving a working environment that is fatality and injury free. Safety awareness and preventative programmes continue to be strengthened by initiatives to enhance hazard identification and safe behaviour. The average lost time injury frequency rate (LTIFR) per two hundred thousand man-hours worked for the six-month period improved to 0,33 compared to 0,42 for the corresponding period in 2006.

The group has an integrated, enterprise-wide risk management programme which evaluates environmental risk and enhances environmental performance. Out of the group's 12 operations, including former Eyesizwe business units, nine have obtained both the international health and safety certification (OHSAS 18001) and environmental certification (ISO 14001). The group aims to have all its business units fully compliant to both certifications by December 2008.

An HIV/Aids voluntary counselling and testing (VCT) programme has been introduced at all of the group's South African operations. This includes awareness, training of peer educators, VCT and a disease management programme. The extension of anti-retroviral programmes to all of the group's businesses is progressing with the majority of employees who tested HIV-positive during the period, now enrolled on the disease management programme.

REPORTED SEGMENT RESULTS

	6 months ended 30 June 2007 Reviewed Rm	6 months ended 30 June 2006 Pro forma Rm	12 months ended 31 Dec 2006 Pro forma Rm
Revenue			
Iron Ore		3 846	6 483
Coal	**2 319**	1 177	2 882
Mineral Sands	**1 040**	875	1 859
– Exxaro KZN Sands (previously Ticor SA)	**480**	378	817
– Exxaro Australia Sands (previously Ticor Australia)	**560**	497	1 042
Base Metals	**1 416**	948	2 379
Industrial Minerals	**73**	51	122
Other	**4**	4	21
Total	**4 852**	6 901	13 746
Net operating profit			
Iron Ore		1 934	3 098
Coal	**393**	308	599
Mineral Sands	**8**	(666)	(698)
– Exxaro KZN Sands	**(10)**	(798)	(842)
– Exxaro Australia Sands	**18**	132	144
Base Metals	**502**	215	609
Industrial Minerals	**(11)**	11	26
Other	**(1)**	(69)	17 063
Total	**891**	1 733	20 697

COMPARABLE UNAUDITED SUPPLEMENTARY RESULTS (Pro formas)

	6 months ended 30 June 2007 Rm	6 months ended 30 June 2006 Rm	12 months ended 31 Dec 2006 Rm
Revenue			
Coal[1]	**2 319**	2 063	4 433
– Tied operations	**838**	798	1 625
– Commercial operations	**1 481**	1 265	2 808
Mineral Sands	**1 040**	875	1 859
– Exxaro KZN Sands	**480**	378	817
– Exxaro Australia Sands	**560**	497	1 042
Base Metals	**1 416**	948	2 379
– Rosh Pinah	**577**	429	888
– Zincor	**1 358**	895	2 234
– Other	**(519)**	(376)	(743)
Industrial Minerals	**73**	51	122
– Current operations	**73**	51	122
Other	**4**	4	21
Total	**4 852**	3 941	8 814
Net operating profit			
Coal[1]	**393**	271	620
– Tied operations	**50**	76	105
– Commercial operations	**343**	195	515
Mineral Sands	**8**	118	86
– Exxaro KZN Sands[2]	**(10)**	(14)	(58)
– Exxaro Australia Sands	**18**	132	144
Base Metals	**502**	215	609
– Rosh Pinah	**330**	155	404
– Zincor	**192**	66	238
– Other	**(20)**	(6)	(33)
Industrial Minerals	**(11)**	2	(1)
– Current operations	**8**	11	26
– AlloyStream™	**(19)**	(9)	(27)
Other[3]	**(1)**	19	(53)
Net operating profit	**891**	625	1 261
Net financing costs	**(109)**	(130)	(315)
Equity accounted income[4]	**401**	308	638
Taxation[2]	**(330)**	(273)	(595)
Minority interest	**(14)**	(10)	(27)
Attributable earnings	**839**	520	962
Share of associate's net profit on disposal of property, plant and equipment	**(1)**		(1)
Excess of minority interest over cost of acquisition		(36)	(36)
Net deficit/(surplus) on disposal of property, plant and equipment	**2**	(22)	(3)
Net profit on disposal of investment		(21)	(39)
Taxation effect of adjustments	**(1)**	12	10
Headline earnings	**839**	453	893

[1] *For comparative purposes the Eyesizwe coal mines are included for the full periods disclosed.*
[2] *Excludes the pre-tax impairment in 2006 of R784 million and the taxation effect of R227 million.*
[3] *Excludes non-recurring expenditure of R79 million and R241 million associated with the empowerment transaction in the six months to 30 June 2006 and 12 months to 31 December 2006 respectively.*
[4] *Includes 20% investment in SIOC equity accounted from 1 January 2006.*

OPERATIONS

Coal

Power station coal production at the Eskom tied mines was lower by 285kt in the period under review due to difficult geological conditions at Arnot, partially offset by increased production from North Block Complex (NBC).

Production of coking coal, however, was 370kt higher than the comparable period in 2006 as a result of the commissioning of the new coal beneficiation module (GG6) at the Grootegeluk mine as well as improved production at Tshikondeni mine.

Steam coal production decreased by 323kt during the period due to the discontinuation of mining of the Strathrae Reserve at NBC and the closure of the underground mining operations at New Clydesdale Colliery (NCC).

Total coal sales volumes remained in line with the comparable period in 2006.

Higher demand from Eskom and for metallurgical coal at stronger international market prices resulted in an increase of 12% in revenue to R2,319 million.

Higher revenue together with lower costs due to the discontinuation of underground activities at NCC and certain reserves at NBC, resulted in net operating profit increasing by R122 million to R393 million with an operating income margin of 17% despite the cost-based arrangements of the Eskom tied operations.

Exxaro KZN Sands

Revenue increased by 27% to R480 million on the corresponding period in 2006 due to improved production and sales tonnages, with marginally higher prices.

Both furnaces contributed with chloride titanium slag tapped 5kt higher at 77kt and improved low manganese pig iron production. Ilmenite production was aligned with the higher smelter feed requirements yielding 27kt more than the corresponding period in 2006. Zircon and rutile production decreased due to lower in-situ mineral grades.

Continuous improvement initiatives are impacting positively on production and should be further enhanced by the pre-heater introduction on Furnace Two planned for August 2007.

Exxaro Australia Sands

The planned five week shut for the Synthetic Rutile (SR) plant was successfully completed in line with the original timeframe. The shut, together with a material strengthening of the AUD against the USD to an 18-year high of 85 US cents to the AUD, led to a substantial reduction in the net operating profit compared with the corresponding period in 2006. This was somewhat offset by modest price increases for pigment and rutile.

GROUP STATEMENT OF CHANGES IN EQUITY

	Share capital Rm	Share premium Rm	Non-distributable reserves: Foreign currency translations Rm	Financial instruments revaluation Rm	Equity settled reserve Rm	Insurance reserve Rm	Retained income Rm	Attributable to equity holders of the parent Rm	Minority interest Rm	Total equity Rm
Opening balance at 31 December 2005	3	2 937	(29)	(5)	88		4 325	7 319	9	7 328
Net gains/(losses) not recognised in income statement			313	18	(2)			329		329
Currency translation differences			313					313		313
Share-based payments movement					(2)			(2)		(2)
Financial instruments fair value movements recognised in equity										
– recognised in current period profit or loss				8				8		8
– recognised in equity				9				9		9
– fair value adjustment				1				1		1
Net profit							1 067	1 067	10	1 077
Dividends paid							(491)	(491)	(1)	(492)
Issue of share capital[1]		105						105		105
Balance at 30 June 2006	3	3 042	284	13	86		4 901	8 329	18	8 347
Net gains/(losses) not recognised in income statement			120	13	716			849		849
Currency translation differences			135					135		135
Share of reserve movements of associates			6		3			9		9
Share-based payments movement					713			713		713
Financial instruments fair value movements recognised in equity										
– recognised in equity				14				14		14
– fair value adjustment				(1)				(1)		(1)
Deferred taxation			(21)					(21)		(21)
Net profit							18 102	18 102	17	18 119
Dividends paid							(1 137)	(1 137)	(8)	(1 145)
Share repurchase							(1 763)	(1 763)		(1 763)
Dividend in specie – fair value			(25)	(2)			(18 305)	(18 332)		(18 332)
Dividend in specie – fair value adjustment							(17 966)	(17 966)		(17 966)
Dividend in specie – net asset value			(25)	(2)			(339)	(366)		(366)
Issue of share capital	1	2 093						2 094		2 094
– Management Share Option Scheme Trust[1]		143						143		143
– empowerment transformation transaction	1	1 950						1 951		1 951
– issue of share capital to share trusts		173						173		173
– treasury shares		(173)						(173)		(173)
Balance at 31 December 2006	4	5 135	379	24	802		1 798	8 142	27	8 169
Net gains/(losses) not recognised in income statement			**174**	**(48)**	**72**			**198**		**198**
Currency translation differences			**175**	**(1)**				**174**		**174**
Share of reserve movements of associates			**(1)**		**34**			**33**		**33**
Share-based payments movement					**38**			**38**		**38**
Financial instruments fair value movements recognised in equity										
– recognised in equity				**(47)**				**(47)**		**(47)**
Net profit							**839**	**839**	**14**	**853**
Issue of share capital[1]		**9**						**9**		**9**
Share placement[2]		**91**						**91**		**91**
– issue		**640**						**640**		**640**
– repurchase		**(460)**						**(460)**		**(460)**
– expenses		**(89)**						**(89)**		**(89)**
Prior year dividend in specie reclassification		**(3 186)**					**3 186**			
Special purpose entities now consolidated opening retained income							**(3)**	**(3)**		**(3)**
Minority share buy-out									**(12)**	**(12)**
Balance at 30 June 2007	**4**	**2 049**	**553**	**(24)**	**874**		**5 820**	**9 276**	**29**	**9 305**

[1] *Issued to the Management Share Option Scheme Trust due to options exercised.*
[2] *Repurchase of 10 million shares from Anglo South Africa Capital (Pty) Limited on 13 April 2007 at R45,99 per share and subsequent re-issue of 10 million new Exxaro shares at R64 per share. STC on the share repurchase of R57,5 million is included in net profit.*
[3] *Dividends declared after this interim period comprise of an interim dividend of 60 cents per share. STC at 12,5% (R26 million) will be payable on the dividend.*

Zircon and leucoxene production increased as a result of margin improvement initiatives, whilst pigment and rutile production were in line with the comparable period in 2006.

Base Metals

Revenue increased by 49% to R1,416 million with the operating margin at 35% as a result of a 28% increase in the average zinc price for the six months to US$3,560 per tonne, US$795 per tonne higher than the same period in 2006. The price increase was aided by higher zinc metal production at the Zincor refinery emanating from better quality concentrates treated, supported in turn by improved plant stability.

Zincor is currently undertaking a rebuild of the no. 4 roaster similar to roaster no. 3 that was rebuilt in the second half of 2006.

A total of 13kt representing 30% of Rosh Pinah Zinc Corporation (Pty) Limited's ("Rosh Pinah") projected lead sales up to June 2010 were hedged at forward prices ranging from US$1,700 to US$940 per tonne to partly accommodate the stand-alone funding structure targeted for the divestment of a 43,8% interest in Rosh Pinah to Namibian groupings. It is anticipated that hedging up to 60% of Rosh Pinah's zinc and lead sales may be effected on implementation of the transaction. The divestment is targeted for completion by year-end.

The Rosh Pinah life of mine (LOM) was increased from four years in 2004 to seven years in 2006 through an intensified exploration programme. The ongoing programme continues to render positive results and holds the prospect of further increasing the life of mine.

Industrial Minerals

Production at both the FerroAlloys plant and the Glen Douglas mine remained in line with the previous corresponding period. Net operating income declined by R3 million as a result of higher maintenance expenditure at the Glen Douglas mine.

GROWTH OPPORTUNITIES

Coal

Ramp-up of the Grootegeluk 6 project which started in August 2006, will reach design capacity in the fourth quarter of 2007. In addition to supplementing semi-soft coking coal to Mittal Steel South Africa's coking plants, this project contributes to alleviating the shortage of market coke for the ferro-alloy industry.

A supply agreement for 45 years was awarded to Exxaro Coal by Eskom in March 2007 to supply 8,5Mtpa of power station coal from the Grootegeluk mine to Eskom's new 2,400MW Medupi power station consisting of three generating units and adjacent to the Matimba power station. Feasibility studies are underway to also supply the planned additional three generating units of Medupi which could increase the total coal supply from Grootegeluk mine to Medupi, to 17Mtpa.

The Board has approved two further retorts for the Sintel Char facility currently under construction to produce char for the ferro-alloy industry from the Grootegeluk mine. Production from this four-retort facility is expected to ramp-up to 160ktpa by 2008 at a revised total estimated cost of R290 million.

The feasibility study to investigate the viability of a market coke plant is now scheduled for completion in November 2007. If viable, the plant will produce high quality market coke from semi-soft coking coal produced at Grootegeluk mine.

In May 2007, Exxaro was awarded 2,5Mtpa export entitlement through RBCT by means of a subscription process, in addition to the existing 0,8Mtpa entitlement of Eyesizwe Coal. Exxaro also purchased a further 1Mtpa export entitlement through RBCT from Billiton Energy Coal South Africa Limited, bringing the total export allocation to 4,3Mtpa. On completion of the RBCT Phase V expansion scheduled for the second quarter of 2009, Exxaro will receive a further 2Mtpa export entitlement through the South Dunes Coal Terminal Company, bringing the total entitlement to 6,3Mtpa.

Exxaro has started producing coal at the new Inyanda mine near Witbank in the Mpumalanga province of South Africa, four months after construction started. The R269 million Inyanda coal mine is the first greenfields project to be developed under the Exxaro corporate identity and will be able to produce up to 1,5Mtpa of product.

The Mafube expansion project, in which Exxaro is a 50:50 joint venture partner with Anglo Coal, is expected to cost approximately R1,9 billion on completion. Construction commenced in July 2006 with the first coal to washing plant expected in November 2007 and ramp-up to full capacity in seven months.

Geological drilling and modelling at Mmamabula in Botswana, a joint venture between Exxaro Coal and Magaleng continued until the end of June 2007. An application for a mining license or special extension of the prospecting license was submitted in March 2007. The feasibility study is planned to commence in 2008.

Mining of the Eerstelingsfontein reserves near Belfast to supply 1Mtpa power station coal to Eskom could commence early in 2008. The feasibility on the project is planned to be completed by the end of August 2007.

In terms of the 50:50 joint venture agreement between Exxaro and Anglo Coal Australia, exploration of the coking coal resource on the adjacent properties of Moranbah South and Grosvenor South in Queensland, Australia, is progressing according to schedule. The focus is to delineate suitable long wall resources via geophysics and drilling and it is expected that this will be completed in the second half of 2009. Moranbah South has the potential to produce about 3,5Mtpa of quality hard coking coal from underground long-wall mining for at least 20 years.

Mineral Sands

The application for obtaining a new order mining right for the Fairbreeze C Extension area and the applicable environmental authorisations for the Hillendale mine in KwaZulu-Natal has not yet been completed. As a result, production from the Fairbreeze project is expected to now commence early in 2009.

The requisite regulatory approvals for the large deposit on the Port Durnford property located to the immediate south-west of Exxaro KZN Sands' Hillendale mine, are also being progressed. This project is a 51:49 joint venture between Exxaro Sands and Imbiza Resources.

Good progress has been made in confirming the ilmenite feedstock resource of the Toliara Sands project in Madagascar. Drilling on the Monombo-Marombe exploration area in south-western Madagascar is continuing while the feasibility study on the Ranobe area will be resumed in 2008, after which a development decision could be made.

A study on the pigment plant expansion of an additional 40ktpa to 50ktpa in 2009 at the Tiwest Kwinana pigment plant announced in the first quarter of 2007 at an estimated cost of US$35 million to US$45 million is expected to be completed during the fourth quarter of 2007 with approval shortly thereafter. Exxaro holds a 50% share of this project. On the completion of the study, the final scope of the expansion and capital estimate will be announced by the joint venture partners.

Production at the Dongara project 90km south of Geraldton in western Australia is still expected to commence in late 2009.

Base Metals

The capacity expansion from 50ktpa to 110ktpa at the Chifeng smelter has been successfully commissioned with production to be progressively ramped-up to design capacity. Exxaro has an effective 22% interest in the expanded operation consisting of three phases.

A claim for damages for breach of contract by Gécamines regarding the Kipushi zinc and copper project has been submitted and it is planned to do likewise for the Kamoto copper and cobalt project whilst in parallel endeavouring to resolve the issues with Gécamines and the government of the Democratic Republic of the Congo (DRC) amicably. The government is reviewing all agreements concluded in the DRC during the past six years.

ALLOYSTREAM™

The feasibility study for the commercialisation of AlloyStream™ technology, Furnace One, which allows for improved beneficiation of manganese ore, is targeted for completion during the second quarter of 2008.

The AlloyStream™ technology also lends itself to the production of ferro-nickel. The necessary test work and pilot plant campaigns will commence in 2008.

CONVERSION OF MINING RIGHTS

Exxaro is approaching the conversion of its old order mining rights to the new order rights in two phases. It is firstly progressing conversion of the former Kumba Resources-associated rights, excluding iron ore, and this will be followed by applications for the conversion of the former Eyesizwe mining rights.

Exxaro held a workshop with the Department of Minerals and Energy (DME) on 17 and 18 July as part of the process to clarify and progress the applications for new mining rights for the operations.

DIRECTORATE

As disclosed in the revised listing particulars of Exxaro dated 9 October 2006, Mr SA Nkosi will succeed Dr CJ Fauconnier as chief executive officer on 1 September 2007. Dr Fauconnier will also retire from the Board on that date.

OUTLOOK

The group remains well positioned to continue benefiting from the strong commodity markets as prices for zinc and coal remain favourable while buoyant iron ore market conditions will have a positive impact on its share of SIOC's earnings. Continued depressed mineral sands prices and the Australian dollar and South African rand at stronger levels could, however, negatively impact on operating results.

INTERIM DIVIDEND

The directors have declared an interim dividend number 9 of 60 cents per share in respect of the 2007 interim period. The dividend has been declared in South African currency and is payable to the shareholders recorded in the books of the company at close of business on Friday, 7 September 2007.

In compliance with the electronic statement system of the JSE Limited, the following dates are applicable:

Last date to trade *cum* dividend	Friday, 31 August 2007
Shares trade *ex* dividend	Monday, 3 September 2007
Record date	Friday, 7 September 2007
Payment date	Monday, 10 September 2007

Share certificates may not be dematerialised nor rematerialised between 3 September 2007 and 7 September 2007, both days inclusive.

On behalf of the Board

Dr CJ Fauconnier
(Chief Executive Officer)

DJ van Staden
(Chief Financial Officer)

15 August 2007

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This report is available on:
www.exxaro.com