Condensed group income statement

	6 months ended 30 June 2009 Reviewed Rm	6 months ended 30 June 2008 Reviewed Rm	12 months ended 31 Dec 2008 Audited Rm
Revenue	**7 111**	5 782	13 843
Operating expenses	**(6 158)**	(4 976)	(11 376)
Net operating profit	**953**	806	2 467
Net financing costs (note 4)	**(242)**	(87)	(241)
Share of income from investments and equity-accounted investments	**886**	753	1 665
Profit before tax (note 2)	**1 597**	1 472	3 891
Income tax expense	**(214)**	(226)	(510)
Profit for the period	**1 383**	1 246	3 381
Profit attributable to:			
Owners of the parent	**1 390**	1 244	3 405
Non-controlling interests	**(7)**	2	(24)
Profit for the period	**1 383**	1 246	3 381

Group statement of comprehensive income

	6 months ended 30 June 2009 Reviewed Rm	6 months ended 30 June 2008 Reviewed Rm	12 months ended 31 Dec 2008 Audited Rm
Profit for the period	**1 383**	1 246	3 381
Other comprehensive income:			
Exchange differences on translating foreign operations	**(183)**	582	193
Cash flow hedges	**(110)**	143	520
Share of comprehensive income of associates	**(36)**	42	187
Share-based payment movement	**60**	62	92
Income tax relating to components of other comprehensive income	**78**	(64)	(115)
Net (loss)/gain recognised in other comprehensive income	**(191)**	765	877
Total comprehensive income for the period	**1 192**	2 011	4 258
Total comprehensive income attributable to:			
Owners of the parent	**1 258**	2 005	4 117
Non-controlling interests	**(66)**	6	141
Total comprehensive income for the period	**1 192**	2 011	4 258
Ordinary shares (million)			
– in issue	**356**	354	355
– weighted average number of shares	**345**	343	343
– diluted weighted average number of shares	**361**	359	361
Attributable earnings per share (cents)			
– basic	**403**	363	993
– diluted	**385**	347	943

Reconciliation of headline earnings

	Gross Rm	Tax and non-controlling interests Rm	Net Rm
6 months ended 30 June 2009 (reviewed)			
Profit attributable to owners of the parent			**1 390**
Adjusted for:			
– IAS 16: *Gains or losses on disposal of property, plant and equipment*	**18**	**(6)**	**12**
– IAS 28: *Share of associates'* IAS 16 – *Gains or losses on disposal of property, plant and equipment*	**(4)**	**1**	**(3)**
Headline earnings	**14**	**(5)**	**1 399**
6 months ended 30 June 2008 (reviewed)			
Profit attributable to owners of the parent			1 244
Adjusted for:			
– IAS 16: *Impairment of property, plant and equipment*	7		7
– IAS 16: *Reversal of impairment of property, plant and equipment*	(1)		(1)
– IAS 16: *Gains or losses on disposal of property, plant and equipment*	58	(16)	42
Headline earnings	64	(16)	1 292
Year ended 31 December 2008 (audited)			
Profit attributable to owners of the parent			3 405
Adjusted for:			
– IAS 16: *Impairment of property, plant and equipment*	21		21
– IAS 16: *Gains or losses on disposal of property, plant and equipment*	66	(20)	46
– IAS 16: *Reversal of impairment of property, plant and equipment*	(1)		(1)
– IAS 27: *Gains on disposal of subsidiary*	(7)		(7)
– IAS 28: *Share of associates'* IAS 16 – *Gains or losses on disposal of property, plant and equipment*	2	(1)	1
– IAS 28: *Share of associates'* IAS 39 – *Recycling of re-measurements from equity to the income statement, including a hedge of net investment in a foreign entity but excluding cash flow hedges*	4		4
– IAS 28: *Share of associates'* IAS 16 – *Impairment of property, plant and equipment*	161		161
Headline earnings	246	(21)	3 630

	6 months ended 30 June 2009 Reviewed	6 months ended 30 June 2008 Reviewed	12 months ended 31 Dec 2008 Audited
Headline earnings per share (cents)			
– basic	**406**	377	1 058
– diluted	**388**	360	1 006

Condensed group statement of financial position

	At 30 June 2009 Reviewed Rm	At 30 June 2008 Reviewed Rm	At 31 Dec 2008 Audited Rm
ASSETS			
Non-current assets			
Property, plant and equipment	**12 727**	8 655	11 309
Biological assets	**35**	30	34
Intangible assets	**90**	95	79
Investments in unlisted associates and joint ventures (note 5)	**1 544**	1 231	1 849
Deferred tax	**1 106**	818	1 083
Other financial assets (note 5)	**1 457**	1 115	1 577
	16 959	11 944	15 931
Current assets			
Inventories	**2 915**	1 656	2 481
Trade and other receivables	**2 799**	2 088	2 924
Current tax receivable	**40**		2
Cash and cash equivalents	**2 713**	1 664	1 769
	8 467	5 408	7 176
Non-current assets classified as held for sale	**85**	2	78
Total assets	**25 511**	17 354	23 185
EQUITY AND LIABILITIES			
Capital and reserves			
Equity attributable to owners of the parent	**13 575**	11 478	12 996
Non-controlling interests	**69**	27	128
Total equity	**13 644**	11 505	13 124
Non-current liabilities			
Interest-bearing borrowings	**4 918**	1 283	3 650
Non-current provisions	**1 842**	1 442	1 746
Financial liabilities	**33**		31
Deferred tax	**1 437**	1 204	1 257
	8 230	3 929	6 684
Current liabilities			
Trade and other payables	**3 244**	1 592	2 366
Interest-bearing borrowings	**250**	141	500
Current tax payable	**76**	164	440
Current provisions	**20**	23	21
	3 590	1 920	3 327
Non-current liabilities classified as held for sale	**47**		50
Total equity and liabilities	**25 511**	17 354	23 185
Net debt/(cash) (note 6)	**2 455**	(240)	2 381
Net asset value per share (cents)	**3 814**	3 242	3 661
Capital expenditure			
– incurred	**686**	465	1 617
– contracted	**393**	418	433
– authorised but not contracted	**1 933**	1 036	2 711
– share of associates' and joint ventures' contracted capital commitments not included above	**584**	297	456
Capital expenditure contracted relating to captive mines Tshikondeni, Arnot and Matla, which will be financed by ArcelorMittal SA Limited and Eskom respectively	**568**	477	70
Commitment relating to the acquisition of Namakwa Sands and a 26% interest in Black Mountain Mining (Pty) Limited from Anglo Operations Limited, subject to price adjustments		2 353	
Contingent liabilities (note 7)	**633**	496	587
Contingent assets (note 8)	**293**	216	192
Operating lease commitments	**97**	90	77

Condensed group statement of cash flows

	6 months ended 30 June 2009 Reviewed Rm	6 months ended 30 June 2008 Reviewed Rm	12 months ended 31 Dec 2008 Audited Rm
Cash retained from operations	**832**	1 523	3 574
– net financing costs	**(192)**	(45)	(193)
– tax paid	**(488)**	(216)	(487)
– dividends paid	**(700)**	(348)	(984)
Cash flows from investing activities			
– capital expenditure	**(686)**	(465)	(1 617)
– proceeds from disposal of property, plant and equipment	**4**	3	29
– investments acquired	**(50)**	(69)	(179)
– associate acquired			(221)
– acquisition of subsidiaries and other business operations		(30)	(2 757)
– dividends from investments and equity-accounted investments	**1 124**	352	1 044
– other	**(123)**	86	(55)
Net cash (outflow)/inflow	**(279)**	791	(1 846)
Net cash flow from financing activities			
– shares issued	**20**	17	31
– increase in non-controlling interests' loans	**8**	1	
– net borrowings raised	**1 195**	5	2 734
Net increase in cash and cash equivalents	**944**	814	919
Cash and cash equivalents at beginning of period	**1 769**	850	850
Cash and cash equivalents end of period	**2 713**	1 664	1 769

exxaro

POWERING POSSIBILITY

Reviewed group interim financial results, unaudited physical information for the six-month period ended 30 June 2009 and interim dividend declaration

Notes to the reviewed financial statements

1. Basis of preparation

The format of the condensed interim report has been revised to bring it in line with the amendments to International Accounting Standard (IAS) 34, *Interim Financial Reporting*. IAS 34 has been amended following the revision of IAS 1 *Presentation of Financial Statements* and IFRS 8 *Operating Segments*. These amendments were early adopted in 2008.

This condensed interim report complies with IAS 34, *Interim Financial Reporting*, and Schedule 4 Part iv of the South African Companies Act. 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 2008. During 2009 the following accounting pronouncements became effective: Amended IFRS 2 *Share-based Payments*, Revised IAS 23 *Borrowing Costs*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Constructions of Real Estate*, IFRIC 16 *Hedges of Net Investments in a Foreign Operation*, *Improvements to Financial Reporting Standards 2008 (amendments to 35 various standards)*. These pronouncements had no material impact on the accounting of transactions or the disclosure thereof.

	6 months ended 30 June 2009 Reviewed Rm	6 months ended 30 June 2008 Reviewed Rm	12 months ended 31 Dec 2008 Audited Rm
2. Profit before tax is arrived at after including:			
Depreciation, and amortisation of intangible assets	**(531)**	(415)	(898)
Financing costs	**(328)**	(141)	(394)
Interest received	**86**	54	153
Net realised foreign currency exchange (losses)/gains	**(434)**	107	476
Net unrealised foreign exchange (losses)/gains	**(76)**	(17)	39
Derivative instruments held for trading gains/(losses)	**335**	25	(69)
Fair value adjustment on financial instruments gains/(losses)	**11**	(7)	(26)
Impairment charges (note 3)		(6)	(20)
Net surplus on disposal of investments			7
Net deficit on disposal of property, plant and equipment	**(22)**	(58)	(66)
3. Impairment charges			
Impairment of property, plant and equipment		(7)	(21)
Reversal of impairment of property, plant and equipment		1	1
Total impairments before and after tax		(6)	(20)
4. Net financing costs			
Interest expense and loan costs	**245**	67	283
Finance leases	**33**	31	63
Interest income	**(86)**	(54)	(153)
Net interest expense	**192**	44	193
Interest adjustment on non-current provisions	**50**	43	48
Net financing cost as per income statement	**242**	87	241
5. Investments			
Unlisted investments in associates			
– directors' valuation	**14,001**	14,338	13,162
Unlisted investments included in other financial assets			
– directors' valuation	**413**	360	387

6. Net debt/cash

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

7. Contingent liabilities

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 increase in 2008 and 2009 is mainly attributable to guarantees to the Department of Minerals and Energy in respect of environmental liabilities on immediate closure of mining operations.

8. Contingent assets

An outstanding insurance claim of R237 million for the Furnace 2 incident at Exxaro TSA Sands (Pty) Limited for which it is probable that settlement will be received in the second half of 2009.

A surrender fee of R56 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.

9. Related party transactions

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.

10. JSE Limited Listings Requirements

The interim announcement has been prepared in accordance with the JSE Limited Listings Requirements.

11. 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.

12. Auditors review

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

Group statement of changes in equity

	Share capital Rm	Share premium Rm	Other components of equity: Foreign currency translations Rm	Other components of equity: Financial instruments revaluation Rm	Other components of equity: Equity-settled reserve Rm	Retained income Rm	Attributable to owners of the parent Rm	Non-controlling interests Rm	Total equity Rm
Balance at 31 December 2007	**4**	**2 063**	**527**	**7**	**968**	**6 235**	**9 804**	**19**	**9 823**
Total comprehensive income			573	106	74	1 252	2 005	6	2 011
Issue of share capital(1)		17					17		17
Non-controlling interests additional contributions								2	2
Dividends paid						(348)	(348)		(348)
Balance at 30 June 2008	**4**	**2 080**	**1 100**	**113**	**1 042**	**7 139**	**11 478**	**27**	**11 505**
Total comprehensive income			(136)	32	39	2 177	2 112	135	2 247
Issue of share capital(1)		14					14		14
Liquidation dividend from subsidiary						1	1		1
Net profit on dilution of interest in a subsidiary								(7)	(7)
Dividends paid						(609)	(609)	(27)	(636)
Balance at 31 December 2008	**4**	**2 094**	**964**	**145**	**1 081**	**8 708**	**12 996**	**128**	**13 124**
Total comprehensive income			**(196)**	**(8)**	**72**	**1 390**	**1 258**	**(66)**	**1 192**
Issue of share capital(1)		**21**					**21**		**21**
Non-controlling interests contribution								**7**	**7**
Dividends paid						**(700)**	**(700)**		**(700)**
Balance at 30 June 2009	**4**	**2 115**	**768**	**137**	**1 153**	**9 398**	**13 575**	**69**	**13 644**
Dividend paid per share (cents) in respect of the previous financial year	375								
Dividend paid per share (cents) in respect of this interim period(2)	100								

(1) Issued to the Kumba Resources Management Share Trust due to options exercised.
(2) The STC on these dividends will amount to Rnil after taking into account STC credits.

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20 August 2009

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Exxaro Resources Limited
(Incorporated in the Republic of South Africa)
Registration number: 2000/011076/06
JSE share code: EXX
ISIN: ZAE000084992
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

This report is available at:

www.exxaro.com

Comments

OPERATING RESULTS

Comments are based on a comparison of the group's reviewed financial results and unaudited physical information for the six-month periods ended 30 June 2009 and 2008 respectively. The earnings reported for the six-month period to 30 June 2009 includes results from Namakwa Sands and the 26% interest in Black Mountain Mining (Pty) Limited (Black Mountain) which were acquired on 1 October 2008 and 1 November 2008 respectively.

The coal business reported a 10% increase in net operating profit to R1 032 million due to higher sales volumes to Eskom and the export market, offset by lower international steam coal prices, lower local non-Eskom sales volumes, and higher production costs. The base metals business delivered significantly lower operating results in line with zinc prices 42% lower than the corresponding period in 2008. The mineral sands business reported a consolidated net operating loss as the loss at KZN Sands, primarily from lower demand, more than offset the profitable contributions from Namakwa Sands and Australia Sands.

Revenue increased by 23% to R7 111 million while net operating profit increased by R147 million to R953 million, notwithstanding lower profits in the base metals business and a further, albeit lower, consolidated loss in the mineral sands business. Although the consolidated operating results show an improvement when compared with the previous year, the group was adversely affected by the vagaries of the current global economic downturn.

A weaker average exchange rate of R9,40 to the US dollar was realised on revenue compared to R7,54 for the corresponding period in 2008, however, the timing of the volatility of the local currency to the US dollar on repatriation of foreign currency proceeds, led to lower realised currency gains than anticipated. Unrealised foreign currency losses on the revaluation of monetary items in foreign currency resulted from the relative strength of the local currency on 30 June 2009. The weaker Australian dollar to the US dollar, from an average of US 93 cents in the six-month period to 30 June 2008 to US 71 cents in the period under review, together with favourable hedging of US dollar receivables, impacted positively on the financial results of the mineral sands operation in Australia.

Revenue increased by 23% to **R7,1 billion**

Net operating profit up 18% to **R953 million**

Headline earnings per share up 8% to **406 cents** per share

Interim dividend of **100 cents** per share

Unaudited physical information ('000 tonnes)

	6 months ended 30 June 2009	6 months ended 30 June 2008	12 months ended 31 Dec 2008
Coal			
Production			
– Power station	**18 583**	18 118	36 700
* Tied operations[(1)]	**8 704**	8 962	18 095
* Commercial operations	**9 879**	9 156	18 605
– Coking	**922**	1 370	2 560
* Tied operations	**129**	171	327
* Commercial operations	**793**	1 199	2 233
– Other	**3 061**	2 427	5 574
Total	**22 566**	21 915	44 834
Sales			
– Eskom	**18 494**	17 880	36 255
* Tied operations	**8 700**	8 942	18 054
* Commercial operations	**9 794**	8 938	18 201
– Other domestic	**1 920**	2 607	5 481
* Tied operations	**130**	200	352
* Commercial operations	**1 790**	2 407	5 129
– Export[(2)]	**2 389**	1 284	3 276
Total	**22 803**	21 771	45 012
KZN Sands			
Production			
– Ilmenite	**185**	133	229
– Zircon	**18**	16	34
– Rutile	**10**	7	19
– Pig iron	**54**	29	50
– Scrap pig iron	**7**	8	16
– Chloride slag	**51**	56	95
– Sulphate slag	**9**	10	18
Sales			
– Ilmenite		20	40
– Zircon	**4**	22	36
– Rutile	**3**	7	14
– Pig iron	**17**	39	64
– Scrap pig iron	**4**	6	7
– Chloride slag	**30**	49	101
– Sulphate slag	**13**	6	17
Namakwa Sands[(3)]			
Production			
– Ilmenite	**141**	159	315
– Zircon	**64**	65	130
– Rutile	**15**	13	27
– Pig iron	**41**	52	103
– Scrap pig iron		2	6
– Chloride slag	**53**	64	135
– Sulphate slag	**10**	14	24
Sales			
– Zircon	**37**	64	135
– Rutile	**11**	14	27
– Pig iron	**47**	58	82
– Scrap pig iron			1
– Chloride slag	**37**	77	145
– Sulphate slag	**1**	5	26
Australia Sands[(4)]			
Production			
– Ilmenite	**98**	85	174
– Zircon	**15**	13	29
– Rutile	**8**	6	13
– Synthetic rutile	**54**	56	113
– Leucoxene	**7**	6	16
– Pigment	**25**	22	43
Sales			
– Zircon	**6**	14	35
– Rutile	**5**	5	14
– Synthetic rutile	**24**	27	62
– Leucoxene	**1**	8	17
– Pigment	**23**	24	44
Base metals			
Production			
– Zinc concentrate	**53**	51	109
* Rosh Pinah	**47**	47	94
* Black Mountain[(5)]	**6**	4	15
– Zinc metal	**54**	60	110
* Zincor	**44**	47	87
* Chifeng[(6)]	**10**	13	23
– Lead concentrate	**20**	18	37
* Rosh Pinah	**12**	12	20
* Black Mountain[(5)]	**8**	6	17
Zinc metal sales	**58**	66	126
– Domestic	**44**	51	93
– Export	**14**	15	33
Lead concentrate sales			
– Export	**6**	7	22

(1) Tied operations refer to mines that supply their entire production to either Eskom or ArcelorMittal SA Limited in terms of contractual agreements.
(2) Includes steam coal exports from Exxaro's 50% share of the Mafube expansion project.
(3) Namakwa Sands has been included from 1 January 2008, for comparable purposes.
(4) Exxaro Sands Australia's 50% interest in its Tiwest joint venture is disclosed.
(5) Exxaro's 26% interest in Black Mountain Mining (Pty) Limited has been disclosed from 1 January 2008, for comparable purposes.
(6) Exxaro's effective interest in the Chifeng refinery is disclosed.

EARNINGS
Attributable earnings, inclusive of Exxaro's 20% interest in the post-tax profits of Sishen Iron Ore Company (Pty) Limited (SIOC) amounting to R868 million, increased by 12% from R1 244 million to R1 390 million or 403 cents per share.

Headline earnings were R1 399 million or 406 cents per share. This represents an 8% increase on the comparative 2008 earnings of R1 292 million or 377 cents per share.

CASH FLOW
Cash retained from operations was R832 million. Taxation payments of R488 million, the final dividend for the 2008 financial year of R700 million and capital expenditure payments of R686 million were made. A total of R347 million of the capital expenditure was invested in new capacity and R339 million applied to sustaining and environmental capital.

A net cash outflow of R279 million was recorded after accounting for R1 124 million dividend receipts from associate companies.

Net debt of R2 381 million at 31 December 2008 increased to R2 455 million at 30 June 2009 at a debt to equity ratio of 18%, and includes the R2 662 million and R221 million paid for Namakwa Sands and a 26% interest in Black Mountain in the latter half of 2008 respectively.

Subsequent to the interim date, Exxaro paid R1 032 million for its investment in the Mafube joint venture with Anglo Coal.

The significant reduction in cash retention and net cash outflow position compared with the corresponding period in 2008, can partly be ascribed to higher inventory holding as demand decreased while customers were destocking during the global recessionary environment.

SAFETY, HEALTH AND ENVIRONMENT
Safety and health of all employees continues to be an overriding priority for Exxaro. Regrettably a non-reportable fatality occurred in a public road accident in June 2009. The average lost time injury frequency rate (LTIFR) per 200 000 man-hours worked improved significantly to 0,30 from the previous year's 0,45 in the first half of 2008 and the 0,39 for the full year of 2008.

Further safety improvements were identified during the CEO Safety Summit held in March 2009 and are being focused on for feedback on progress at the next summit planned for October 2009.

The reviewed HIV/Aids strategy which focuses on improved employee understanding of preventative behaviour as well as voluntary counselling and testing (VCT) participation, has increased VCT participation since inception of the HIV/Aids programme.

Ten business units are now ISO 14001 and OHSAS 18001 certified. The remaining five business units have programmes in place to be certified by the end of 2009.

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

	Reviewed 6 months ended 30 June 2009 Rm	Reviewed 6 months ended 30 June 2008 Rm	Audited 12 months ended 31 December 2008 Rm
Revenue			
Coal	**4 797**	3 597	9 040
Tied operations	**1 276**	1 106	2 492
Commercial operations	**3 521**	2 491	6 548
Mineral Sands	**1 550**	1 035	2 776
KZN Sands	**273**	460	974
Namakwa Sands	**644**		491
Australia Sands	**633**	575	1 311
Base Metals	**674**	1 063	1 829
Rosh Pinah	**206**	244	436
Zincor	**630**	1 032	1 733
Inter-segmental	**(162)**	(213)	(340)
Other	**90**	87	198
Total – external revenue	**7 111**	5 782	13 843
Segment net operating profit/(loss)			
Coal	**1 032**	935	2 654
Tied operations	**71**	72	83
Commercial operations	**961**	863	2 571
Mineral Sands	**(67)**	(166)	104
KZN Sands	**(110)**	(27)	31
Namakwa Sands	**24**		155
Australia Sands	**19**	(139)	(82)
Base Metals	**9**	89	(172)
Rosh Pinah	**35**	57	(14)
Zincor	**3**	69	(95)
Inter-segmental and other	**(29)**	(37)	(63)
Other	**(21)**	(52)	(119)
Total	**953**	806	2 467

OPERATIONS
Coal
Total production of power station coal was 465kt higher than the corresponding period last year. Higher demand from Eskom resulted in increased production from the Grootegeluk and Leeuwpan operations while NBC started mining new reserves which yielded increased product volumes of 392kt.

The Eskom tied collieries recorded lower net production volumes mainly due to 802kt lower production volumes from Matla resulting from water ingress from surface cracks after seasonal rains as well as other production challenges. Higher production from Arnot of 544kt was achieved due to the benefits realised from the production optimisation project implemented during March 2008, which is now fully operational.

Lower coking coal production for the six months ended 30 June 2009 of 448kt was due mainly to a management decision to cut back on coking coal production at Grootegeluk due to lower demand. Lower coking coal production at Tshikondeni mine was caused by continued difficult geological conditions in the area being mined.

Production of steam coal was 26% higher with the Inyanda mine now fully operational. The joint venture agreement with Anglo Coal for the Mafube mine was signed with an effective date of 1 June 2009 and resulted in additional steam coal production of 106kt. Higher production results from NBC from the mining of additional reserves were offset by lower production from Leeuwpan and Grootegeluk due to lower market demand in current market conditions, as well as lower coal production from NCC with lower yields achieved on different sources of run-of-mine tonnages treated through the beneficiation plant.

Sales to Eskom increased based on higher demand. However, lower non-Eskom sales to domestic customers resulted from lower demand in the current market conditions albeit at higher negotiated prices.

Export sales volumes increased substantially from a fully ramped-up Inyanda mine and additional export coal from Mafube, however, was recorded at lower international steam coal prices and a weaker local currency.

As a result revenue increased by 33% to R4 797 million.

Net operating income for the six months ended 30 June 2009 increased by 10% at an operating margin of 22%. The operating margin decreased from the 26% in the previous period due to increased labour and contractor costs after the implementation of a seven-day work week at Grootegeluk mine, increased mining cost at Leeuwpan mine from the high stripping ratios due to the area mined during the period, higher coal buy-in prices for NCC and for Mafube export coal, and higher railage tariffs for coal destined for export.

Mineral Sands
KZN Sands
KZN Sands reported increased production for the six months to 30 June 2009. Both furnaces were fully operational for the entire period under review, as opposed to the same period in 2008, when furnace 2 was down after damage by a water ingress incident at the end of February 2008. In excess of 100kt of slag was tapped in the six months, the best production from the furnaces since inception. Low manganese pig iron (LMPI) production was also higher resulting from the increased slag throughput, while zircon and rutile production were both higher than the comparative period due to higher grade recoveries.

Stability in the furnaces is impacting positively on production from the KZN Sands business.

Revenue was, however, R187 million lower and a net operating loss of R110 million compared to a loss of R27 million in 2008 was reported attributable to lower demand as a result of the global economic slow down, lower LMPI prices and unrealised foreign currency revaluation losses in this reporting period.

Namakwa Sands
Slag and iron production was adversely affected by the furnace 1 water ingress incident towards the end of March 2009 and the subsequent decision to delay the reline to March 2010 as a result of market conditions.

The global economic crisis had a major impact on the markets for Namakwa Sands' products in the first half of 2009. Demand dropped sharply across all sectors as customers and end-users focused on reducing inventories and cutting back on new purchases.

Namakwa Sands' revenue for the reporting period was R644 million with a net operating profit of R24 million. The net operating profit was severely affected by the sudden decline in sales volumes towards the latter part of the first quarter. This downward trend was softened by significantly better sales tonnage of zircon, chloride slag and pig iron in the second quarter.

The positive impact of a weaker local currency to the US dollar on revenue recorded was reduced by foreign currency losses on repatriation of foreign currency proceeds due to the timing of the volatility on the relative exchange rate.

Subsequent to the acquisition of Namakwa Sands in October 2008, management has embarked on an exercise to re-define the mine plan by December 2009.

Australia Sands
Higher grades at the dredge mine led to higher concentrate and therefore higher mineral production. Successful improvement initiatives continue to favourably impact mineral production.

Production of synthetic rutile (SR) was slightly lower during the period under review as a result of maintenance-related problems occurring during the second quarter. These problems have been resolved and performance should improve in the second half of 2009.

Pigment production improved substantially following the successful implementation of various initiatives and a successful shut in May 2008.

Although increased maintenance cost was incurred at the SR plant, the significant increases in 2008 in the cost of process chemicals and energy consumables was not experienced during the period under review.

Net operating profit improved from a loss of R139 million in the corresponding period in 2008 to a profit of R19 million for the current period, attributed to an improved production performance, a weaker average Australian dollar against the US dollar and higher sales prices on average, albeit partially offset by lower sales volumes as a result of the economic slowdown. Hedging of US dollar receivables had a positive impact on operating results. Currency hedging of US$22 million at an average rate of US 63 cents to the Australian dollar is in place for the remainder of 2009.

Base Metals
Production of zinc metal at the Zincor refinery of 44kt was 6% lower. The shortfall can be attributed to downtime on the acid plant and throughput limitations on the purification circuit. Downtime on the acid plant negatively affected the rest of the operation. The challenges with the acid plant have since been resolved.

Zinc metal sales were 17% lower than the equivalent period in 2008 mainly due to lower demand.

Production at Rosh Pinah was in line with 2008 but yielded higher metal content. The flotation cell replacement project is only marginally behind schedule and is expected to come into operation late in 2009.

A total of 60% of Rosh Pinah's projected zinc and lead concentrate sales were hedged during the previous financial year for the period July 2008 to December 2011 at forward prices ranging from US$2 431 to US$1 887 for zinc and US$2 940 to US$ 900 for lead per tonne as part of the partial divestment to facilitate a Namibian empowerment transaction. In the first half of 2009, a portion of the hedging programme was ineffective and resulted in losses of R42 million being accounted for in profit or loss.

Revenue for the six months to 30 June 2009 decreased by 37% mainly as a result of lower zinc prices. The average zinc price for the six months of US$1 329 is 42% lower than the equivalent period in 2008 and was only partially offset by the weaker local currency.

Net operating profits declined substantially as lower revenues coupled with higher operating costs resulted from higher than inflation increases in electricity and maintenance expenses as well as higher distribution costs.

Production at the Chifeng refinery was 23% lower due to low prices and market demand. Prices and demand recovered at the end of the second quarter, with a positive outlook for annual performance. Exxaro's proportionate share of the post-tax earnings of Chifeng decreased by 89% to R2 million compared to the equivalent period in 2008 mainly due to the lower production and high raw material prices eroding margins.

Exxaro exercised its option to acquire 26% in Black Mountain during the last quarter of 2008. In the current period Exxaro equity accounted R15 million as its share of Black Mountain's post-tax earnings.

Industrial Minerals
Production volumes of ferrosilicon at the FerroAlloys plant show a modest increase, however, sales volumes were lower as a result of lower market demand.

The group plans to finalise the proposed divestment of its interest in the Glen Douglas dolomite mine during the second half of 2009.

CAPITAL EXPENDITURE AND PROJECT PIPELINE
Exxaro has completed the review and prioritisation of its capital expenditure and project pipeline subsequent to the global economic downturn. The group will focus on the successful implementation of committed expansions and projects which meet its investment hurdle rate within a board approved mandate.

Coal
The expansion of the Grootegeluk mine to supply Eskom's Medupi power station with 14,6Mtpa of power station coal for 40 years, is progressing in line with the planned schedule to supply the first coal during the last quarter of 2011. Full production from 2014 onwards is envisaged. The project, at an estimated capital cost of R9 billion, is in the detailed engineering design phase and orders will be placed during the next six months for long lead capital items.

The pre-feasibility study and geological exploration work on a potential greenfields mine adjacent to the Grootegeluk mine (Thabametsi mine) with the capability of supplying the market with power station and metallurgical coal is being progressed with planned completion by the end of 2009. The development is aligned with Eskom's request for proposals for Independent Power Producers for base-load power stations.

An integrated infrastructure plan is being implemented for the Waterberg coal fields together with the relevant stakeholders focusing on the supply of housing, water, rail and road infrastructure.

Exxaro entered into a prospecting joint venture agreement with Sasol Mining (Pty) Limited (Sasol) for the development of a new coal mine in the Waterberg to supply Sasol's new potential inland coal-to-liquids project (Project Mafutha). The development is in the pre-feasibility stage with the mining of a bulk sample being planned before the end of 2009 for large-scale testing at the Sasol Synfuels Secunda plant.

Exxaro concluded an option agreement with Coal of Africa Limited which affords Exxaro a minority participation right in the Makhado coking coal project in the Limpopo province. The exercise of the option is subject to a detailed technical and economical due diligence on the project.

Two of the four retorts of the Sintel Char plant at Grootegeluk mine for the production of reductants for the ferroalloy industry that had been delayed after the failure of the refractory lining, have been commissioned with the first char produced during June 2009. The other two retorts will be commissioned by the end of October 2009 with full production of 140ktpa of char estimated to be reached during 2010. The quality of the product is in line with market expectations and the entire production offtake has been secured.

The potential bord-and-pillar mining operation pre-feasibility study of the hard coking coal resource on the Moranbah South properties in Queensland, Australia, has commenced with exploration drilling being prioritised to finalise this study during the first half of 2010. Exploration work on the potential long-wall mining project is also progressing according to plan to confirm that Moranbah South can produce premium quality hard coking coal in conjunction with our joint venture partner Anglo Coal Australia.

Mineral Sands
The approval of the mining right for the Fairbreeze C Extension portion of the Fairbreeze project, which in the past prevented this project from proceeding, was granted. However, in light of prevailing market conditions, the project is currently under review.

The feasibility study of the Port Durnford project, located to the south-west of Hillendale mine, was completed during the first half of 2009. This mine could supply the KZN furnaces for longer than 20 years, however, current economic conditions are impacting negatively on the financial viability of the project. This project is therefore currently also under review.

The development of a mine in Madagascar (Toliara Sands project) will not be economically viable due to the deposit size, grades, location and infrastructure development required. Exxaro does not plan any further exploration in this area and is in the process of exiting from the option agreement.

The 100% funded Exxaro pigment plant expansion at Kwinana, at an expected cost of AU$100 million, remains on track and on budget for commencement in the first half of 2010.

As a result of the increased life expectancy of Tiwest's current dry mine operation at Cooljarloo, Australia, existing dry mining operations will now only cease in 2011. A pre-feasibility study of the Dongara mine was completed in 2008. However, in the current economic circumstances, the project payback period is insufficient to warrant investment. As an alternative, a pre-feasibility study to replace the dry mining capacity with an expansion of the Cooljarloo dredge operation is underway and will be completed in the fourth quarter of 2009.

An exploration programme to identify an inferred or indicated resource on the Tiwest Cooljarloo West tenements will involve the drilling of 25 000 metres in the second half of 2009 to confirm initial exploration results.

Base Metals and Ferrous Metals
The commercialisation of the AlloyStream™ technology for the beneficiation of manganese ore was progressed to pre-feasibility level for a site at Coega. Further work on forming strategic alliances is continuing to optimise the business case for the development of the manganese project. A successful campaign on the beneficiation of nickel ore was also completed. Optimisation studies to fast track the development of both the manganese and nickel projects are in progress.

CONVERSION OF MINING RIGHTS
Engagement with the Department of Minerals and Energy (DME) continued in order to process the registration of new order mining rights granted as well as the converted old order mining rights of the former Kumba Resources Limited. Approval of the conversion of the old order mining rights of the former Eyesizwe Coal (Pty) Limited submitted to the DME in 2008, is also still in process.

CHANGES TO THE BOARD
As previously announced, Mr WA de Klerk replaced Mr DJ van Staden as finance director on 1 March 2009.

Mr CI Griffith was appointed on 16 July 2009 in place of Mr PM Baum who had resigned on 15 July 2009. The board expresses its appreciation for Mr Baum's significant contribution to the group.

OUTLOOK
Demand for power station coal should remain similar to that experienced in the current reporting period.

The group expects similar levels of steam coal exports in the second half of 2009 albeit at lower international prices. However, such performance remains dependant on the availability of logistical infrastructure.

A significant decline in domestic steam and coking coal prices are anticipated in the second half of 2009 due to contractual pricing arrangements.

Demand for the mineral sands products will continue to be affected by the depressed economic environment combined with the additional downside of a possible strong Australian dollar to the US dollar in the Australian operations.

Zinc markets are expected to remain depressed with downward pressure on prices due to the expected oversupply of metal.

The equity-accounted contribution from SIOC will be impacted by the lower benchmark iron ore prices with effect from 1 April 2009.

Due to the continued lower economic activity and its impact on demand and prices, it is inevitable that earnings for the second half of 2009 will be adversely impacted. The relative strength of the local currency, and its volatility, will also impact on the results for the second half of 2009.

The financial information on which the outlook statement is based has not been reviewed or reported on by the company's auditors.

INTERIM DIVIDEND
The board of directors have declared an interim cash dividend number 13 of 100 cents per share in respect of the 2009 interim period. The dividend has been declared in South African currency and is payable to shareholders recorded in the register of the company at close of business on Friday, 25 September 2009.

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

Last date to trade *cum* dividend	Thursday, 17 September 2009
Shares trade *ex* dividend	Friday, 18 September 2009
Record date	Friday, 25 September 2009
Payment date	Monday, 28 September 2009

Share certificates may not be dematerialised or rematerialised during the period Friday, 18 September 2009 and Friday, 25 September 2009, both days inclusive.

On Monday, 28 September 2009 the interim cash dividend will be electronically transferred to the bank accounts of all certificated shareholders where this facility is available. Where electronic fund transfer is not available or desired, cheques dated 28 September 2009 will be posted on that date. Shareholders who have dematerialised their share certificates will have their accounts at their CSDP or broker credited on Monday, 28 September 2009.

On behalf of the board

SA Nkosi
Chief Executive Officer

WA de Klerk
Finance Director

19 August 2009

BASTION GRAPHICS